



BUSINESS PAPER

ORDINARY MEETING OF COUNCIL

To be held on

Wednesday, 26 February 2020
4pm

at

Armidale Council Chambers

Members

Councillor Simon Murray (Mayor)
Councillor Libby Martin (Deputy Mayor)
Councillor Peter Bailey
Councillor Jon Galletly
Councillor Diane Gray
Councillor Andrew Murat
Councillor Debra O'Brien
Councillor Margaret O'Connor
Councillor Dorothy Robinson
Councillor Ian Tiley
Councillor Bradley Widders

AGENDA

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19.2	FOR DECISION: Contractor Infrastructure at Waste Management Facility <i>As this report deals with commercial information of a confidential nature which, if disclosed, confers a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business (Section 10A(2)(c) of the Local Government Act 1993). Council closes the meeting, in accordance with Council's Code of Meeting Practice, as consideration of this matter in open Council would be contrary to the public interest.</i>	

19.3 FOR DECISION: Design and Construction of the Playground at Curtis Park

As this report deals with commercial information of a confidential nature that would, if disclosed, confer a commercial advantage on a competitor of the Council (Section 10A (2)(d)(ii) of the Local Government Act 1993). Council closes this meeting in accordance with Council's Code of Meeting Practice, as consideration of this matter in open Council would be contrary to the public interest.

19.4 FOR INFORMATION: Governance Report

As this report deals with personnel matters concerning particular individuals (Section 10A(2)(a) of the Local Government Act 1993). Council closes the meeting, in accordance with Council's Code of Meeting Practice, as consideration of this matter in open Council would be contrary to the public interest.

20 Close of Ordinary Meeting

Item:	8.1	Ref: AINT/2019/28043
Title:	FOR DECISION: Communication with Councillors ARC16/0025	Container:
Author:	Margaret O'Connor, Councillor	
Attachments:	Nil	

Council at its meeting on 11 December 2019 resolved that the matter be deferred to the meeting to be held on 26 February 2020.

NOTICE OF MOTION

That information is provided to councillors about why Councillors were not informed about the NSW Government's Workshop on Net Zero and Climate Resilience held on 19 November, and what steps are being taken to prevent a recurrence of similar information breakdowns.

Background

Despite Council's declaration of a Climate Emergency at the October meeting, councillors were not informed about the NSW Government Workshop on Net Zero and Climate Resilience workshop held on 19 November that was attended by at least two council staff, including one staff member who gave a presentation. The four councillors who attended found out about the event from members of the community. It is important for elected members (the governing body) to understand on what basis information relevant to their role is being provided or not provided to them by the CEO, Mayor and other executive staff.

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

.....
Cr Margaret O'Connor
2 December 2019

MANAGEMENT COMMENT:

Council were not the conveners of the meeting, it was by invitation only, and targeted to Council employees. If Council is aware of sessions designed for Councillors, then we endeavor to circulate the information to all Councillors.

Item:	8.2	Ref: AINT/2019/28048
Title:	FOR DECISION: Complaints Register	Container: ARC16/0025
Author:	Margaret O'Connor, Councillor	
Attachments:	Nil	

Council at its meeting on 11 December 2019 resolved that the matter be deferred to the meeting to be held on 26 February 2020.

NOTICE OF MOTION

That councillors have access to a list of all complaints and requests for action (electronic or otherwise) and the date they were dealt with and that councillors be briefed about the functioning of Council's Complaints Register.

Background

Council's web page <https://www.armidaleregional.nsw.gov.au/report-it> provides a portal to an online system for residents to report complaints and requests for action. Requests and suggestions received electronically and by ordinary letter are an important form of community liaison and consultation. It would be helpful for councillors to have access to a summary of these requests, the dates they were lodged and when they were actioned so that when they receive requests from the public about the outcome of their letters and emails to Council, including the Mayor and the CEO, councillors have a means of quickly advising where that community member's communication is up to within Council's response system.

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

.....
Cr Margaret O'Connor
2 December 2019

MANAGEMENT COMMENT:

Council will provide quarterly reports about the nature and number of complaints and requests. For privacy purposes, some information will not be available.

Item:	8.3	Ref: AINT/2020/03169
Title:	FOR DECISION: Water Security Policy	Container: ARC16/0025
Author:	Ian Tiley, Councillor	
Attachments:	Nil	

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

That council receive a report to the March OCM to enable it to adopt a suitable Water Security Policy for the future.

.....

Cr Ian Tiley
17 February 2020

Management comment

Water Security policy development is underway. The basis of the work is the Integrated Water Cycle Management Strategy and Secure Water Yield review.

Council officers met with DPIE Water earlier this year and agreed that ARC would prepare a application to start a IWCM strategy. DPIEW will respond with their comments and agreement to the studies. Their collaboration is expected to include an offer for part funding.

At the March OCM, Councillors could anticipate an update on these studies. Finalisation of these studies later in 2020 will form the basis of a LGA Water Security Policy.

Item:	8.4	Ref: AINT/2020/03092
Title:	FOR DECISION: Support for development of new Australian Local Government Association strategic plan	Container: ARC16/0025
Author:	Ian Tiley, Councillor	
Attachments:	Nil	

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

That Council signifies to the Australian Local Government Association our strong support for the Associations development of a new strategic plan which identifies its five highest priorities as restoring FAG's funding to 1% of Federal Income Tax collections, fixing the infrastructure backlog, investing in recycling, improving community resilience and tackling climate change risks.

BACKGROUND

These are a précis of the top five issues raised at this week's ALGA strategic planning session in Canberra. It is important that our Council and local government across Australia shows support for its peak representative organisation in its important lobbying on behalf of our communities.

.....
Cr Ian Tiley
17 February 2020

Item: 8.5 **Ref:** AINT/2020/03132
Title: FOR DECISION: Reduction of CEO's delegation **Container:** ARC16/0025
Author: Margaret O'Connor, Councillor
Attachments: Nil

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

That the CEO's delegation of \$.5M be reduced to \$100K.

.....
Cr Margaret O'Connor & Cr Debra O'Brien
17 February 2020

MANAGEMENT RESPONSE:

This Notice of Motion presents some ambiguity as it does not specify what delegation is proposed to be amended. It is recommended that Council consider the information provided in the response and reword the Notice of Motion to avoid potentially impacting general purchasing delegations across the organisation, which would have a serious detrimental impact on service delivery.

There are different types of financial delegations that exist to support the operation of Council. There is a purchasing delegation that applies to cap the value of purchases that can be approved for goods and/or services. A purchasing delegation is assigned to many roles in Council depending on seniority and business need. This delegation applies to most purchases as contracts are either already in place for them or the value of the purchase means that it can occur by way of obtaining quotes rather than a tender process.

The tender acceptance delegation is different to the purchasing delegation. This applies only to the acceptance of tenders and the Chief Executive Officer has authority to accept tenders up to the value of \$500,000. This delegation was resolved 18 January 2017 under the following delegation:

7.2.3 Tender Approval Delegation - Chief Executive Officer *Ref: AINT/2016/09978*

RECOMMENDATION:

- a) Council note the report by the Chief Financial Officer on the Chief Executive Officer's Delegation of Authority for the Acceptance of Tenders.
- b) Council include delegation to the Chief Executive Officer authority to accept Council tenders with a contract value of up to \$500,000 where all other tender requirements of the Local Government Act 1993 and the Local Government (General) Regulation 2005 are met.
- c) Executive Leadership to consider all tenders and minute Chief Executive Officer determination.
- d) All tenders approved under delegation are reported to open Council quarterly.

The recommendation was ADOPTED.

Tenders above \$500,000 are referred to Council for authorisation prior to being awarded.

Many councils have authorised the Chief Executive Officer to have a tender acceptance delegation. A number of NSW councils are using \$1 million as a threshold. Given that the delegation can only be exercised *where all other tender requirements of the Local Government Act 1993 and the Local Government (General) Regulation 2005 are met*, this would indicate the tender acceptance delegation would only be used in circumstances where expenditure has already been approved in Council's budget.

If the proposed Notice of Motion is referring to the Chief Executive Officer's purchasing delegation then reducing this to \$100,000 would have significant detrimental impacts across the organisation in being able to authorise purchases to support day to day service delivery as presumably all other staff purchasing delegations would also drop in line with this.

As an example in the last 12 months almost 100 purchase orders were raised for purchases over \$100,000 for a range of goods and services including road maintenance and construction, essential water and sewer operations and works, waste management services, telecommunications and utilities. If every purchase with a value of over \$100,000 had to be referred to Council for approval this would severely impact the efficient operation of the organisation and create significant delays in being able to provide essential services and deliver projects. The requirement to obtain Council approval would add up to 2 months to an existing procurement process. A reduction to the Chief Executive Officer's purchasing delegation would create a significant body of work in then needing to overhaul Council's delegations register to be in line with this and require at least one additional fulltime employee to manage the ongoing requirement to have all purchases over \$100,000 authorised by Council.

However, it is presumed that the Notice of Motion is referring to the tender acceptance delegation. Removing this delegation would require all tenders to be referred to Council for approval before being awarded. This would create delays of up to 2 months for projects containing components with a value of up to \$500,000 where a tender is required. The number of projects this will likely affect are provided below along with information on impacts that may result from delays.

	PROJECT NAME	COMMENT
1	Armidale Regional Adventure Playground	This will cause delays on the project delivery. The funding for this project will be jeopardised, and it will be outside funding agreement timeframe. This project is linked with 9 other funded projects under SCCF 2, they also could be at risk
2	CBD CCTV Cameras, Security & Lighting Upgrade	This will cause delays on the project delivery. The funding for this project will be jeopardised.
3	Bridge Safety Program	This will cause project delays, with some bridges in a poor state the direct impact of this potential impact on Public Safety
4	Timber Bridge Renewal Program	This will cause project delays, with some bridges in a poor state the direct impact of this potential impact on Public Safety. The funding deed timelines will be required to be negotiated out, and there is some risk of loss of grant funding.

	PROJECT NAME	COMMENT
5	Roundabout - Trevanna Road	This project is likely to have delays and cause prolonged traffic congestion in and around UNE Campus
6	Regional Airport Apron	This will cause delays on the project delivery, impact on airport operations and is highly likely that this funding will need to be repaid. The delay in payments are also likely to put us in breach of contract and liable to additional latency expenditure
7	Kempsey Rd Big Hill Improvements	This project is likely to be delayed due to the extent of the damage caused by the storm events. The ability to seek natural disaster and repair and reinstate the road will be severely impaired
8	Armidale Business Park	This project will be delayed and it is likely to jeopardise funding and potential land sales. The delay in payments are also likely to put us in breach of contract and liable to additional latency expenditure
9	Harris Park Lighting	This project will be delayed, the funding deed for this project is extremely tight, failure to deliver within timeframe is high risk of loss of grant
10	Sewermain Replacements	One of the major sewer mains collapsed under this program of works, the repairs on this would be delayed and present a public health and safety risk
11	Sportsground Indoor Cricket training venue	Project would be delayed, jeopardise loss of community group grant
12	Playground replacement program	This project is under the \$100k threshold and is unlikely to have a direct impact
13	Mother of Ducks Lagoon & Nature Reserve Upgrade	This will cause delays on the project delivery. The funding for this project will be jeopardised, and it will be outside funding agreement timeframe. This project is linked with 9 other funded projects under SCCF 2, they also could be at risk
14	Guyra Community Hub Upgrade for Guyra Neighbourhood	This will cause delays on the project delivery. The funding for this project will be jeopardised, and it will be outside funding agreement timeframe. This project is linked with 9 other funded projects under SCCF 2, they also could be at risk
15	Puddledock RWTM and Pump Station Upgrade	Project timeframe will need to be significantly extended. This project could equate to multiple purchases which would be required to go to Council for approval before proceeding. The required project timeframe could jeopardise the funding.
16	Armidale Regional WTP - Master Plan including Water Tank Upgrades	Project works would be delayed. Project and budget would need to be deferred until next financial year
17	Armidale & Guyra WTPs - Fluoridation Upgrade Stage 2	Project works would be delayed. Project and budget would need to be deferred until next financial year. Jeopardise funding
18	Water Treatment Plant - Capital	Project works would be delayed. Project and budget would need to be deferred until next financial year. Items to address WHS works will

	PROJECT NAME	COMMENT
	Projects includes WHS works	be delayed putting Council Officers and Public Safety at risk
19	SCADA Telemetry Systems	Project works would be delayed. Project and budget would need to be spread across two financial years.
20	New Landfill - Construction Waterfall Way	This works are likely to be delayed until next financial year
21	Airport Security Screening	Works on this project will be delayed
22	Guyra Main Street Upgrade	Works on this project will be delayed. Merger fund extension would expire, moderate chance of loss of funding
23	Groundwater Infrastructure	This project will be delayed
24	Malpas Dam Wall Investigations	This project will be delayed
25	Building Renewal Works	This project will be delayed, SRV will be non-complaint

Item:	8.6	Ref: AINT/2020/03133
Title:	FOR DECISION: That Crs O'Connor and O'Brien attend the LGNSW/Destination NSW Tourism Conference 2020 ARC16/0025	Container:
Author:	Margaret O'Connor, Councillor	
Attachments:	Nil	

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

That Councillors O'Brien and O'Connor be approved to attend the LGNSW/Destination NSW Tourism Conference in March 2020.

.....

Cr Margaret O'Connor & Cr Debra O'Brien
17 February 2020

Item: 8.7 **Ref:** AINT/2020/03135
Title: FOR DECISION: Transformation Project Report **Container:** ARC16/0025
Author: Margaret O'Connor, Councillor
Attachments: Nil

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

That the CEO provide councillors with a report on the Transformation Project to date including but not limited to: staff restructure to date and planned further restructure, cost of transformation project to date, how many staff have left ARC over past 12 months, current and planned organisational restructure, how many positions in the organisation structure are currently unoccupied or occupied by staff on non holiday leave, what services have been reduced and what changes have been made to key areas of responsibility including but not limited to water management, waste management, economic development and community services.

.....
Cr Margaret O'Connor & Cr Ian Tiley
17 February 2020

Management comment

The restructure of levels 1 to 4 of the organisation have been completed with the organisational structure having previously been approved through resolution of Council.

Closed Session – Wednesday 24 April 2019

19.4 FOR DECISION: Organisational Structure

Ref: AINT/2019/08469 (ARC19/3223)

Moved Cr Gray

Seconded Cr Murat

- a) That Council adopts level one and level two of the leadership structure as proposed in the report.**
- b) That Council notes that level one and two of the leadership structure set the platform for the review of the rest of the leadership and organisational structure.**

Amendment

Moved Cr Robinson

Seconded Cr O'Connor

That the leadership structure proposal be considered at a future Councillors' Workshop.

The amendment on being put to the vote was LOST.

The Motion on being put to the vote was CARRIED.

Cr O'Connor requested that her dissent be recorded.

There has been no reduction in services as a result of the restructure. The majority of questions being asked have been answered in Councillor O'Connor's questions on notice.

Item: 8.8 **Ref:** AINT/2020/03140
Title: FOR DECISION: Standards of Code of Conduct **Container:** ARC16/0025
Author: Debra O'Brien, Councillor
Attachments: Nil

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

That Council notes and enforces the requirements of the Local Government Act 1993 and the new Model Code of Conduct 2018 pursuant to the Local Government Act that requires the use of all council resources including the use of media and public relations resources to reflect the official view of the elected council and prohibits the use of council resources for the promotion of one or a minority of councillor's views or for the achieving of political advantage for any elected councillor.

.....
Cr Debra O'Brien & Cr Margaret O'Connor
17 February 2020

Item:	8.9	Ref: AINT/2020/03141
Title:	FOR DECISION: Additional resources for green waste ARC16/0025	Container:
Author:	Dorothy Robinson, Councillor	
Attachments:	Nil	

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

a) That Council recognizes that many residents have dead and dying trees and shrubs because of the drought and will need additional green waste services.

b) That green waste disposal fees at the transfer station are waived on at least one day per month for the next 6 months.

Background

This would be a valid use of the funds made available for drought stimulus and recovery, and would benefit the contractors who provide this service to council.

.....
Cr Dorothy Robinson
17 February 2020

Management comment

Council's Waste team advise there is currently reduced volumes of green waste arriving at the Waste Transfer Stations.

There have been minimal requests for reduced fees for the disposal of green waste at Council facilities. Councilors have adopted an operating budget and Fees schedule for 2019/20. Any further reduction in revenue would negatively impact the financial performance of Armidale Regional Council.

Item:	8.10	Ref: AINT/2020/03150
Title:	FOR DECISION: Cycleway signage	Container: ARC16/0025
Author:	Dorothy Robinson, Councillor	
Attachments:	Nil	

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

In view of the estimated very low cost, potential to increase tourism by encouraging visitors to enjoy the cycleway and the creeklands, and potential to increase leisure activities in the vicinity of the super playground, that the very small amount of funding is found (e.g. from drought recovery funding) to compete the promised cycleway signage this financial year.

Background

Correspondence with Sustainable Living Armidale Transport Group (Nov 27, 2018 at 12:39) included the promise shown below. The cost of this important initiative was expected to be very low.

Waypoint Signage

Install at the crossings on Elm Avenue, Niagara and Markham Streets and at the Visitors Centre to inform cyclists of the UNE to town route and the distances involved. **Expect this to be very low cost** and can be funded this financial year. Action Officer: (name of staff member allocated to this project).

.....
Cr Dorothy Robinson
17 February 2020

Management Comment:

It is recommended that the allocation of the Drought Recovery Funding be workshopped with Councillors to ensure that project proposals align with the funding guidelines and prioritised appropriately. A number of services and infrastructure projects have been impacted and delayed due to drought, bushfire and most recently storm events. The planned signage installation is planned to occur later this financial year. It proposed that a pole with relevant signage is installed at each of the following locations: Elm Avenue, Niagara and Markham Street and at the Visitors Centre. This will inform cyclists of the UNE to town route and the distances involved.

Item:	8.11	Ref: AINT/2020/03154
Title:	FOR DECISION: Oversight of briefs to consultants ARC16/0025	Container:
Author:	Dorothy Robinson, Councillor	
Attachments:	Nil	

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

That Councillors are advised in writing about, and able to inspect on request, all terms of reference and briefs for consultancies where the proposed expenditure is over \$50,000 including consultancies where contracts were signed in the past 12 months.

.....
Cr Dorothy Robinson
17 February 2020

MANAGEMENT RESPONSE:

The Notice of Motion proposes to introduce detailed monitoring and reporting processes for just one aspect of Council's operational business activities. The request to have the ability to inspect documentation on consultancies 'on request' is operational in nature.

A requirement to have a register available to meet the requirements of this Notice of Motion would create an onerous body of work to first establish a register and then pull together the documentation sought on historical engagements as well as maintain the register on an ongoing basis for future engagements.

Item:	8.12	Ref: AINT/2020/03157
Title:	FOR DECISION: Terms of reference and chairs of advisory committees	Container: ARC16/0025
Author:	Dorothy Robinson, Councillor	
Attachments:	Nil	

I hereby give notice of my intention to move the above motion at the Ordinary Council to be held on 26 February 2020.

- a) **That council notes the terms of reference and Chairs of Council Committees were set by resolution of council and cannot be altered except by further resolution of council.**
- b) **That Council notes the Terms of Reference for the Environmental Sustainability Advisory Committee include the statements that: *'Meeting schedules will be determined by the Chairperson, in consultation with committee members.... Agendas will be determined by the Chairperson.'***

.....
Cr Dorothy Robinson
17 February 2020

Item: 10.1 **Ref:** AINT/2019/27700
Title: FOR DECISION: New England Rail Trail Business Case and Future Maintenance Responsibility **Container:** ARC16/0085
Author: Ambrose Hallman, Service Leader Sustainability and Development
Attachments: 1. RGETF Business-Case-New England Rail Trail_Final Draft to Council_11.10

Council at its meeting on 11 December 2019 resolved that the matter be deferred to the meeting to be held on 26 February 2020.

RECOMMENDATION:

- a) That Armidale Regional Council note the New England Rail Trail Draft Business Case developed by Regional Development Australia Northern Inland (RDANI).
- b) That Council endorse further works be undertaken in relation to establishing the governance structure for oversight of bringing the Rail Trail to the commencement of design and project planning. The governance structure should comprise ARC, GISC and NERT (minority). It's key responsibilities will be:
 - a. Scoping the project
 - b. Providing advice to the respective Councils on the management of the process in relation to the transfer of the rail corridor
 - c. Commission a detailed business case, including the whole of life costs of maintaining the track and give advice to the Councils on it.
 - d. Commission a study on the potential economic value-added from the development of the rail trail
 - e. Advise Councils on the financial and economic impacts of a rail trail
 - f. Prepare land tenure and funding applications.
- c) That Council support the necessary Act of NSW Parliament to close the rail corridor and seek advice from the State Government on the process to have the rail track declassified and made available for development of the trail.
- d) That Council seek advice on the potential funding streams from State and Federal Government for the development and operation of the rail trail.

Context

The Rail Trail feasibility study (New England Rail Trail Plan produced by Mike Halliburton Associates and Transplan Pty Ltd) was endorsed by Council at the 24 October 2018 Council Meeting.

It was agreed that Armidale Regional Council (ARC) in conjunction with Glen Innes Severn Council (GISC), would support the development of a business case that details financial and economic modelling of the Rail Trail project as a precursor to applying for grant funding for the overall project, also including comprehensive operational and maintenance costs into the future.

The New England Rail Trail Plan was finalised in September 2019 and outlined the technical feasibility and costs of converting the 103km Armidale to Glen Innes section into a rail trail to boost tourism and economic activity in the region. See Attachment 1.

The Business Case key findings indicate that the best financial and economic results are achieved by building the entire 103kms from Armidale to Glen Innes, rather than just the centre section from Black Mountain to Ben Lomond. This is because rail trails attract more visitors when they have larger anchor towns at each end.

The business plan submitted estimates the financial operating impact to ARC is \$67,000 per annum. It concludes this is minimal compared to current ARC operating costs for recreational and community facilities. Further the business plan states this cost could be offset by the sale of the old rail track material. It could also be partly covered by user donations (assuming 50% of new overnight stay users contribute \$10 each to trail upkeep which would raise \$19,600 per annum on the Armidale to Ben Lomond section).

The Business Case is now in final draft status for Council review including the financial impact in regards to ongoing maintenance costs. The Business Case has been completed using the **NSW Governments Growing Local Economies** template to ensure that it is fit for purpose when applying for funding.

Purpose

This report notes the rail trail business case and seeks endorsement for further works be undertaken in relation to establishing the governance structure for oversight of bringing the Rail Trail to the commencement of design and project planning. The governance structure should comprise ARC, GISC and NERT (minority).

Proposal, Research and Analysis

The Rail Trail feasibility study (New England Rail Trail Plan produced by Mike Halliburton Associates and Transplan Pty Ltd) was endorsed by Council at the 24 October 2018 (Min No. 221/18 resolved:

- a) *That Council acknowledges the completion of the Rail Trail Study;*
- b) *That Armidale Regional Council endorse the development of the Rail Trail Project subject to funding which will include obtaining capital and the commissioning of a business case.*
- c) *That the State Government be advised of Council's endorsement of the Rail Trail Project and be provided with a copy of the Study;*
- d) *That Council seeks Government grant funding for its implementation;*
- e) *That Armidale Regional Council commence discussions with Glen Innes Severn Council to:*
 - i. *Confirm Glen Innes Severn Council's commitment to the development of the broader Armidale to Glen Innes Rail Trail in partnership with Armidale Regional Council; and*
 - ii. *Determine a plan for the development of the Rail Trail and the prioritisation of each of the stages.*

Regional Development Australian Northern Inland (RDANI) were appointed by the New England Rail Trail Group as consultants to undertake the development of the New England Rail Trail Business Case.

The Business Case has been completed using the NSW Governments Growing Local Economies template to ensure that it is fit for purpose when applying for future funding opportunities. The

initial review of the business case has identified the following unknowns which required further investigation:

- The governance structure of the project;
- Management of the transfer of the rail corridor;
- The whole life costs of track maintenance;
- The potential economic value-added for the rail trail development.

The Great Northern Rail Line north of Armidale has been closed to trains for 31 years. The 103 km section between Armidale and Glen Innes is currently maintained by John Holland Group under contract to the NSW Department of Transport at an estimated cost of \$54,000 per annum.

A study by AEC Group (commissioned by Armidale Regional Council (ARC) in 2018) revealed that returning trains to the line was financially unfeasible. Key findings included:

- A capital cost of \$257.5M to reinstate trains on the 103km Armidale to Glen Innes section;
- An annual maintenance cost of \$2.6M to the NSW Government;
- The costs of the service would outweigh the benefits by a factor of 2:1.

The New England Rail Trail Plan was finalised in October 2018 and outlined the technical feasibility and costs of converting the 103km Armidale to Glen Innes section into a rail trail to boost tourism and economic activity in the region. Key findings from this study included:

- A capital cost of \$24.07M;
- Annual operating costs of \$310,000 (which has subsequently been revised downwards to \$94,250 by RDANI based on recent data from rail trails operating in Victoria);
- 29,000 new day and overnight visits to the Armidale-Glen Innes region each year, consisting of 15,000 new day visitors and 14,000 new overnight visitors with some staying 3 nights;
- 35,000 locals using the trail each year;
- Trail user donations totalling \$19,600 per annum toward maintenance of the Armidale to Ben Lomond section.

The Tumbarumba to Rosewood Rail Trail (managed by Snowy Valley Council in Tumut) was established as a pilot rail trail project by the NSW Government in 2018. Key findings to date include:

- For rail corridor responsibility to be vested in council, the corridor must be closed by an Act of NSW Parliament, with ownership transferred from Transport NSW to Crown Lands. Crown Lands then enter into an agreement with local government for trail maintenance;
- Ownership of the old sleepers and rail steel was gifted to Snowy Valley Council, which they are selling for income;
- Landholder and community consultation are critical and time-consuming. The New England Rail Trail Plan capital budget included funds to cover this cost.

The RDANI Business Case has used the data from the Rail Trail Plan, and information from other Australian and New Zealand Rail Trails to assess the business case for the project. This has been done both from the perspective of the local region (including local government impacts), and from the perspective of the NSW Government who are mostly interested in increased visitation to the state as a whole, rather than regions within the state.

Key findings from the Business Case are:

- Construction could commence in the 3rd quarter of 2020 and would likely span approximately 24 months;

- The rail trail would generate \$5.77M of new tourist expenditure in the region each year by 2024;
- There would be \$80,000 of local expenditure along the rail trail corridor each year;
- The health benefits for cyclists and walkers on the trail has an economic value of \$13M (based on Queensland Department of Transport and Main Roads data);
- 26 new jobs would be generated in the region;
- From a NSW Government perspective, with health benefits included and assuming 25% of visitors are from outside of NSW, the project has a benefit:cost ratio of 5.19. Currently 28% of visitors to the region are from outside NSW;
- The best financial and economic results are achieved by building the entire 103kms from Armidale to Glen Innes, rather than just the centre section from Black Mountain to Ben Lomond. This is because rail trails attract more visitors when they have larger anchor towns at each end;
- The capital cost of the Ben Lomond to Glen Innes section is higher due to more bridges that require work;
- Although the Rail Trail Plan estimated total annual maintenance costs for the two councils totalling \$310,000, RDANI have revised this downwards to \$94,250 based on data from Indigo Shire Council data, whose rail trails cost them \$915 per km annually. On this basis, Glen Innes Severn Council's share of maintenance costs would be \$32,900 per year;
- There is the potential for the two councils to earn revenue from the sale of the rail steel and sleeper materials. Based on data from the Snowy Valley Council managed rail trail, this could amount to \$842,000 for the steel alone, enough to cover 9 years of maintenance costs along the entire corridor;
- Rail Trail Plan capital costs allow for fencing right along the edge of the 6m trail corridor boundary. This allows adjoining landholders to continue grazing their stock uninterrupted and minimise the need for council slashing, also reducing fuel loads in the corridor.

The Business Case is predicated on the two councils raising all of the capital funding from grants, their only financial contribution being to on-going maintenance costs.

- The financial impact to ARC is estimated at \$61,300 per annum. This is minimal compared to current ARC operating costs for recreational and community facilities (Figure 1).
- This cost could be offset by the sale of the old rail track material. It could also be partly covered by user donations (assuming 50% of new overnight stay users contribute \$10 each to trail upkeep which would raise \$19,600 on the Armidale to Ben Lomond section).

The progression of this project is dependant on enable legislation of the NSW Government to close the rail line to allow any potential Rail Trail project to proceed.

Financial Impact

The business plan submitted estimates the financial impact to ARC is estimated at \$61,300 per annum. There are some key assumptions made in the business plan that all must fall into place to have the project succeed, which could place a higher ongoing financial burden on Armidale Regional Council.

Key Assumptions:

The cost is minimal compared to other Council expenditure;

The sale of the old rail track material could offset the construction and operational costs

User donations could also partly cover the costs by (assuming 50% of new overnight stay users contribute \$10 each to trail upkeep which could raise \$19,600 on the Armidale to Ben Lomond section).

The Business Case notes that construction would commence in the 3rd quarter of 2020 and be completed by the 4th quarter of 2022 indicating the time period where maintenance costs could commence.

Social Impacts

The health benefits for cyclists and walkers on the trail have an economic value of \$13M (based on Queensland Department of Transport and Main Roads data);

From a NSW Government perspective, with health benefits included and assuming 25% of visitors are from outside of NSW, the project has a benefit:cost ratio of 5.19. Currently 28% of visitors to the region are from outside NSW;

Environmental Implications

Rail Trail Plan capital costs allow for fencing right along the edge of the 6m trail corridor boundary. This allows adjoining landholders to continue grazing their stock uninterrupted and minimise the need for council slashing, also reducing fuel loads in the corridor.

Economic/Asset Management Implications

The rail trail would generate \$5.77M of new tourist expenditure in the region each year by 2024;

There would be \$80,000 of local expenditure along the rail trail corridor each year;

The health benefits for cyclists and walkers on the trail has an economic value of \$13M (based on Queensland Department of Transport and Main Roads data);

There is potentially 26 new jobs that could be generated in the region

There is the potential for the two councils to earn revenue from the sale of the rail steel and sleeper materials. Based on data from the Snowy Valley Council managed rail trail, this could amount to \$842,000 for the steel alone, enough to cover 9 years of maintenance costs along the entire corridor;

Summary

The New England Rail Trail Business Case reveals that the project, if fully funded from government grants would have a small financial impact on ARC Council relative to existing operational costs. Once complete, the trail would attract 29,000 new visitors to the region who spend an additional \$5.77M. The trail would generate the impetus for new businesses to develop along the route (food, accommodation, bike hire) as well as boosting spending in existing businesses. It would also help diversity the local economies away from their current heavy dependence upon agriculture.

Item:	10.2	Ref: AINT/2020/02672
Title:	FOR DECISION: Supplementary Rail Trail Report ARC16/0085	Container:
Author:	Ambrose Hallman, Service Leader Sustainability and Development	
Attachments:	Nil	

RECOMMENDATION:

- a) **That the Armidale Regional Council supports further development of an operational business case which is self-sustaining (not reliant on local government subsidies) and economically attractive to potential funding bodies such as the NSW and Federal Governments.**
- b) **That a minimum amount of \$25K be allocated over the next six months to assist and further develop existing business plans for this Project, as preparation for deliberations by Council to pursue future funding for the Project.**

Context

This supplementary report provides additional information to the Rail Trail report that was deferred from the December 2019 Ordinary Council meeting.

As stated Armidale Regional Council (ARC) in conjunction with Glen Innes Severn Council (GISC), has indicated its preparedness to support the development of a business case that details financial and economic modelling of the Rail Trail project. Subject to the feasibility or otherwise of this business case, the Council would then consider options for governance and/or funding arrangements, as a next step toward implementing the proposal. It is noted that, as a precursor to further consideration about whether to proceed with grant funding applications for the overall project, a business case detailing evidence of commercial and other revenue streams, and including detailed costings and profitability scenarios for the enterprise will be required. As a further requisite, economic benefits and costs (returns on investment) for the project should also be identified ahead of possible grant applications, as a basis for targeting and applying for appropriate funding via government, commercial and private sources.

Following the Halliburton (2018) report, a New England Rail Trail Business Case was commissioned by NERT and GISC. This was finalised by RDA-NI in September 2019. This report draws on a number of resources, including Halliburton, to outline the technical feasibility and costs of converting the 103km Armidale to Glen Innes section into a rail trail to boost tourism and economic activity in the region.

The RDANI business case estimates Council will be required to contribute approximately \$61,515 per annum for the 33 km section between Armidale and Black Mountain (an estimated future value of \$6.8M additional operating cost over ten years). The Halliburton report indicated the potential of a 34% cost (\$103,290 pa, or a FV of \$11.4M over ten years) for the same section of the rail trail, based on \$3,130 per km operating costs, cf. \$2,030 per km for the Armidale to Black Mountain section.

The RDA-NI report concludes that these losses are comparatively small in relation to the overall ARC operating costs for recreational and community facilities and infers that, within the context of the potential economic benefits to the Region which may flow from these annual investments, the project may be worth considering. It is worth noting this loss does not include

the section of between Armidale and Black Mountain.

Further, the RDA business case points out that expected operating losses could be defrayed by possible sale of old rail track materials. Details of the net salvage value attributable through sale of steel and sleepers is uncertain, and preliminary research indicates that it may at best be marginal (perhaps even loss-making), depending on costs and methods associated with removal. There is also an additional concern around the inclusion of sales of capital items (such as the salvage value of steel) to justify operating losses incorporated in the plan. The report notes that operational costs could also be partly covered by user donations (assuming 50% of new overnight visitors and users of the trail could contribute \$10 each to trail upkeep which would raise \$19,600 per annum on the Armidale to Ben Lomond section). Details of associated costs for collecting these fees, and possible costs of capital infrastructure required (such as boom-gates and ticket vending machines) are not discussed in the RDANI report.

The RDANI New England Business Case is now available for Council review including the financial impact in regards to ongoing maintenance costs. This Business Case has been completed using the **NSW Governments Growing Local Economies** template to ensure that it is fit for purpose when applying for funding, should the Council(s) decide to proceed with funding applications.

Purpose

This report notes the RDA-NI rail trail business case and seeks endorsement for further investigations to be undertaken in relation to establishing the feasibility or otherwise of the proposal. Subject to the outcomes of this further work, and Council's determination that a governance structure is required to take the Project forward, it would also be recommended that such a governance structure would comprise (as a minimum) delegates appointed by ARC, GISC and NERT.

Proposal, Research and Analysis

Since the December 2019 Council report two meetings have been held between staff of ARC and GISC to review the RDANI New England Rail Trail Business Case, and discuss its further development to provide background for future funding bids, should this be deemed appropriate by Council(s). Depending on the nature and sources of funding involved, the Business Case may also help to inform governance models chosen for the operational and land-holding functions of the business.

Impacts

Financial

The business plan submitted has estimated a net operating deficit for ARC's section of the Trail of \$61,300 per annum will be likely. There are some key assumptions made in the business plan that all must fall into place to have the project succeed, and without these it may transpire that a higher ongoing financial burden will be imposed on Armidale Regional Council by the Project.

Key Assumptions/requirements for consideration:

- A business case, outlining both the commercial sustainability and economic feasibility of the Project can be established
- That ARC is prepared to consider funding a certain level of annual operational losses indefinitely (should these occur) in order to achieve the expected economic flow-on benefits (such as increased bed-stays and visitation) to the Region;

- While the sale of the old rail track material may offset the construction and operational costs in the short to medium term – depending on the costs of salvage, this should not be considered as part of the ongoing operational revenue in the business plan.
- User donations could also partly cover operational costs by (assuming 50% of new overnight stay users contribute \$10 each to trail upkeep which could raise \$19,600 on the Armidale to Ben Lomond section).
- That the commercial performance of the Rail Trail business case will not be expected to justify the significant public investments required. These will be substantiated by economic benefits to the State and Commonwealth as potential funders of the project (see below).
- Social
The health benefits for cyclists and walkers on the trail may have an economic value of \$11.7M (based on Queensland Department of Transport and Main Roads data).

From a NSW Government perspective, with health benefits included and assuming 25% of visitors are from outside of NSW, the project has a benefit: cost ratio of 5.19. Currently 28% of visitors to the region are from outside NSW.

Given that the majority of economic benefits are of a public health nature, it could be reasonably expected that the NSW Government will be a principal investor in the Project.

- Environmental
Rail Trail Plan capital costs allow for fencing right along the edge of the 6m trail corridor boundary. This allows adjoining landholders to continue grazing their stock uninterrupted and minimise the need for council slashing, also reducing fuel loads in the corridor.
- Economic/Asset Management Implications
 - RDANI estimates that the rail trail would generate \$5.77M of new tourist expenditure in the region each year by 2024;
 - RDANI also estimates that there could be \$80,000 of local expenditure along the rail trail corridor each year;
 - The health benefits for cyclists and walkers on the trail have an economic value of \$11.7M (based on Queensland Department of Transport and Main Roads data);
 - There may be up to 26 new jobs generated by the Project in the region;
 - There is the potential for the two councils to earn revenue from the sale of the rail steel and sleeper materials. Based on data from the Snowy Valley Council managed rail trail, this could amount to \$842,000 for the steel alone, enough to cover 9 years of maintenance costs along the entire corridor. Despite these prospects, the details of the net salvage value of rail and sleepers within the New England context is uncertain and, from this perspective, it is recommended not to factor these potential capital revenue streams into the NERT Operational Business Case.

Summary

The trail is likely to generate incentives for new businesses to develop along the route (food, accommodation, bike hire) as well as boosting spending in existing businesses. It would also help further diversify the economic base of local economies, which are currently based predominantly on agriculture.

The two business cases completed to date are underpinned by a number of assumptions for the project to be viable to proceed. However, an integral element of these business cases relies on continued recurrent operational funding each year from Armidale Regional Council.

Item:	10.3	Ref: AINT/2020/03011
Title:	FOR DECISION: Recission of Approval of the Stage 1 budget for the office accommodation upgrade of the former Armidale Regional Council War Memorial Library	
Author:	Kelly Stidworthy, Service Leader - Finance	Container: ARC16/0503
Attachments:	1. Report - FOR DECISION: Approval of the Stage 1 budget for the office accommodation upgrade of the former Armidale Regional Council War Memorial Library	

RECOMMENDATION:

That Council rescind the following resolution made at the Ordinary Council Meeting (Administrator – Ian Tiley) on 26 July 2017 regarding the former Armidale Regional Council War Memorial Library:

7.3.3 FOR DECISION: Approval of the Stage 1 budget for the office accommodation upgrade of the former Armidale Regional Council War Memorial Library

Ref: AINT/2017/12332 (ARC17/2102)

1/17

RECOMMENDATION:

- (a) That the Stage 1 office accommodation budget of \$1.4 million for the upgrade and refurbishment of the former Armidale Regional War Memorial Library be approved;
- (b) That the Water and Sewer business fund Stage 1 development and own and occupy the old Library.
- (c) That the costs associated with the urgent repairs to the Civic Administration Building of \$1 million for the upgrading of the Fire and Safety Egress, BCA/DDA and air conditioning systems be approved so that Council can become compliant with legislation.
- (d) That the required budget for Stages 2 & 3 of the Office Accommodation project that relates to the upgrade of the Civic Administration Building proposed for development in the 2018/19 financial year and 2019/20 financial year be noted in preparation of future budgets. Prior to the subsequent financial years further submissions for approval will be submitted to Council for approval.
- (e) That the Land and Building asset be transferred to Water Fund from General Fund at the Fair Value amount on the General Fund Balance Sheet as at 30 June 2017.

The recommendation was ADOPTED.

Context

On 26 July 2017 a report on the former Armidale Regional Council War Memorial Library was adopted by Council containing a resolution that included transferring the property from Council's General Fund to the Water Fund. A copy of the report is contained at the Attachment.

The report and resolution was recently reviewed and it was identified that the resolution had not been actioned and, from an accounting perspective, the former Armidale Regional Council War Memorial Library is still 'owned' by the General Fund.

Purpose

The purpose of this report is to recommend that Council rescind the resolution made on 26 July 2017 to transfer the former Armidale Regional Council War Memorial Library from Council's General Fund to the Water Fund.

Proposal, Research and Analysis

The report on the former Armidale Regional Council War Memorial Library contained a number of recommendations that were adopted by Council on 26 July 2017 including:

- a) That the Stage 1 office accommodation budget of \$1.4 million for the upgrade and refurbishment of the former Armidale Regional War Memorial Library be approved;
- b) That the Water and Sewer business fund Stage 1 development and own and occupy the old Library;
- c) That the costs associated with the urgent repairs to the Civic Administration Building of \$1 million for the upgrading of the Fire and Safety Egress, BCA/DDA and air conditioning systems be approved so that Council can become compliant with legislation;
- d) That the required budget for Stages 2 & 3 of the Office Accommodation project that relates to the upgrade of the Civic Administration Building proposed for development in the 2018/19 financial year and 2019/20 financial year be noted in preparation of future budgets. Prior to the subsequent financial years further submissions for approval will be submitted to Council for approval; and
- e) That the Land and Building asset be transferred to Water Fund from General Fund at the Fair Value amount on the General Fund Balance Sheet as at 30 June 2017.

A review of these recommendations found that this resolution was not implemented including:

- The 2017/18 budget was not amended to accommodate the \$1.4m proposed upgrade of the old library – around \$40,000 was spent on repairs/upgrades to the building following relocation to the new library;
- Urgent repairs to the Civic Administration Building to the value of \$1.0m were not included in the budget or undertaken – some works have been done over time in accordance with the limited available budget;
- The budget for stages 2 and 3 of the office accommodation project were not included in future capital forecasts;
- The land and building asset was not transferred from the general fund to the water fund at 30 June 2017 at the estimated fair value of \$1,095,377 noted in the report.

Impact

The inclusion in the original recommendation of the transfer of the former Armidale Regional Council War Memorial Library from Council's General Fund to the Water Fund raises a legal question as to whether this would be lawful. The report states that the former Armidale Regional Council War Memorial Library will accommodate "staff from the Water and Sewer business and members of the Shared Services Teams including Customer Services" but it did not identify why it was necessary for the Water Fund to purchase the asset for this purpose.

The legal ambiguity arises as to whether this transfer/purchase of the asset by the Water Fund could be effected as water and sewer annual charges and user charges are levied and collected for the purpose of providing water and sewer services. No valuation of the property was sought to support the value at which the transfer would take place.

Other contributing factors include the fact that none of the points of the resolution were implemented and that no staff relocated to the former Armidale Regional Council War Memorial Library.

The report did not identify what the impact would have been on annual overhead charges that are currently allocated to the Water and Sewer Funds or the ongoing impact to the General Fund financial position if these changed.

Summary

The lawfulness of the original resolution is questionable. To minimise the potential of future adverse enquiries it is prudent to rescind this resolution. In any event, none of the actions which flowed from the resolution were ever implemented. Nor, in view of the questionable legality of part (e) of the original resolution, is it intended to now implement them.

Item: 10.4 **Ref:** AINT/2020/03021
Title: FOR DECISION: 2019/20 Second Quarter Budget Review **Container:** ARC18/2703
Author: Kelly Stidworthy, Service Leader - Finance
Attachments: 1. 2019-20 Quarterly Budget Review Report Oct-Dec 2019

RECOMMENDATION:

- a) That Council note the 2019/20 Second Quarter Budget Review; and
- b) That Council resolve to amend the 2019/20 budget in accordance with the Quarterly Budget Review Statement for the period 1 October 2019 to 31 December 2019 tabled at the attachment.

Context

Section 203(1) of the *Local Government (General) Regulation 2005* requires Council's responsible accounting officer to prepare and submit a quarterly budget review statement within 2 months of the end of each quarter.

The document attached to this report provides a quarterly budget review statement in the format required by the Office of Local Government *Quarterly Budget Review Statement for NSW Local Government*, which outlines the minimum disclosure requirements. Council has the option to show the quarterly budget review statement at a consolidated level or by fund. For the purposes of transparency, the statement contains the impact of the quarterly budget review by fund. A consolidated result is also included.

The 2019/20 Revised Budget in the attached quarterly budget review statement reflects the full year forecast budget position as at 31 December 2019. While the disclosure requirements require a projected year end result also be included, at this time the 2019/20 Revised Budget position and the projected year end result are very close. It is a requirement to include commentary if these results are likely to be materially different and a threshold of >10% has been used to determine this. The attached quarterly budget review statement contains a full listing of all budget adjustments proposed for both the operating and capital budget by fund.

As required by the Office of Local Government, the quarterly budget review statement is provided at the attachment in the following order:

1. Income Statement (containing operating income and expenses) by fund – this format is the same as the monthly financial report provided to Council to assist with providing alignment between these 2 reports
 - 1.1 Operating budget adjustments by fund
2. Capital Budget by fund – the net impact on funding from the capital program flows through to the Income Statement
 - 2.1 Capital budget adjustments by fund
3. Cash & Investments by fund – this statement shows the movement in unrestricted cash and internal and external reserves
4. Cash & Investments position
5. Key Performance Indicators by fund
6. Contracts entered into and Consultancy/Legal expenditure

Purpose

The purpose of this report is to provide Council with information on the 2019/20 Revised Budget position and to obtain approval to amend the adopted budget for those amounts.

Proposal, Research and Analysis

After accounting for carry forwards, the revised 2019/20 budget forecast a Consolidated operating surplus of \$1.1m. This result was negatively impacted by the adoption of the 2019/20 first quarter budget review resulting in a forecast Consolidated operating deficit of \$4.7m due to the impacts of drought on Council's Water Fund. The second quarter budget review proposes minimal net change to the Consolidated operating result and it remains a forecast operating deficit of \$4.7m.

After carry forwards were included, the capital program was forecast at \$47.5m for 2019/20. The first quarter budget review increased this to \$52.4m. This level of capital expenditure is significantly in excess of Council's ability to deliver and the second quarter budget review proposes a reduction in the overall capital program of \$14.4m reducing it to \$38m. Most projects will be deferred to the 2020/21 financial year and form the starting point for Council's 2020/21 capital program. The resulting forecast level of 2020/21 capital expenditure is still higher than Council will be able to spend this financial year and will require further review to determine what additional deferrals will be needed.

There is a perception that capital works can be easily outsourced without the need for additional oversight by Council officers. This is incorrect and a significant increase in the size of the capital program requires additional back office support including in the areas of project management, procurement, finance, governance and administration. As Council's overheads in this regard are constrained by needing to keep staffing costs to an affordable level, the capital program must be appropriately sized to the organisation's human resource capacity. As an indication, Council currently has around 100 active capital projects under construction with many more projects planned or included in grant applications. Some of these projects consist of many smaller projects, for example the road resealing program. This is addition to projects that are contained in the operating budget, service delivery across Council's range of businesses and functions and business improvement initiatives that are expected to be implemented by a merged council. The need for prioritisation and realistic program sizing is critical to ensure that adequate planning can occur and financial budgets and forecasts can be accurately prepared.

Council is still working through an overly optimistic capital program of previous years. The starting point for the 2020/21 budget will be necessarily constrained by the existing capacity and resources available to deliver projects. Council will prioritise the finalisation of projects within the existing funded capital program over the undertaking of new works in the 2020/21 budget and will size the capital program appropriately to eliminate the accumulation of years of carry forward works.

Impact

The overall financial results are summarised as follows:

Operating Result \$'000	FUND			Consolidated
	General	Water	Sewer	
Original Budget	20	974	1,546	2,040
Carry Forwards	(897)	974	1,546	1,123
Budget Review 1	(576)	(5,067)	971	(4,673)
Budget Review 2	(615)	(5,086)	954	(4,748)

Cash Result \$'000	FUND			Consolidated (Unrestricted Cash)
	General (Unrestricted Cash)	Water (Unallocated)	Sewer (Unallocated)	
Original Budget	3,088	24,234	13,041	3,088
Carry Forwards	3,088	22,523	12,498	3,088
Budget Review 1	2,366	11,704	13,302	2,366
Budget Review 2	2,341	18,949	15,042	2,341

The impact of the budget adjustments that have been identified through the first quarter budget review are as follows.

General Fund

The Operating Surplus for the General Fund decreases slightly from a deficit of \$576k to a deficit of \$615k. The main reason for this is a transfer of funding for the library from the capital budget to the operating budget. Originally, an Operating Surplus was forecast for the General Fund but this was negatively impacted by 2019/20 Carry Forwards. While these were fully funded, it is desirable to get back to an Operating Surplus position and revenue opportunities and expenditure savings will be sought during the next quarter in order to attempt to move back to a surplus position.

It is noted that the General Fund result includes an impact of net expenditure of \$471,211 relating to projects where Council is the auspice agent only.

A number of capital projects have been deferred due to the drought and capital program sizing resulting in a reduction in the forecast capital program of \$6.5m.

In terms of cash, a minor negative impact on unrestricted cash is recognised of \$24k. Originally, an increase of \$1.2m was forecast to increase total unrestricted cash to \$3.1m and this has now been revised to \$2.3m as a result of the latest budget review. Opportunities to increase the unrestricted cash level will be sought during the next quarter in line with the operating result.

Water Fund

The revised Operating Result for the Water Fund was a deficit of \$5.1m and this remains at the same level as a result of the second quarter budget review.

A number of capital projects have been deferred due to the drought and capital program sizing and this has improved the forecast cash result in the second quarter budget review by \$7.2m. The Water Fund reserve is now forecast to be around \$21m as at 30 June 2020 and was \$28m as

at 30 June 2019. The Water Fund reserve is forecast to experience a significant decrease during 2019/20.

At this time no additional income has been included for drought related expenditure impacts other than for the amount claimed for water carting as Council does not have confirmation that any of these additional costs will be covered by the NSW Government.

There is a risk to the Water Fund that the drought response and impacts could utilise all available funding in the Water Fund reserve over the next 2 years.

Sewer Fund

The review of the sewer fund shows a negative impact to the Operating Result due to an adjustment of the budget pension rebate grants. These are different to the budget as a result of the Tingha Boundary Adjustment. The impact on cash is positive as a number of projects have been revised or deferred due to the drought and capital program sizing.

Consolidated

The outlook for the Consolidated operating result remains at around the same level with a revised forecast operating deficit of \$4.7m. The outlook for the cash position is improved by \$9m as a result of capital expenditure deferrals resulting in a forecast reduction in cash of \$5.6m across all funds.

Summary

The Budget Review needs to be resolved by Council in order to be included in the 2019/20 adopted budget.

The 2019/20 Second Quarter Budget Review for the period 1 October 2019 to 31 December 2019 tabled in the attachment contains the revised 2019/20 budget as outlined above.

Item:	10.5	Ref: AINT/2020/03224
Title:	FOR DECISION: Draft Hydrotherapy Centre Working Group Terms of Reference	Container: ARC18/2882
Author:	Ambrose Hallman, Service Leader Sustainability and Development	
Attachments:	1. Draft Hydrotherapy Centre Working Group terms of reference	

RECOMMENDATION:

That Council adopt the attached Draft Hydrotherapy Centre Working Group terms of reference.

Context

At its Ordinary Council Meeting held 27 November 2019, Council resolved: (Minute No. 247/19)

“That a Sub-Committee of five Councillors be formed to urgently look at options to ensure the Hydrotherapy Pool goes ahead as part of the Monckton Aquatic Centre and look at options of an expanded and enlarged gym, Hydropool of 25m, and options of outsourcing the management and operation of the complex”.

A draft Terms of Reference has been development for endorsed by Council.

Purpose

The purpose of this report is for Council to adopt the Hydrotherapy Centre Working Group terms of reference. A copy of the draft terms of reference is attached.

Proposal, Research and Analysis

The terms of reference will enable the five Councillors to meet and

- Identify, examine and consider options for the ownership and/or management of a hydrotherapy pool;
- Undertake an options appraisal and recommend to Council the preferred options. These options will include options for the governance for the management and ownership of the pool;
- Decide on the preferred option from Council, oversee the procurement process to give effect to the preferred option.;
- Identify, advocate and agree the material for finding sources of funding that may support the concept;
- Advise Council on the financial implications including:
 - Capital and whole of life costs
 - Impact of ongoing operational costs
 - Return on investment including any non-financial returns

Impact

There are no financial implications for this process. Future reports to Council will be required to detail any financial impacts.

Summary

Adoption of the draft Hydrotherapy Centre Working Group terms of reference will enable the group to meet and develop possible solutions for a Hydrotherapy facility for the Armidale Region.

Item:	11.1	Ref: AINT/2020/02820
Title:	FOR DECISION: Puddledock Dam Raw Water Transfer System Augmentation	Container: ARC19/3183
Author:	Kelly Stidworthy, Service Leader - Finance	
Attachments:	Nil	

RECOMMENDATION:

- a) **That Council meets its funding obligation of \$5,770,000 under the Deed of Agreement with Infrastructure NSW for the Puddledock Dam Raw Water Transfer System Augmentation through the use of borrowings tied to the Water Fund.**
- b) **That the borrowing value and timing of borrowings be confirmed as part of the development of the 2020-21 budget.**

Context

The Puddledock Dam Raw Water Transfer System Augmentation will construct a new water main and pump station from Puddledock Dam to the Armidale Water Treatment Plant. Council has been successful in obtaining a 50% funding contribution to the cost of designing and constructing the project from Infrastructure NSW through Restart NSW funding (Safe and Secure Water Program). The total cost of the project is estimated to be \$11.54M and funding of \$5.77M has been awarded.

Purpose

The purpose of this report is to provide Council with a recommendation to fund its contribution to the Puddledock Dam Raw Water Transfer System Augmentation project.

Proposal, Research and Analysis

Background

The existing Puddledock Dam water main was constructed in the 1940s and is made of asbestos cement and cast iron pipe. The water main is poor condition and has reached the end of its design life. Past councils have only undertaken minor reactive maintenance and no upgrade or renewal work has been done.

The water main is undersized to provide sufficient quantities of water to Armidale. Due to the limited water supply capacity, it meets only a quarter of peak daily demand. It is useful as a backup supply in mid winter only, when it can meet approximately 90% of water demand for Armidale. During the remainder of the year, reliance on the water main as a backup water supply would result in severe water restrictions for Armidale.

The Puddledock Dam water main is the only backup water supply to the Armidale Water Treatment Plant.

The Armidale Water Treatment Plant's main water supply is from Malpas Dam. The water main from Malpas Dam to the Armidale Water Treatment Plant was constructed in 1970 and is therefore now 50 years old. It will require major refurbishment and renewal works in future years.

Water Security

The Puddledock Dam water main is viewed as a critical piece of infrastructure as it provides the Armidale Water Treatment Plant with a source of backup water supply. If the main supply from Malpas Dam is interrupted (e.g. due to damage to the water main from a natural disaster event or maintenance issues due to its age) then the supply from Puddledock Dam via the water main is the only backup water supply available.

The proposal to upgrade the Puddledock Dam water main has been active since 2017 when Council first submitted an expression of interest to the Safe and Secure Water Program. The proposal is to replace the existing 300mm water main with a 450mm water main to provide sufficient capacity to supply the Armidale Water Treatment Plant with a backup water supply year round. Puddledock Dam can provide around 1-2 months of Armidale's water supply depending on the dam level and weather conditions.

Impact

Water Security

There are inherent risks to the water main from Malpas Dam. If this water main requires maintenance or repairs, during mid Winter Council has a limited 24-36 hour window to be able to undertake work before the Armidale water supply is adversely impacted. If this is required at other times then the Armidale water supply would be subject to severe water restrictions. This is problematic in that parts of the water main are in locations that are not easily accessed and getting equipment, such as heavy machinery, to these locations is difficult and time consuming.

The above risks are also relevant for other scenarios such as contamination of the Malpas Dam water supply.

Asset Management

If there is no ability to take the Malpas Dam water main offline for more than 24-36 hours at a time without adversely impacting Armidale's water supply, this represents a major barrier in being able to keep the pipeline in good condition.

The water treatment plant is also aged and will require major renewal and rehabilitation works in future years. Current capital projections are that at least \$5M will be required to be spent on Armidale and Guyra water treatment plants within the next five years.

Replacement of the Puddledock Dam water main will reduce the risk of Armidale's water supply being adversely impacted due to an interruption to supply from Malpas Dam. It will also allow for better management of the Malpas Dam water main in that Council will be able to undertake planned renewal and maintenance works without being restricted to 24-36 hour windows in mid winter.

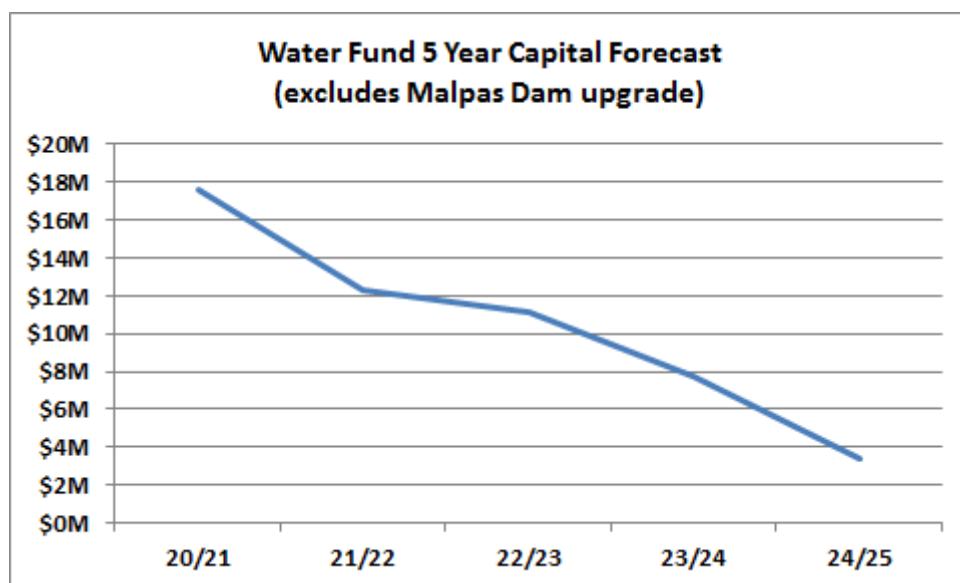
Financial

The current Puddledock Dam water main is at end of life and requires replacement. A high level estimate to replace the existing water main with a similar asset is around \$10M. Replacing the existing water main and increasing its capacity marginally increases the cost. However, the business case to increase the capacity of the water main and create a secure backup water supply for Armidale has enabled Council to be eligible under the Safe and Secure Water Program for 50% funding.

The alternative is likely to be to plan for replacement of the water main at the full estimated cost of \$10M without any external funding.

Due to the fact that the project increases the water supply available to the Armidale Water Treatment Plant and will primarily benefit future generations, it is considered appropriate to consider borrowing Council's contribution to this project. While the project could be funded from the water reserve, it has been adversely impacted by the drought and is likely not to have the required level of funding to fund all forecast future capital works due to drought response and the age of the water infrastructure network.

The graph below shows the predicted level of Water Fund capital expenditure over the next five years including the Puddledock Dam Raw Water Transfer System Augmentation project.



Borrowing Council's contribution to the project would assist with smoothing out cashflows over the next five years. However, borrowings must be repaid and this will add an additional annual cost to the Water Fund over the term of the borrowings. At an indicative borrowing rate of 4.3% the annual repayment on \$5.77m over a 20 year term is \$435,921 per annum. If Council is able to meet criteria set by NSW Treasury for low interest borrowings, it may be able to access more favourable interest rates.

The Water Fund's capacity to borrow will require consideration and steps will need to be taken to ensure the Water Fund generates an operating surplus in future years in order to demonstrate that it can repay any new borrowings undertaken. This will be challenging with the reduction in water usage resulting from the drought conditions; however, the Water Fund is not able to sustain an ongoing reduction in revenue even in the short term. The ageing water infrastructure is creating capital renewal demands that will need to be met to avoid creating a significant backlog of infrastructure works. This issue is ongoing and has been evident with the low ratios reported for the Water Fund's building and infrastructure renewals ratio:

Benchmark	2016-17	2017-18	2018-19
>= 100%	12.31%	39.08%	47.22%

Summary

Council has been successful in obtaining \$5.77m in funding under the Safe and Secure Water Program as a 50% contribution to the Puddledock Dam to Puddledock Dam Raw Water Transfer

System Augmentation. This report recommends Council resolve to fund its contribution by identifying a new borrowing within the Water Fund to fund Council's contribution to the project.

Item:	13.1	Ref: AINT/2020/02294
Title:	FOR INFORMATION: Integrated Planning and Reporting - Delivery Program 2018-2021 and Operational Plan 2019-2020 Progress Report - October to December 2019	
Author:	Renata Davis, Program Leader - Corporate Planning and Performance	Container: ARC17/1962
Attachments:	1. Integrated Planning and Reporting (IP&R) - Quarterly Report - December 2019	

RECOMMENDATION:

That the Delivery Program 2018-2021 and Operational Plan 2019-2020 Progress Report (October – December 2019) be noted.

Context

The attached document is a progress report based on the strategies of the Delivery Program 2018-2021 and the activities of the Operational Plan 2019-2020 for the October to December Quarter. This report is the second Integrated Planning and Reporting progress report for the 2019-2020 Financial Year.

Purpose

This Report informs Council and the Community about the progress of Council's Operational Plan actions and how these actions work towards delivering the strategies outlined in the Delivery Program, and ultimately, the goals of the Community Strategic Plan, as part of the Integrated Planning and Reporting Framework.

This reporting is a requirement of the **Local Government Act 1993 s404(5)**, which states that:
The general manager must ensure that regular progress reports are provided to the council reporting as to its progress with respect to the principal activities detailed in its delivery program. Progress reports must be provided at least every 6 months.

Armidale Regional Council has opted to provide Quarterly Progress Reports which update Councillors on both the Delivery Program strategies and the progress of the Operational Plan actions which work towards achieving those strategies.

Proposal, Research and Analysis

Each of Council's business areas have completed a progress report, based on the October to December period, of the strategic and operational tasks and key performance indicators adopted in the Operational Plan 2019-2020.

Summary

The next Progress Report will be based on the January to March 2020 period.

Item: 13.2 **Ref:** AINT/2020/02336
Title: FOR INFORMATION: Cash and Investment Report December 2019 & January 2020 **Container:** ARC16/0001-5
Author: Deborah Walls, Accountant
Attachments: 1. Curve Securities Investment Reporting Pack January 2020
2. Curve Securities Investment Reporting Pack December 2019

RECOMMENDATION:

That Council receive and note the Cash and Investment Report for December 2019 and January 2020.

Context

As at 31 December 2019, Council held \$71,456,668 in cash and investments.

As at 31 January 2020, Council held \$73,947,047 in cash and investments.

Purpose

The Cash and Investment Report provides an overview of cash and investments for the periods 1 December 2019 – 31 December 2019 and 1 January 2020 – 31 January 2020 and certifies compliance with Council's Investment policy and the Local Government Act 1993 and Regulations.

Proposal, Research and Analysis

Cash and Investments

Balances were as follows:

Item/Account	January 2020 \$	December 2019 \$	November 2019 \$	Nov 19 – Jan 20 Movement \$
<u>Cash at Bank</u>				
General Fund Bank Account	-	-	-	-
Trust Fund	1,394,128	1,440,518	1,439,193	(45,065)
Total Cash	1,394,128	1,440,518	1,439,193	(45,065)
<u>Investments</u>				
High Interest Cash At Call	10,278,064	6,747,135	11,053,888	(775,824)
T-Corp IM Cash Fund	5,274,855	5,269,015	5,264,470	10,385
Term Deposits	57,000,000	58,000,000	57,000,000	-
Total Investments	72,552,919	70,016,150	73,318,358	(765,439)
Total Cash & Investments	73,947,047	71,456,668	74,757,551	(810,504)

Summary of movements for December 2019 and January 2020:

Term Deposit Maturities

Beyond Bank	\$1,000,000
MyState Bank	\$1,000,000
MyState Bank	\$2,000,000
NAB	\$1,000,000
MyState Bank	\$1,000,000
MyState Bank	\$1,000,000
Beyond Bank	\$1,000,000
Westpac Bank	\$2,000,000
Total	\$10,000,000

New Investments

MyState Bank	\$2,000,000
NAB	\$2,000,000
ING Bank	\$2,000,000
AMP Bank	\$1,000,000
MyState Bank	\$1,000,000
ING Bank	\$1,000,000
NAB	\$1,000,000
Total	\$10,000,000

Investment Revenue Earned

	January 2020	December 2019	Total
Term Deposits	\$91,151	\$94,824	\$185,975
T-Corp IM Cash Fund	\$5,839	\$4,207	\$10,046
High Interest Account	\$8,425	\$9,393	\$17,818
Trust Account	\$1,283	\$1,325	\$2,608
Total	\$106,698	\$109,749	\$216,447

As per the attached investment report (refer Attachment 1 section 2), as provided by Council's investment broker Curve Securities, the investments are diversified across a range of institutions, with no one institution exceeding 35% of average annual funds invested to ensure the portfolio is in line with the Investment Policy.

Actual to Budget Comparison

	YTD Actual income	YTD (Rev) Budget	Difference
Dec 2019	\$769,799	\$794,985	(\$25,186)
Jan 2020	\$875,933	\$927,483	(\$51,550)

Investment Yield

	January 2020			December 2019		
Term of Investment	ARC	BBSW	Outperformance	ARC	BBSW	Outperformance
6 months	2.196%	0.923%	1.273%	2.38%	0.95%	1.44%
12 months	2.444%	1.198%	1.246%	2.55%	1.3%	1.25%

Regulations

All of Council's investments for the period are in accordance with:

- Council Investment Policy
- Local Government Act 1993 – Section 625.
- Local Government Act 1993 – Order of the Minister dated 12 January 2011.
- The Local Government (General) Regulation 2005 – Reg 212.

The investment of surplus funds must remain in line with Council's Investment Policy. This will ensure sufficient working capital is retained and restrictions are supported by Cash. Cash management complies with the NSW Local Government (General) Regulation 2005.

Summary

The Cash and Investment Report provides an overview of cash and investments as at and for the periods ended 31 December 2019 and 31 January 2020 and demonstrates compliance with Council policy.

Item:	13.3	Ref: AINT/2020/02395
Title:	FOR INFORMATION: Playground shade program ARC19/3427	Container:
Author:	Richard Morsley, Program Leader Parks and Facilities	
Attachments:	1. Playground Shade Development 5 year Program(2)	

RECOMMENDATION:

The report be noted with the intent that the proposed program be put forward for consideration in the 20-21 capital budget.

Context

At the Council meeting 11 December 2019 Councillor Bailey moved a Notice of Motion that:

That ARC immediately commences a replacement program for the shade cloth or materials on our various facilities and the first priority be the Arboretum.

The following report represents the development of a draft program that was already underway as part of the 2020/2021 budget process prior to Cllr Bailey moving the motion. This report being presented to the Ordinary Council Meeting (OCM) ahead of the normal draft budget presentation to Council in response to that motion.

Report

The age and condition of these playgrounds varies as does their popularity with the community. Recently developed playgrounds are often well patronised, while some are infrequently used. Changing demographics in some urban locations have lead to a reduction in use of a number of small playgrounds over time

Playgrounds are categorised according to their popularity, location and ease of access. Over the past decade or so, renewals and upgrades have been prioritised toward the larger district or regional level playgrounds to offer a wider range of up to date play options. These playgrounds are located in more central locations usually on or near the main entrances to the city, rather than in outer lying residential areas. Playgrounds on or near the entrances to town are easily accessible to residents outside the city and also attract visitors and tourist to town. Playgrounds that are seldom used are deemed a lower priority for renewal with a number of playgrounds proposed for closure (please refer to the attached program- column 3). The closure of underutilised playgrounds will allow for the prioritisation of funding for renewal and development of the more popular playground assets.

Whilst in the development of a playground the provision of shade is often seen as an important consideration in the construction playgrounds and is viewed as particularly relevant with regard to changing climatic conditions shade structures have actually been constructed in less than 20% of ARC playgrounds (please refer to the attached program - column 4). A recently completed audit of existing shade structures in 2019 revealed that all our existing shade structure assets are in good condition.

The provision of shade up till now has been prioritised to where the playground design caters for children 6 and under. Two examples are the Central and East Mall playgrounds and Curtis Park South. With a proposed increase in the development of Regional and District playgrounds and a reduction in the numbers of local pocket playgrounds, our larger playgrounds will need to

cater for a wider age range increasing the importance of the provision of shade.

Shade structures for playgrounds are traditionally constructed of woven shade cloth sails tensioned to steel posts, and all our existing shade structures are of this type. Shade cloth structures usually consist of segmental triangular sails with gaps between providing varying levels of coverage throughout the day. UV protection of 90% or considerably less is only afforded under a sail. Shade cloth has a relatively short life span of perhaps 10-15 years and is also prone to vandalism.

Increasingly, a number of Councils are opting for solid shade structures that generally cost less than tensioned cloth. Such structures are usually open steel post and roof frames much like a colorbond carport. Although they may be considered as less attractive than sails, such structures are less prone to vandalism and have a significantly longer asset life. Another advantage is that solid or hard shade allows for use during wet weather. Currently, the cost of hard shade structures is less than soft shade structures.

The proposed 5 year shade program developed for consideration as part of the 2020/2021 budget process identifies a mix of soft and hard structures as well as tree planting for several playgrounds. Trees, if placement and species selection is carefully considered can provide good shade and cooling, as well as environmental and aesthetic values. There is of course a time lag for tree shade to be fully realised. We have recently drought proofed our annual Urban Forest tree planting program by using the filter backwash water from the Monckton Aquatic Centre that is usually released into the sewerage system. This initiative will now enable us to continue the annual planting programs even in drought years, so playground shade trees can also be established.

Purpose

The purpose of the proposed 5 year playground shade program is to provide shade for a range of playgrounds in Armidale and Guyra. By providing playground shade Council is recognising the importance of protection from sun exposure and providing parents and carers with the option to utilise those playgrounds that have available shade.

Proposal, Research and Analysis

A proposed 5 year playground shade program for the installation of shade structures for many playgrounds is provided. The program identifies the priority playgrounds for shade and estimates of the cost of shade structures each year.

Impact

The proposed 5 year playground shade program proposal will cost approximately \$332,000 over the next 5 years. The program will provide 7 new shade structures and 2 renewals with future tree shade. New soft shade structures will require a renewal budget every 10 years or so.

Financially the cost of playground shade represents a proportion of potentially available funds that could be utilised for new or replacement playground equipment.

Woven soft shade structures are prone to vandalism and UV deterioration and the cost of repairs or asset replacement is high. Hard roofed shade is likely to have a longer asset life, however hard shade structures are not applicable to all areas due to a variety of physical constraints such as existing infrastructure, slope or planning constraints e.g. heritage.

The key budget priorities for the next few years within the Parks area is to seek alternative water resources for irrigation, particularly for our sportsfields and to re-established degraded playing surfaces as a result of the drought. In recent years our key playing fields have been viewed very highly, with many sporting groups acknowledging a preference for our fields over others in the region, including Tamworth.

Local sport provides the town with around \$15 million a year (calculations based on underestimate of Dept. Tourism bed nights and day spend rates). Current expenditure on potable water for park irrigation exceeds 75 megalitres per annum for an annual cost of \$200,000. Without irrigation the playing surfaces of our sportsfields will deteriorate and current sports related visitation and utilisation of Armidale's sportsfields will decline.

Summary

The report outlines how capital and renewal expenditure is based upon the categorisation of playgrounds. The report proposes a 5 year playground shade program for the installation and renewal of a variety of shade structure types in playgrounds that is prioritised toward district and regional category playgrounds, rather than smaller, local urban playgrounds, some of which may be phased out. It is recommended that this program be considered as part of the 2020/2021 budget approval process.

The report indicates that while there is a clear benefit to the community to provide shade in playgrounds, there is a significant capital and replacement cost associated with playground shade structures. In terms of value for money, investments in sportsfields renovation and drought proofing will benefit more people and maintain a significant income to the city.

Item:	13.4	Ref: AINT/2020/02631
Title:	FOR INFORMATION: Arts, Cultural and Heritage Advisory Committee change of chair	Container: ARC16/0217
Author:	Hayley Ward, Interim Museum Team Leader	
Attachments:	Nil	

RECOMMENDATION:

- a) **That the Terms of Reference of the Arts, Cultural and Heritage Advisory Committee provides for the Mayor to assume chair of it.**
- b) **In Terms of Clause a new Chair has been elected, Ms Caroline Downer, by the committee itself.**

Context

The CEO received a letter in December 2019 from an external member of the Arts, Cultural and Heritage Advisory Committee raising concerns about the way the meetings were Chaired and the lack of outcomes initiated by the committee due to ineffective meeting management. The letter alleged that the concerns were held by other members of the committee.

The CEO and Mayor met with external members of the committee in February 2020 to discuss their concerns. The members were unanimous in agreeing that a change in Chair was essential for the committee to work more effectively and achieve beneficial strategic outcomes for arts, culture and heritage in the LGA.

As per the Terms of Reference the Mayor will assume the position of Chair until such time as the committee appoints a new Chair.

The CEO and Mayor contacted the current Chair of the Arts, Cultural and Heritage Advisory Committee to advise of the members' concerns and the outcome of the meeting.

Purpose

To ensure that the Arts, Cultural and Heritage Advisory Committee is supported to work efficiently and effectively to develop beneficial strategic outcomes in the LGA that aligns with Council's Operational and Delivery Plans.

Proposal, Research and Analysis

The committee's Terms of Reference states that:

- The Mayor will determine the Chairperson of the committee or the position shall be determined by an election at the first meeting of a new term of the committee.

Impact

Committee membership is made up of local arts and cultural professionals who can provide specialist advice to Council on strategic matters within the creative arts industries. Their expert advice is supported by best practice industry standards that can assist Council achieve quality artistic, economic, social and place making outcomes based on the Operational and Delivery Plan.

Summary

Input from the community to Council is vital to the effective delivery of its services. It is critical that advisory committees operate efficiently and effectively to provide the best advice to council, and members' expertise is valued in the decision making process. This is especially relevant in supporting Council and the community after recent fires and during the ongoing drought.

Item: 13.5 **Ref:** AINT/2020/02889
Title: FOR INFORMATION: Quarterly Water Adjustment Report **Container:** ARC16/0193
Author: Robyn Shanahan, Revenue Officer
Attachments: Nil

RECOMMENDATION:

That Council note the report detailing water adjustments, made under the provisions of the Water Account Adjustment Management Policy, for the September/December 2019 quarters, totalling \$16751.49.

Context

It is a requirement of Council's Water Account Adjustment Management Policy 238 that quarterly reports detailing adjustments made to water assessments in the quarter under the provisions of Policy are provided to Council for notation.

Adjustments determined under the provisions of the Policy for the first and second quarters, September 2019 to December 2019 were:

Assessment	Amount	Reason
3124-5	\$6753.89	Under Concrete Leak
30320-6	\$927.60	Underground Pipe Fault
30207-5	\$983.90	Split Pipe Under Pavers
25556-2	\$1054.15	Leak Under House
28678-1	\$406.75	Unidentified Fault
3315-9	\$1028.80	Burst Pipe Underground
24124-0	\$2098.25	Underground Pipe Fault
25976-2	\$292.90	Internal Bathroom Line
56243-9	\$540.13	Undetectable Leak
26285-7	\$2203.70	Undetectable Leak
31399-9	\$461.42	Internal Line Fault
Total	\$16751.49	

Purpose

This report provides details of the adjustments made to water assessments for the first and second quarters of the 2019-2020 financial year.

Impact

Reduction in Council water billing charges of \$16751.49.

Summary

Adjustments made to water assessments for the first and second quarters of the 2019-2020 financial year.

Item:	13.6	Ref: AINT/2020/03013
Title:	FOR INFORMATION: Monthly Financial Report January 2020 Container: ARC19/3334	
Author:	Kelly Stidworthy, Service Leader - Finance	
Attachments:	1. Monthly Financial Report January 2020	

RECOMMENDATION:

That Council receive and note the Monthly Financial Report for January 2020.

Context

Monitoring of YTD actual performance to budget is important to ensure that expenditure remains within available financial resources.

To assist with better monitoring of budgets, budget phasing has been introduced allowing a comparison to be made against YTD budget rather than the Annual budget.

Purpose

The monthly financial report is provided to assist with monitoring the financial position of Armidale Regional Council; and ensure that sound financial management practices are employed to ensure expenditure remains within available financial resources.

Proposal, Research and Analysis

The monthly financial report is provided for the following funds:

- General Fund
- Water Supply Fund
- Sewer Supply Fund
- Consolidated

More detailed operating and capital budget reports are also provided.

General Fund

As at 31 January the General Fund achieved a \$6.6m operating surplus against a YTD budget of \$4.1m. The operating surplus is high because rates have been levied and recognised as income in the July period. As the year progresses expenditure will increase and will offset the surplus to bring the result into closer alignment with the annual forecast operating position, which is currently a deficit of \$575k.

Most revenue and expenditure categories are on track to meet budget with the exception of user charges and fees and interest revenue. There are some claims outstanding with government agencies, which is contributing to the result for user charges and fees but performance against budget for the State roads program is also below forecast. This is likely to pickup as the year progresses. The budget for investment interest had already been reduced in the Q1 budget review but actuals are still tracking lower across all funds due to lower investment rates being achieved.

The net budget position represents the forecast cash impact of Council's operating and capital results for the year. Council's forecast is for a positive cash impact in 2019/20 to assist with reducing cashflow risk and improving the level of unrestricted cash.

Water Supply Fund

As at 31 January, the Water Fund achieved a \$199k operating deficit against a YTD budgeted operating surplus of \$107k.

At this time, most revenue and expenditure categories are on track to meet budget with the exception of interest revenue and operating grants. The variation in operating grants relates to a lower reimbursement expected for the Guyra water carting.

Council has budgeted for a negative cash impact in 2019-20 of \$14.5m due to the requirement to undertake capital works. These works will be funded from the water supply reserve fund.

Sewer Supply Fund

As at 31 January, the Sewer Fund achieved a \$4.7m operating surplus against a YTD budget of \$4.5m.

Most revenue and expenditure categories are on track to meet budget with the exception of interest revenue, other revenue and operating grants. Drought conditions have impacted upon likely future cattle sales revenue and the pension rebate reimbursed by the State Government is lower than budget.

Council has budgeted for a negative cash impact in 2019/20 of \$625k due to the requirement to undertake capital works. These works will be funded from the sewer supply reserve fund.

Consolidated

As at 31 January, the Consolidated position achieved a \$10.4m operating surplus against a YTD budget of \$8.0m.

Council has budgeted for a negative cash impact of \$14.6m in 2019/20, which predominantly relates to capital works to be undertaken on water infrastructure. These works will be funded from the water and sewer supply reserve funds.

Impact

The adopted budget does not have provision for overspends or for initiatives not included in the original budget and, as a result, must be closely monitored to ensure that actual expenditure remains within available financial resources. Introduction of any new initiatives requiring expenditure or overspends will require us to make adjustments to either the quantum or quality of projects and services to accommodate. Any overspends or new initiatives identified outside of the original budget must have an accompanying funding source.

The forecast impact on the water fund of current drought conditions has been included in the revised budget and these impacts have had a significant detrimental impact on the 2019/20 water fund and consolidated financial position.

Summary

The monthly financial report provides information on Council's actual to budget performance.

Item:	13.7	Ref: AINT/2020/03170
Title:	FOR INFORMATION: Establishment of ESAC Working Group and TORs	
		Container: ARC16/0864
Author:	Leah Cook, Service Leader Asset Planning and Design	
Attachments:	<ol style="list-style-type: none">1. Minutes - Environmental Sustainability Advisory Committee - 11 February 20202. Climate Emergency Working Group Draft Terms of Reference 20203. CEWG_TOR_EOI_Approved_ESAC_11_Feb_2020 submitted to Council by Cr Robinson 14 Feb 20204. Air Quality_WG_TOR_EOI_Approved_ESAC_11_Feb_2020 submitted to Council by Chair Cr Robinson 14th February 2020	

RECOMMENDATION:

- a) That the Minutes of the Environmental Sustainability Advisory Committee meeting held on 11 February 2020 be noted.
- b) That it be noted that the establishment of the Air Quality Working Group by the Environmental Sustainability Advisory Committee is unlawful.
- c) That it be noted that the Terms of Reference for the Climate Emergency Working Group recommended by the ESAC Committee is unlawful.
- d) That the Terms of Reference for the Climate Emergency Working Group circulated with the Committee agenda and supporting material be adopted.

Context

The Notice of Motion relating to Council Committees carried at the OCM in December 2019, included the resolution:

- e.) *That Council Committees are able to establish Working Groups to progress matters within the Committee's Terms of Reference, and that the formation of such working groups is at the discretion of the Committee.*

In relation to recommendation b):

The establishment of a working group is outside the remit of the Environmental Sustainability Advisory Committee's Terms of Reference;

The Rescission Motion relating to Response to Climate Emergency Resolution carried at the OCM in December 2019, included the resolution:

- a.) *That a report be prepared and presented to Council by April 2020 with input from a working group of the Environmental Sustainability Advisory Committee (ESAC) and the community, on the current initiatives and additional future actions that can be undertaken in the short, medium and long term to:*
 1. Reduce greenhouse emissions aiming, by 2030, for no additional contribution

from our region to the global temperature rise.

2. Adapt to current and anticipated climate change impacts.

3. Reduce atmospheric concentrations of greenhouse gases, e.g. Sequester and store carbon in trees and soils.

b) Endorse the establishment of a working group to establish a report on current initiatives and additional future actions.

c) Ask the Environmental Sustainability Committee to review the draft Terms of Reference for the working group.

In relation to recommendation c):

- i.) The dissolution of a working group is outside the remit of the Environmental Sustainability Advisory Committee's Terms of Reference;
- ii.) The TORs are outside the remit of the Council Resolution 266/19:
 - a.) *Purpose and Goals - Respond in other ways to the Climate Emergency, declared by Council on 23 October 2019.*
 - b.) *Core responsibilities - Inspire action and seek to implement initiatives*
- iii.) The supporting material didn't comply with ESAC TOR Meeting Protocol of:
 - I. Circulating at least three days prior to the a meeting and;
 - II. General Business tabled during the meeting will be short requiring no more that 5 minute's presentation or discussion

In relation to recommendation d):

The ESAC Committee review of the Draft Term of Reference for the Climate Emergency Working Group as per resolution 266/19 has been undertaken at the ESAC Committee Meeting held 11th February 2020. Given the items outlined in the above paragraphs, the Terms of Reference and supporting documentation circulated with the Agenda to ESAC members is the version recommended for adoption in order to progress with the establishment of the Climate Emergency Working Group.

Purpose

The purpose of this report is to provide information about the remit of Council Committee in terms of establishing Working Groups and establishing Terms of Reference.

Proposal, Research and Analysis

Research was undertaken in order to establish the lawfulness of the establishment of a Working Group within the ESAC's TOR. Currently there is no remit for the ESAC Committee to establish or dissolve Working Groups. The draft TORs for the Climate Emergency Action Group were found to be unlawful for a number of reasons. The TORs circulated with the ESAC Agenda paper have been attached for consideration by Council.

Impact

The report advises on a number of matters relating to unlawful actions by Committees and subsequently Working Groups

Summary

Council Committees are required to operate within the remit of the Terms of Reference.

Item: 16.1 **Ref:** AINT/2020/02691
Title: FOR DECISION: Minutes - Traffic Advisory Committee meeting 4
February 2020 **Container:** ARC16/0168-5
Author: Belinda Ackling, Personal Assistant
Attachments: 1. Minutes - Traffic Advisory Committee - 04 February 2020

RECOMMENDATION:

- a) That the Minutes of the Traffic Advisory Committee meeting held via email on 4 February 2020 be endorsed.
- b) That approval be provided for the Special Event Transport Management Plan for the staging of the 'Tour de Rocks' Thursday 2 April to Saturday 4 April 2020, for the occupation and usage of Armidale Regional Council Local Government Area (LGA) local roads only, pending approval for the use of local roads within the LGA of Kempsey by Kempsey Council, and of any regional classified roads from the Roads and Maritime Services, and any further recommendations from NSW Police.
- c) That Council provides suitable road closure signage to the event organisers for the closure of Dangar Street between Dumaresq and Kirkwood Streets, from 6am to 9am on Thursday the 2 April 2020.

Item:	16.2	Ref: AINT/2020/02855
Title:	FOR DECISION: Minutes - Arts, Culture and Heritage Advisory Committee 12 February 2020	Container: ARC16/0217
Author:	Hayley Ward, Interim Museum Team Leader	
Attachments:	1. Minutes - Arts, Cultural and Heritage Advisory Committee - 12 February 2020	

RECOMMENDATION:

That the Minutes of the Arts, Cultural & Heritage Advisory Committee meeting held on 12 February 2020 be noted and the following recommendations endorsed:

- a) That Caroline Downer be elected the new chair of the Arts, Cultural and Heritage Advisory Committee.
- b) That Council affirm its commitment to arts, culture and heritage and retains specialist knowledge within the organisation to advocate, guide and provide advice in this area.
- c) That \$5,000 is allocated to an annual public art fund for current and future projects.
- d) That \$20,000 is allocated to an annual community arts grant program developed and administered by the Arts, Cultural and Heritage Advisory Committee.
- e) That cultural tourism is recognised as one of the key economic drivers for the region and receives appropriate resourcing, including budget, to strengthen and grow the industry.

MANAGEMENT COMMENT:

Recommendations c) and d) will be taken into consideration in the 2020/2021 budget.

Item: 16.3 **Ref:** AINT/2020/03029
Title: FOR INFORMATION: Minutes - Regional Growth and Place Activation
Peak Advisory Committee 5 February 2020 **Container:** ARC19/3530
Author: Scot MacDonald, General Manager - Businesses
Attachments: 1. Minutes - RPGAAC - 5 February 2020

RECOMMENDATION:

That the attached Minutes of the Regional Growth and Place Activation Peak Advisory Committee meeting held on 5 February 2020 be noted.

Item:	18.1	Ref: AINT/2020/03160
Title:	QUESTIONS ON NOTICE: Cr Robinson	Container: ARC16/0033
Author:	Dorothy Robinson, Councillor	
Attachments:	Nil	

Question on Notice 1. (Cr Robinson)

What is the cost of drilling the bores for a) Guyra and b) Armidale and information on the hydrologists used to provide advice on the operations?

Question on Notice 2. (Cr Robinson)

What is the calculation of water use per person per day?

Question on Notice 3. (Cr Robinson)

What is the number of persons used in the calculation for a) Guyra and b) Armidale?

Question on Notice 4. (Cr Robinson)

What is the total commercial and residential water use in a) Guyra and b) in the 2 weeks to 17 Feb 2020?

Question on Notice 1

Answer:

- a) Guyra \$0.66million
- b) Armidale \$0.73million

Information used by the hydrologist was an assessment of geology in Guyra and Armidale.

Question on Notice 2

Answer

October 2019	149 Litres per person per day (combined Guyra and Armidale)
November 2019	150 Litres per person per day (combined Guyra and Armidale)
December 2019	132 Litres per person per day (combined Guyra and Armidale)
January 2020	127 Litres per person per day (combined Guyra and Armidale)
February 2020	139 Litres per person per day (combined Guyra and Armidale)

Question on Notice 3

Answer

- a) Guyra 2,066
- b) Armidale 21,743

Question on Notice 4

Answer

Estimated residential and non-residential usage from 3rd to 16th February 2020

	Residential ML	Non-Residential ML
Armidale	41.1	17.6
Guyra	5.46	11.4

Item:	18.2	Ref: AINT/2020/03161
Title:	QUESTIONS ON NOTICE: Cr O'Brien	Container: ARC16/0033
Author:	Debra O'Brien, Councillor	
Attachments:	Nil	

Question on Notice 1. (Cr O'Brien)

Please advise the cost of ARC's recently appointed public relations officer or officers and the position description of such officer/s.

Question on Notice 2. (Cr O'Brien)

Please advise the annual cost of council's media department and the position description of the officers employed in the media office.

Question on Notice 3. (Cr O'Brien & Cr O'Connor)

Please advise what progress has been made by Council staff in relation to finding additional funding/planning for a hydrotherapy pool for Armidale and have staff created a draft terms of reference for the Hydrotherapy Pool Councillor working group and is so, what is it?

Question on Notice 1

Answer

Council does not have a public relations officer. Assuming Councillor O'Brien means the Manager Strategic Communications & Marketing the PD for this role is attached. This role is graded level 10.

Question on Notice 2

Answer

Council does not have a media department. The Councillor is asked to clarify if she requires the cost for the entire Strategic Communications & Marketing branch or other specific area.

Question on Notice 3

Answer

Council submitted an application under Round 4 of the Building Better Regions Fund (BBRF4).

The application was submitted on 19th December 2019 seeking \$2.316M in funding. This is in addition to the SCCF2 funding of \$1.093 and the co-contribution of \$364K from Council.

Council should be advised in April if the BBRF4 application was successful. If successful the project funds would total \$3.773M.

This months Councils agenda contains the draft terms of reference.

Item:	18.3	Ref: AINT/2020/03165
Title:	QUESTIONS ON NOTICE: Cr O'Connor	Container: ARC16/0033
Author:	Margaret O'Connor, Councillor	
Attachments:	1. Manager Strategic Comms & Marketing - PD	

Question on Notice 1. (Cr O'Connor)

When and how will the drought and water policies for Guyra and Armidale be harmonised?

Background: The CEO has advised that Water staff have not had time through the drought to undertake harmonisation of these policies. As The Manager of Water, Mr Luke Finnegan has left the employment of ARC in 2019 and his role has been added to that of Mr Shane Anderson, also manager of Waste Services.

Question on Notice 2. Cr O'Connor

Has this essential piece of policy work been delayed due to staff shortages? Please advise what strategy is intended to overcome this problem.

Question on Notice 3. Cr O'Connor

Please advise what are the NSW Government's conditions of ARC's water licence to take water from Malpas Dam and the Guyra Water reservoirs for the supply of residential town water?

Question on Notice 4. Cr O'Connor

On what legal basis was the governing body of ARC not advised about the Development Application to ARC for the Stringy Bark solar Farm?

Question on Notice 5. Cr O'Connor

What legal services is ARC using for the industrial relations matters that have come before the NSW Industrial Commission over the past 12 months in relation to ARC as an employer and if it is not representation from LGNSW services, why not? What is the cost differential if any or other advantage to Council in not using the services of LGNSW Industrial relations service providers?

Question on Notice 6. Cr O'Connor

How many positions in the current ARC organisation structure are unfilled or filled by people who are currently on non holiday leave?

Question on Notice 7. Cr O'Connor

What is the cost to council and position description of the new Public Relations Staff member/s appointed to ARC?

Question on Notice 8. Cr O'Connor

What is the up to date total cost of redundancies and other payments made to staff who have exited the organisation since the implementation of the Transformations Project?

Question on Notice 9. Cr O'Connor

What is the current total cost to date of implementing the Transformations Project?

Question on Notice 10. Cr O'Connor

How many staff have left the employment of ARC since the implementation of the Transformations Project?

Question on Notice 11. Cr O'Connor

How many new staff have been employed since the implementation of the Transformations Project?

Question on Notice 12. Cr O'Connor

Who currently has carriage and responsibility for the transformations project?

Question on Notice 13. Cr O'Connor

What is the total cost saving or additional cost for staff salaries to date as a result of the Transformations project?

Question on Notice 14. Cr O'Connor

What is the cost of consultancies to ARC during the period FY 17/18 compared to FY 18/19 and FY 19/20 to date ?

Question on Notice 1.

Answer

Drought Management Plans for Armidale Dumaresq Council and Guyra Shire Council are no longer in effect. The 2019 drought demonstrated these plans were not responsive, comprehensive or resourced to meet the demands of a drought of the severity of 2019.

Armidale Regional Council officers adopted an adaptive response to the 2019 drought. The response considered the capacity and needs of Guyra and Armidale, but approached the operational requirements on the basis of an integrated water utility.

Policy development continued contiguously as the Water team maintained water supplies for its customers throughout the emergency. Much of the policy development progressed in collaboration with the NSW DPIE Water. This is necessary to ensure ARC water policy has the support of government including Council's best prospects for State funding. DPIE Water supports ARC's approach to treat the LGA as an integrated water system. The foundations for ARC water policy is the Integrated Water Cycle Management Strategy and Secure Yield review. This work is underway and has positive prospects for funding support from the NSW Government.

Question on Notice2.

Answer

Staffing has not been a barrier to policy development, water operations and response to emergency drought conditions. An example is members of the water team attended an issue with the new pontoon on the Christmas public holidays ensuring Guyra continued to receive raw water.

Water policy development had largely been outsourced by previous Councils. The practice had been to engage consultants to frame drought and water policy. This Council has elected to bring drought and policy development in-house and collaborate with DPIE Water. This will have the effect of reducing consultant fees; adopting water policy that has greater relevancy to Armidale and Guyra communities and industries; be more adaptive and responsive; empower staff to manage water resources responsibly and effectively.

Question on Notice 3.

Answer

These are publically available on the Water NSW website

<https://waterregister.watarnsw.com.au/water-register-frame>

The WAL for Guyra is 39597. The WAL for Malpas Dam is 39683. Conditions are shown.

WAL Conditions (39597)

Water sharing plan	Macleay River Unregulated and Alluvial Water Sources
	Take of water
MW0112-00001	The maximum water allocation that may be carried over in the account for this access licence from one water year to the next water year is: A. a volume equal to 100 % of the share component of the licence, or B. 1 ML/unit share of the share component of the licence.
MW0658-00001	If water is taken from an off-river pool, then water must only be taken from the pool when the volume of water in the pool exceeds the full capacity of that pool.
MW0005-00008	From 1 July 2016 until 30 June 2019, the total volume of water taken under this access licence in these three (3) water years must not exceed a volume equal to: A. 50 % of the water in the account from the available water determination in the first water year (1 July 2016 until 30 June 2017), plus B. the sum of water in the account from the available water determinations in the second and third water years, plus C. any net amount of water either assigned to or from the account under a water allocation assignment in those 3 water years, plus D. any water re-credited by the Minister to the account in those 3 water years.
MW0036-00008	The volume of water taken in any three (3) consecutive water years from 1 July 2017 must be recorded in the logbook at the end of those three water years. The maximum volume of water permitted to be taken in those years must also be recorded in the logbook.
MW4536-00001	Water must only be taken when there is a visible flow in the water source at the location where water is to be taken. This restriction does not apply if water is taken from: A. upriver alluvial sediments or B. an in-river pool, off river pool, runoff harvesting dam or an in-river dam pool.
MW0004-00010	From 1 July 2017, the total volume of water taken in any three (3) consecutive water years under this access licence must not exceed a volume which is equal to the lesser of either: A. the sum of: i. water in the account from the available water determinations in those 3 consecutive water years, plus ii. water in the account carried over from the water year prior to those 3 consecutive water years, plus iii. any net amount of water assigned to or from this account under a water allocation assignment in those 3 consecutive water years, plus iv. any water re-credited by the Minister to the account in those 3 consecutive water years,

or

B. the sum of:

- i. the share component of this licence at the beginning of the first year in those 3 consecutive water years, plus
- ii. the share component of this licence at the beginning of the second year in those 3 consecutive water years, plus
- iii. the share component of this licence at the beginning of the third year in those 3 consecutive water years, plus
- iv. any net amount of water assigned to or from this account under a water allocation assignment in those 3 consecutive water years, plus
- v. any water re-credited by the Minister to the account in those 3 consecutive water years.

MW0548-00001 If water is taken from an in-river pool, then water must only be taken from the pool when the volume of water in the pool exceeds the full capacity of that pool.

Use of water

MA2455-00001 Water must be used for town water supply purposes.

Monitoring and recording

MW2338-00001 The completed logbook must be retained for five (5) years from the last date recorded in the logbook.

MW0027-00009 The volume of water taken from 1 July 2016 until 30 June 2019 must be recorded in the logbook at the end of 30 June 2019. The maximum volume of water permitted to be taken in those water years must also be recorded in the logbook. The first water year is from 1 July 2016 until 30 June 2017.

MW2336-00001 The purpose or purposes for which water is taken, as well as details of the type of crop, area cropped, and dates of planting and harvesting, must be recorded in the logbook each time water is taken.

MW2337-00001 The following information must be recorded in the logbook for each period of time that water is taken:

- A. date, volume of water, start and end time when water was taken as well as the pump capacity per unit of time, and
- B. the access licence number under which the water is taken, and
- C. the approval number under which the water is taken, and
- D. the volume of water taken for domestic consumption and/or stock watering.

MW2339-00001 A logbook must be kept, unless the work is metered and fitted with a data logger. The logbook must be produced for inspection when requested by the relevant licensor.

Reporting

MW0051-00003 Once the water access licence holder becomes aware of a breach of any condition on this water access licence, the water access licence holder must notify the Minister as soon as practicable. The Minister must be notified by:

- A. email: water.enquiries@dpi.nsw.gov.au, or
- B. telephone: 1800 353 104. Any notification by telephone must also be confirmed in writing within seven (7) business days of the telephone call.

Other Conditions

NIL

WAL Conditions (39683)

Water sharing plan	Macleay River Unregulated and Alluvial Water Sources
	Take of water
MW0112-00001	The maximum water allocation that may be carried over in the account for this access licence from one water year to the next water year is: A. a volume equal to 100 % of the share component of the licence, or B. 1 ML/unit share of the share component of the licence.
MW0658-00001	If water is taken from an off-river pool, then water must only be taken from the pool when the volume of water in the pool exceeds the full capacity of that pool.
MW4536-00001	Water must only be taken when there is a visible flow in the water source at the location where water is to be taken. This restriction does not apply if water is taken from: A. upriver alluvial sediments or B. an in-river pool, off river pool, runoff harvesting dam or an in-river dam pool.
MW0005-00008	From 1 July 2016 until 30 June 2019, the total volume of water taken under this access licence in these three (3) water years must not exceed a volume equal to: A. 50 % of the water in the account from the available water determination in the first water year (1 July 2016 until 30 June 2017), plus B. the sum of water in the account from the available water determinations in the second and third water years, plus C. any net amount of water either assigned to or from the account under a water allocation assignment in those 3 water years, plus D. any water re-credited by the Minister to the account in those 3 water years.
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MW0004-00010	From 1 July 2017, the total volume of water taken in any three (3) consecutive water years under this access licence must not exceed a volume which is equal to the lesser of either: A. the sum of: i. water in the account from the available water determinations in those 3 consecutive water years, plus ii. water in the account carried over from the water year prior to those 3 consecutive water years, plus iii. any net amount of water assigned to or from this account under a water allocation assignment in those 3 consecutive water years, plus iv. any water re-credited by the Minister to the account in those 3 consecutive water years, or B. the sum of: i. the share component of this licence at the beginning of the first year in those 3 consecutive water years, plus ii. the share component of this licence at the beginning of the second year in those

- 3 consecutive water years, plus
- iii. the share component of this licence at the beginning of the third year in those 3 consecutive water years, plus
- iv. any net amount of water assigned to or from this account under a water allocation assignment in those 3 consecutive water years, plus
- v. any water re-credited by the Minister to the account in those 3 consecutive water years.

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- A. email: water.enquiries@dpi.nsw.gov.au,
- or
- B. telephone: 1800 353 104. Any notification by telephone must also be confirmed in writing within seven (7) business days of the telephone call.

Other Conditions

NIL

Question on Notice 4.

Answer

A councillors briefing was held in August 2019 advising of the three neighbouring solar farms being Stringy Bark, Oxley and Olive Grove. This briefing advised that Oxley would be State Significant development and the Joint Regional Planning Panel (JRPP) would be the consent authority for Stringy Bark and Olive Grove.

Schedule 7 Clause 5 of State Environmental Planning Policy (State and Regional Development) 2011 states the following:

Private infrastructure and community facilities over \$5 million

Development that has a capital investment value of more than \$5 million for any of the following purposes—

- (a) air transport facilities, electricity generating works, port facilities, rail infrastructure facilities, road infrastructure facilities, sewerage systems, telecommunications facilities, waste or resource management facilities, water supply systems, or wharf or boating facilities,
- (b) affordable housing, child care centres, community facilities, correctional centres, educational establishments, group homes, health services facilities or places of public worship.

The Development Application was lodged on 19 August 2019 with an estimated cost of works of 32.1 million. This Application was notified to all residents within 2 kms and advertised in the paper with the date for submissions ending on 18 September 2019. Council's Development section assess the application like any other application and submits the assessment report to the JRPP for determination.

Question on Notice 5.

Answer

Council has been utilising the services of LGNSW, panel solicitors and an industrial relations specialist from Sparke Helmore. LGNSW has been and continues to be the primary service instructed in IRC matters. Solicitor firms have been used where LGNSW has been unsuitable due to the complex nature of the matter. Council pays a retainer to LGNSW for their services and pays applicable hourly rates to instructed solicitors. Solicitors provide a higher level of service and are more appropriate to deal with complex or prolonged legal matters.

Question on Notice 6.

Answer

A recent review of approved positions showed 39 vacant positions across Council. Recruitment is currently underway for 12 positions. A number of roles have been held back to allow for a review of overall organisational requirements. This review is currently underway with Managers requested to present proposed structures to the Executive Leadership Team by 13 March 2020. No staff, except for those on sick leave, are currently on non holiday leave.

Question on Notice 7.

Answer

Council does not have a public relations officer. Assuming Councillor O'Connor means the Manager Strategic Communications & Marketing the PD for this role is attached. This role is graded level 10.

Question on Notice 8.

Answer

These figures have been provided in the Financial Reports and are as follows:

2018/19 redundancy cost \$653,528
2019/20 YTD redundancy cost \$651,592
2019/20 redundancy budget \$873,000.

Question on Notice 9.

Answer

The Transformation Program is spread over a range of areas within Council. Direct costs associated with this program are:

2018/19 \$234,112
2019/20 \$168,418

These costs have been incurred over a range of activities including project management, service review, modelling for rates harmonisation and corporate risk register development. Council has also undertaken other activities including land divestment and leadership development as part of the Transformation Program.

Question on Notice 10.

Answer

The Transformation Program is estimated to have commenced on or around 1 November 2018. Since that time 63 employees have left Council that were in part or full time employment. This includes 7 positions that were temporary with employees departing due to the term ending. The remaining departures occurred for a range of reasons including resignations, redundancy resulting from merger transition arrangements and redundancy due to restructure. These numbers do not include casual staff.

Question on Notice 11.

Answer

The Transformation Program is estimated to have commenced on or around 1 November 2018. Since that time 46 employees have commenced with Council in part or full time roles. This includes temporary positions but not casual positions.

Question on Notice 12.

Answer

The Transformation Program consisted of a range of activities that were spread across the organisation and was initially being coordinated by a Transformation Committee. As the program has matured work has been undertaken to integrate the Transformation Program activities into business as usual and the action items are now reflected in current and planned Operational Plan activities. As such, the responsibility for Transformation Program activities is with the Managers of the relevant business areas within Council.

Question on Notice 13.

Answer

The direct costs including direct staffing costs for the Transformation Program are provided in the response to Question 9.

The Transformation Program activities were expected to generate around \$3.4m in benefits from increased revenue and savings generated through efficiency gains. To date this target has largely been met through the realisation of land sales proceeds from the land divestment

program and parking infringement income. Additional revenue was forecast for Aquatic Centres and savings targets recognised for Parks, Procurement and Customer Service. To date, these targets have been partially achieved but progress has been impacted by the drought, which has impacted on Council customer facing services and the ability for other areas to implement efficiency savings initiatives as staff priorities have had to shift to support the drought response.

Question on Notice 14.

Answer

The cost of consultancies is reported in the quarterly budget review reports. The operational costs relating to the financial periods sought are:

2017/18 \$2,812,309

2018/19 \$1,891,309

2019/20 YTD \$1,276,174

The level of consultancy costs has been impacted by the implementation of the merger (2017/18), significant work undertaken in the water and sewer funds (2018/19 and 2019/20) and drought response (2019/20).