



LITHGOW CITY COUNCIL

AGENDA

EXTRA ORDINARY MEETING OF COUNCIL

TO BE HELD AT

THE ADMINISTRATION CENTRE, LITHGOW

ON

27 APRIL 2010

AT 7.30pm

AGENDA

PRESENT

APOLOGIES

DECLARATION OF INTEREST

QUESTIONS FROM THE PUBLIC FORUM

PRESENTATIONS - NIL

MAYORAL MINUTES - NIL

NOTICES OF MOTION - NIL

NOTICE OF RESCISSIONS - NIL

CORRESPONDENCE AND REPORTS

General Managers Reports

Regional Services Reports

Community and Corporate Services Reports

REPORTS FROM DELEGATES - NIL

CLOSED REPORTS

Confidential Report - Contract Lithgow Land Use Strategy and Local Environmental Plan

BUSINESS OF GREAT URGENCY

as identified by Clause 241 of the Local Government (General) Regulations 2005

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GENERAL MANAGERS REPORTS

ITEM:1 GM - 27/04/10 - DRAFT MANAGEMENT PLAN 2010-2011 - 2013/2014

REFERENCE

NIL

SUMMARY

Council resolved at the Extra Ordinary Meeting held on 29 March 2010 to defer the consideration of the Management Plan until a meeting had been held with the Minister for Water in relation to Best Practice. This meeting was held in Sydney on Thursday 15 April 2010.

The Council's Draft Management Plan 2010/11 – 2013/14 has been prepared and is to be placed on public exhibition.

COMMENTARY

Lithgow City Council plays an important role in the community by undertaking a wide range of activities and works on behalf of residents and visitors. To inform the community of these planned activities and works, the Council each year prepares a Management Plan. The Plan provides details of how Council will fund proposed activities and works and how Council will measure its performance.

The Draft Management Plan 2010/11 – 2013/14 has been prepared and details Council's activities for the next 4 years and the Revenue Policy for 2010/11. It incorporates the strategies of Council's Strategic Plan for the first year as noted as an action in the Management Plan 2010/11 – 2013/14.

The Draft Management Plan community forums will be held on the following days and time:

- Wednesday 5 May 2010 - Business Forum and Lithgow Community Forum
- Thursday 6 May 2010 - Hartley Community Forum
- Wednesday 12 May 2010 - Wallerawang and Portland Community Forums
- Thursday 13 May 2010 - Rydal Community Forum
- Thursday 20 May 2010 - Capertee Community Forum

The Draft Management Plan is provided for Council's consideration to place on public exhibition for a minimum period of 28 days. Closing date for public submissions will be Friday 28 May 2010.

The following report provides an overview of some of the key features contained in the Council's Draft Management Plan for 2010/11 to 2013/14.

GENERAL RATES and PARKING RATE:

The Minister for Local Government, under the rate pegging legislation, has allowed general fund (including parking rate) to increase by 2.6% for 2010/2011. The rate pegging limit has been reflected in the Management Plan and will provide additional income of \$271,342 on the rate income received in 2009/10.

As required by Local Government regulations the 'farmland' and 'intensive use' farmland remain the lowest rate in the dollar.

SPECIAL RATE VARIATION - INFRASTRUCTURE LEVY:

Council resolved in 2009 to make application to the Minister for Local Government for a special rate variation for infrastructure improvements in the local government area. The variation was approved for a 10 year period. Funding raised by this initiative is being used to meet the deteriorating condition of many of the local roads and community buildings.

The local infrastructure has been deteriorating over a number of years and in many cases may be regarded as being in a very poor condition. This matter had been highlighted by councillors, community concerns and also reinforced through grant applications to both the State and Federal governments and an immediate injection of funds to improve the situation was required.

The works in the following table are included in the 2010/11 to 2013/14 Management Plan:

PROPOSED INFRASTRUCTURE LEVEL: SPECIAL RATE VARIATION				
SEC 508 (2) OF THE LG ACT 1993				
	2010/11	2011/12	2012/13	2013/14
Sodwalls Tarana Road	\$ 164,160			
Rydal Hampton Road				\$117,990
Cox's River Road	\$ 25,650	\$ 41,040		
Magpie Hollow Road		\$ 148,770		
Mid Hartley Road			\$82,080	
Glen Davis Road			\$107,730	
Glen Alice Road				\$71,820
Reseals - 10mm	\$ 104,000	\$ 104,000	\$104,000	\$104,000
Lithgow/ Portland Lanes	\$ 92,340	\$ 92,340	\$92,340	\$92,340
TOTAL INFRASTRUCTURE	\$ 386,150	\$ 386,150	\$386,150	\$386,150
Crystal Theatre: Major Improvements				
Lake Wallace Toilets: Refit & Security				
Wallerawang Memorial Hall - Flooring	\$ 46,170			
Civic Ballroom:	\$ 20,520			
Lithgow Pool Amenities		\$ 51,300		
Family Historical Society Tank St: Roof		\$ 15,390		
Red Cross Hall: Roof, Drainage and Painting			\$51,300	
Golf Club: Verandah Works - Heritage eastern side			\$15,390	
Hermitage Hall: Heating				\$10,260
Vale hall: Painting and Toilets				\$10,260
Learning Centre - Repaint				\$20,520
Wallerawang Memorial Hall: Doors and Security				\$20,520
General Asset Building Maintenance	\$ 10,260	\$ 10,260	\$10,260	\$15,390
TOTAL BUILDING	\$ 76,950	\$ 76,950	\$76,950	\$76,950
TOTAL EXPENDITURE	\$ 463,100	\$463,100	\$463,100	\$463,100

WASTE CHARGES:

The further development of the waste disposal facility at Blackman's Flat and closure of the existing depots at Lithgow, Capertee, Portland, Wallerawang, Cullen Bullen and Angus Place will be funding during 2010/11 and it is being recommended the residential and business garbage charge be increased by \$10.00 per property from \$287.00 to \$297.00

Waste Charges		
Type	Charge (\$)	Estimated Yield (\$)
Residential	\$297.00	\$2,367,684
Residential 2 nd service	\$297.00	\$2,079
Business per service	\$297.00	\$181,170
Non Rateable	\$297.00	\$64,152
Base – Unoccupied	\$112.00	\$77,392
Base Rural	\$72.50	\$170,158
Total Estimated Yield		\$2,862,635

STORMWATER CHARGES

It is proposed that the following stormwater charges will be levied on all residential and business properties within identified urban areas, except those which are vacant land and remain unchanged from the 2009/10 stormwater charges. The cap however will be increased from \$350 to \$1,500 will affect 63 parcels of land. The levy is used to partly fund the maintenance and improvements to urban drainage as well as the flood mitigation works at Farmers Creek, Lithgow.

Stormwater Charges		
Type	Charge (\$)	Estimated Yield (\$)
Residential	\$25.00	\$148,925
Strata Unit (Residential)	\$12.50	\$1,087
Business	\$25.00 per 350 sq metres or part thereof (capped at \$1,500)	\$87,400
Total Estimated Yield		\$237,412

KEY SOCIAL, ECONOMIC AND ENVIRONMENTAL STRATEGIES

In the Plan Council is continuing to plan for a sustainable future by responding to the needs outlined in its Corporate Strategic Plan for the development of robust planning instruments. During 2009/10 Council continued to plan for the future with the community by developing the Economic Development Strategy, Cultural Precinct Study, Crime Prevention Plan, Business and Retail Strategy and Wallerawang Industrial Park Study. Council's decisions have been based upon sound evidence and community input throughout this planning process. During 2010/11 Council will be:

- Undertaking a review of the Corporate Strategic Plan and consulting with the community on the development of 10-year Community Strategic Plan for the Lithgow local government area.

- Developing a comprehensive Land Use Strategy to inform the comprehensive Local Environment Plan for the area.
- Developing an Ageing Strategy that will provide important information for the Council in considering services for its rapidly ageing population.
- Identifying grant funding opportunities to implement key strategies from the Cultural Precinct Study such as a Wayfinding and Signage Masterplan and improvements to public spaces within the Precinct.
- Developing a recreation and open space plan which will provide direction for the future provision of parks, sporting fields and reserves.
- Developing Asset Management Plans for roads, buildings, drainage and other infrastructure.
- Developing Public Lands Plans of Management for ‘community’ and ‘crown’ lands.
- Undertaking an audit and gap analysis of the State of Environment Report and Social Plan to inform the Community Strategic Plan.
- Developing a Heritage Development Control Plan Study to identify local heritage values and develop a Heritage Management Policy.

COMMUNITY AND CULTURAL SERVICES

Council will continue to provide a range of community services that underpin quality of life including:

- Operation of the Council’s Libraries in Lithgow, Portland and Wallerawang with Portland library to receive a much needed new fit-out.
- Financial assistance to community groups.
- Continuing operations of Eskbank House Museum.
- Carrying out of health inspections for food premises, trade waste, septic tanks and water supplies.
- Provision of tourism information services through the Visitor Information Centre.
- Support for youth activities through the development of a Youth Council and Youth Forums.

MAJOR UPGRADES TO ROADS AND BUILDINGS PLANNED

Significant works need to be undertaken on its roads and public buildings to improve their condition. To this end Council is continuing to inject significant funds into infrastructure into the future. Major road projects for 2010/11 will include:

- Continue to upgrade sections of Browns Gap Road, Hartley, Glen Alice Road, Glen Alice, Glen Davis Road, Glen Davis and Rydal Hampton, Hampton.
- Rehabilitation of rural sealed roads; Cox’s River Road, Hartley and Magpie Hollow Road, South Bowenfels.
- Reseals to Short and Ivatts Streets, Lithgow

Improvements to buildings will include for example:

- Replacing the flooring at the Wallerawang Memorial Hall.
- Improvements to Meadow Flat and Hermitage Halls.

SEWERAGE, WATER AND WASTE IMPROVEMENTS

A significant number of major capital works are to be undertaken in 2010/11. For example:

- Activate the consent for the Blackmans Flat Waste Facility.
- Continuation of works to augment Clarence Water Transfer system including works to make available water to areas currently serviced by water sourced from Fish River Water Supply.
- Significant upgrade to water mains and reservoirs.
- Complete construction of the Lithgow Water Treatment Plant Augmentation and Commence construction of Wallerawang Sewerage Treatment Plant to improve the quality of effluent being discharged into the Sydney Drinking Water and Hawkesbury Nepean Catchments.

GRANT FUNDING

The Council is continuing to apply for funding from State and Federal Government and other sources. Funding from the Federal Government will contribute towards major infrastructure upgrades such as:

- \$208,000 from the Regional and Local community Infrastructure Program for Queen Elizabeth Park, Kremer Park, Marjorie Jackson Oval, Lithgow Croquet Club, Meadow Flat and Hermitage Halls.
- \$1.5m from the Regional and Local Community Infrastructure Program Strategic Projects for Stage 1 of the Lithgow Aquatic Centre. Council is awaiting the success of the application.

BEST PRACTICE WATER & SEWER PRICING:

Council representatives met with the Hon Michael Costa, Minister for Water, on Thursday 15 April 2010 in relation to Best Practice pricing of water and Council's concerns at the per kilolitre rate that would result because of this pricing.

Over recent years Council has been progressively implementing Best Practice water and sewer pricing as required by the NSW Government and the then Department of Land & Water Conservation (DLWC) through the 'National Competition Policy' to improve the effectiveness of non – metropolitan water, sewerage and also liquid trade waste services.

Under the funding conditions from the NSW State Government for the upgrade of the Lithgow Sewerage Treatment Plant Council is being required to implement the Best Practice quicker than anticipated. Under the funding agreement Council is being required to:

"Implement appropriate step pricing for water supply to achieve at least 75% residential revenue generated through usage charges by June 2010."

This condition of funding by the State Government will have a significant affect on the current charging regime by Council, one that will potentially see a great impact on some individuals.

According to the Guidelines the purpose of restructuring the water and sewerage charges is to provide an equitable 'Access Charge' (Levy) on the rate notice and 'Usage Charge' which provides a financial benefit to the low water users and imposes a high usage charge on the heavy water users in the community. The NSW Government has been encouraging best-practice by all NSW Local Water Utilities (LWUs). The purpose of best-practice management is:

- to encourage the effective and efficient delivery of water supply and sewerage services; and
- to promote sustainable water conservation practices and water demand management throughout NSW.

The NSW Government is required to demonstrate compliance with the Australian Government's *National Competition Policy* and *National Water Initiative*. The approach adopted since 1995 is to progressively encourage best-practice management by LWUs to ensure effective, efficient and sustainable water supply and sewerage businesses.

Under modelling to meet Best Practice Council will be required to charge less for access to the reticulated water supply and charge more for usage. As one would expect a higher consumption charge will result in reduced consumption. The effect would be:

	Current Charges	Best Practice Charging
Access Charge	\$236.00	\$102.00
Usage Charge per kL <450kL	\$1.02	\$2.43
Usage Charge per kL >450kL	\$1.76	\$3.55

In preparing the models assumptions have had to be made in relation to the affect that this charging regime will have on the consumption levels. Water consumption from the water reticulation systems in the Lithgow LGA have been reducing in recent years. There has been a reduction in water consumption of 30% from 2004/05 to 2008/09. There has likely been several contributing factors to this one being the drought and the availability of water and another is the application of a usage charge. Unfortunately a reduction in consumption does not equate to a similar reduction in costs to Council as many of these costs are fixed. Therefore as consumption decreases the unit cost of water will increase until a balance is reached. These decreases in consumption have impacted the per kilolitre rate, especially in recent years.

With the above modelling it has been assumed that there will be a further reduction in water in the Lithgow LGA of 20%. This is an estimate only however the difficulty for Council will be that if consumption falls by a far greater proportion then the Council Water Fund may face financial difficulties.

Unfortunately what are also contributing to the increase water charge are the decreasing levels of water use and increase costs of running the system, including increases in electricity and especially maintenance costs as the system ages. Regular upgrades of the systems are required and this has been allowed for in part through this pricing.

A concern at moving to a higher usage charge is that those that are financially disadvantaged, including pensioners, will be impacted more significantly along with those premises where there are larger families.

Representations have been made to the State Government in relation to the impact on the community of this increase and Council was informed that it is expected to move to Best Practice pricing for residential water consumption.

In addition it is proposed that Council move to quarterly water meter reading for residential purposes. This will have the added benefits of spreading any impact of the water bills along with improving Council cash flow and highlighting any issues before they become too large e.g. leaking water pipes on properties.

SEWERAGE CHARGES:

During the 2009/10 financial year Council commenced a very significant capital works particularly on sewerage infrastructure and as shown below over the next three to four years Council will spend \$30M on new sewerage treatment plants in Lithgow and Wallerawang as well as planning for the upgrade of the Portland Treatment Plant. To ensure funding for the projects are met Council needs to raise sewerage charges to a sufficient level to ensure that infrastructure is maintained and redeveloped.

WASTEWATER MAJOR CAPITAL PROJECTS					
PROJECT	2010/11	2011/12	2012/13	2013/14	TOTAL EXP
	\$'000	\$'000	\$'000	\$'000	\$'000
Lithgow: STP	\$11,300				\$11,300
Wallerawang: STP	\$6,000	\$6,000			\$12,000
Portland: STP		\$200	\$200		\$400
Mains	\$250	\$900	\$400	\$400	\$1,950
Pumping Station s	\$974	\$310	\$130		\$1,414
Other Infrastructure	\$435	\$400	\$225	\$305	\$1,365
TOTAL SEWERAGE	\$18,959	\$7,810	\$955	\$705	\$28,429

The following residential and business sewerage access charges will be levied on all rateable and non rateable properties which are connected to or are within 50 metres of Council's reticulated sewerage system:

Sewerage Access Charge		
Type	Charge (\$)	Estimated Yield (\$)
Residential	\$381	\$2,697,480
Business (main size):		
200mm	\$1,660	\$1,660
100mm	\$840	\$16,800
50mm	\$740	\$42,920
20mm	\$560	\$197,120
Total Estimated Yield		\$2,841,705

Sewerage usage charges are levied on all properties using Council's reticulated sewerage system:

Sewerage Usage Charges	
Type	Charge (\$)
Residential	\$191
Business (95% of water usage) @	\$1.12 per kL

WATER CHARGES:

WATER MAJOR CAPITAL PROJECTS					
PROJECT	2010/11	2011/12	2012/13	2013/14	TOTAL EXP
	\$'000	\$'000	\$'000	\$'000	\$'000
Clarence Transfer	\$2,000				\$2,000
Reservoir Improvements	\$120	\$600	\$200	\$150	\$1,070
Mains Renewal	\$325	\$300	\$300	\$300	\$1,225
Other Infrastructure	\$361	\$485	\$150		\$996
TOTAL WATER	\$2,806	\$1,385	\$650	\$450	\$5,291

The following residential or business water availability charge will be levied on all rateable and non rateable properties which are connected to or within 50 metres of Council's reticulated water supply system:

Water Access Charge		
Type	Charge (\$)	Estimated Yield (\$)
Residential	\$175	\$1,341,375
Business (main size):		
200mm	\$1,660	\$1,660
100mm	\$840	\$22,680
50mm	\$740	\$56,980
20mm	\$560	\$231,280
Total Estimated Yield		\$1,473,725

Water usage charges will be levied on all properties using Council's reticulated water supply system. The water allowance for the first tier tariff will be reduced from 450kl to 250KL and will be charged in accordance with the Council resolution made earlier at this meeting.

Business premises will be charged at the one charge.

INTEREST CHARGES ON OUTSTANDING PROPERTY BALANCES:

Interest to be charged on rate and water arrears has been determined by the Department of Local Government at 9%.

CAPITAL PROJECTS & DISCRETIONARY EXPENDITURE:

To highlight major Capital projects & discretionary expenditure in the Draft Management Plan they may be summarised as:

- **TOURISM:**

- Promotional Material \$ 25,000
- Events Marketing \$ 8,000

- **TRANSPORT:**

- Bridge Improvements \$ 55,000
- Drainage Improvements \$220,000
- K & G Improvements \$ 50,000
- Footpath Construction \$ 35,000
- Gravel Resheeting \$215,000
- Rural Road Improvements:
- Roads to Recovery \$560,000
- Infrastructure Levy: \$451,000
- Rydal / Hampton Rd: \$100,000
- Urban Roads Reseals \$145,000
- Rural Roads Rehabilitation \$270,000
- Flood Mitigation Ongoing program \$225,000

- **RECREATION:**

• Lithgow Aquatic Centre	\$1,200,000
• RLCIP	\$208,000
• TL Grandstand Additional works	\$200,000

- **BUILDING:**

• Administration Building / Lift	\$160,000
• Meadow Flat Hall	\$104,000
• Lithgow Cemetery	\$ 30,000
• CBD Cameras	\$ 8,000
• Wallerawang Depot	\$ 30,000
• Union Theatre Stables	\$ 15,000

- **POLICY & PLANNING:**

• Economic Development Implementation	\$ 40,000
• Marketing Strategy – Economic Dev	\$ 10,000
• Marketing Strategy – Publications	\$ 10,000
• State of Environment Audit	\$ 10,000
• Xmas Decorations	\$ 5,000

- **WASTE:**

• Lithgow Landfill	\$100,000
• Capertee Tip Closure	\$ 65,000
• Cullen Bullen Tip Closure	\$ 40,000
• Angus Place Closure	\$ 40,000
• Waste Education	\$ 10,000

- **LIBRARY:**

• Portland Library New Fittings	\$ 35,000
• Portland Library New - Rental	\$ 15,000
• Library Resources	\$ 41,000

- **COMMUNITY & CULTURAL:**

• Eskbank House Display & Exhibition	\$ 6,000
• Eskbank House Paint/ BBQ/ Shade/ Carpark	\$ 40,000
• Community Donations	\$ 96,000
• Donations to Stormwater Rec Areas	\$ 5,900

LOANS:

In 2010/11 Council intends to borrow \$12,765,000 to carryout the following works:

1. \$7,677,000 to complete detailed design, tender and construct Stage 2 augmentation of the Lithgow Sewerage Treatment Plant
2. \$3,568,000 to compete the detailed design, tender and commence augmentation of the Wallerawang Sewerage Treatment Plant which is an interest free loan from the NSW State Government to be repaid over a period of 10yrs.
3. \$720,000 Waste water to fund two new pumping stations, one at Treeview Estate, the other at South Littleton also for emergency storage
4. \$800,000 water fund loan to fund water infrastructure projects such as main renewals and reservoirs upgrade

DEPRECIATION:

As advised last year Councils treatment of depreciation has altered to previous management plans. Council had previously 'cash funded' depreciation; this draft Management Plan reflects Councils injection of the depreciable value, \$6,244,751 back into infrastructure improvements.

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

The financial implications of the Draft Management Plan 2010/11 – 2013/14 are detailed in the budgets provided.

LEGAL IMPLICATIONS

The Local Government Act 1993 and Local Government (General) Regulation 2005 outlines requirements for the preparation, exhibition and adoption of management plans. The Draft Management Plan must be exhibited for a minimum period of 28 days.

RECOMMENDATION

THAT:

1. The charge for water be included in the Draft Management Plan in accordance with the earlier resolution at this meeting;
2. The Draft management Plan 2010/2011 - 2013/2014 be placed on public exhibition for a minimum period of 28 days; and
3. Closing Date for submissions be Friday 28 May 2010.

REGIONAL SERVICES REPORTS

ITEM:2 REG - 27/04/10 - WATER CHARGES AND ACCEPTANCE OF FUNDING CONDITIONS - COUNTRY TOWNS WATER AND SEWERAGE PROGRAM - LITHGOW SEWERAGE SCHEME AUGMENTATION

REPORT BY: GROUP MANAGER REGIONAL SERVICES - ANDREW MUIR

REFERENCE

Min No 10-106 – Ordinary Meeting of 22/3/2010.

Min No 10-124 – Extraordinary Meeting of 29/3/2010

SUMMARY

This report advises of the results of a deputation to the Minister for Water, the Hon Phillip Costa MP, in relation to water pricing and in particular the requirement to implement appropriate step pricing for water supply to achieve at least 75% residential revenue generated through usage charges by June 2010. This is a condition of funding under the Country Towns Water and Sewerage Scheme for the upgrade of the Lithgow Sewerage Treatment Plant.

COMMENTARY

At an Extraordinary meeting of 29 March 2010 Council considered a report on conditions relating to the subsidy offered by the NSW Government for the upgrade of the Lithgow Sewerage Treatment Plant. One of these conditions is “Implement appropriate step pricing for water supply to achieve at least 75% residential revenue generated through usage charges by June 2010.” The Council subsequently resolved as follows:

1. Council look to maintain the water charges of \$236 access charge, reduce the kilolitre limit to 250 kilolitres and maintain the rate at \$1.02 with usage above that limit be charged at the rate of \$2.78, until we have negotiated with the relevant State Government Ministers to recognise our special circumstances; and
2. Council seek to have further representations with the relevant Minister with respect to the 75% / 25% water user / access charges.

Through the Local Member, Gerard Martin, a deputation to Minister Costa was arranged and took place on 15 April 2010. The Mayor, Deputy Mayor, Group Manager Regional Services and Mr Martin attended the meeting with the Minister who was assisted by Ministerial staff and a senior officer from the NSW Office of Water. The following are the points discussed and outcomes from the deputation.

- The Mayor, Deputy Mayor and local member strongly asserted Council's case for remaining with the current pricing structure citing unique circumstances; sound water management; cash flow concerns; impost on certain consumers; and in particular the already significant reduction in consumption.

- The Minister advised that whilst it would not be possible to agree to the current pricing structure in relation to the access/usage charges split he was amenable to phasing in the 75%/25% usage/access split over more than one year. Although no period was specified, 3 years seemed to meet with general agreement. The Minister suggested in discussions that perhaps an access charge of \$200 in the first year could be the first stage, although no specific figure was agreed to.
- The deputation was adamant that any proposal to stage pricing toward Best Practice say over 3 years should not result in withholding Council's final claim for the upgrade of the Lithgow Sewerage Treatment Plant. The Minister will take advice on this but the Office of Water representative indicated that something should be possible.
- The Office of Water representative advised that the \$87.50 pension rebate applies to access and usage charges. That is, pensioners receive the full rebate irrespective of the access charge.
- The Office of Water will provide staff representatives to address community members on the rationale of Best Practice pricing.
- Whilst the Office of Water would prefer to see a charging model that provided no increase in revenue (except for CPI) from previous years charges, there was acceptance that Council had the prerogative to increase revenue to cover additional maintenance and electricity costs. This in itself was not a result of Best Practice pricing but modelling needs to identify the effect of Best Practice pricing in a revenue neutral situation (i.e. no increase in revenues) and increased charges resulting from the need to budget for additional maintenance and electricity costs.
- Council will determine which pricing model it wishes to put forward and presuming the elected Council concurs with the staged approach, this will be forwarded to the Office of Water for final agreement.
- The Minister was also advised of Council's intention to apply for a licence variation to overtop Farmers Creek Dam. This would allow additional water to be provided to Lake Lyell, subject to agreement with Delta Electricity to cover costs, thus potentially further reducing Delta's draw on Oberon Dam.

Whilst the arguments of maintaining a high access charge/low user charge split make perfect business sense, the requirements for Best Practice pricing are a funding requirement and on this basis there appears no choice but to comply. It appears sensible to implement Best Practice Pricing over a 3 year period on the basis that it does not impact on Council's final claim for the Lithgow STP upgrade (estimated to be in the vicinity of \$1.3million).

Models considered are attached to the business paper. Model 13 in 2010/2011 with a residential access charge of \$185; first tier usage to 250kl at \$1.81 per kl; and second tier usage at \$2.61 per kl appears to provide the best scenario in that it achieves some reduction in the access charge whilst maintaining a higher charge than the previous models under which had Council expressed concerns.

It also achieves an increase in revenues to fund additional maintenance and electricity costs; reflects the need to increase reserves because of the significant drop in consumption in recent years, takes into consideration a likely drop in consumption and is the first step in moving towards Best Practice Pricing. It does increase usage charges but depending on the level of usage this is only partially attributable to Best Practice pricing.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Financial comparative modelling is included as an attachment. This includes the impacts of various models on Council revenue in addition to access and usage charges for consumers.

LEGAL IMPLICATIONS

No specific legal considerations arise.

ATTACHMENTS

1. Water modelling – comparison of options.

RECOMMENDATION

THAT

1. Council adopt attached Model 13 for the 2010/2011 financial year as the model to be included in the draft Management Plan 2010/2011 – 2013/2014.
2. Council indicate to the NSW Office of Water that it will agree to the phasing in of Best Practice pricing over a 3 year period commencing in 2010/2011 so that it achieves at least 75% residential revenue generated through usage charges in the 2012/2013 financial year.
3. Council accept the funding conditions for 39% subsidy under the Country Towns Water and Sewerage Program on the basis that the NSW Office of Water formally agrees with the proposal to phase in full Best Practice pricing over 3 financial years with no impact on Council's ability to make claims for the Lithgow Sewerage Treatment Plant under the scheme.
4. The Common seal be authorised to be affixed to any documentation.

CLOSED REPORTS

**ITEM:3 COMM - 27/04/10 - CONFIDENTIAL REPORT - CONTRACT LITHGOW
LAND USE STRATEGY AND LOCAL ENVIRONMENTAL PLAN**

REPORT BY: SHERILYN HANRAHAN, STRATEGIC LAND USE PLANNER

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(2(D)(g) of the Local Government Act 1993, which permits the meeting to be closed to the public for business relating to the following: -

- (g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege

SUMMARY

Council at its Ordinary meeting of 12 April 2010 deferred consideration of this report to be further considered at the extraordinary meeting of Council on 27 April 2010.

The purpose of this report is to advise Council of action being taken to terminate the formal contract to undertake the preparation of the Land Use Issues Paper, Land Use Strategy and Local Environmental Plan between Council and the consultant firm Insite Planning Engineering, Environmental and to provide further information relating to the financial settlement attached thereto.

RECOMMENDATION

THAT Council consider this report in closed Council pursuant to Section 10A(2)(D)(g) of the Local Government Act 1993.

Double Click Here to insert the <ClosedCouncil>

BUSINESS OF GREAT URGENCY

In accordance with Clause 241 of the Local Government (General) Regulations 2005 business may be transacted at a meeting of Council even though due notice of the business has not been given to the Councillors. However, this can happen only of:

- a) *A motion is passed to have the business transacted at the meeting: and*
- b) *The business proposed to be brought forward is ruled by the Chairperson to be of great urgency.*

Double Click Here to insert the <MeetingCloseTime>