



**Central  
Tablelands  
Water**

**Business Paper**

**Ordinary Meeting of  
Central Tablelands Water**

**16 February 2022**

**Blayney**



Saturday, 12 February 2022

## Notice to Members

Your attendance is requested at an Ordinary Meeting of Council to be held at the Darrell Sligar Centre, Hills Lane Blayney on Wednesday, 16 February 2022 commencing at 10:30am.

### Agenda

1. Opening Meeting
2. Acknowledgement of Country
3. Recording of Meeting Statement
4. Apologies and Applications for a Leave of Absence by Members
5. Confirmation of Minutes from Previous Meeting(s)
6. Matters Arising from Previous Meetings
7. Disclosures of Interests
8. Public Forum
9. Chairperson's Minute
10. Councillor Representation
11. Notices of Motion
12. Reports of Staff
13. Questions on Notice
14. Confidential Matters
15. Late Reports
16. Conclusion of the Meeting

Yours faithfully

A handwritten signature in dark ink, appearing to read "G. Rhodes".

G. Rhodes  
**General Manager**

**ACKNOWLEDGEMENT 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 ORDINARY MEETING OF CENTRAL TABLELANDS WATER**  
**HELD ON WEDNESDAY 16 FEBRUARY 2022**

**12. REPORTS OF STAFF**

**GENERAL MANAGER REPORTS**

12.1	OATH OR AFFIRMATION OF OFFICE BY COUNCILLORS (GO.CO.2)	3
12.2	ELECTION OF CHAIRPERSON AND DEPUTY CHAIRPERSON (GO.CO.2)	4
12.3	MEETING TIMES AND DATES (GO.CO.2)	6
12.4	LOCAL GOVERNMENT NSW SPECIAL CONFERENCE 2022 (CM.CF.1)	8
12.5	LGNSW WATER MANAGEMENT CONFERENCE 2022 (CM.CF.1)	10
12.6	BELUBULA WATER SECURITY PROJECT UPDATE (WS.SP.4)	12
12.7	COUNCIL RESOLUTIONS UPDATE REPORT (GO.CO.1)	17

**FINANCE & CORPORATE SERVICES REPORTS**

12.8	FINANCIAL MATTERS - INVESTMENT REPORT AS AT 31 JANUARY, 2022 (FM.BA.1)	22
12.9	QUARTERLY BUDGET REVIEW STATEMENT - 31ST DECEMBER 2021 (FM.FR.1)	25
12.10	AUDIT RISK AND IMPROVEMENT COMMITTEE (ARIC) (CM.AU.1)	37

**OPERATIONS & TECHNICAL SERVICES REPORTS**

12.11	WATER SECURITY - DROUGHT IMPACT UPDATE (WS.AM.1)	53
12.12	PERFORMANCE OF COUNCIL'S SYSTEMS (WS.MO.4)	54
12.13	MAINTENANCE OF COUNCIL'S SYSTEMS (WS.MO.4)	60
12.14	PURCHASE OF CRITICAL EQUIPMENT FOR THE CARCOAR WATER TREATMENT PLANT (WS.MO.4)	62

**13. QUESTIONS ON NOTICE**

**14. CONFIDENTIAL MATTERS**

14.1	CONCEALED WATER LEAK APPLICATION (CR.EQ.1)	65
------	--	----

## **12. REPORTS OF STAFF**

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

**Author:** General Manager

**IP&R Link:** Strategic Priority 3: Regional leadership and collaboration – 2.5.5: Good governance in place with timely management of council meetings. – Strategic Priority 2: An efficient, sustainable and customer focused organisation

---

#### **RECOMMENDATION:**

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 are 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 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.

#### **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

**12.2) ELECTION OF CHAIRPERSON AND DEPUTY CHAIRPERSON (GO.CO.2)****Author:** General Manager**IP&R Link:** Strategic Priority 3: Regional leadership and collaboration**RECOMMENDATION:**

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

**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 Chairperson holds office for 2 years, in accordance with Section 391 of the Local Government Act 1993. It has also been Central Tablelands Water’s normal practice to elect a Deputy Chairperson for the same term as the Chairperson.

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

- The general manager of the county council in respect of which an election is being held (or a person appointed by the general manager) is the returning officer.
- A nomination is to be made in writing by 2 or more councillors, one of who may be the nominee.
- The nomination is to be delivered or sent to the Returning Officer.
- Nominations are to be announced and elections are to be conducted at the same council meeting.
- If only one Member is nominated, that Member is elected.
- If more than one Member is nominated, Council must resolve that the election proceed by preferential ballot, ordinary ballot or open voting.

Nomination forms have been circulated to all councillors. 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 Chairperson and Deputy Chairperson.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil

**12.3) MEETING TIMES AND DATES (GO.CO.2)**

**Author:** General Manager  
**IP&R Link:** Strategic Priority 2: An efficient, sustainable and customer focused organisation – 2.5.5: Good governance in place with timely management of council meetings.

**RECOMMENDATION:**

1. That Council hold its ordinary meetings for the next 12 months on the following dates:

Wednesday	13 April 2022	Grenfell
Wednesday	22 June 2022	Canowindra
Wednesday	17 August 2022	Blayney
Wednesday	12 October 2022	Grenfell
Wednesday	14 December 2022	Canowindra
Wednesday	15 February 2023	Blayney

2. Council consider the Draft Integrated Planning & Reporting Plans at an extraordinary meeting to be held on 11 May 2022 at Canowindra.

**REPORT****Special Meetings**

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

As per the recommendation above, an extraordinary meeting is proposed for the 11 May 2022 to consider the draft Integrated Planning & Reporting (IP&R) Plans.

**Ordinary Meetings**

Council has previously held its ordinary meetings on the 2<sup>nd</sup> Wednesday of alternate months, however on review, the following dates have been proposed for the next 12 months to allow for adequate time to exhibit draft IP&R Plans, the adoption of IP&R Plans, adoption of financial statement certificates and presentation of end of year financial statements:

13 April 2022	-	Grenfell
22 June 2022	-	Canowindra
17 August 2022	-	Blayney
12 October 2022	-	Grenfell
14 December 2022	-	Canowindra
15 February 2023	-	Blayney



Following a review of the constituent councils' scheduled meeting dates, there appears to be no conflict with the CTW meeting dates proposed in this report.

CTW's existing Code of Meeting Practice is also currently being reviewed and updated in accordance with the Office of Local Governments' latest Model Code of Meeting Practice for Local Councils. The Model Code of Meeting Practice comprises mandatory and non-mandatory provisions. Councils must adopt a code of meeting practice that incorporates the mandatory provisions of the Model Code of Meeting Practice no later than 12 months after each ordinary council elections.

CTW's revised Code of Meeting Practice policy will be presented to Council for consideration at its April meeting.

### **BUDGET IMPLICATIONS**

Nil.

### **POLICY IMPLICATIONS**

Nil.

### **ATTACHMENTS**

Nil.

**12.4) LOCAL GOVERNMENT NSW SPECIAL CONFERENCE 2022 (CM.CF.1)**

**Author:** General Manager  
**IP&R Link:** Strategic Priority 3: Regional leadership and collaboration

---

**RECOMMENDATION:**

That Council give approval for the Chairperson, Deputy Chairperson and General Manager to attend the 2022 Local Government NSW Special Conference in Sydney, from Monday 28 February 2022 to Wednesday 2 March 2022.

**REPORT**

The Local Government NSW Special Conference is to be held at the Regency Hyatt Hotel in Sydney from Monday 28 February to Wednesday 2 March 2022.

Central Tablelands Water is an associate member of Local Government NSW (LGNSW). LGNSW is an independent organisation that exists to serve the interests of New South Wales general and special purpose councils.

LGNSW's objective is to strengthen and protect an effective, democratic system of Local Government across NSW by supporting and advocating on behalf of member councils and delivering a range of relevant, quality services.

This Conference is the annual policy-making event for NSW general-purpose councils, associate members and the NSW Aboriginal Land Council. It is the pre-eminent event of the local government year where local councillors come together to share ideas, debate issues, and work towards a better future in a post-COVID NSW.

The Special Conference follows the online 2021 Annual Conference, and will focus on how councils can drive a "Locally Led" employment and economic recovery, as we continue to grapple with the complex challenges posed by the global pandemic.

All NSW councils, regional, country and metropolitan, meet from across the state, inclusive of mayors, councillors, general managers and senior staff.

In past years, the Chairperson, Deputy Chairperson and General Manager have attended the annual LGNSW Conference and it is expected that Council would again be represented at the 2022 Special Conference of LGNSW.

Further information regarding the LGNSW Special Conference can be found at the following link: <https://lgnswconference.org.au/>

**BUDGET IMPLICATIONS**

Operational Plan FY21/22.

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil

**12.5) LGNSW WATER MANAGEMENT CONFERENCE 2022 (CM.CF.1)**

**Author:** General Manager

**IP&R Link:** Strategic Priority 3: Regional leadership and collaboration – 3.2: Industry and regional leader in the water sector – 3.2.1: Explore opportunities to influence water industry policy and direction through participation in industry groups and bodies

---

**RECOMMENDATION:**

That Council note the report regarding the LGNSW Water Management Conference 2022.

**REPORT**

Cr Somervaille, Cr Cook and the General Manager attended the 2022 LGNSW Water Management Conference in Narrabri from 9 February to 11 February 2022. This conference was originally scheduled to be held in 2020, however, due to the implications of COVID-19, it was postponed twice.

The annual LGNSW Water Management Conference presents a broad range of information from a local government perspective on water management issues associated with water supply and sewerage services provided by water utilities.

The conference was opened by the Minister for Lands and Water, the Hon Kevin Anderson MP, with the conference theme and focus this year being Building Resilience and Capability. Minister Anderson expressed a strong commitment to delivering projects to secure water for our communities and minimise the impacts of future droughts.

Conference program highlights included:

- case studies from councils and LWUs that have successfully implemented water infrastructure projects designed to improve resilience and capability;
- learning how to manage the risks posed by mega drought;
- the opportunity to hear from industry experts about the latest developments in the water sector, and
- site visits to recently completed state-of-the-art water augmentation and sewage treatment plants, as well as the University of Sydney's agricultural research centre which has been operating for 60 years producing crop varieties that enabled the wheat industry to grow and expand in northern NSW.

All conference presentations will be made available on the [LGNSW website](#) in the near future.

The conference was also a great opportunity to network with fellow water industry colleagues and see the latest technology in water management.

Parkes Shire Council will be hosting the 2023 LGNSW Water Management Conference.

**BUDGET IMPLICATIONS**

Operational Plan 21/22

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil

**12.6) BELUBULA WATER SECURITY PROJECT UPDATE (WS.SP.4)****Author:** General Manager**IP&R Link:** Strategic Priority 1: Provide a high quality and reliable drinking water supply – Strategic Priority 3: Regional leadership and collaboration – 3.1: Regional collaboration and partnerships – 3.2.5: Expand capacity of Lake Rowlands (dependent on grant funding).**RECOMMENDATION:**

That Council note the Belubula Water Security project report.

**REPORT**

As reported previously, the NSW Government committed \$1 million of funding in December 2019 to Central Tablelands Water (CTW) for the completion of a feasibility study for the Lake Rowlands dam augmentation as part of its emergency response to the drought in regional NSW.

The grant funding received by the NSW government for the Lake Rowlands augmentation was conditional on a two staged approach. These stages being as follows:

- Stage 1 – Feasibility Study investigation of 4 options
  - Option 1 – raising the existing dam wall by 2.2m (8GL);
  - Option 2 – raising the existing dam wall by approximately 5m (Ultimate Design Height 10.5GL);
  - Option 3 – construction of a new dam 2.5km downstream of existing wall (15GL), and
  - Option 4 – construction of a new dam 2.5km downstream of existing wall (26GL).
- Hold Point – Department of Planning, Industry and Environment (DPIE) - Water concurrence to proceed with a preferred option;
- Stage 2 – Additional agreed planning works resulting from Feasibility Study
  - Undertake detailed concept design of preferred option;
  - Review of Environmental Factors (REF), and
  - Completion of a final report that includes a benefit cost analysis.

Following the positive outcomes of additional water modelling and extensive lobbying by CTW with support from Water Infrastructure NSW (WINSW), a new entity established to lead the development and delivery of key government water infrastructure projects and programs across the State, official approval was provided by DPIE Water on 26 March 2021 for CTW to proceed with the feasibility study of raising the wall at Lake Rowlands by 2.2 metres.

In June 2021, the Steering Committee that has oversight of both the Lake Rowlands to Carcoar Pipeline project (WaterNSW) and the Lake Rowlands Dam Augmentation project (CTW) agreed in principle that combining project delivery and progressing as a single project to investment decision was the best outcome for NSW and the Belubula water users.

WINSW presented the proposed project delivery proposal to the CTW Board on 16 July 2021 and gained strong support in combining the projects for increased benefit to the community and environment. A Memorandum of Understanding (MOU) between CTW and WINSW was subsequently developed and executed, further solidifying the partnership approach.

In September 2021 responsibility for the proposed Lake Rowlands to Carcoar pipeline project transitioned from WaterNSW to WINSW. WINSW has been working closely with a range of partners to identify opportunities to deliver collective benefits to the Belubula Valley through this project.

As a result, a strategic decision has been made to develop a Final Business Case that will include the assessment of both the Lake Rowlands to Carcoar Dam pipeline project and the Lake Rowlands Dam Augmentation project.

The business case will be subject to a detailed options analysis consistent with the Infrastructure NSW Infrastructure Investor Assurance Framework. This analysis will review both projects, along with potential additional options to improve the efficiency and resilience of water management within the Belubula Valley.

To reflect this close alignment between both projects and the partnership between WINSW and CTW, the Lake Rowlands to Carcoar pipeline project and the Lake Rowlands Augmentation project has been renamed the Belubula Water Security Project.

Recently, WINSW applied for additional funding from the Australian Government's National Water Grid Authority (NWGA) for the Belubula Water Security Project in order to progress the amalgamated business case and review of water management for the Belubula Valley. On 4 February 2022, the Australian Government announced additional funding to support development of a Final Business Case for the Belubula Water Security Project as part of the Mid-year Economic and Fiscal Outlook. The joint funding announcement is provided as an attachment to this report.

In early 2022, WINSW will undertake extensive stakeholder engagement activities to better understand community and stakeholder concerns and to incorporate that feedback as part of the business case process. The Belubula Water Security project team will be in touch with stakeholders in early 2022 to facilitate these consultations.

### **BUDGET IMPLICATIONS**

Unspent Safe & Secure Water Program (SSWP) Grant Funds of \$60,318.42 to be refunded to DPIE Water.

The Belubula Water Security project Final Business Case is to be fully funded by the NSW and Australian Governments.

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

- 1 Belubula Water Security Project - Joint Funding Announcement 2 Pages





**The Hon Barnaby Joyce MP**

Deputy Prime Minister  
Minister for Infrastructure, Transport and Regional Development

**The Hon Andrew Gee MP**

Minister for Defence Personnel  
Minister for Veterans' Affairs  
Federal Member for Calare



**The Hon Kevin Anderson MP**

New South Wales Minister for Lands and Water

**MEDIA RELEASE**

Friday, 4 February 2022

**SUPPORTING WATER SECURITY ACROSS THE CENTRAL TABLELANDS**

Farmers and residents across the Central Tablelands region of New South Wales could soon have better access to the water they need to support and grow their businesses.

The Australian and New South Wales governments have committed \$6 million to undertake a business case into the construction of a 10 kilometre pipeline between Lake Rowlands and Carcoar Dam, as well as options to raise the existing Lake Rowlands Dam or construct a new dam downstream.

The proposed new Lake Rowlands Dam would increase existing water storage capacity from 4 gigalitres up to between 8.5 gigalitres and 30 gigalitres, while the new Lake Rowlands to Carcoar Dam pipeline would enable transferring 25 megalitres of water per day.

This would increase the availability, reliability, efficiency and quality of water for agricultural and primary industry use in the Lachlan Valley.

Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development Barnaby Joyce said getting water to where it's needed will drive the region's growth and economic prosperity.

"The Federal Liberal and Nationals Government is getting the job done, building the water infrastructure Australians need to live, grow and get ahead," the Deputy Prime Minister said.

"A safe and reliable water supply would help unlock the economic potential of new and expanded agricultural opportunities, and this business case is the first step towards helping achieve this across the Central Tablelands.

"When farmers have the water they need, they can grow their business which means more jobs, more economic opportunities and a better standard of living for them and the people they employ."

NSW Minister for Lands and Water Kevin Anderson said providing a holistic approach to water security for towns, businesses and the environment is crucial for the region's future growth.

"The Belubula Water Security Scheme takes a collaborative and big-picture approach to delivering water security for the region," Mr Anderson said.

"In close partnership with Central Tablelands Water, we're expanding the current Lake Rowlands Dam to Carcoar Dam pipeline project to include the ongoing development of the Lake Rowlands Dam augmentation project."

Federal Member for Calare Andrew Gee said the Federal Government was investing in the water infrastructure to underpin the future of the Central Tablelands and those who call it home.

"I've been pushing for this pipeline and upgrade for Lake Rowlands for a long time and have even hosted Central Tablelands Water at Parliament House in Canberra," Mr Gee said.

"The business case is a crucial step in bringing these projects to life. It will guide the steps we take to support these initiatives and the future water security of this region. A new dam wall at Lake Rowlands is a very bright hope for a new dam project in our area.

"We're doing the groundwork now to ensure farmers and communities across the Central Tablelands can access the water they need, when they need it."

The Australian Government is providing \$2.7 million towards the Belubula Water Security Scheme business case, with the New South Wales Government contributing \$3.3 million.

For more information on the National Water Grid, visit [www.nationalwatergrid.gov.au](http://www.nationalwatergrid.gov.au).

**Media contacts:**

Deputy Prime Minister – Antony Perry | 0477 971 654 | [Antony.Perry@infrastructure.gov.au](mailto:Antony.Perry@infrastructure.gov.au)

Mr Anderson – Nick Chapman | 0409 282 830 | [Nick.Chapman@minister.nsw.gov.au](mailto:Nick.Chapman@minister.nsw.gov.au)

Mr Gee – Sinead Fogarty | 0417 852 386 | [Sinead.Fogarty@aph.gov.au](mailto:Sinead.Fogarty@aph.gov.au)

**12.7) COUNCIL RESOLUTIONS UPDATE REPORT (GO.CO.1)**

**Author:** General Manager  
**IP&R Link:** Strategic Priority 2: An efficient, sustainable and customer focused organisation – 2.5.5: Good governance in place with timely management of council meetings.

---

**RECOMMENDATION:**

That Council note the Council Resolutions Update Report to November 2021.

**REPORT**

The General Manager is responsible for ensuring that Council's resolutions, policies and decisions are implemented in a timely and efficient manner, progress monitored and variances reported.

The General Manager provides the management oversight in relation to all information progressing from appropriate staff to Council for consideration via the Business Paper.

After a Council meeting, each resolution is allocated to the General Manager or responsible officer to action in accordance with the Council resolution. The Senior Management Team (SMT) then discuss the progress of these resolutions at fortnightly SMT meetings.

Council have requested a Resolutions Update Report at each Council meeting.

The Council Resolutions Update Report includes Council Resolutions to November 2021.

**BUDGET IMPLICATIONS**

Nil

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

- 1 COUNCIL RESOLUTIONS UPDATE REPORT - FEBRUARY 2022 3 Pages

**COUNCIL RESOLUTIONS UPDATE**

<b>Council Resolutions Update – Meeting held 16 February 2022</b>					
<b>Resolution Ref.</b>	<b>Date of Meeting</b>	<b>Subject</b>	<b>Responsible Officer</b>	<b>Decision</b>	<b>Action Taken/Status</b>
20/015	12/2/20	Water Security – Regional approach to support neighbouring councils	GM	<ol style="list-style-type: none"> <li>1. Consider the issue of adopting a collaborative approach to the supply of water between networks connected to the CTW supply system at the upcoming drought management workshop in March 2020, and</li> <li>2. As a matter of urgency, authorize the general manager to negotiate an agreement between CTW, Orange City Council and Cabonne Council to transfer water to Molong for emergency purposes, and report back to Council on the outcome of the agreement.</li> </ol>	4/2/22 – DOTS sought an update on progress of the draft WSA from OCC Water Strategic Manager and is awaiting a response.
20/097	14/2/20	Centroc Water Grid Pipeline Project	GM/DOTS	That Council endorse Central Tablelands Water's involvement in partnering with Parkes and Forbes Shire Councils in strengthening regional water security through the Centroc Water Grid Pipeline Project, subject to approval of the business case and approval of CTW's financial contribution.	5/2/21 - DOTS continues to represent CTW by attending monthly Centroc Water Grid update meetings. Please refer to DOTS Water Security – Drought Update Reports.

21/037	16/6/21	Proposed Sub-Regional Water Strategy	GM/DOTS	<p>That Council:</p> <ol style="list-style-type: none"> <li>1. Note the proposed sub-regional water supply strategy report;</li> <li>2. Endorse Central Tablelands Water's involvement in partnering with Cabonne and Orange to submit an Expression of Interest to the Safe and Secure Water Program (stream 2) for funding to develop a Sub-Regional Town Water Supply Strategy, and</li> <li>3. Approve the cost of CTW's participation at a subsequent meeting of Council.</li> </ol>	<p>10/8/21 - Formal approval was received from DPIE Water to proceed with the development of the RTWS, with the project being identified as "Safe and Secure Water Program – Cabonne, Orange and Central Tablelands Water Regional Town Water Strategy (SSWP270)".</p> <p>6/9/21 – RTWS Working Group online meeting to discuss and develop draft RTWSS Consultancy Brief.</p> <p>21/9/21 – RTWSS Working Group online meeting.</p> <p><b>Action completed and superseded by Resolution 21/092.</b></p>
21/092	17/11/21	Sub-Regional Town Water Supply Strategy	GM/DOTS	<p>That Council:</p> <ol style="list-style-type: none"> <li>1. Note the report on the project "Development of the Safe and Secure Water Program – Cabonne, Orange and Central Tablelands Water Regional Town Water Strategy (SSWP270)";</li> <li>2. Endorse the Memorandum of Understanding - Development of the Safe and Secure Water Program – Cabonne, Orange and Central Tablelands Water Regional Town Water Strategy, and</li> <li>3. Authorise the Chairman and General Manager to execute all necessary documentation to enter into the Memorandum of Understanding - Development of the Safe and Secure Water Program – Cabonne, Orange and</li> </ol>	<p>9/2/22 MOU is yet to be executed by all 3 councils.</p>

				Central Tablelands Water Regional Town Water Strategy.	
--	--	--	--	---	--



**12.8) FINANCIAL MATTERS - INVESTMENT REPORT AS AT 31 JANUARY, 2022**  
**(FM.BA.1)**

**Author:** Director Finance & Corporate Services  
**IP&R Link:** Strategic Priority 2: An efficient, sustainable and customer focused organisation – 2.3.1: Organisational performance is measured and reported through KPI's and used for decision making.

---

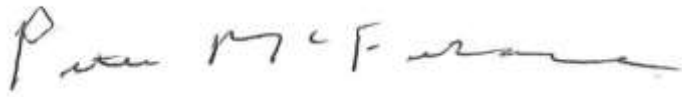
**RECOMMENDATION:**

That the information in relation to Council's Investments at 31 January, 2022 be noted.

**REPORT****Cash and Investments**

The investment summary below represents Council's total investments as at 31 January, 2022 in accordance with clause 212 of the Local Government (General) Regulation 2005 and Section 625 of the Local Government Act 1993.

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



Peter McFarlane  
Responsible Accounting Officer

**Investment Commentary**

The past two months have seen a significant change in monetary policy and economic conditions.

Inflation has started to emerge in a number of countries around the world and policy makers are starting to look towards monetary policy changes to keep inflation under control.

The December 2021 Quarter CPI reached 1.3% giving a year on year increase of 3.5%. This is the highest figure for many years.

In response to this increase in the inflation rate, the Reserve Bank of Australia (RBA) have ended the quantitative expenditure program (stopped buying government bonds) and indicated that they may increase the cash rate prior to 2024 as was previously advised.

Financial markets have responded to this by raising the interest rates on fixed rate loans and offering better deposit interest rates.

Some opportunities have arisen in the 6 to 12 months term with the yield curve offering a reward for even longer terms. The yield curve is becoming steeper with longer terms now offering a greater premium than previously.



**BUDGET IMPLICATIONS**

It is anticipated that Council will make sufficient investment income to achieve its 2021/22 budget.

**POLICY IMPLICATIONS**

Council continues to operate in the 12 month term horizon that offers the best return at this time to match our liquidity requirements, as financial institutions seek more funding as the economy recovers, then shorter terms may become little more attractive.

Some economic commentators are predicting that the RBA will raise the cash rate during the course of 2022. If this occurs, it will improve the prospect of higher returns particularly in 2022/23.

**ATTACHMENTS**

- 1 Cash and Investments at 31-1-2022

		Credit Rating	Term (Days)	Rate	Maturity Date	% of Portfolio
<b>Short Term Deposits</b>	<b>\$ 7,700,000.00</b>					<b>96.82%</b>
Commonwealth Bank of Australia	600,000	AA-	367	0.41%	17/06/22	7.54%
Unity Bank/Reliance Credit Union	500,000	Unrated	367	0.60%	7/02/22	6.29%
AMP - Curve Securities	500,000	BBB	367	0.75%	28/02/22	6.29%
Unity Bank/Reliance Credit Union	500,000	Unrated	365	0.50%	4/08/22	6.29%
Macquarie Bank - Curve Securities	400,000	A+	367	0.40%	17/10/22	5.03%
ME Bank - Curve Securites	500,000	BBB+	365	0.48%	25/03/22	6.29%
AMP - Curve Securities	500,000	BBB	365	1.00%	3/11/22	6.29%
Bank of QLD - Curve Securities	500,000	BBB+	367	0.67%	31/10/22	6.29%
Macquarie Bank - Curve Securities	600,000	A+	320	0.40%	22/08/22	7.54%
MyState - Curve Securites	500,000	BAA2	368	0.45%	15/03/22	6.29%
ME Bank - Curve Securites	500,000	BBB+	365	0.48%	10/03/22	6.29%
Macquarie Bank - Curve Securities	600,000	A+	At Call	0.35%	At Call	7.54%
ME Bank - Curve Securities	500,000	BBB+	330	0.45%	5/05/22	6.29%
Commonwealth Bank of Australia	500,000	AA-	365	0.33%	15/09/22	6.29%
AMP - Curve Securities	500,000	BBB	365	0.80%	23/09/22	6.29%
<b>At Call Deposits</b>	<b>\$ 252,788.33</b>					<b>3.18%</b>
Commonwealth Bank - General Account	\$ 247,590.86	AA-	At Call	0.00%	N/A	
Commonwealth Bank - BOS Account	\$ 5,170.65	AA-	At Call	0.10%	N/A	
Reliance Credit Union - Cheque Account	\$ 26.82	Unrated	At Call	0.00%	N/A	
<b>Total Value of Investment Funds</b>	<b>\$ 7,952,788.33</b>					<b>100%</b>
<b>Average Rate on Term Deposits</b>						
90 Day BBSW for January 2022	0.0750%					
Average Rate on Term Deposits	0.5338%					
Margin over 90 day BBSW	0.4588%					
<b>Average Term - Short Term Deposits (days)</b>	<b>360</b>					
<b>Long Term Credit Rating</b>	<b>Amount \$</b>	<b>%</b>				
AA-	\$ 1,352,761.51	17.01%				
BBB	\$ 1,500,000.00	18.86%				
A+	\$ 1,600,000.00	20.12%				
BBB+	\$ 2,000,000.00	25.15%				
BAA2	\$ 500,000.00	6.29%				
Unrated	\$ 1,000,026.82	12.57%				
<b>Total</b>	<b>\$ 7,952,788.33</b>	<b>100.00%</b>				

**BANK RECONCILIATION**

Balance as per Bank Statement	\$	237,982.48
Add: Receipting 31/01/2022 deposited 01/02/2022	\$	368.28
Add: Visa card purchases processed February 2022	\$	8,429.60
Add: Receipting 31/01/2022 deposited 01/02/2022	\$	810.50

Balance as per Cash Book	\$	247,590.86
--------------------------	----	------------

**GENERAL FUND**

(a) Cash Book Balance	\$	252,788.33
(b) Bank Balance	\$	252,788.33

Short Term Deposits	\$	7,700,000.00
At Call Deposits	\$	252,788.33



**12.9) QUARTERLY BUDGET REVIEW STATEMENT - 31ST DECEMBER 2021**  
**(FM.FR.1)**

**Author:** Director Finance & Corporate Services  
**IP&R Link:** – 2.2: Financial management – 2.2.2: Complete and report on Quarterly Budget Reviews.

---

**RECOMMENDATION:**

That Council adopt the budget review statement for the quarter ended 31<sup>st</sup> December 2021 and the variations therein be voted.

**REPORT**

The Quarterly Budget Review Statement (QBRs) for the period ended 31<sup>st</sup> December, 2021 is submitted for consideration by Council in accordance with clause 203 of the Local Government (General) Regulation 2005.

It is estimated that the forecast operating surplus after capital amounts at 31 December, 2021 is \$3,755,135 compared to an estimated surplus of \$4,329,120 at the 30 September, 2021. This is a deterioration of \$573,985 over the quarter.

The net operating result before capital is estimated at the 31 December, 2021 to be a deficit of \$1,003,084. This compares to an estimated surplus of \$38,716 at 30 September, 2021. This is a deterioration of \$1,041,800 over the quarter.

The reason for this is a material reduction of \$1,050,000 (300,000 kL) in estimated water usage charges. It was noted in the report on the September 2021 QBRs at the November, 2021 meeting that a continuation of the wet and cool conditions could significantly reduce estimated water sales.

With the La Nina weather conditions now predicted to extend into autumn, based on sales data to date, water sales will be down significantly for the year ended 30 June, 2022. The estimate for water sales in 20/21 was based on the 5 year average of water sale volumes from 2015/16 to 2019/20 with a reduction of 2.5% applied to improve the robustness of the estimate.

Unfortunately even using this conservative methodology, the original estimate will not be achieved for 2021/22. It is likely that the volume of water sold in 2020/21 may be less than the low figure of 1,315,836 kL achieved in 2010/11, which was also a very wet year. In 2020/21 it is likely that we may see the lowest volume of water sold in the last 17 years. (records have been reviewed back to 2004/05)

It is likely that some variable costs such as electricity (pumping) costs and chemicals may come in less than budget due to the reduced level of water produced, however, this impact overall is expected to be marginal given that Council major costs of depreciation and employee costs are fixed. At this time no possible savings or reduced estimates have been brought to account in the result.

There has been small savings of \$8,200 in Councillors fees resulting from the Local Government Election that have been accounted for in the December QBRs. These savings were more significant than previous elections due to the timing of the election and the subsequent date of nomination of CTW Board members by the constituent councils. It is also

notable that CTW did not have an elected Chairperson during the period from 4 December, 2021 until the 16<sup>th</sup> February 2022.

It is notable that the 31 December, 2021 QBRS cash surplus of \$489,799 is a reduction of \$529,635 over the original estimated budget surplus of \$1,019,434. This means that Council is, despite the reduced water sales producing enough cash to meet its current commitments.

### **BUDGET IMPLICATIONS**

The revised budget result indicates that the overall financial position of the Council is sound, however, it is clear that the continuing wet weather and reduction in water demand will lead to a significant operating loss before capital in 21/22.

The operating result before capital in the QBRS is significantly less than the original budget due to lower water sales, however, the cash position is still sound.

It is notable that Council has deferred some capital works to future years and is looking closely where savings can be made in operating expenditure to offset the declining water revenues.

Both these measures will need to be considered when framing future long term financial plan estimates.

As weather conditions “normalise” it is anticipated that water sales in future years will recover quite strongly.

It is notable that loan interest rates are also rising in response to changed financial market conditions so this will present challenges when considering the use of loan funding for major capital works over the next decade.

### **POLICY IMPLICATIONS**

Nil

### **ATTACHMENTS**

- 1 QBRS - December 2021

## Central Tablelands Water

Quarterly Budget Review Statement  
for the period 01/10/21 to 31/12/21

Table of contents	page
1. Responsible Accounting Officer's Statement	2
2. Budget Review Statement Summary	3
3. Income & Expenses Budget Review Statement	4
- Income Statement variations	5
4. Capital Budget Review Statement	6
- Capital Budget Variations	7
6 Leakage Allowances Granted	8
7 Contracts Budget Review Statement	9

## Central Tablelands Water

Quarterly Budget Review Statement  
for the period 01/10/21 to 31/12/21

## Report by responsible accounting officer

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

31 December 2021

It is my opinion that the Quarterly Budget Review Statement for Central Tablelands Water for the quarter ended 31/12/21 indicates that Council's projected financial position at 30/6/22 will be unsatisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

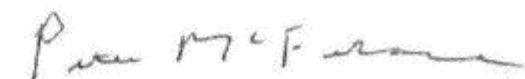
My opinion above, that Council's projected financial position as at 30/6/22 will be unsatisfactory has been based on the following factor:

1. Substantially lower water sales due to wet conditions and cooler climate.

Recommended remedial action to deal with this unsatisfactory position includes:

- a. Reduce operating costs where possible without adversely impacting services.
- b. Consider deferral of capital expenditure to later years.

Signed:



date:

10/02/2022

Peter McFarlane  
Responsible accounting officer

# Budget Review Statement

## as at 31 December 2021

### Council's Revised Income and Expenditure for the year 2021/2022

Original Budget	<u>Operating Revenue</u>	Revised Budget	
1,638,053	Availability Charges	1,638,053	
5,776,644	Water Charges	4,716,644	
51,750	Interest	51,750	
69,555	Other Revenues	69,555	
2,493,596	Capital Grants and Contributions	4,758,219	
100,000	Operational Grants and Contributions	34,331	
52,000	Gains on Disposal of Assets	52,000	
10,181,598	Total Operating Revenue		11,320,552
	<u>Operating Expenses</u>		
2,460,793	Employee Costs	2,444,793	
13,612	Borrowing Costs	13,612	
1,266,000	Materials & Contracts	1,292,000	
8,000	Legal Costs	8,000	
348,500	Consultants	317,162	
960,050	Other Expenses	951,850	
0	Loss on Sale of Assets	0	
2,538,000	Depreciation and Impairment	2,538,000	
7,594,955	Total Operating Expenses		7,565,417
2,586,643	<u>Operating Result for Period After Capital</u>	Surplus/(Deficit)	3,755,135
93,047	<u>Operating Result for Period Before Capital</u>	Surplus/(Deficit)	(1,003,084)
	<u>Less Non-Operating Expenditure</u>		
5,310,339	Acquisitions of Assets	6,823,100	
413,209	Repayment of Loans	413,209	
300,000	Transfer to Reserves - Plant	300,000	
850,000	Transfer to Reserves - Renewal Reserves	850,000	
150,000	Water Pricing Increase - Tfr to Infrastructure	150,000	
80,000	Transfer to Reserves - ELE	80,000	
50,000	Transfer to Reserves - Consultancy	50,000	
1,019,434	Transfer Estimated Budget Surplus/(Deficit)	489,799	
8,172,982			9,156,108
(5,586,339)			(5,400,973)
	<u>Add Non-Operating Revenue</u>		
207,499	Book Value of Assets Sold	207,499	
-	Loan Funds Raised	-	
248,681	Transfer from Reserves - Plant	248,681	
-	Transfer from Consultancy Reserve	-	
30,000	Transfer from Reserves - ELE	30,000	
2,562,159	Transfer from Reserves - Infrastructure	2,310,250	
0	Transfer from External Restriction	66,543	
3,048,339			2,862,973
(2,538,000)			(2,538,000)
	<u>Add Expenses not Involving Flow of Funds</u>		
2,538,000	Depreciation		2,538,000
\$ -	Budget (Cash) Result Surplus/(Deficit)	\$ -	

## Central Tablelands Water

Quarterly Budget Review Statement  
for the period 01/10/21 to 31/12/21

## Income &amp; expenses budget review statement

Budget review for the quarter ended 31 December 2021

## Income &amp; expenses - Council Consolidated

(\$000's)	Original budget 2021/22	Approved Changes			Revised budget 2021/22	Variations for this Dec Qtr	Notes	Projected year end result	Actual YTD figures
		Carry forwards	Other than by QBRs	Sep QBRs					
Income									
Rates and annual charges	1,638,053			-	1,638,053	-		1,638,053	819,180
User charges and fees	5,776,644			(10,000)	5,766,644	(1,050,000)	2 (a)	4,716,644	2,033,263
Other revenues	69,555			-	69,555	-		69,555	49,002
Grants and contributions - operating	100,000	34,331		-	134,331	(100,000)	2 (b)	34,331	-
Grants and contributions - capital	2,493,596	2,457,126		(660,318)	4,290,404	467,815	2 (c)	4,758,219	1,015,530
Interest and investment revenue	51,750			-	51,750	-		51,750	29,954
Net gain from disposal of assets	52,000			-	52,000	-		52,000	1,783
Total income from continuing operations	10,181,598	2,491,457	-	(670,318)	12,002,737	(682,185)		11,320,552	3,948,712
Expenses									
Employee benefits and on-costs	2,460,793			10,000	2,470,793	(26,000)	2 (d)	2,444,793	1,072,033
Borrowing costs	13,612			-	13,612	-		13,612	11,429
Materials and services	1,266,000			-	1,266,000	26,000	2 (e)	1,292,000	432,209
Depreciation and amortisation	2,538,000			-	2,538,000	-		2,538,000	1,269,000
Impairment of receivables	-			-	-	-		-	-
Legal costs	8,000			-	8,000	-		8,000	4,998
Consultants	348,500	68,662		-	417,162	(100,000)	2 (f)	317,162	44,574
Other expenses	960,050			-	960,050	(8,200)	2 (g)	951,850	417,035
Total expenses from continuing operations	7,594,955	68,662	-	10,000	7,673,617	(108,200)		7,565,417	3,251,278
Net operating result from continuing operations	2,586,643	2,422,795	-	(680,318)	4,329,120	(573,985)		3,755,135	697,434
Net Operating Result before Capital Items	93,047	(34,331)	-	(20,000)	38,716	(1,041,800)		(1,003,084)	(318,096)



## Central Tablelands Water

Quarterly Budget Review Statement  
for the period 01/10/21 to 31/12/21Income & expenses budget review statement  
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details
2 (a)	Estimated revised water sales following extended period of wet weather. Estimated reduction in sales of 300,000 kls. In 21/22 CTW is on target for its lowest overall water sales by volume since 2011/12.
2 (b)	Integrated Water Cycle Management Plan (IWCM) grant of \$100,000 not expected to be received 2020/21.
2 (c)	Upward revision of developer contribution and mains extension income estimate due to additional sub division developments undertaken particularly in the Blayney service area.
2 (d)	Part time Governance and Executive Support position now being engaged through labour hire arrangement until recruitment of permanent position is undertaken.
2 (e)	Refer to Note 2 (d). Labour hire is part of materials and services not employee costs. Transfer budget from employee costs to materials and services.
2 (f)	\$200,000 set aside for IWCM Plan development reduced to \$100,000 as funding not expected to be received. \$100,000 of remaining Council funding will be utilised to fund the contribution for the Town Water Risk Reduction Program being undertaken with Cabonne and Orange Councils.
2 (g)	Savings in members fees due to holding of the Local Government Election. Councillors in CTW and the Chairperson ceased to hold Office from election day until reappointment to Council. Members are reappointed from time of election by their respective constituent Council. The Chairperson is elected to office from time of election at the first meeting of Council.

## Central Tablelands Water

Quarterly Budget Review Statement  
for the period 01/10/21 to 31/12/21

## Capital budget review statement

Budget review for the quarter ended 31 December 2021

Capital budget - Council Consolidated

(\$000's)	Original budget 2021/22	Approved changes			Revised budget 2021/22	Variations for this Dec Qtr	Notes	Projected year end result	Actual YTD figures
		Carry forwards	Other than by QBRs	Sep QBRs					
Capital expenditure									
New assets									
- Motor Vehicles	508,180				508,180			508,180	45,733
- Other Plant and Equipment	21,000				21,000	69,700	3 (a)	90,700	77,809
- Office Equipment (Inc. Tablets)	40,000				40,000			40,000	-
- Telemetry Upgrades	20,000	2,723			22,723			22,723	
- Reticulation Mains (new)	30,000				30,000	150,000	3 (b)	180,000	41,119
- Post Chlorinator - Greys Hill	50,000				50,000			50,000	
- Post Chlorinator - Grenfell North		50,000			50,000			50,000	
- Renewable Energy Infrastructure	200,000			(175,000)	25,000			25,000	
- Blayney WTP - Generator Pad				2,670	2,670	-		2,670	2,670
- Carcoar WFP 12ML Reservoir	2,000,000	2,002,969			4,002,969	-		4,002,969	271,536
- Lake Rowlands Augmentation Study	500,000	66,543		(560,318)	6,225			6,225	6,225
- Woodstock Pump Station		359,657			359,657			359,657	55,476
- Automatic Filling Stations - Cudal and Cargo		21,564			21,564			21,564	1,794
- Water Quality Testing Facility - Pipeline		39,125			39,125			39,125	
- Dead Water Storage - Lake Rowlands		189,000			189,000			189,000	
- Lake Rowlands Pumped Hydro Project				75,000	75,000			75,000	1,600
- Smart Water Program				10,000	10,000			10,000	4,000
- Centroc Water Grid Project				25,000	25,000			25,000	23,245
New Assets Expenditure	3,369,180	2,731,581	-	(622,648)	5,478,113	219,700	-	5,697,813	531,207
Renewal assets (replacement)									
- Depot Upgrades	120,000				120,000			120,000	
- Blayney Office Refurbishments	30,000	14,035			44,035			44,035	8,336
- Blayney Office Outdoor Refurbishments		10,000			10,000			10,000	
- Cargo Pump Station Major Renewal	150,000				150,000			150,000	516
- Conomadne Pump Station Major Renewal	180,000				180,000			180,000	1,950
- Pump Station Renewals	51,159				51,159			51,159	7,245
- Bore Renewals	825,000				825,000	(825,000)	3 (c)	-	
- Trunk Main Renewal Trajere						5,000	3 (d)	5,000	4,103
- Reticulation Main Renewals	550,000	10,564			560,564	(250,000)	3 (e)	310,564	17,746
- Canowindra Reservoir Reline					-	55,500	3 (f)	55,500	
- Blayney WFP Equipment Renewals				20,000	20,000	20,000	3 (g)	40,000	29,513
- Carcoar WTP Clearwater Tank Roof		10,000			10,000			10,000	
- Carcoar WFP - Filter Bed		112,727			112,727	1,302	3 (h)	114,029	114,029
- Carcoar Saturator Vessel	35,000				35,000			35,000	
Renewal Expenditure	1,941,159	157,326	-	20,000	2,118,485	(993,198)	-	1,125,287	183,438
Sub Total - Asset Acquisition	5,310,339	2,888,907	-	(602,648)	7,596,598	(773,498)	-	6,823,100	714,645
Loan repayments (principal)	413,209				413,209			413,209	278,899
Total capital expenditure	5,723,548	2,888,907	-	(602,648)	8,009,807	(773,498)	-	7,236,309	993,544
Capital funding									
Rates & other untied funding	413,209				413,209			413,209	278,899
Capital grants & contributions	2,240,000	2,457,126		(660,318)	4,036,808	150,000	3 (i)	4,186,808	333,237
Reserves:									
- External restrictions/reserves		66,543			66,543			66,543	
- Internal restrictions/reserves	2,810,840	365,238		57,670	3,233,748	(923,498)	3 (j)	2,310,250	346,408
New loans									
Receipts from sale of assets									
- Plant & equipment	259,499				259,499			259,499	35,000
- Land & buildings									
Total capital funding	5,723,548	2,888,907	-	(602,648)	8,009,807	(773,498)		7,236,309	993,544
Net capital funding - surplus/(deficit)	-	-	-	-	-	-		-	-

## Central Tablelands Water

Quarterly Budget Review Statement  
for the period 01/10/21 to 31/12/21Capital budget review statement  
Recommended changes to revised budget

Budget variations being recommended include the following material items:

Notes	Details
3 (a)	New remote controlled mower purchased to undertake vegetation control on the steep sloped grass embankment at Lake Rowlands. As resolved at Council Meeting of 13th October 21.
3 (b)	Additional capital expenditure associated with reticulation mains extensions to service new sub division developments in the Blayney service area. These costs are fully funded by capital contributions.
3 (c)	Gooloogong bore renewal works have been deferred to 2022/23 due higher priority capital works being undertaken.
3 (d)	Urgent works required on reticulation main renewal on the Trajere system.
3 (e)	Part of major reticulation mains renewal program has been deferred due to wet weather and Covid constraints. Program will be extended into 22/23 and 23/24.
3 (f)	Major relining works undertaken at Canowindra reservoir due to leaking issues and poor condition. These urgent renewal works are to be funded from the infrastructure restriction.
3 (g)	Urgent renewals required at Blayney Treatment Plant , Dosing Skid and Dosing Pump Switchboard.
3 (i)	Additional contributions received for new reticulation mains (mains extensions) Main extensions are funded by the developer. Refer item 3 (b)
3 (j)	Net reduction in transfer from infrastructure restriction due to deferral of bore upgrade and reticulation mains renewal.

Central Tablelands Water

Quarterly Budget Review Statement  
for the period 01/07/21 to 31/12/21

Leakage Allowances Granted - Financial Year to Date

	<u>No of Applications Granted</u>	<u>Total Allowance KIs</u>	<u>Total Allowance Granted \$</u>
<u>Sept Qtr</u>			
Residential	5	737.49	2,581.22
Non Residential	2	267.71	936.97
Total	7	1,005.20	3,518.19

	<u>No of Applications Granted</u>	<u>Total Allowance KIs</u>	<u>Total Allowance Granted \$</u>
<u>Dec Qtr</u>			
Residential	3	597.00	2,089.50
Non Residential	2	481.25	1,684.38
Total	5	1,078.25	3,773.88

Note: Council's undetected water leaks policy provides for an allowance to be granted if strict eligibility criteria are met as per the policy  
The granting of a leakage allowance is at the absolute discretion of Council based upon individual circumstances.  
Property owners are responsible for the maintenance of water infrastructure on their properties.

## Central Tablelands Water

Quarterly Budget Review Statement  
for the period 01/10/21 to 31/12/21

## Contracts budget review statement

Budget review for the quarter ended 31 December 2021

Part A - Contracts listing - contracts entered into during the quarter

Contractor/Supplier	Contract detail & purpose	Contract value GST Inc	Start date	Duration of contract	Budgeted (Y/N)	Notes
Tony Leahey Motor Group	Fleet Vehicle Replacements - 4 Vehicles	179,112	01/10/21	5 months	Y	Plant Reserve
National Concrete Solutions	Reseal/reline Canowindra Reservoir	61,048	27/10/21	3 months	Y	Revote - Dec QBRS

## Notes:

1. Minimum reporting level is 1% of estimated income from continuing operations of Council or \$50,000 - whatever is the lesser.
2. Contracts listed are those entered into during the quarter being reported and exclude contractors on Council's Preferred Supplier list.
3. Contracts for employment are not required to be included.



**12.10) AUDIT RISK AND IMPROVEMENT COMMITTEE (ARIC) (CM.AU.1)**

**Author:** Director Finance & Corporate Services  
**IP&R Link:** Strategic Priority 2: An efficient, sustainable and customer focused organisation – 2.3: Improving Performance and managing risk

---

**RECOMMENDATION:**

1. That Council note the Audit, Risk and Improvement meeting minutes dated 27 August 2021.
2. That Council note the Audit, Risk and Improvement meeting minutes dated 16 November 2021.
3. That Council receive the Audit, Risk and Improvement meeting Annual Report for year ended 30 June, 2021.
4. That Council nominate a representative and alternate to sit on the Central Tablelands Water Audit, Risk and Improvement Committee.
5. That Council issue an expression of interest to appoint an Independent Member Representative on the Central Tablelands Water Audit, Risk and Improvement Committee.
6. That Council Re-appoint Donna Rygate as an Independent Member of the Central Tablelands Audit Risk and Improvement Committee.
7. That the Independent Member selected be appointed by the General Manager to the Central Tablelands Water, Audit, Risk and Improvement Committee.

**REPORT**

The adopted minutes of the Audit, Risk and Improvement Committee (ARIC) meeting held on 27 August and 16 November, 2021 are attached for Council's information. The 16 November, 2021 was the final meeting of the existing ARIC before the Local Government elections were held on 4 December, 2021.

It has been noted that the Annual Report of the ARIC for the year ended 30 June 2021 had not been submitted to Council so it is attached to this report. The Annual Report summarises the activities and performance of the ARIC over the course of the 2020/21 year.

The Office of Local Government (OLG) have recommended in the past that Councils have an ARIC, however, changes to the Local Government Act (LGA) 1993 (sec 428A) now make it mandatory. Council's must have an ARIC in place by 4 June, 2022.

The new guidelines have a differential regulatory framework in place based upon tiers of Councils. CTW is classified a Tier 1 Council which is the same as Blayney Shire Council. Council of the same Tier have the same rules and regulations applied to them and may share resources such as having common independent members.

The proposed guidelines set out specific guidelines for the membership of the ARIC, however, these requirements in the case of Council's with an existing ARIC like Central Tablelands Water (CTW) are not required to be complied with until 30 June, 2027.

Therefore, the existing structure of the ARIC can be maintained as follows:

- 1 Councillor (not Chairperson) and 1 alternate
- 2 Independent external members who have relevant qualifications, 1 of whom is elected the Chair.

The Governance and Executive Support Officer will provide secretarial and administrative support to the Committee. The General Manager, Director of Finance and Corporate Services and Director of Operations and Technical Services attend meetings as observers.

In relation to the election of the Council representative it is notable that the Chairperson is not eligible to fill that position or the alternate position. This is set out in the adopted ARIC Charter and in accord with the existing OLG ARIC guidelines. It is notable that pursuant to the new draft guidelines that ARIC's can have no Councillor voting membership but may have a Councillor appointed as an observer.

The external members of the ARIC are appointed for the term of Council. External members are eligible for extension for a second term following a review of their performance. The maximum period of service of the external members is two Council terms.

The most recent ARIC Chairperson has stood down after two Council terms (one as Chairperson). The other independent member, Donna Rygate has expressed an interest in another term. Donna is prequalified as both ARIC Chairperson and Member. Donna has been diligent in attending and contributing to all ARIC meetings and it is recommended that she be appointed for another term.

Council has entered into a joint expression of interest process with Blayney Shire Council to seek another independent member to fill the vacant position. In the past CTW has shared a Committee with Blayney and Cabonne Councils. Cabonne Council have elected to no longer be part of the shared ARIC membership, but the opportunity to share with other possible Tier 1 Councils is being pursued by Blayney and CTW.

Council is also being requested to delegate to the General Manager, the authority to appoint the independent member selected under the expression of interest process. This is required as it will allow the ARIC to meet in March, 2022 rather than to wait until the appointment is ratified at a subsequent meeting of Council.

### **BUDGET IMPLICATIONS**

Council has an adopted budget in 21/22 for ARIC operations of \$21,500. This will allow for committee meeting operational costs and the undertaking of one internal audit review.

An amount of \$2,518 has been spent in 21/22 on the two committee meetings held to date, leaving an amount of \$18,982 remaining.

These funds will be utilised to undertake one internal audit engagement and cover the cost of conducting meetings including independent member's fees.

### **POLICY IMPLICATIONS**

Section 428A of the Local Government Act 1993 outlines the requirements and duties of the ARIC. Section 23A of the Local Government Act apply to the new OLG guidelines that will be released.



**ATTACHMENTS**

- 1 Audit Committee Minutes 27-8-2021
- 2 Audit Committee Minutes 16-11-2021
- 3 CTW Audit Committee Annual Report 20-21

Minutes of the Audit, Risk and Improvement Committee Meeting of Central Tablelands Water held via video conference on Friday, 27 August 2021 commencing at 11:10am.

PRESENT:	Mr Phillip Burgett	(Chairperson – Independent Member – Voting)
	Donna Rygate	(Independent Member – Voting)
	Cr David Somerville	(Council Chairman – Voting)
	Gavin Rhodes	(General Manager – Observer)
	Peter McFarlane	(Director Finance & Corporate Services – Observer)
	Noel Wellham	(Director Operations & Technical Services – Observer)
	Bee Smith	(Governance & Executive Support Officer – Secretariat)

#### 1. Welcome

The Chairperson, Phillip Burgett welcomed everyone to the meeting.

#### 2. Declarations of Interest

There were no declarations of interest.

#### 3. Declarations of any unethical behaviour reported to Council

There were no declarations of unethical behaviour reported to Council.

#### 4. Apologies for Non Attendance

An apology was received from Karen Taylor of the NSW Audit Office and Leanne Smith from Intentus.

Moved: Cr Somerville      Seconded: Donna Rygate

Resolved: That the apology from Karen Taylor and Leanne Smith be accepted.

#### 5. Confirmation of Minutes of Audit, Risk and Improvement Committee – 2 June 2021

Moved: Donna Rygate      Seconded: Cr Somerville

---

This is Page No. 1 of the Minutes of the Central Tablelands Water Audit Risk and Improvement Committee Meeting held 27 August 2021.

Resolved: That the minutes of the meeting of 2 June 2021 be adopted.

6. Major Developments Since the Previous Meeting

Moved: Cr Somerville      Seconded: Donna Rygate

Resolved: That the Committee receive and note the report on recent developments since the last meeting.

7. Financial Statements Update

Moved: Donna Rygate      Seconded: Cr Somerville

Resolved:

- 1) That the Committee receive and note the draft Financial Statements for the year ended 30 June 2021.
- 2) That the Committee receive and note the verbal update provided by the DFCS.

Proceedings in brief: Katy Henry joined the meeting at 11:30am.

8. Interim Management Letter

Moved: Cr Somerville      Seconded: Donna Rygate

Resolved:

- 1) That the Committee receive and note the Interim Management Letter for the 2020/21 Financial Year.
- 2) That the Committee receive and note the verbal update provided by Katy Henry.
- 3) That the Committee appreciate the context of limited resources CTW is working within and are satisfied that the two matters are receiving appropriate attention.

Proceedings in brief: Katy Henry left the meeting at 11:58am.

9. Risk Register

Moved: Donna Rygate      Seconded: Cr Somerville

Resolved:

- 1) That the Committee receive and note the Risk Register as tabled.

---

This is Page No. 2 of the Minutes of the Central Tablelands Water Audit Risk and Improvement Committee Meeting held 27 August 2021.

---

Audit, Risk and Improvement Committee Meeting – 27 August 2021

Page 3

- 2) That the Committee note the addition of ADM7 relating to the risk of contracting COVID-19 and Council's existing controls.
- 3) That the Committee note the Risk Register is a work in progress and look forward to the next reiteration.

10. Report from the ARIC Self-Assessment Questionnaire

Moved: Cr Somervaille

Seconded: Donna Rygate

Resolved: That the Committee receive and note the report from the ARIC self-assessment questionnaire.

11. ARIC Annual Report 2020-2021

Moved: Donna Rygate

Seconded: Cr Somervaille

Resolved:

- 1) That the Committee receive and endorse the ARIC Annual Report 2020-2021.
- 2) That the Committee request for the ARIC Annual Report 2020-2021 be presented to Council at its next meeting.

12. External & Internal Audit Action Plan (Fraud Risk Health Assessment)

Moved: Cr Somervaille

Seconded: Donna Rygate

Resolved: That the Committee receive and note the report on the action plan.

13. Internal Audit Charter

Moved: Donna Rygate

Seconded: Cr Somervaille

Resolved:

- 1) That the ARIC Committee receive and note to undertake a review of the Internal Audit Charter.
- 2) That the Committee defer the review subject to final determination of the risk management guidelines from the OLG.

14. ARIC Proposed Meeting Dates for 2022

Moved: Cr Somervaille

Seconded: Donna Rygate

Resolved:

---

This is Page No. 3 of the Minutes of the Central Tablelands Water Audit Risk and Improvement Committee Meeting held 27 August 2021.

- 1) That the Committee receive and note the proposed meeting dates subject to being agreed by all three Councils.
- 2) That the Committee note the November 2021 meeting is 16 November 2021.

#### 15. Late Items

##### 15.1 Internal/External Audit Program

Moved: Donna Rygate

Seconded: Cr Somervaille

Resolved: That the Committee note and endorse the verbal report from the DFCS regarding the 3 year internal audit program from 2022 -2024.

Proceedings in brief: The internal audit program was 2022 Project Management – Earthworks component of Carcoar 12ML Reservoir, 2023 Review of Records Management System – Compliance with Records Act, 2024 Review of Drinking Water Quality Management Plan

##### 15.2 Risk Management Framework

Moved: Cr Somervaille

Seconded: Donna Rygate

Resolved:

- 1) That the Committee receive and note the verbal report from the DFCS relating to the Risk Management Framework guidelines that have been issued.
- 2) That the Committee work with CTW management to review and seek guidance if a submission from CTW is considered appropriate.
- 3) That a meeting be held out of session with the Audit Committee Chairman, the Governance and Executive Support Officer and Director of Finance and Corporate Services to review the format of the Risk Register.

#### 1. Any other business

There was no other business.

#### 2. Next Meeting

The next meeting will be held at Blayney Shire Community Centre on 16 November 2021.

There being no further business, the Chairperson declared the meeting closed at 1:00pm.

---

This is Page No. 4 of the Minutes of the Central Tablelands Water Audit Risk and Improvement Committee Meeting held 27 August 2021.

Audit, Risk and Improvement Committee Meeting – 27 August 2021

Page 5

This is Page No. 5 of the Minutes of the Central Tablelands Water Audit Risk and Improvement Committee Meeting held 27 August 2021.

Minutes of the Audit, Risk and Improvement Committee Meeting of Central Tablelands Water held at the Blayney Community Centre held on Wednesday 16 November commencing at 11:10am.

PRESENT:	Mr Phillip Burgett	(Chairperson – Independent Member – Voting)
	Donna Rygate	(Independent Member – Voting) – By video link
	Cr David Somervaille	(Council Chairman – Voting)
	Gavin Rhodes	(General Manager – Observer)
	Peter McFarlane	(Director Finance & Corporate Services – Secretariat)
	Noel Wellham	(Director Operations & Technical Services – Observer)

1. Welcome

The Chairperson, Phillip Burgett welcomed everyone to the meeting. It was noted that Donna Rygate was in attendance by Video Link.

2. Declarations of Interest

There were no declarations of interest.

3. Declarations of any unethical behaviour reported to Council

There were no declarations of unethical behaviour reported to Council.

4. Apologies for Non-Attendance

An apology was received from Karen Taylor of the NSW Audit Office and Leanne Smith from Intentus.

Moved: Cr Somervaille      Seconded: Donna Rygate

Resolved: That the apology from Karen Taylor and Leanne Smith be accepted.

---

This is Page No. 1 of the Minutes of the Central Tablelands Water Audit Risk and Improvement Committee Meeting held 16 November 2021.

5. Confirmation of Minutes of Audit, Risk and Improvement Committee – 27 August 21

Moved: Donna Rygate      Seconded: Cr Somervaille

Resolved: That the minutes of the meeting of 27 August 2021 be adopted noting that late item 15.1 be amended to include details of the proposed Internal Audit Program 2022-2024.

6. Major Developments Since the Previous Meeting

Moved: Cr Somervaille      Seconded: Donna Rygate

Resolved: That the Committee receive and note the report on recent developments since the last meeting.

7. Risk Register Methodology

Moved: Donna Rygate      Seconded: Cr Somervaille

Resolved: That the Committee note that a meeting was held on the 9 September 2021 between the Committee Chairperson, the Governance and Executive Support Officer and the Director of Finance and Corporate Services to discuss methods of improving the presentation of Council's Risk Register.

8. Cabonne Council Withdrawal from Shared ARIC

Moved: Cr Somervaille      Seconded: Donna Rygate

Resolved: That the Committee note the letter from Cabonne Council dated 12 November, 2021 notifying of their intention to withdraw from the shared ARIC.

9. ARIC Representative – Not Seeking Reappointment

Moved: Donna Rygate      Seconded: Cr Somervaille

Resolved:

- 1) That the Committee note the letter from Mr Phillip Burgett.
- 2) That the Committee pass a vote of thanks for his service to the Committee since 2013.
- 3) That the Committee pass on its best wishes to Mr Burgett for his future endeavours.

---

This is Page No. 2 of the Minutes of the Central Tablelands Water Audit Risk and Improvement Committee Meeting held 16 November 2021.



10. Financial Statements Update

Moved: Cr Somervaille

Seconded: Donna Rygate

Resolved:

1. That the Committee receive and note the unqualified audit reports received with respect to the Financial Statements for the year ended 30 June 2021.
2. That the Committee receive and note the Closing Engagement Report for the year ended 30 June 2021.
3. That the Committee receive and note the final management letter for the year ended 30 June 2021 and endorse the actions taken by management to address the matters raised.

Proceedings in brief: Katy Henry from Intentus dialled in at 11.45am and left the meeting at around 12.05pm

11. Internal Audit Plan – Fraud Health Check Action Plan

Moved: Donna Rygate

Seconded: Cr Somervaille

Resolved:

- 1) That the Committee note the report on the progress of the Fraud Health Check Action Plan.
- 2) That the Committee note the draft scope of the audit engagement in 2022 in respect of the earthworks component of the Carcoar Water Treatment Plant Reservoir and request that Committee members provide submissions in respect of the scope of works by 30 November 2021 with the aim of getting an expressions of interest completed in the first quarter of 2022.

12. Any other business

It was noted that with Local Government Elections to be held on 4 December, 2021 that this is the last meeting of the current Committee.

13. Next Meeting

The next meeting will be held at a date to be determined by the new Committee when it is formed.

There being no further business, the Chairperson declared the meeting closed at 12:37pm.

---

This is Page No. 3 of the Minutes of the Central Tablelands Water Audit Risk and Improvement Committee Meeting held 16 November 2021.



**Central Tablelands Water – Audit, Risk and Improvement Committee**  
**Annual Report to Council - 2021**

### **Introduction**

On behalf of the Audit, Risk and Improvement Committee ('Committee' or 'ARIC'), I present the ARIC report for Central Tablelands Water (CTW) covering the 1 July 2020 – 30 June 2021 year.

The objective of the ARIC is to function as an independent assurance forum that provides oversight and assistance to improve risk management, governance and compliance, internal control and external accountability of Central Tablelands Water.

The ARIC operates in accordance with its Charter which is complemented by an Internal Audit Charter. The ARIC Charter sets out the roles and responsibilities of the Committee, its authority, membership and the tenure of its members, the operation of its meetings, how decisions are made and its reporting responsibilities. The Charter is subject to formal review biennially but is amended as necessary to reflect evolving regulatory guidance issued by the Office of Local Government.

### **Role of the Committee**

The Committee seeks to achieve its objectives as outlined in the Charter by:

- examining and commenting on CTW's risk management framework and practices;
- reviewing internal control mechanisms;
- reviewing financial reporting and controls in CTW including meeting with external auditors;
- monitoring legislative compliance including compliance with policies and guidelines issued by the Office of Local Government; and
- overseeing an active program of internal audit by authorising an annual and longer term strategic internal audit program, as well as overseeing progress with the implementation of the recommendations of completed internal audit reports.

### **Purpose of Report**

This report provides background to the Committee's membership, activities during the period and areas for development in the year to come.

Prior to its presentation to Council, the report was reviewed and endorsed by the Members of the ARIC.

*Central Tablelands Water Audit Committee 2020 – '21 Annual Report*

### Committee Membership

Membership of the ARIC comprises one Councillor, a nominated alternate Councillor and two Independent Members appointed by Council.

The Committee is currently comprised of the following members:

*Independent Members:*

- Phillip Burgett (Chair)
- Donna Rygate

*Councillor Member:*

- Councillor David Somerville (voting)

*Independent Member Profiles*

Phillip Burgett is an experienced professional accountant and external auditor with considerable experience in local government. He retired in June 2011 after a lengthy career as a Partner with the Bathurst based professional accounting firm Morse Group. Currently Phillip is a member of six (6) local government council audit, risk and improvement committees.

Donna Rygate is an experienced chair/independent director, business leader and skilled problem solver with a solid track record of positive transformation of organisations. Currently Donna is chair of one local government audit committee and one not for profit organisation audit committee, a member of one Commonwealth Government audit committee and one State Government audit committee, as well as a member of six (6) other local government audit, risk and improvement committees.

During the year, the ARIC was effectively supported and informed through reports to each meeting by:

- Gavin Rhodes, General Manager
- Peter McFarlane, Director Finance & Corporate Services
- Noel Wellham, Director of Operations and Technical Services
- Bee Smith, Governance and Executive Support Officer

The Committee also acknowledges the contribution of Debbie Turner (Finance Officer).

### Meetings of the Committee

The table below sets out the meetings of the Committee held during the reporting period and the attendance of Committee Members at these meetings.

Meeting Date	Phillip Burgett	Donna Rygate	Cr David Somerville	Cr John Newstead
2 September 2020	✓	✓	✓	NOT REQUIRED
18 November 2020	✓	✓	✓	NOT REQUIRED
10 March 2021	✓	✓	✓	NOT REQUIRED
2 June 2021	✓	✓	✓	NOT REQUIRED

Councillor John Newstead has been the alternate Councillor member in this period but has not been required to attend meetings in the year covered by this report.

*Central Tablelands Water Audit Committee 2020 – '21 Annual Report*

### **Committee Performance Assessment**

The Committee (including management who are integral to the operation of the ARIC) undertook a 'self-assessment' of the performance of the ARIC, the results of which were tabled at the ARIC meeting on 2 June 2021. Whilst the results in most performance areas were considered to be at least meeting requirements there are two (2) areas (risk management reporting and internal audit) where it was recognised that improvements could be made.

### **Committee Activities in the Reporting Period**

#### *Internal Audit*

CTW has an annual budget allocation for no more than two (2) major internal audits and is committed to complete at least one (1) review each year. Resourcing for each internal audit is matched to the skills and experience required to satisfy the agreed scope.

The following internal audit was undertaken and finalised in the reporting period:

- Fraud Risk Health Assessment (2 June 2021)

In 2021-'22 consideration is being given to undertaking an internal audit on capital project management incorporating project procurement and contract management.

#### *Risk Management*

The Committee has continued to promote the need for a Risk Management Framework (RMF) to inform CTW's decision making, risk mitigation activities and internal audit priorities.

Management continued to refine the CTW Enterprise Risk Register (ERR) during the year and the Committee is satisfied that it is now a base working record of the CTW risk exposures that is fit for purpose so it can be used to inform management decisions, allowing further development to evolve through operational experience and periodic review.

In 2021-'22 the ERR will, at a minimum, be reviewed bi-annually by management and newly identified risks, eliminated risks, changes in ratings of risks and those risks that are outside tolerance will be formally reported to the ARIC. If specific events occur which immediately impact the risk profile of CTW the ERR will be updated and a report provided to the Committee.

The Business Continuity Plan (BCP) project was completed during the year with the Plan being tested and critically assessed, providing CTW with an effective plan to manage the response to adverse events interrupting normal operations.

A fraud control policy was developed by management, considered by the Committee at its September 2020 meeting and was subject to independent assessment in the Fraud Risk Health Assessment undertaken as part of the Internal Audit Plan.

The Committee's 2020 Report to Council referenced the work program arising from the 2018 and 2019 StateCover WHS Audits and Action Plans and the independent consultant's desktop assessment of those findings. The Committee has been updated on management's implementation of the agreed actions all of which have been effectively addressed.



*External Audit and Annual Financial Statements*

The Auditor General of New South Wales (AO) is the appointed external auditor of CTW but retains the services of Intentus Chartered Accountants as its contracted agent to conduct the external audit.

Both the Audit Office Director and Contract Agent were active contributors to the activities of the ARIC, attending meetings in person and online as appropriate.

The Committee considered the following documents and reports provided by the AO during the conduct of the external audit:

- 2019 – '20 Interim Phase Management Letter (2 September 2020)
- 2019 – '20 Annual Financial Statements (Pre-Audit) (18 November 2020)
- 2019 – '20 Audit Engagement Closing Report (10 March 2021)
- 2019 – '20 Final Phase Management Letter (10 March 2021)
- 2020 – '21 Annual Engagement Plan (10 March 2021)

The Committee reviewed the external auditor's management letters and Council's management responses and is satisfied there were no significant findings in the letters requiring specific action by the Committee.

*Status of Prior Report Recommendations*

The status of past report recommendations arising from internal audit reports and external audit management letters has been considered at each meeting. Currently there are agreed actions in progress covering the following reports:

- Audit Office 2019 – '20 Final Phase Management Letter
- Fraud Risk Health Assessment

The Committee will monitor the resolution of outstanding matters in accordance with the agreed deadlines over the course of 2021-'22.

**The Year Ahead in 2021-'22**

The primary focus of the Committee in 2021-22 will be in the following specific areas:

- Internal Audit – Whilst CTW has undertaken some internal reviews a strategic internal audit program with a long term lens on the critical operations of Council has not yet been established. Consistent with available resources and influenced by key areas of risk as identified by the organisation and emerging risks in the local government sector which may impact Council, a multi-year Internal Audit Plan will be developed.
- Risk Management – Oversee a reporting and monitoring process over CTW's risk management framework and associated procedures to facilitate effective management of business and financial risks.
- Fraud and Corruption Prevention – Oversee management responses to the Fraud Risk Health Assessment and work with management to establish objective performance measures and oversight reporting of relevant such incidents.
- Business Improvement – Ensure the Committee understands what CTW is doing to address this aspect of the Committee's Charter and work with management to develop effective reporting of such actions.
- Compliance and Accountability – The Committee needs more understanding of how CTW monitors legislative compliance across its operations and an oversight reporting mechanism is required to assist the Committee in meeting its Charter responsibilities.

*Central Tablelands Water Audit Committee 2020 – '21 Annual Report*

**Committee's Report Card**

RESPONSIBILITY	COMPLIANCE	COMMENT
Risk Management	ON-TRACK	Risks were reviewed by management in 2020-'21 and the Risk Register was fine-tuned to enhance its functionality. 2021-'22 will see CTW progress to a more structured oversight and reporting of risks in the Risk Register
Internal Control Framework	ON-TRACK	External audit management letter considered in ARIC meetings. Can be further enhanced with an internal audit focus
External Accountability	ACHIEVED	Independent audit processes and opinions reviewed Management utilise the OLG Compliance Calendar
Compliance	NEEDS ATTENTION	Management utilise the OLG Compliance Calendar ARIC reporting mechanism to cover the Charter components to be agreed with management
Internal Audit	NEEDS ATTENTION	CTW does not have a structured multi-year internal audit plan however reviews aligned with the higher risk areas identified in the risk register are undertaken. A multi-year strategy should be developed in 2021-'22
External Audit	ACHIEVED	External audit plans and reports reviewed and implementation by management of audit recommendations monitored
Fraud and Corruption Prevention	WORK IN PROGRESS	Response to Fraud Risk Health Assessment to be monitored and assessed
Business Improvement	ON-TRACK	Not reported on a regular basis but significant improvements in controls and procedures (EFT Sure Payment Verification) are referred to in the Recent Developments Report to each meeting.
Accountability	ACHIEVED	Self – assessment performance review undertaken this year
Transparency	ACHIEVED	Declarations of any pecuniary or non-pecuniary conflicts of interest required  Sensitivity of all matters considered by the ARIC is assessed but generally agendas and minutes of Committee meetings will be made publicly available subject to privacy and confidentiality considerations

**Recommendation:** That ARIC 2021 Annual Report be endorsed and referred to Council for consideration and acceptance.

Phillip Burgett

**Independent Chair – Central Tablelands Water Audit, Risk and Improvement Committee**

*Central Tablelands Water Audit Committee 2020 – '21 Annual Report*

**12.11) WATER SECURITY - DROUGHT IMPACT UPDATE (WS.AM.1)****Author:** Director Operations & Technical Services**IP&R Link:** – 1.1.1: Deliver capital works program based on asset management data. Strategic Priority 1: Provide a high quality and reliable drinking water supply**RECOMMENDATION:**

That Council note the information in the report.

**REPORT**

Central Tablelands Water (CTW) welcome continued rainfalls that have followed those which have caused the filling and continuing overspilling of Lake Rowlands Dam (LRD) since 29th July 2020.

In following with NSW State Government directions, CTW continues to develop its drought resilience opportunities through continuance of the below projects.

1. The fit out of Woodstock Pump Station continues to progress within budget and in a timely manner.
2. CTW, in conjunction with Parkes Shire Council, continues to develop the CTW component of the Stage 3 - Gooloogong to Eugowra pipeline of the Centroc Water Grid Pipeline project. The business case is due for completion in February 2022.
3. CTW has received the final report for Emergency Bore Treatment options for its Cudal Bore and Blayney Well assets. A copy of the report will be available at the meeting.

**BUDGET IMPLICATIONS**

Project		Woodstock Pump Station		
Approved Budget		\$806,703 (includes \$63,886 contingency)		
Project End date		June 2022		
Revised Budget	Expenditure to date	Projected (*)	Total	Remaining Funds (**)
\$806,703	\$565,742	\$115,000	\$680,742	\$125,961

Note: (\*) Projected costs include 1-2 weeks of commissioning.

(\*\*) Remaining funds will be available for CTW's 12ML reservoir project.

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil.

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

**Author:** Director Operations & Technical Services  
**IP&R Link:** Strategic Priority 1: Provide a high quality and reliable drinking water supply – Strategic Priority 2: An efficient, sustainable and customer focused organisation – 2.1.4: Establish service levels and monitor and report on performance.

**RECOMMENDATION:**

That Council note the information.

**REPORT**

**FROM 11/11/2021 to 02/02/2021 (Noting this report covers a twelve (12) week period)**

*a) Main Breaks (including earlier breaks not included in previous report)*

Location		Date	Size / Type	Comment
Canowindra	McDonalds Ln	27/10/2021	100mm uPVC	R&RP
Canowindra	Pauls Ln	07/11/2021	100mm AC	R&RP
Cargo	TM U – Cargo Rd	13/10/2021	150mm CI	DNR
Cudal	Church St	06/01/2022	100mm uPVC	R&RP
Gooloogong	TM L – Casuarina Way	28/12/2021	150mm AC	R&RP
Manildra	Orange St	04/11/2021	100mm AC	DNR
Manildra	Old Orange Rd	09/12/2021	100mm AC	DNR
Manildra	Orange St	20/01/2022	100mm AC	DNR
Millthorpe	Montgomery St	16/12/2021	100mm AC	DNR
Trajere	Meadowbank Rd	19/11/2021	75mm AC	DNR



DNR  
Notes

1. CTW Mains (Trunk & Retic) Break score of 10/573km == 1.74/100km.  
Rolling Value across 12mths = 7.68/100km which is slightly lower than the 2017-18 NSW State Median benchmark of 9.0 breaks/100km.

*b) Service Activities and Requests*

ACTIVITIES	PREVIOUS YEARS	THIS PERIOD	
------------	----------------	-------------	--



	2019	2020	2021	2022	% of Total meters	Total meters
<b>BLAYNEY</b>	<b>29</b>	<b>18</b>	<b>14</b>	<b>52</b>	<b>3.55%</b>	<b>1466</b>
CHECK METER READING	0	0	0	1	0.07%	
DIRTY WATER COMPLAINT	1	0	4	34	2.32%	
HYDRANT LEAKING	2	2	0	0	0.00%	
LEAKING METER	13	4	4	3	0.20%	
LEAKING SERVICE	4	4	3	5	0.34%	
LOW PRESSURE COMPLAINT	2	0	0	0	0.00%	
MAIN BREAK	4	2	2	0	0.00%	
MAINTENANCE - GENERAL	1	0	1	2	0.14%	
METER NEW / REPLACEMENT	0	4	0	3	0.20%	
METER NOT SHUTTING OFF	0	1	0	0	0.00%	
NO WATER COMPLAINT	2	0	0	0	0.00%	
PATHCOCK FAILURE	0	0	0	1	0.07%	
QUALITY COMPLAINT	0	1	0	3	0.20%	
Total Complaints = 37						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>CANOWINDRA</b>	<b>12</b>	<b>12</b>	<b>8</b>	<b>10</b>	<b>0.89%</b>	<b>1128</b>
CHECK METER READING	0	0	0	1	0.09%	
LEAKING METER	2	4	2	1	0.09%	
LEAKING SERVICE	5	2	1	1	0.09%	
LOW PRESSURE COMPLAINT	0	1	1	0	0.00%	
MAIN BREAK	3	3	2	2	0.18%	
MAINTENANCE - GENERAL	1	1	0	4	0.35%	
METER - SPECIAL READING	0	0	1	0	0.00%	
METER NEW / REPLACEMENT	0	1	0	0	0.00%	
METER NOT SHUTTING OFF	0	0	0	1	0.09%	
NO WATER COMPLAINT	1	0	1	0	0.00%	
Total Complaints = 0						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>CARCOAR</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1.49%</b>	<b>134</b>
CHECK METER READING	0	1	0	0	0.00%	
LEAKING METER	0	0	0	1	0.75%	
LEAKING SERVICE	0	0	0	1	0.75%	
MAIN BREAK	0	2	3	0	0.00%	
Total Complaints = 0						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>CARGO</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>1.49%</b>	<b>163</b>
LEAKING METER	1	0	0	0	0.00%	
LEAKING SERVICE	0	0	1	1	0.75%	
LOW PRESSURE COMPLAINT	3	0	0	0	0.00%	
MAIN BREAK	0	1	1	1	0.75%	
MAINTENANCE - GENERAL	0	0	1	0	0.00%	
PATHCOCK FAILURE	1	0	0	0	0.00%	
Total Complaints = 0						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>CUDAL</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>7</b>	<b>3.04%</b>	<b>230</b>
HYDRANT LEAKING	0	0	0	1	0.43%	
LEAKING METER	1	2	1	1	0.43%	
LEAKING SERVICE	2	0	2	2	0.87%	
LOW PRESSURE COMPLAINT	0	0	0	1	0.43%	
MAIN BREAK	1	0	0	0	0.00%	
NO WATER COMPLAINT	0	0	0	2	0.87%	
Total Complaints = 3						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>EUGOWRA</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>1.03%</b>	<b>389</b>
LEAKING METER	4	1	0	0	0.00%	
LEAKING SERVICE	0	2	2	2	0.51%	
MAIN BREAK	0	0	0	2	0.51%	
MAINTENANCE - GENERAL	0	1	0	0	0.00%	
METER NOT SHUTTING OFF	0	1	1	0	0.00%	
Total Complaints = 0						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>GRENFELL</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>13</b>	<b>0.97%</b>	<b>1341</b>
CHECK METER READING	1	0	0	0	0.00%	
CUSTOMER DAMAGED METER	1	0	0	0	0.00%	
DIRTY WATER COMPLAINT	3	6	0	0	0.00%	

LEAKING METER	2	3	2	5	0.37%	
LEAKING SERVICE	1	4	1	2	0.15%	
LOW PRESSURE COMPLAINT	2	1	1	0	0.00%	
MAINTENANCE - GENERAL	0	0	0	1	0.07%	
METER - SPECIAL READING	0	0	1	0	0.00%	
METER NEW / REPLACEMENT	0	0	1	3	0.22%	
METER NOT SHUTTING OFF	1	2	1	0	0.00%	
NO WATER COMPLAINT	0	1	1	0	0.00%	
QUALITY COMPLAINT	2	0	0	2	0.15%	
Total Complaints = 2						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>LYNDHURST</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1.29%</b>	<b>155</b>
CHECK METER READING	0	0	0	1	0.65%	
LEAKING SERVICE	0	2	1	1	0.65%	
Total Complaints = 0						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>MANDURAMA</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>0.75%</b>	<b>134</b>
LEAKING METER	0	1	0	1	0.75%	
LEAKING SERVICE	1	0	1	0	0.00%	
MAIN BREAK	0	0	1	0	0.00%	
Total Complaints = 0						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>MANILDRA</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>2.14%</b>	<b>280</b>
CUSTOMER DAMAGED SERVICE	0	0	0	1	0.36%	
LEAKING METER	0	0	0	2	0.71%	
LEAKING SERVICE	0	1	2	0	0.00%	
MAIN BREAK	0	0	2	3	1.07%	
Total Complaints = 0						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>MILLTHORPE</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>6</b>	<b>1.31%</b>	<b>457</b>
CHECK METER READING	0	0	1	1	0.22%	

CUSTOMER DAMAGED SERVICE	0	0	0	2	0.44%	
LEAKING METER	2	3	0	1	0.22%	
LEAKING SERVICE	1	3	0	1	0.22%	
MAIN BREAK	0	1	3	1	0.22%	
MAINTENANCE - GENERAL	1	0	0	0	0.00%	
METER NEW / REPLACEMENT	0	1	0	0	0.00%	
METER NOT SHUTTING OFF	0	1	0	0	0.00%	
NO WATER COMPLAINT	0	1	0	0	0.00%	
Total Complaints = 0						

ACTIVITIES	PREVIOUS YEARS			THIS PERIOD		Total meters
	2019	2020	2021	2022	% of Total meters	
<b>QUANDIALLA</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>4.00%</b>	<b>100</b>
CHECK METER READING	0	0	0	2	2.00%	
DIRTY WATER COMPLAINT	1	0	0	0	0.00%	
LEAKING METER	1	2	0	0	0.00%	
LEAKING SERVICE	0	0	1	1	1.00%	
LOW PRESSURE COMPLAINT	0	1	0	0	0.00%	
METER NOT SHUTTING OFF	0	0	0	1	1.00%	
Total Complaints = 0						

<b>TOTAL ACROSS CTW TOWNSHIPS</b>	<b>68</b>	<b>66</b>	<b>54</b>	<b>109</b>	<b>1.82%</b>	<b>5977</b>
-----------------------------------	-----------	-----------	-----------	------------	--------------	-------------

## Notes:

1. Comparison years use data from the normal 8 week period i.e. December to February
2. Total Meters is the number of meters connected to consumers.
3. CTW complaint rolling value score across 12mths == 11.04%, which has tripled from our previous score due to water discolouring issues in Blayney township. The result is vastly higher than the 2017/18 NSW State median of 5.0 complaints/1000 connections.
4. CTW Total Service Activities and Requests score == 1.82%, which is below CTW benchmark of 5% across all townships.

c) *Lake Rowlands*

The current level of Lake Rowlands Dam is 98% (9.02.22) with the Dam's Scour valve 50% open.

d) *New Water Services*

Since 11<sup>th</sup> November 2021, there have been an additional eleven (11) new domestic water services connected to Council's mains.

e) *Water transfer through CTW ⇔ OCC pipeline*

No water has been transferred to, or from, Orange using this pipeline.

**BUDGET IMPLICATIONS**

Nil.

**POLICY IMPLICATIONS**

Nil.

**ATTACHMENTS**

Nil.

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

**Author:** Director Operations & Technical Services  
**IP&R Link:** Strategic Priority 1: Provide a high quality and reliable drinking water supply – 1.1.2.2: Implement revised maintenance program. – 1.1.4: Maintain cleanliness of Facilities. – 1.1.5: Maintenance and flushing programs in place for reticulation system. – 1.5.5.2: Implement water meter replacement program. – 1.5: Efficient use of water

---

**RECOMMENDATION:**

1. That Council note the information in the General Report.
2. That Council note the information in the Water Discolouration of Blayney Township Report

**REPORT****GENERAL REPORT**

- a) *Meter Reading*  
The third meter read for the 2021-22 financial year was completed on 27 January 2022 in accordance with CTW's meter reading schedule.
- b) *Meter Change Program*  
There have been one hundred and eighteen (118) meters changes since the previous reporting period.
- c) *Water Filtration Plants*  
Carcoar Water Treatment Plant (CWTP) continues to operate unabated, however Blayney Water Treatment Plant (BWTP) performance has been unduly affected over the past month and a half, due to the combination of the extreme rainfall events in Lake Rowlands Dam (LRD) upper catchment areas and the continued spilling of LRD. The combination of these events have resulted in increased levels of minerals and vegetation matter entering LRD's intake tower, from which raw water is drawn to supply our water treatment plants. BWTP, being a Sedimentation and Filtration plant (as opposed to CWTP being a Dissolved Air Flotation Filter plant), is more susceptible to these changes in raw water composition.
- d) *Pump Stations*  
Cleaning of pump stations listed under general maintenance has continued throughout our network over the past months, with special attention given to the long grass resulting from the warmer temperatures and continued rainfall events.
- e) *Drinking Water Quality*  
There have been no reportable incidences of exceeding CTW's Critical Control Points for delivery of drinking water from CTW's Water Treatment Plants.
- f) *Trunk Mains*  
Ongoing inspections continue to be hampered due to the persistent wet weather conditions.
- g) *Hydrants*  
Ongoing inspections and maintenance requirements have continued on hydrants throughout all towns on the CTW supply network during the previous three months.
- h) *Rural Scheme renewals*  
No renewals have been undertaken for this 2021-22 financial year.

**WATER DISCOLOURATION OF BLAYNEY TOWNSHIP REPORT**

Central Tablelands Water (CTW) has been experiencing increased levels of minerals entering into the raw water pipelines over the past month and a half, due to extreme rain events occurring in the back reaches of Lake Rowlands Dam (LRD) catchment areas and LRD continuing to spill over.

CTW's two Water Treatments Plants (WTP), being Carcoar WTP (built in 2001) and Blayney WTP (built in the 1960s), have their raw water sourced from LRD.

In late February 2021 after the raw water sourced from LRD recorded an unusually high concentration level of the mineral, manganese, CTW in conjunction with NSW Health, designed a pilot plant to assist in combatting those increased levels of manganese at the start of its Blayney WTP process. Unfortunately the commissioning of this pilot plant, as far as evaluating the effectiveness of differing dosage settings, could not be undertaken as the manganese in the raw water supply had returned to its normal levels.

In early January 2022, after an extreme rainfall event, Blayney WTP's raw water supply recorded a tenfold increase in the concentration of manganese.

CTW's WTP operator immediately assembled the pilot plant and started its dosage rate at a setting deemed appropriate.

Whilst our WTP operators continue to monitor and adjust the dosage levels to combat the changing levels of manganese, the initial excess levels of manganese had passed through our Blayney WTP and entered the Blayney township reticulation network, before the effectiveness of the pilot plant could take effect.

The result of those initial high levels of manganese passing through the Blayney Township and the additional build-up of manganese lining the inside of the reticulation pipelines, has been the contributing factor for the increased levels of "dirty water complaints."

In order to remove the build-up coating from the inside of the pipeline, CTW has planned to undertake a flushing program for the entire Blayney Township, within the upcoming weeks.

The delay in undertaking the reticulation flushing program is twofold. Firstly, the raw water main feeding the Blayney WTP also required flushing to remove the build-up of manganese inside its pipeline, and secondly, ensuring the effects after flushing the raw water main on the Blayney WTP operations, allows time to bring the WTP back into full production.

Whilst the aesthetic effect of excess manganese passing through the reticulation network is confronting to the public, the water continued to meet the Australian Drinking Water Guidelines, therefore deemed safe for human consumption.

**BUDGET IMPLICATIONS**

Nil.

**POLICY IMPLICATIONS**

Nil.

**ATTACHMENTS**

Nil.

**12.14) PURCHASE OF CRITICAL EQUIPMENT FOR THE CARCOAR WATER TREATMENT PLANT (WS.MO.4)**

**Author:** Director Operations & Technical Services  
**IP&R Link:** – 2.3: Improving Performance and managing risk – 2.3.3: Conduct risk analysis and implement SWMS and risk mitigation actions as needed.

---

**RECOMMENDATION:**

That Council endorse the early procurement of Programmable Logic Control (PLC) equipment for Carcoar Water Treatment Plant (CWTP) in preparation of ensuring CWTP operation is not compromised due to the lack of availability of the original, now obsolete, PLC modules, and the global delays in manufacturing electronic components due to the impacts of Covid-19.

**REPORT**

CTW's Carcoar Water Treatment Plant (CWTP) was constructed in 2001, being over 20 years old.

Since its commissioning, CTW has maintained a source of supply for critical spare parts to service the operational needs for the water treatment plant. These critical spares include electronic modules for the Programmable Logic Controller (PLC) used for the automation process and control of the water treatment process.

The Original Equipment Manufacturer (OEM) has advised that the PLC hardware is now obsolete and is no longer in production.

As a result, CTW's Director of Operations and Technical Services (DOTS) had engaged the services of CTW's Supervisory Control and Data Acquisition (SCADA) support engineer to provide a recommendation for a pathway to migrate across to the latest PLC platform that would:

1. alleviate the sourcing of obsolete modules;
2. have minimum impact relating to downtime of the CWTP, and
3. allow interfacing with CTW's current SCADA front end package.

DOTS has reviewed the recommendation and is in agreement that the proposal does achieve all objectives as listed above, however it is noted that the replacement hardware may have lead times of up to 12 weeks.

The latest severe weather events of electrical storms have resulted in PLC module failures and the use of earlier available spare modules.

DOTS strongly recommends the early ordering of PLC hardware to minimise the risk of further electrical storm damage that would affect the operation of CWTP.

**BUDGET IMPLICATIONS**



Up to \$60k from the Infrastructure Restriction.

**POLICY IMPLICATIONS**

Nil

**ATTACHMENTS**

Nil

**13. QUESTIONS ON NOTICE**

(General Manager)

No questions on notice were received.

**ATTACHMENTS**

Nil

## **14. CONFIDENTIAL MATTERS**

### **RECOMMENDATION:**

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

#### **14.1) CONCEALED WATER LEAK APPLICATION (CR.EQ.1)**

*This matter is considered to be confidential under Section 10A(2) (a) of the Local Government Act, as it deals with personnel matters concerning particular individuals.*