



Forged by Fire

Ordinary Meeting of Council  
to be held at  
Council Administration Centre  
180 Mort Street, Lithgow  
on  
Monday 26 February 2024  
at 7:00 PM

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## 1. Acknowledgement of Country

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### Acknowledgement of Country

Lithgow City Council acknowledges Wiradjuri Elders past and present of the Wiradjuri nation - the original custodians of the land on which the Lithgow's communities reside. The Council also extends our respects to our neighbouring nations.

### Declaration of Webcasting

I inform all those in attendance at this meeting, that the meeting is being webcast and that those in attendance should refrain from making any defamatory statements concerning any person, Councillor or employee, and refrain from discussing those matters subject to Closed Council proceedings as indicated in clause 14.1 of the code of meeting practice.

## 2. Present

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## 3. Apologies

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## 4. Declaration of Interest

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### Ethical Decision Making and Conflicts of Interest

*A guiding checklist for Councillors, officers and community committees*

#### Oath or Affirmation of Office

Councillors are reminded of the Oath or Affirmation taken of office, made under section 233A of the *Local Government Act 1993* when elected.

#### Ethical decision making

- Is the decision or conduct legal?
- Is it consistent with Government policy, Council's objectives and Code of Conduct?
- What will the outcome be for you, your colleagues, the Council, anyone else?
- Does it raise a conflict of interest?
- Do you stand to gain personally at public expense?
- Can the decision be justified in terms of public interest?
- Would it withstand public scrutiny?

#### Conflict of interest

A conflict of interest is a clash between private interest and public duty. The test for conflict of interest:

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of 'corruption' – using public office for private gain.
- Important to consider public perceptions of whether you have a conflict of interest.

#### There are two types of conflict:

- **Pecuniary** – regulated by the *Local Government Act 1993* and Office of Local Government. A person with a pecuniary interest should at least disclose and not vote, but it would also in these cases be appropriate to leave the chamber.
  - **Non-pecuniary** – regulated by Codes of Conduct and policy. ICAC, Ombudsman, Office of Local Government (advice only). If declaring a Non-Pecuniary Conflict of Interest, a person with a non-pecuniary interest can choose to either disclose and vote, disclose and not vote or leave the Chamber.
  - Local Government Act 1993 and Model Code of Conduct
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For more detailed definitions refer to the *Local Government Act 1993*, Chapter 14 Honesty and Disclosure of Interest and adopted Code of Conduct.

### Identifying problems

**1st** Do I have private interests affected by a matter I am officially involved in? **2nd** Is my official role one of influence or perceived influence over the matter? **3rd** Do my private interests conflict with my official role?

### Disclosure of pecuniary interests / non-pecuniary interests

Under the provisions of Section 440AAA(3) of the *Local Government Act 1993* (pecuniary interests) and the Model Code of Conduct it is necessary for you to disclose the nature of the interest when making a disclosure of a pecuniary interest or a non-pecuniary conflict of interest at a meeting.

**A Declaration form should be completed and handed to the General Manager** as soon as practicable once the interest is identified. Declarations are made at Item 3 of the Agenda: Declarations - Pecuniary, Non-Pecuniary and Political Donation Disclosures, and prior to each Item being discussed.

## 5. Confirmation of Minutes

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Confirmation of the Minutes of the Ordinary Meeting of Council held 30 January 2024.

## 6. Commemorations and Announcements

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On behalf of Lithgow City Council the Mayor expressed sincere sympathy and condolences to families who had lost loved ones since the last council meeting.

## 7. Public Forum

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Any person registered to speak during Public Forum on a matters included in the business paper and registered via the Council website prior to 12 Noon on the day of the meeting will have the opportunity to speak. There will be only two speakers for and against, on each matter on the business paper.

Public forum will be allocated half an hour time in total with each speaker having 3 minutes to speak.

Speaker not registered for public forum will have an opportunity to speak on matters on the business paper if time permits.

## 8. Mayoral Minutes

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The Mayor is able to table a Mayoral minute at the meeting if required.

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## 9. Notices of Motion

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### 9.1. NOTICE OF MOTION - Councillor S Lesslie - 23/02/2024 - State and Federal Members invited to Lithgow City Council Events

**Report by** Councillor Stephen Lesslie

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**Commentary**

Nil

**Attachments**

Nil

**Recommendation**

THAT for any Lithgow City Council event, if the State Member is invited, then the Federal Member must also be invited.

**Management Comment**

By and large this is the protocol that is followed with both of the Local Members. An exception would be where the event has no relationship to the other level of government.

## **9.2. NOTICE OF MOTION - Councillor E Mahony - 26/02/2024 - Review of Council policies and actions relating to street tree management and verge gardens.**

**Report by** Councillor Eric Mahony

### **Commentary**

Street trees across the Lithgow Local Government Area, including those of heritage significance, are integral to urban landscapes, playing crucial roles in enhancing amenity, managing urban heat islands, and boosting street appeal.

These trees not only provide shade, reduce surface temperatures, and improve air quality but also contribute to preserving historical character and cultural identity of neighbourhoods, townships and our smaller rural villages. Their presence connects communities to the past, fostering a sense of continuity and heritage.

Additional to street trees, verge gardens are utilised across a range of urban settings in the region to soften hard surfaces, potentially can capture stormwater runoff, and add to the character of individual neighbourhoods.

Together, trees and verge gardens enrich urban environments and amenity, and provide for a strong sense of place for current and future generations.

Several policies pertain to managing street trees and verge gardens. To ensure a strategic policy approach that aligns with operational needs and community values, it is recommended to review these policies collectively.

### **Attachments**

1. Policy-10-13- Removal- Of- Trees- From- Public- Land [9.2.1 - 4 pages]
2. Policy-10 15- Nature Strip Median Maintenance [9.2.2 - 2 pages]

### **Recommendation**

THAT:

1. Council undertake a review of policies relating to street tree management and the use of verge gardens across the Lithgow Local Government Area. That this review commence with a report to the Operations Committee.
2. Given the heritage values of the mature treescape of London Plane Trees in Short Street Lithgow, that any proposal to remove trees be brought to an Ordinary Meeting of Lithgow City Council for determination.

### **Management Comment**

Discussion of this matter at an Operations Committee would be the best course of action. This would allow the scope of such a review to be clarified. Subsequent to this, the full Council could consider the timing of the review based upon the available resources and the priorities.

There has been some preliminary community consultation about the trees in Short Street. It was intended for this matter to be returned to Council for a decision if there is a case for any removal of trees.



**9.3. NOTICE OF MOTION - Councillor E Mahony - 26/02/2024 - Council support to the Ironfest Makers Event 2024.**

**Report by** Councillor Eric Mahony

**Commentary**

Ironfest is an annual arts festival run by community members with its origins celebrating the birth of steel in Australia in Lithgow. Ironfest is a registered not-for-profit incorporated association (Inc. 9882306) with a corporate structure similar to other local organisations such as the Lithgow Show, Lithgow Musical Society and the Lithgow District Chamber of Commerce.

For nearly 25 years, with the exception of the Covid period Ironfest has been held annually in Lithgow. In 2024 for the first time Ironfest will be held outside Lithgow.

In uncertain times with venue availability, key individuals from the Ironfest Committee and Portland's Foundations have come together to successfully develop a pathway back for what has been a centrepiece festival of our region for nearly quarter of a century.

The two parties involved should be congratulated, as again it is a demonstrated example of the greater Lithgow community's capacity to come together to make big ideas a material reality. As a result the 2024 Ironfest event will be held in Portland this year.

**Discussion:**

Given the Ironfest Makers Event 2024 will be run in Portland this year, Council's should consider providing support to the provision of linking bus services from Lithgow to Portland during this community event to provide for improved access for community members and visitors to the area as well as increased economic activity for the township of Portland.

Since it's inception, Ironfest has provided significant economic outcomes for the region resulting from these annual events as well as broader visibility and brand identification of the Lithgow region and Seven Valleys tourism, locally and beyond.

By offering accessible and affordable transportation to supplement existing public and other transport options, will provide for more widespread participation.

Increased attendance as part of the event will stimulate local economic activity, in turn benefiting local Portland businesses.

**Attachments**

Nil

**Recommendation****THAT:**

1. Council provide in principle support to supplement existing public transport options to Portland from Lithgow for the duration of Ironfest Makers Event 2024 in Portland.
2. Staff meet urgently with the organisers of Ironfest Makers Event 2024 and a report outlining transport options and the funds required be brought to Lithgow City Council's March Ordinary Meeting for determination.



## Management Comment

As part of the 2023/24 approved Operational Plan, Council has allowed a budget provision of \$20,000 for Ironfest sponsorship. This is an increase of \$5,000 on the most recent Ironfest sponsorship agreement in 2019.

For past Ironfest events, Council has entered a formal sponsorship agreement with Ironfest Inc. The sponsorship agreement would set out the expected value of in-kind Council support of the event which is funded from the budget allocation. If the value of in-kind Council support is less than the budget allocation, the balance of the allocation may be paid directly to Ironfest Inc.

The provision of linking bus services from Lithgow to Portland could certainly be considered as part of Council's support of the 2024 Ironfest event, as part of a sponsorship agreement and within the approved budget allocation.

Typical Ironfest sponsorship agreement provisions include:

- Acknowledgement of Lithgow City Council at official events throughout Ironfest.
- Acknowledgement of Lithgow City Council on official programmes and publications.
- Acknowledgement of Lithgow City Council Sponsorship in all marketing collateral including all electronic media advertisement and Ironfest website.
- Acknowledgement of Lithgow City Council Sponsorship on the Ironfest website.
- Provide an opportunity for a "Welcome" by the Mayor in the official Ironfest programme.
- Acknowledgement of sponsorship in all Ironfest e-newsletters.
- Provide space for an information stall by Lithgow Tourism at the event at no cost.
- Display of Council logo on Ironfest website.
- The parties acknowledge the good public image and reputation of each other and agree to work co-operatively and professionally to ensure that the good public image and reputation of each Party continues.

**9.4. NOTICE OF MOTION - Councillor S Ring - Rate Review****Report by** Councillor Steve Ring**Commentary**

On the 15 June 2023, IPART approved the proposed SRV of 45.78 % and this was subsequently adopted by Council at the 26 June 2023 meeting (resolution 23 -106) with 6 for and 3 against.

The Issue

On page 11 of Lithgow Council Revenue Policy, it states:

*If granted, the overall income from land rates will increase by a maximum of 45.7% (including the 3.7% rate peg). Council has committed to limiting any increase in the residential, farming and business (general) rating categories to 27.7% (including the 3.7% rate peg) with the balance of the SRV funds required to be levied against the business power generation sub-category, mining category and new quarrying business sub-categories.*

For many residents this has been interpreted that residential, farming and business rates would be capped at 27.7%. However, it could also be interpreted so that the total revenue raised from a specific rating category or categories would not increase overall by 27.7%

Regrettably, the implementation of the srv rate in conjunction with increased land values has led to a perverse result whereby some businesses have had their rates increased by over 100% and residential areas such as Marrangaroo have seen increase on average of approximately 68%.

This is result that is inconsistent with the stated objective of the Council Revenue Policy (p2):

*The objective of the Statement of Revenue Policy is to ensure that rates are levied in a fair and equitable manner so as to provide sufficient funds to carry out the general services which benefit all the ratepayers of the area.*

On researching the issue of “rates” it appears that the most common response from Councils, is that the discrepancies are due to increased land values and that Council doesn’t increase its overall revenue beyond that which has been approved.

Attached is a spreadsheet of the land values of all rateable land within the LGA which is publicly available for download from the Valuer Generals website. The Land Values are updated and provided to Councils on a three yearly cycle and Councils are legally obligated to use these to determine the next three years rate.

Councils were provide the 1 July 2022 Land values for use commencing 1 July 2023 allowing all councils time to assess the impact on individual rateable portions of each land per category to determine if it can be applied in affair and equitable manner.

In determining the categories and ad valorem, Councils need to take into consideration services offered and capacity to pay. It should also assess the physical differences in lot size and associated values. The value of lots in Marrangaroo (2000m- 4000sq m. roughly) is much higher than lots in Lithgow where lots size can start between 200-330 sq. m.

Councils cannot increase their revenue base from the previous year by more than the approved percentage increase. However, to numerous residents this is not accepted, and council is seen as double dipping. In any category or subcategory where there is a large variation between the lowest

and highest land values – the end result will be winners and loser. This does not result is a fair and equitable distribution of the rate burden nor does it reflect capacity to pay.

Did Council run the numbers to identify the equity of the application of the srv? Did Council identify properties where there was an unacceptable increase in the rate burden and if so how did they deal with it? These problems are not unique to Lithgow Council but are shared by all Councils.

### Residential

The authors of the Lithgow City Council Rating Review stated that the differences between the ad valorem for Portland, Wallerawang and Lithgow is an historical oddity for which there is no documentation is incorrect. In 2006/7 all areas inclusive of additional lands from the former Rylstone an Evans Shire were all consistent. (Lithgow City Council: Management Plan 2006-09 p67-68)

However, in the Lithgow City Council Management Plan 2008/09 – 2010/11(p45) the parity between the three communities was removed:

*Council has created new rating subcategories for residential and business in Portland and Wallerawang to minimise the impact (i.e. rate increase) as a result of the Valuer General's latest round of valuations in the Local Government Area. An ordinary rate will be applied to each parcel of rateable land within the Local Government Area in 2008/09.*

Council clearly has the capacity to introduce new subcategories, rationalise existing subcategories and modify the ad valorem and base amounts. Immediate effect has been given under the Local Government Amendment Act 2021\_ to allow Councils to:

- *allowing councils to set separate residential rates in contiguous urban areas*
- *allowing councils to set separate farmland rates based on geographic location, and*

Council can introduce residential subcategories, implement rate harmonisation consistent with what occurred prior to 2008/9 or a combination of both to alleviate the extremes of the current rating structure on residents/

### Business Categories

It was not only the creation of separate residential subcategories for Portland, Wallerawang and Lithgow in 2008/9 but also for Businesses. The first new business subcategories to be introduced since that date was for Power Generation and Quarries (2023/24).

The lack of adequate business subcategories that distinguish between commercial and industrial operations and the impact on Council services has created an uneven playing field for the Lithgow LGA Business community. There are significant differences placed on Councils resources by retail operations in CBD's, accommodation providers (motels, b&b's, Airbnb, caravan parks) manufacturers and service providers which is not reflected in the current rating system.

Attached are examples of several Councils rating subcategories and it is clear from this that there are no impediments for Council to increase the number of business categories to ensure greater equity in the application of the approved SRV rate increase. For example, Subcategories within the City of Lithgow could be created for the Lithgow CBD, Inch Steet – Donald Street Industrial lands, Methven Street Industrial lands and Pottery Estate.

### Farmlands

The increased land value of farming land and subsequent significant increase in rates for farmers has resulted in farmers questioning the viability of their operations and the commercial benefits of pursuing subdivision for residential use.

The Lithgow Council Rating Review 2022 made the following observation in relation to farmland:

*Some of the recent strategic land use planning within Council is telling. Although coming from an economic assessment perspective built-up from soil quality, access to irrigation, enterprise size and similar factors, it reveals that, less than 10% of the existing rural land is probably being used for economic farming. It is likely, therefore, that a significant proportion of the lifestyle rural living land use is being miscategorised as Farmland rather than 'Residential – Other'. (p23)*

In the first step to address issues with rates for economic farmers the finding 14 of the Lithgow Council Rating Review 2022 needs to be implemented:

14. A Farmland Category Application Form should be introduced to improve Council's categorisation assessment process.

The data returned to Council can be used to determine the validity of the above claim in relation to the extent of economic farming within the LGA. It would be the first step to ensure that economic farmers are treated equitably and fairly with their rate burden moving forward.

### Conclusion

Councillors need to consider the potential long-term impacts of how the SRV has been applied. Do we want economically viable farmland sold for lifestyle blocks? Do we want the caravan park to close and be redeveloped for residential lots impacting on future low socio economic housing and tourism? Do we want people to have to sell the family home because the land values have significantly increased at the same time their capacity to pay decreases?

### **Attachments**

1. Amended Land Values Report for Lithgow LGA [9.4.1 - 546 pages]
2. Summary of key documents [9.4.2 - 5 pages]
3. Sample of Council Rate Structures [9.4.3 - 19 pages]

### Recommendation

THAT

1. The Administration prepare a report for the March Council meeting that:
  - a) identifies the number of properties for which the rate rise has caused undue financial hardship because of rate increases significantly above the 27.7% rate limit and:
  - b) And what actions are being taken to rectify these issues.
2. Consistent with Item 5.6 Audit Action – Rating Review of the February 2024 Finance Committee, that Council Administration prepares a draft Farmland Categorisation Policy for review by the June 2024 Council meeting and that a Farmland Categorisation process be implemented during the 2024/25 financial year.
3. The Council Administration undertake immediately a review of the current rating categories and identify what new sub - categories can be introduced to ensure greater equity and fairness in the current system for application in the 2024/25 financial year.
4. If additional resources are required to undertake Item 3 additional resources are funded from the appropriate allocation of the sr v rise such as the allocation for Improving the way we manage our business (\$750,000 in total)

### **Management Comment**

An executive summary of the following comments

If the rates due from a parcel of land have increased by more than the rate increase, that is because the value of the land increased. It has not been because of a decision of the Council.

In fact, the Council had particular regard for the impact of the rate increase. A number of measures were applied which greatly reduced the quantum of the increase paid by the categories of land use within which most properties occur (residential, business and farmland). These measures ensured that hardship would not be caused by the rates increase (when compared to capacity to pay given the community's socio-economic standing, and comparison to adjacent and similar councils). IPART recognised this in their final determination report.

The Council has committed to a review of farmland rating policy. Rates harmonisation has also been agreed as an ongoing body of work. But these involve lengthy, multi-year processes with significant research, policy development and public participation required. The same would be the case for any consideration of creating sub-categories.

These major reviews are matters that will be a consideration for the Council elected in September as they will be responsible for implementing them. A rushed process (which it would be in the short window ahead of June this year) will not lead to a considered and fair outcome for all ratepayers. A proper and robust process can be conducted, with the new Council, in the lead up to the 2025/2026 year.

#### Comments specific to the matters raised in the Notice of Motion

- *In determining the categories and ad valorem, Councils need to take into consideration services offered and capacity to pay. It should also assess the physical differences in lot size and associated values. The value of lots in Marrangaroo (2000m- 4000sq m. roughly) is much higher than lots in Lithgow where lots size can start between 200-330 sq. m.*

- In determining ad valorms in a land valuation year, Council principally takes into account the maintenance of the proportional contribution of each rating sub-category to Council's total rating income. This action ensures that there is no overall change in the proportional contribution of each rating sub-category due to land valuation changes.

In determining categories Council needs to consider Section 529 of the Local Government Act:

**529 Rate may be the same or different within a category**

(1) Before making an ordinary rate, a council may determine a sub-category or sub-categories for one or more categories of rateable land in its area.

(2) A sub-category may be determined as follows--

(a) for the category "farmland"--according to--

- (i) the location of the land, or
- (ii) the intensity of land use, or
- (iii) the irrigability of the land, or
- (iv) economic factors affecting the land,

(b) for the category "residential"--according to--

- (i) whether the land is rural residential land, or
- (ii) whether the land is in a centre of population, or
- (iii) whether the land is in a residential area or in part of a residential area,

(c) for the category "mining"--according to the kind of mining involved,

(d) for the category "business"--according to a centre of activity.

(2A) A sub-category may be determined for subsection (2)(b)(iii) only if the council is satisfied on reasonable grounds that it is necessary to identify residential areas because of significant differences between the areas in relation to access to or demand for, or the cost of providing, services or infrastructure.

(2B) A sub-category must be identified by reference to geographical names or another way prescribed by the regulations for the sub-category if--

- (a) the sub-category is identified by reference to the location of the land, or
- (b) the sub-category is identified by reference to the factor mentioned in subsection (2)(b)(iii).

(3) The ad valorem amount (the amount in the dollar) of the ordinary rate may be the same for all land within a category or it may be different for different sub-categories.

- Differences in lot size and associated values are not considerations to be taken into account when determining rate categories. This argument does not fit within the legislation included above. Anomalies investigated and found to be incorrect have been adjusted in the rating database.

- As a starting point, the boundaries for Lithgow, Portland and Wallerawang Business and Residential sub-categories need to be checked. For example, the Rates Team are finding properties on the outskirts of Lithgow which are included in Residential Lithgow even though they do not have access to services such as sewerage. This process is still being worked through.

- Council could consider the option of moving Marrangaroo properties from Residential Lithgow to Residential Other. Being connected to sewer is a not a valid criterion, as there are other properties in our local government area included under the Residential Other category.

- It may be argued that the defined urban centre of Lithgow has never been accurately plotted. The Rates Team are finding anomalies across the board that need to be investigated. As a starting point, the boundaries for Residential Lithgow, Residential Portland and Residential Wallerawang need to be clearly defined. This process is being worked through.

- For Marrangaroo properties, it is noted that there is scant information on the historic reasons for inclusion in Lithgow Residential. It was possibly determined as properties were connected to sewer. Other properties in the LGA are also connected to sewer and included in Residential Other. e.g. located in Lidsdale. The same argument will apply to Cullen Bullen properties that were just recently connected to sewer.

- Council can also consider whether Marrangaroo properties should be charged Stormwater given the stormwater infrastructure within the area.

- The NSW Government did not implement IPART's recommendation to allow non-metropolitan councils the choice of Capital Improved Value (property value) and Unimproved Value (land value) at the rating category level. In their Review of the Local Government Rating System report, IPART noted that "CIV is equitable because it better reflects the benefits that a ratepayer receives from council services, and a ratepayer's ability to pay for council services. CIV meets the ability to pay

principle better than UV, as it is more highly correlated with the ratepayer's income and wealth." Councils are left with no option but to continue to use UV as the basis for rating.

- *Did Council run the numbers to identify the equity of the application of the SRV? Did Council identify properties where there was an unacceptable increase in the rate burden and if so how did they deal with it? These problems are not unique to Lithgow Council but are shared by all Councils.*

- Council did conduct analysis of the equity of the application of the SRV for each quartile in each rating sub-category. As a result, Council increased the pensioner rate concession by \$50 (to \$300 per annum) to reduce the impact of the SRV on ratepayers with lower capacity to pay.

- Council also engaged Morrison Low to conduct a capacity to pay study. The study concluded that the increases proposed under the SRV are relatively proportionate, generally aligning to the levels of advantage and disadvantage across the LGA. The study also stated that with regard to residential rates, when compared with similar regional city councils, Lithgow City currently had the lowest average residential rates (\$869 per year). The SRV would still mean that average residential rates will still rank towards the lowest (22nd out of 25 reporting councils) amongst similar regional city councils (\$1,110 per year). The 2022 land valuations were released after the SRV application was submitted.

- There are disparities with any change in land valuations. For some properties, the increases will be higher than the average. Unfortunately there are winners and losers whenever a general revaluation occurs. Those whose values increased by more than the average cannot be protected by changing a rate structure to offer individual assistance.

- *The lack of adequate business subcategories that distinguish between commercial and industrial operations and the impact on Council services has created an uneven playing field for the Lithgow LGA Business community. There are significant differences placed on Councils resources by retail operations in CBD's, accommodation providers (motels, b&b's, Airbnb, caravan parks) manufacturers and service providers which is not reflected in the current rating system.*

- A principle of rates harmonisation is that ratepayers across the entire Local Government Area are all charged rates fairly and equitably based on their own property values and will pay the same rates as other properties with the same land value which are receiving similar services.

- Rates harmonisation also aims to reduce complexity in rating systems, by reducing the number of rating sub-categories, where ratepayers are receiving similar services. Councils can only differentiate rates based on the centre of population, not the use.

- B&Bs need to be rated according to dominant use. Most likely these would be residential properties. Airbnb's are categorised as also residential use. The Local Government Act does not provide for these properties to be rated as business. Caravan parks are required by Local Government regulations to be categorised as Business.

#### Comment on recommendation

1. *That the Administration prepare a report for the March Council meeting that:*
  - a) *identifies the number of properties for which the rate rise has caused undue financial hardship because of rate increases significantly above the 27.7% rate limit and:*
  - b) *And what actions are being taken to rectify these issues.*

The decisions taken by the Council had the effect of increasing rates by 27.7% in those categories for which Council capped the increase (residential, business and farmland). Having regard for this, the other measures that the Council applied (recovering about half of the total required increased



from mining, quarries and power categories, increasing pensioner rebates etc.) and the independent findings of the Capacity to Pay report, it cannot be concluded that the rates have introduced undue financial hardship. More correctly, the most significant increases for residential, business and farming properties occurred as a result of the changes in land valuations, not the rate increase.

- For the 2024/25 year, the Administration is reviewing base rates. The review will consider the case for revisions to base rates where the 20 June 2022 and valuations had more impact because of large increases in land valuations. Having the Base Amount set at a higher amount could produce a more equitable result.
- There is no reason for the base amount for Residential and Business Defined Urban Centres could not be set at the same level if it were determined that properties within these categories received the same level of services.
- Ratepayers had the opportunity to appeal against land values, as assessed. To date Council has only received 4 objections that were successful.
- Staff resourcing constraints and competing priorities (including the need to finalise the draft 2024/25 Revenue Policy) would cause difficulty in preparing a report by the 11 March Council reports deadline.

2. *That consistent with Item 5.6 Audit Action – Rating Review of the February 2024 Finance Committee, that Council Administration prepares a draft Farmland Categorisation Policy for review by the June 2024 Council meeting and that a Farmland Categorisation process be implemented during the 2024/25 financial year.*

- A draft Farmland Categorisation Policy is being developed, as endorsed by the Council in accepting the findings from the review of rating. Council needs to be able to determine the dominant use of the property and whether or not the activity being conducted on the property has a significant and substantial commercial purpose or character, and is engaged in for the purpose of profit on a continuous repetitive basis.
- A Farmland Category application process will be programmed for the 2024/25 Operational Plan year – subject to Council's consideration and approval of the Policy. It will be problematic to develop the policy for the June 2024 meeting and, also, it is considered that this is an important strategic consideration for the next Council which would be required to implement the policy. The preferred program is for the policy and its delivery to the community to be overseen by the new Council in time for application in the 2024/2025 financial year (if approved).

3. *That the Council Administration undertake immediately a review of the current rating categories and identify what new sub - categories can be introduced to ensure greater equity and fairness in the current system for application in the 2024/25 financial year.*

- It is not feasible to implement changes to the current rating categories and identify what new sub
- categories can be introduced for the 2024/25 financial year. The review would require significant staff resource allocation, modelling of options and Councillor / ratepayer consultation. The 2024/25 draft Revenue Policy needs to be considered by Council at the 22 April 2024 meeting.
- At the 13 February 2024 Finance Committee meeting, it was proposed to defer the rates harmonisation actions which have been agreed with Council until early in the new Council term.

- Although operational plans from other Councils were provided it is noted that the same ad valorem rate in the dollar and base amount were levied across the board (for example, see Hawkesbury City Council paper).
- An excerpt from the Revenue & Raising Manual regarding rating categories and determination of sub-categories is included below.

#### 6.4 Sub-categories of the residential category of the ordinary rate

Before making the ordinary rate, council may determine a sub-category or sub-categories for the "residential" category: section 529(1).

By virtue of section 529(2)(b) of the Act, a sub-category for the "residential" category may be determined according to whether the land is **rural residential land** or within a **centre of population**.

It is emphasised that section 529(2)(b) does not permit council to determine sub-categories solely or predominantly on the basis of land value, whether on a property-by-property basis or otherwise. In that regard, if council wishes to minimise the effect of land valuations on total rates payable, the use of base amounts would help to achieve this while not disturbing the land valuation relativities between parcels of land. Determination of sub-categories must be conducted according to the factors set out in section 529(2). Section 601 may be utilised to ameliorate substantial hardship in the case of individual ratepayers.

While section 529(2)(b) does not permit council to determine sub-categories solely or predominantly on the basis of land value, sub-categories can be modelled to consider approaches to large fluctuations in land value in a certain part of a council's area, as long as the sub-categories are determined in accordance with section 529(2)(b).

In the view of the Department, the words **centre of population** as they occur in section 529(2)(b) of the Act have their ordinary Dictionary meaning.

It is for council to consider the definition when making decisions about sub-categories for the purpose of residential rating.

Nevertheless the following guidelines are provided for councils:

- Separate towns or villages may be regarded as discrete centres of population.
- Wherever contiguous urban development exists the criteria that should be present in order to constitute a centre of population are:
  - that there is a discernible community of interest amongst the residents which differs from those living outside that part of the area; and,
  - that part of the council area is independently serviced by infrastructure which reflects the focus of that part of the area as a centre of population.
- A centre of population should not be a device intended to enable rating variations within an homogeneous suburb or suburbs, or by street, or by any special feature such as proximity to water.

It is clear that sub-categorisation on the basis of centres of population may have limited application within the suburbs of the main urban centres..

- The Rates & Revenue Manager is of the opinion that the current categories and sub-categories for Residential & Business are sufficient at the present point in time. In the future there may only be a need for a defined urban category in residential and business.

- Residential Other and Business Other for properties located outside the defined centres of population,
- Business quarries,
- Mining, and

- Business Power Generation & Farmland would also be required.
- Council needs to continue the process of compiling the defined centres of population maps and ensuring properties are correctly included within the different areas (continuous improvement actions).

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## 10. Administration Reports

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### 10.1. Caring for Our Community

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Nil

### 10.2. Developing Our Built Environment

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#### 10.2.1. P&P - 26/02/2024 - DA200/23 - 67 Bridge Street Lithgow - Internal alterations and additions to the Union Theatre

**Strategic Direction:**

**Developing Our Built Environment** To provide a choice of effective public and private transport options, suitable entertainment and recreational facilities, and lifestyle choices while enhancing the existing rural areas, villages and towns that make up the Lithgow LGA.

**Author:** Emma-Rose Cooper – Team Leader Development Planning

**Department:** Development Planning

**Responsible Officer:** Shaun Elwood - Director People and Places

**Property Details** Lot 2 DP 1077295, 67 Bridge Street Lithgow

**Property Owner** Lithgow City Council

**Applicant** Lithgow City Council

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#### Executive Summary

On 11 December 2023, the subject Development Application DA200/23 was lodged into Council seeking consent for internal alterations and additions to the Union Theatre. Specifically, the development proposes:

- Replace the existing kitchen with a new kitchen comprised of stainless-steel open shelves and benches, a pass-through dishwasher, stove top, pie warmer, fridge and freezer.
- Construction of a new servery opening between the kitchen and theatre auditorium.
- The proposed alterations and additions are designed to allow for the serving of light refreshments (food and drinks) to theatre attendees. The proposal is considered to support the ongoing viability and usability of the Union Theatre.

The subject site contains the Union Theatre, an entertainment facility, that was constructed circa 1880. The Theatre is an item of local heritage (I321) and within the Lithgow Heritage Conservation Area (Lithgow LEP 2014). The Union Theatre is owned and managed by Lithgow City Council.

Pursuant to Council's *Policy 7.6 Development Applications by Councillors and Staff (including immediate relatives), or on Council Owned Land & Conflicts of Interest*, the subject Development Application is reported to Council for consideration and determination as the proposal is on Council owned land.

Pursuant to Council's Community Participation Plan, Part 2.3.7, applications relating to internal alterations that do not alter the use of a building or its Class under the Building Code of Australia do not require notification. As such, the Application was not notified.

### **Administration's Recommendation**

THAT

1. Development Application DA200/23 be approved subject to conditions of consent detailed in the attached 4.15 Assessment Report.
2. A division be called in accordance with the requirements of Section 375A(3) of the Local Government Act, 1993.

### **Attachments**

1. Architectural Plans - DA200/23 - 67 Bridge Street Lithgow (Union Theatre) [10.2.1.1 - 3 pages]
2. 4.15 Assessment Report - DA200/23 - 67 Bridge Street Lithgow (Union Theatre) [10.2.1.2 - 23 pages]

### **Reference to any relevant previous minute**

Nil (0)

### **Background and discussion**

The subject site is formally known as Lot 2 DP 1077295, 67 Bridge Street Lithgow, and is owned and managed by Lithgow City Council. The site contains the Union Theatre, an entertainment facility, that was constructed circa 1880. The Theatre is an item of local heritage (I321) and within the Lithgow Heritage Conservation Area (Lithgow LEP 2014).

The Union Theatre includes an auditorium, kitchen, box office, gallery space, backstage amenities, and a mezzanine level comprising of seating and a meeting room. The Theatre has a seating capacity of two-hundred and ninety-nine (299) persons.

The site is situated between two (2) items of local heritage, the Tin Shed (I319) and the Charles Hoskins Memorial Institute (I341) currently occupied by the Western Sydney University and known as 'The Hub'. Located adjacent to the site is two (2) items of local heritage, the Lithgow Court House (I307) and the Court House Hotel (I383).

A review of Council's records revealed two (2) approved Development Applications of relevance – these are detailed in the attached 4.15 Assessment Report.

On 11 December 2023, the subject Development Application DA200/23 was lodged into Council seeking consent for internal alterations and additions to the Union Theatre. The proposal includes the replacement of the kitchen and installation of a new serving window.

As outlined in the attached 4.15 Assessment Report, the proposed internal alterations and additions are considered to be in keeping with the matters outlined in the Environmental Planning and Assessment Act 1979, Lithgow Local Environmental Plan 2014 and Lithgow Development Control Plan 2021. As such, the Development Application is recommended to be approved, subject to conditions of consent.

In addition, the Development Application was referred to Council's Building Surveyor Branch, Environmental & health Section, and Water & Wastewater Section for review. No objections and/or concerns were raised, subject to standard conditions being imposed in the consent.

## **Policy**

### Consultation and Communication

Pursuant to Council's Community Participation Plan, Part 2.3.7, applications relating to internal alterations that do not alter the use of a building or its Class under the Building Code of Australia do not require notification. As such, the Application was not notified.

### Policy 7.6 Development Applications by Councillors and Staff or On Council Owned land

Policy 7.6 states the following:

- 1. That, subject to the exemptions in Part 2 of this Policy, the following development applications shall be referred to Council for consideration and determination:*
  - c. Where the development application is on Council owned land.*

The subject site is owned and managed by Lithgow City Council. As such, Development Application DA200/23 is reported to an Ordinary Meeting of Council for consideration and determination.

## **Legal**

The subject matter of this report is a function of Council conferred by the Environmental Planning and Assessment Act 1979 (the Act) and Lithgow Local Environmental Plan 2014.

The proposed works require development consent in accordance with the Act and Lithgow Local Environmental Plan 2014. In determining a Development Application, Council as the consent authority, is required to take into consideration the matters outlined under Section 4.15 of the Act.

Section 4.15 of the Act has been carefully considered and addressed in the attached 4.15 Assessment Report. The proposed works are considered to be in keeping with the matters outlined under Section 4.15 of the Act, Lithgow Local Environmental Plan 2014 and Lithgow Development Control Plan (DC) 2021. As such, Development Application DA200/23 is recommended for approval, subject to conditions of consent.

## **Risk Management**

Nil (0)

## **Financial**

Budget approved – Not applicable for the assessment of the Development Application.

Cost centre - Not applicable for the assessment of the Development Application.

Expended to date - Not applicable for the assessment of the Development Application.

Future potential impact - Not applicable for the assessment of the Development Application.

## 10.2.2. I&E - 26/02/2024 - Tender Evaluation - Replacement of the Charles Street Road Bridge, Rydal

### Strategic Context for this matter:

**Developing Our Built Environment** To provide a choice of effective public and private transport options, suitable entertainment and recreational facilities, and lifestyle choices while enhancing the existing rural areas, villages and towns that make up the Lithgow LGA.

**Author:** Sean Quick – Project Officer

**Responsible Officer:** Jonathon Edgecombe - Director of Infrastructure and Economy

### Executive Summary

This report summarises the tender evaluation process that has been undertaken for the construction of a new reinforced-concrete bridge at Charles Street, Rydal. This bridge will replace the existing timber bridge at this location. The project is funded from the NSW Government's Fixing Country Bridges grant program.

### Administration's Recommendation

THAT Council:

1. Note the tender evaluation for the demolition of the timber bridge on Charles Street, Rydal and the design and construction of a replacement concrete bridge.
2. In accordance with Clause 178 (1)(a) of the Local Government (General) Regulation 2021, accept the tender submission from Central Industries for the amount of \$524,595 (plus GST).
3. Authorise the General Manager to execute the contract on behalf of Council under delegated authority.

### Attachments

1. Confidential Attachment Evaluation Scoresheet Charles St Bridge Replacement [10.2.2.1 - 1 page]

### Background and discussion

Council owns and maintains a small, single-lane timber bridge which crosses Solitary Creek on Charles Street at Rydal. Council's records indicate that this bridge was constructed in 1954 and it requires periodic maintenance to ensure its ongoing safety as a road bridge. It is currently in average to poor condition and has reached the end of its useful life.

In 2021, Council applied for, and was successful in receiving funding to replace this bridge, and another at Upper Turon, through the second round of Transport for NSW's *Fixing Country Bridges* Program. This grant funding was available for regional NSW Councils to replace ageing timber bridge structures with safe, modern reinforced concrete bridges. Council was able to replace the three timber bridges on Glen Davis Road with funding from Round One of this program.



The benefits of replacing the timber bridge with a concrete structure includes the increased life span of such structures, the low maintenance required and the material's resistance to the elements, particularly fire and flood events.

The bridge serves as a link to residents on the western side of Rydal and provides access to Chapel House, an accommodation and wedding venue. To provide continuity of access, Council has gained permission from the property owner adjacent to the bridge to utilise a portion of their land to construct a detour road. This detour route will include construction of a temporary bridge to allow vehicles to cross Solitary Creek while the works are undertaken.

Preliminary works, including surveys, geotechnical testing and a review of environmental factors were undertaken last year, prior to the calling of tenders for the design and construction of the bridge.

### Tender Process

A Tender Evaluation Panel (TEP) was formed, consisting of the following staff:

Name	Position	Role on TEP
Sean Quick	Project Officer	Chair
Leanne Kearney	Assets & Infrastructure Planning Manager	Member
John Malcolm	Project Officer	Member
James Gilbert	Purchasing Coordinator	Member

In accordance with the tender evaluation plan, it was determined that tender responses would be evaluated based on the following criteria:

- Value for money (40%);
- Design Concept and Proposed Methodology (20%);
- Demonstrated Experience and Past Performance (20%);
- Project Program (15%);
- Circular Economy Initiatives / Sustainability (2.5%); and
- Local Preference Policy (2.5%).

Council called for open tenders on 31 October 2023, and four (4) responses were received by the tender closing time, 5:00pm Monday 8 January 2024. These were received from the following companies:

- Central Industries;
- Fortec Australia;
- Green Civil Services; and
- Waeger Constructions.

### Tender Evaluation

The TEP reviewed the submissions and met on 8 February 2024 to discuss the proposals.

The below table offers a summary of the TEP's scoring against the various evaluation criteria. A copy of the detailed evaluation has been provided to all councillors with this report as a confidential attachment. Please note that the attachment contains information that is commercial-in-confidence.

<b>Tenderer</b>	<b>Overall Score (out of 100)</b>
Central Industries	98
Waeger Constructions	82
Fortec Australia	62
Green Civil services	57

Central Industries' submission offers the best value to Council. As well as being the lowest-priced tender received, Central Industries offered an alternative proposal that includes textured and coloured concrete, which the administration proposes to accept. This design will be more sympathetic to Charles Street's rural character.

Central Industries has adequate experience, having replaced the three timber bridges on Glen Davis Road during the first round of the *Fixing Country Bridges* program. Council staff were satisfied with Central Industries performance with these works, including their quality of work, their safe work practices and communication with the local community. They have also undertaken a successful bridge replacement project for Walgett Shire Council.

Their proposed work schedule is realistic, with an anticipated on-site construction time of approximately four months. In addition, Central Industries meets the requirements of Council's Policy 1.7 - Local Procurement.

The tender included a removable component for the preparation and sealing of the length of Charles Street, as the road is currently unsealed. Completing this work in conjunction with the bridge works will minimise disruption to residents, as well as improve Council's road asset in this area. Council asked all tenderers to include a price for these works. Council's approved budget for the project is \$616,356, with \$54,200 already expended on project management costs (including geotechnical and environmental reports). The remaining budget for the construction of this project is \$562,156. The tender submitted by Central Industries was \$583,185 (ex GST) and included \$58,590 for the removable component for road sealing. Without this component, Central Industries tendered price is \$524,595 (ex GST), which is within Council's approved grant funded budget (remaining grant budget if tender is accepted will be \$37,561).

Approved budget:	\$616,356
Current spend:	\$54,200
Tender (less road seal):	<u>\$524,595</u>
<b>Remaining budget:</b>	<b>\$37,561</b>

Removable component:	<u>\$58,590</u>
<b>Additional funding needed:</b>	<b>\$21,029</b>

As the road sealing component does not currently fit within the allocated grant budget approved for this project, it is recommended that the tender be awarded without this component. This would also leave an amount of \$37,561 for this project, which can serve as a contingency if unforeseen but essential works arise during construction of the project.

Funding for the road sealing component may be able to be sourced from transferring funds from Council's other project approved under Fixing Country Road Round 2, being Red Hill Road bridge replacement (currently being tendered). Once costs for Red Hill Road bridge replacement are known, Council will be able to determine if the additional funding required (\$21,028.60) is available, and if so, the road sealing works can be added as a contract variation.

**Policy**

The tender process was undertaken in accordance with Policy 1.4 - Tendering and Policy 1.7 - Local Procurement.

**Legal**

The subject matter of this report is a function of Council conferred by Section 55 of the *Local Government Act 1993* and Part 7 the *Local Government (General) Regulation 2021*.

The project will be subject to a thorough assessment of key issues by way of a Part 5 approval process.

**Risk Management**

Council's Project Manager has undertaken a risk assessment of the project and identified real and perceived risks and treatment strategies have been applied. The risk register will be updated over the course of the project.

**Financial**

- Budget approved - \$616,356 externally funded via the Transport for NSW *Fixing Country Bridges* program
- Cost centre – PJ 100826
- Expended to date - \$54,200
- Future potential impact - \$526,655 is anticipated to be spent in the 2023/24 financial year.

**Consultation and Communication**

Council communicated directly in writing with all residents that live in the vicinity of the bridge from the project planning stage. Residents were informed of the project outcomes and advised that the Quarry Street road reserve may have initially been required to be used as a detour route, as Council could not initially contact the property owner adjacent to the bridge. Residents expressed some concern regarding this route, as well as around the replacement bridge design being unsympathetic to its surroundings.

Fortunately, the adjacent property owner was reached, and has kindly offered the use of their land as an alternate construction route. Given the community's concerns regarding the unsympathetic design, Council requested tenderers to explain how their proposed designs would complement the area's heritage surroundings. Central Industries' proposal includes coloured and textured concrete which will soften the aesthetic.

Council has created a dedicated webpage for the project, <https://council.lithgow.com/fixing-country-bridges-program/>. Residents have been advised in writing of the webpage and advised that all future project updates will be released via this medium.

**10.2.3. WWW - 26/02/2024 – Contracts for the Asset Management Sewer Pipes****Strategic Context for this matter:****Developing Our Built Environment**

To provide a choice of effective public and private transport options, suitable entertainment and recreational facilities, and lifestyle choices while enhancing the existing rural areas, villages and towns that make up the Lithgow LGA.

**Author:** Samuel Lenkaak - Projects Engineer Water & Wastewater

**Responsible Officer:** Mathew Trapp - Executive Manager Water, Wastewater and Waste

**Executive Summary**

Under the Local Government Act Tendering Regulation, where a contract is for over \$250,000 it needs to go to both open tender and be considered by Council. Central NSW Joint Organisation, on behalf of participating member councils, has undertaken a formal Request for Quotation/Tender (RFX) process in late 2023 to identify suitable providers for the Asset Management of Sewer Pipes, including the below separable portions:

- A. Condition Assessment of Gravity Sewer and Stormwater Mains using CCTV;
- B. Smoke Testing of Sewer Service Lines; and
- C. Pipe Relining.

The Council has allocated \$460,000 to these types of works this year. Already \$248,405 has been spent on works in Laurence Street and \$90,000 in Enfield Avenue. Contracts were awarded for these works under an earlier procurement process. This leaves a total of \$125,595 for works that can be undertaken under this later tender (the subject of this report).

This report details the tender evaluation process, which recommends that the company, Interflow, be accepted as the preferred tenderer.

**Administration's Recommendation**

THAT Council:

1. Accept a contract with Interflow Pty Limited for the Asset Management of Sewer Pipes including separable portions:
  - I. Condition Assessment of Gravity Sewer and Stormwater Mains using CCTV;
  - II. Smoke Testing of Sewer Service Lines; and
  - III. Pipe Relining.
2. Delegate authority to the General Manager to enter a contract between Council and Interflow Pty Ltd in accordance with the Tender for:
  - I. Condition Assessment of Gravity Sewer and Stormwater Mains using CCTV;
  - II. Smoke Testing of Sewer Service Lines; and
  - III. Pipe Relining.

**Attachments**

1. CONFIDENTIAL 240202 W 2 2023 Evaluation Report final [10.2.3.1 - 29 pages]

**Reference to any relevant previous minute**

N/A

**Background and discussion**

Central NSW Joint Organisation (CNSWJO) member Councils expressed interest in conducting the Asset Management of Sewer Pipes procurement process to undertake a package of works for the 2023/24 financial year.

**Financial and resourcing impacts**

CNSWJO has managed the process, including all costs of advertising and tender assessment, and will receive a 5% management fee from the service providers to cover these costs. Through the procurement process, respondents were asked to advise what percentage of the management fee was absorbed by them and what was passed through to Councils. The preferred provider has advised that they will absorb the entire 5% management fee.

**Tender Evaluation**

An open Request for Tender/Quotation (RFQ) process was undertaken through the CNSWJO eProcure portal for the Asset Management of Sewer Pipes. The RFX opened on 12 September 2023 and closed on 9 November 2023.

The Evaluation Panel (EP) undertook an assessment of the responses remotely and participated in two (2) consensus evaluation meetings via MS Teams on 16 November 2023 and 27 November 2023. The EP consisted of the following members, and was assisted by Grace Quinton from CNSWJO:

- Andrew Quirk – Forbes Shire Council
- Samuel Lenkaak – Lithgow City Council
- Sam Golam – Oberon Council

**Tender Evaluation Criteria**

The selection criteria advertised and used in selecting the successful respondents were:

**Separable Portion A - Condition Assessment of Gravity Sewer and Stormwater Mains using CCTV**

- Quality, Safety and Environment;
- Access Chambers/Manholes;
- Methodology;
- Capacity and Capability; and
- Pricing.

**Separable Portion B - Smoke Testing of Sewer Service Lines**

- Quality, Safety and Environment;
- Access Chambers/Manholes;
- Methodology;
- Capacity and Capability; and
- Pricing.

**Separable Portion C - Pipe Relining**

- Quality, Safety and Environment;
- Access Chambers/Manholes;
- Technology and Methodology;
- Capacity and Capability; and
- Pricing.

## Summary of Responses Received

The following companies submitted tender responses for one or more separable portions of W2\_2023: Asset Management of Sewer Pipes (in alphabetical order):

- Aqua Assets Pty Ltd;
- Fitt Resources Pty Ltd;
- Interflow Pty Ltd;
- Pipe Management Australia Pty Ltd; and
- Total Drain Cleaning Services Pty Ltd.

## Evaluation of Submissions

Evaluation rankings were as follows:

### Separable Portion A - Condition Assessment of Gravity Sewer and Stormwater Mains using CCTV

1. Interflow Pty Limited. - 77.09%;
2. Aqua Assets Pty Ltd. – 68.59%; and
3. Pipe Management Australia Pty Ltd. – 61.73%

### Separable Portion B - Smoke Testing of Sewer Service Lines

1. Interflow Pty Limited. – 69.88%;
2. Aqua Assets Pty Ltd. – 64.27%;
3. Pipe Management Australia Pty Ltd. – 56.22%; and
4. Fitt Resources Pty Ltd. – 56.15%

### Separable Portion C - Pipe Relining

1. Interflow Pty Limited. – 81.23%; and
2. Pipe Management Australia Pty Ltd. – 41.10%

## Evaluation of the Preferred Respondents

The EP resolved to recommend Interflow Pty Ltd. as the preferred providers for the Asset Management of Sewer Pipes for all three separable portions:

- A. Condition Assessment of Gravity Sewer and Stormwater Mains using CCTV;
- B. Smoke Testing of Sewer Service Lines; and/or
- C. Pipe Relining.

The recommended provider was selected based on their:

1. Compliance with the evaluation criteria;
2. Demonstrated ability to meet Council's requirements;
3. Competitive price for the services offered; and
4. Providing the best value for money.

A detailed evaluation report is included as a confidential attachment.

## Pricing

Respondents were requested to provide a lump sum price for a package of works based on councils' requirements and a schedule of rates on a variety of products and services for ad hoc works. The lump sum pricing provided by respondents was used to assess pricing against the pre-selected formula.

The Lump Sum Pricing evaluation report can be found in the Confidential Memorandum which forms an attachment to this report.

Interflow Pty Ltd. pricing can be found as Attachment B to the Confidential Memorandum. Differing from the above Lump Sum Pricing evaluation report as changes to the pricing provided were made to enable a fair comparison when evaluating the pricing responses.

## **Conclusion**

It is recommended that Council engage Interflow Pty Ltd for the following separable portions as per the evaluation and RFQ:

- Condition Assessment of Gravity Sewer and Stormwater Mains using CCTV;
- Smoke Testing of Sewer Service Lines; and
- Pipe Relining.

The term of the contract is 1 March 2024 to 30 June 2024, with an optional extension to complete unfinished works. A new procurement process will be conducted for interested member Councils for the 2024-2025 package of works.

## **Implications**

### **Policy**

The Tender process and evaluation were conducted in accordance with Council's Policy 1.4 Tendering, SWP 2.1 Tendering and SWP 4.5 Purchasing and Contracting.

### **Legal**

The subject matter of this report is a function of Council conferred by the {Local Government Act 1993, section 55, and Part 7 of the Local Government (General) Regulation 2005}.

## **Risk Management**

The lining of sewer mains for which CCTV existed at the time of tender eliminates a scope variation resulting from pricing to repair/reline sewer pipes not previously investigated.

## **Financial**

- Budget approved - \$460,000
- Cost centre - PJ 300061
- Expended to date – Committed for 2023/2024 \$248,405 for Laurence Street and \$90,000 for Enfield Avenue. Total \$334,405
- Future potential impact – the remaining budget will be rephased to CNSWJO Sewer Mains Relining Tender 2024/25.



**10.2.4. WWW - 26/02/2024 - Sewer Management and Response to NOM****Strategic Context for this matter:**

**Developing Our Built Environment** To provide a choice of effective public and private transport options, suitable entertainment and recreational facilities, and lifestyle choices while enhancing the existing rural areas, villages and towns that make up the Lithgow LGA.

**Author:** Matthew Trapp - Executive Manager Water, Wastewater and Waste  
**Responsible Officer:** Matthew Trapp - Executive Manager Water, Wastewater and Waste

**Executive Summary**

At the 30 January 2024 Ordinary Meeting of Council, it was resolved:

**24 -5 RESOLVED**

THAT Council receive a report on costings, how many properties will be affected, and where valves will be located with the installation of sewer reflux valves.

The purpose of this report is to provide a response to Min. No. 24-5.

The report discusses the relationship between sewer surcharges and flooding. It also touches on some of the work that the Council is undertaking to stormwater and sewer systems to reduce the incidence and significance of sewer surcharges.

To summarise the key tenets of the report – there is an inter-relationship between the sewer and stormwater systems. Each need a range of actions undertaken, in a prioritised and integrated fashion, to reduce the incidence of sewer surcharges. The administration is examining the case for and cost of a hydraulic assessment of the localities that experience sewer surcharges and localised flooding (Cupro and Enfield Streets). Such an assessment will provide clarity as to the full program of actions (including the benefit return from sewer reflux valves) required to deal with this issue.

**Administration's Recommendation**

THAT Council receive the report on - Sewer Management - Installation of sewer reflux valves.

**Attachments**

1. Confidential - Flood prone areas mapping - Council report [**10.2.4.1** - 1 page]
2. Confidential - Flood prone areas mapping - Council report - Coalbrook Street [**10.2.4.2** - 1 page]
3. Confidential High Rainfall Events Sewer Overflows Complaints Jan 23 Feb 24 [**10.2.4.3** - 25 pages]
4. Confidential High Rainfall Events Sewer Overflows Jan 23 Feb 24 [**10.2.4.4** - 1 page]

**Reference to any relevant previous minute**

Min 24-5

## Background and discussion

Council operates an extensive sewer network and with age the infrastructure will deteriorate. Infiltration from both groundwater and surface water flows can cause inundation to the sewer system. The most affected areas of the sewer network are those where stormwater flows are unable to be effectively drained away or the water is diverted away from the road surface inlets and thus finds the next drainage point.

## Flood affected properties

Within the Lithgow area, there are a number of properties that are affected by flooding, particularly in lower lying areas of the city and nearby stormwater convergence areas. This includes areas such as Enfield Avenue, Cupro Street, Coalbrook Street. An assessment using the flood mapping overlay in Council's mapping system was undertaken to determine the approximate number of properties that could be flood affected and have sewer systems inundated. This was completed by applying the high hazard layer and the low hazard layers.

### Approximate effected properties

- Coalbrook street area: 180,
- Enfield Avenue/Rifle Parade/Martini Parade area: 200, and
- Cupro Street area (some properties in Ferro Street area included): 140.

The above properties are within the lower areas of the Lithgow Catchment. Other properties upstream may also be affected by flooding where stormwater is not contained in the established drainage network. So, potential property numbers which might be candidates in any consideration of a program of sewer reflux installation could increase.

Council staff also assessed the complaints received in the Customer Relationship System which collects data on complaints from calls and emails submitted to Council through its customer service staff. The assessment of these complaints showed that there were 28 complaints over a 13 month period (between 4 January 2023 to 5 February 2024) in the category of Sewer Choked or Blocked. This would seem to indicate that the number of flood affected properties may not correlate to sewer overflows and potentially not to major rainfall. The information below shows occurrences of reported sewer chokes and rainfall events in the preceding twelve months. Some areas have frequent complaints, whilst others are not as common.

Date	Rainfall	No. Complaints	Locations
5/02/2024	34.2mm	0	
17/01/2024	29mm	5	Bathurst Street - Wallerawang; Lithgow Street, Lithgow; Lockyer Street, Lithgow; Lett Street, Lithgow; Cupro Street, Lithgow
14/01/2024	15.2mm	0	
4/01/2024	28.8mm	3	Methven Street, Lithgow; Saywell Street, Lithgow; Cupro Street, Lithgow
3/01/2024	29.8mm	2	Methven Street, Lithgow; Saywell Street, Lithgow
2/01/2024	34mm	0	
20/12/2024	30.4mm	2	Hassans Walls Road, Lithgow; Mort Street, Lithgow
19/12/2024	80mm	0	
25/11/2024	25.8mm	2	Finlay Street, Lithgow; Ferro Street, Lithgow
24/11/2024	34mm	0	
9/11/2024	27.2mm	1	Ferro Street, Lithgow

4/11/2024	10.8mm	0	
4/10/2024	32.6mm	1	Dump Point, Wallerawang
7/09/2024	13.2mm	0	
17/08/2024	11.4mm	0	
13/08/2024	17.2mm	0	
22/06/2024	14.8mm	1	Read Avenue, Lithgow
29/04/2024	33mm	3	Ferro Street, Lithgow
28/03/2024	15.8mm	0	
23/03/2024	16.2mm	3	Elm Street, Lithgow; Macaulay Street, Lithgow; Chifley Road, Lithgow
30/01/2023	10.2mm	0	
26/01/2023	17.6mm	1	Musket Parade, Lithgow
12/01/2023	11.4mm	2	Mort Street, Lithgow; Laurence Street, Lithgow
4/01/2023	44mm	2	Main Street, Lithgow; Ferro Street, Lithgow

It should be noted that complaints or commentary from social media platforms are not commonly entered in the CRM system as the complainant provides no details which are required to action or remedy the issue, i.e. name, contact details and address or location of the issue (with any accuracy). While Council does monitor social media and works can be undertaken based upon this, this approach does not reflect best practice and does not allow staff to review the issue in a timely matter. The practice is that residents or property owners who have issues relating to the various systems, are instead encouraged to contact the customer service team in the first instance as quickly as possible so that the issues can be investigated.

### **Sewer chokes and blockages**

Council, in its Business as Usual (BAU), deals with sewer blockages across the network. The primary cause is the flushing or disposal of non-flushable items such as baby wipes and other foreign objects. Another problem for sewer systems is the disposal of grease and fats from properties which can coagulate and cause blockages of flows and require significant work to break down the fats to process in the sewer network (Peng et al., *Transport of non-flushable wipes in sewers and its application in sewer management* 2023).

Other causes of sewer blockages and overflows are tree roots that impact the sewer line. The nature of tree roots is to find and travel to sources of water and particularly water that is nutrient rich such as sewer lines. Sewer blockages in older systems are more common as roots from plant systems travel to joints and pipes break, resulting in breakages, collapses, and ongoing maintenance increases to remove root systems (Sewer Blockage Management: Australian Perspective, DeSilva D. et al. 2011)

Overloading of the sewerage system and onsite drainage from stormwater is another key cause of the sewer system exiting into properties. Whilst Council continues to operate three distinct systems (stormwater, potable water and sewerage), onsite stormwater drainage is often found to be plumbed with the house's sewer lines, thus stormwater enters the sewerage. This can be in the form of stormwater downpipes being plumbed with exits into the Overflow Relief Gully (ORG). Sometimes, the ORG is covered/capped to remove odours, or it has not been installed to provide a freeboard between its discharge level and the waste levels inside the house. Council has found these issues following smoke testing programs and during inspections on existing properties. A recommendation is for property owners to engage a qualified and licensed plumber and drainer to undertake an inspection to ensure this is not the case on their properties.

## **What is a sewer reflux valve?**

A sewer reflux valve acts as a no-return valve on the property owners' side of the connection to the Council infrastructure. This valve is operated as a sort of flap that allows flow downstream and not back upstream. The valve is installed upstream of the connection within the property on the main drainage line. The installation of a sewer reflux valve would be carried out in accordance with the Plumbing and Drainage Australian Standard AS3500 and be on the property owners' side of the connection, as per policy 3.5 Sewer Connection, deeming it the responsibility of the property owner to install.

Estimate costings for the works to be carried out for installation on a single property include:

- Reflux valve assembly - \$250 per valve
- Miscellaneous materials for connection to mainline – \$100 per connection
- Time and material for excavation and backfilling – 2 x plumbers and equipment 2 hours labour (estimation only) \$400
- **Total approximate (high level) costs = \$750 per installation**

An assumption made on this costing is that the remaining drainage does not require any further modification or repairs or removal/replacement of the Boundary Trap and associated pipework.

## **The administration's recommended next step – an integrated approach to dealing with historical sewer and stormwater issues**

The best mitigation strategy is to ensure on site private property drainage and the public stormwater infrastructure network are both functioning correctly as the removal of stormwater from the affected areas will in turn remove the infiltration into the sewerage systems. To this end, completion of the Lithgow Flood Study and Plan will assist as it will define the highest priority works to upgrade stormwater to reduce flooding. Adoption of the Study and Plan will also give Council access to grant funds for such work allowing them to be completed earlier. The major stormwater works planned in the Cupro Street locality are an example of the appropriate intervention. These works will greatly reduce the potential for sewer surcharges, although other works to both the sewer system and other upstream parts of the stormwater network will also assist to reduce this.

From the above, it is apparent that there is an inter-relationship between the sewer and stormwater systems. Each need a range of actions undertaken, in a prioritised and integrated fashion, to reduce the incidence of sewer surcharges. The administration is examining the case for and cost of a hydraulic assessment of the localities that experience sewer surcharges and localised flooding (Cupro and Enfield Streets). Such an assessment will provide clarity as to the full program of actions (including the benefit return from sewer reflux valves) required to deal with this issue.

## **Consultation and Communication**

Council staff have communicated the programs underway and areas in which this work is being completed, with relining to be undertaken in the Laurence Street and Enfield Avenue areas this financial year and other packages presented for adoption in subsequent years. Communications have also been undertaken to property owners and residents who have been found to have defective drainage following the smoke testing program. This has resulted in approximately 115 properties requiring drainage works to remove defective and illegal cross connections between stormwater and sewer.

## **Policy**

### **Policy 3.5 Sewer Connection**

**Legal**

The subject matter of this report is a function of Council conferred by the Local Government Act 1993 and as a delegated authority Plumbing and Drainage Act 2011.

**Risk Management**

Public health is one of the risks with this issue. The inundation of sewer assets by stormwater presents an opportunity for this risk to become greater in likelihood.

While sewer reflux valves present a risk mitigation measure that does remove the sewer discharge on some properties, this may move the issue to other properties.

The best mitigation strategy is to ensure on site private property drainage and the public stormwater infrastructure network are both functioning correctly as the removal of stormwater from the affected areas will in turn remove the infiltration into the sewerage systems. To this end, completion of the Lithgow Flood Study and Plan will assist as it will define the highest priority works to upgrade stormwater to reduce flooding. Adoption of the Study and Plan will also give Council access to grant funds for such work allowing them to be completed earlier. The major stormwater works planned in the Cupro Street locality are an example of the appropriate intervention. These works will greatly reduce the potential for sewer surcharges, although other works to both the sewer system and other upstream parts of the stormwater network will also assist to reduce this.

**Financial**

- Budget approved - Nil
- Cost centre – N/A
- Expended to date – N/A
- Future potential impact – as stated in the report.

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## 10.3. Strengthening Our Economy

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### 10.3.1. I&E - 26/02/2024 - LEEP - Suggested Governance Model

#### Strategic Context for this matter:

**Strengthening Our Economy** To provide for sustainable and planned growth through the diversification of the economic base, the development of diverse job opportunities and the provision of a broad range of formal and non-formal educational services.

**Author:** Jonathon Edgecombe – Director of Infrastructure and Economy  
**Responsible Officer:** Jonathon Edgecombe - Director of Infrastructure and Economy

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#### Executive Summary

The purpose of this Report is to outline, for the consideration of Council, options for the LEEP interim governance structure for implementation of the Lithgow Emerging Economy Plan 2023 (**LEEP**). The report also outlines the preferred approach, for the consideration of the Council.

Council considered this matter in November 2023 and resolved to further consider the matter in February 2024 after receiving:

- a. terms of reference [proposed] for the [recommended Jobs and Investment] Committee (the **Committee**),
- b. an accountability framework which outlines linkages to Council and its economic development committee,
- c. a detailed risk analysis surrounding the development of the Committee, and
- d. a comprehensive stakeholder engagement model which ensures a two-way flow of information and expertise between the committee, key stakeholders, and the community.

Details of the proposed governance structure are included below. Discussion will follow this structure:

1. Functions of the interim governance structure,
2. Accountability requirements, including -
  - a. Necessary transition actors
  - b. Structure options, including strengths and weaknesses,
3. Detailed risk analysis, and
4. Interim stakeholder engagement model (draft, requires further co-design of detail prior to finalisation).

### Administration's Recommendation

THAT Council:

1. Establish a Lithgow Jobs and Investment Committee (the **Committee**) pursuant to s355(b) of the *Local Government Act*, 1993 (the **Act**) with the functions set out in Attachment A, to operate until such time that the NSW Government implements its proposed Central West Jobs and Investment Authorities.
2. In establishing the Committee, that the Committee be constituted by the General Manager and seven other persons appointed from each of the Federal and State governments, the knowledge sector, the Mining and Energy Union, the mining sector, the energy sector and an independent chairperson.
3. Permit the Committee to recommend to Council the appointment of an independent chairperson and that the General Manager be appointed interim chairperson until Council makes a substantive appointment to this role.
4. Endorse the following governance actions to establish the Committee -
  - a. a nominee of each of the Department of Premier and Cabinet (Interim Net Zero Authority Team) and the Department of Regional NSW be invited to help constitute the Committee.
  - b. the persons listed in the confidential Attachment B of this report be invited to help constitute the Committee.

### **Attachments**

1. Structure Functions [**10.3.1.1** - 1 page]
2. Potential List of Designated Appointees [**10.3.1.2** - 1 page]

### **Reference to any relevant previous minute**

Min. No.: 23-216 – Ordinary Meeting of Council held 27 November 2023.

### **Background and discussion**

#### Functions

Recommended terms of reference for the Committee – known as ‘functions’ in local government legislation – were attached to the November Report and are further attached to this Report as *Attachment A*.

Drafting functions for any delegated body is a balancing exercise between ensuring sufficient specification and clarity whilst also ensuring that the public interest and any derived value is not diminished by prescription or contrivance. To this effect, it is critical that a delegated body can provide frank and fearless advice that is independent and free from influence.

It is also important to ensure that the functions are closely aligned with the anticipated functions of the State Government’s proposed Central West Jobs and Investment Authority to permit a seamless transfer to that Authority of plans and projects. For that reason, the recommended functions largely reflect the existing statutory functions of the State’s transitions management entities.

Those existing statutory functions have been broadened, however, to include a greater focus on workforce issues (labour supply-side issues) and not just demand-side (job creation) issues. The functions have also been widened to include power generation sites which are a significant issue in the Lithgow local government area. In a Lithgow context, the thermal coal mining industry is heavily integrated with the local power generation industry.



## Accountability

Leading practice, for transitions management, points to a shared accountability framework and this is a key finding of the LEEP.

As Weller et. al. (2021) noted in “Social and Economic Adjustment in the Upper Hunter” (p.iii):

The governance arrangements associated with structural adjustment programs appear to be critical in determining their success or impact. That is, has the structural adjustment program been accompanied by the creation of a meaningful body to oversee its implementation locally, and linked to other initiatives. This is likely to include regional stakeholders – communities, firms and unions – and all levels of government. Ideally, this would be a structure that is chaired independently and works to a defined agenda<sup>1</sup> or set of objectives. It needs to take a long-term view and aspire to a legacy that is focused on ... successful transition ...”

Whilst, as a matter of policy, the responsibility for structural adjustment falls to the State Government it requires actors and resources that reach beyond it, including:

- businesses and unions working collaboratively on whole-of-family support and adjustment programs, and worker transfer schemes.
- schools, the VET sector, universities, industry and government collaborating on building the regional workforce’s adaptive capacity.
- government, at all levels, supporting new industry growth with well-planned and sequenced infrastructure, and
- industry, knowledge providers and government collaboratively building a region-wide culture of innovation, investment, acceleration.

Whilst leading practice governance models globally have been the subject of considerable research and analysis, it is important to note that any governance structure adopted by Council must be practical within Lithgow’s local settings (while also maintaining the abovementioned independence). New South Wales councils are particularly constrained when compared with local government globally.

For that reason, the options available to Council to address economic transitions management by collaboration with other critical transitions management actors is somewhat limited. Options include outsourcing the responsibility to a third party by tender, establishing a corporation or other entity (should ministerial consent be granted, a process which takes a great deal of time and does not have a good track record of success), utilising a Joint Organisation, or establishing a statutory Committee.

### ***Option 1. Outsourcing to a third party by tender***

Where councils have been actively engaged in a regional transition on behalf of their community, the results have typically been superior. However, there is considerable risk in wholly outsourcing the role of Council in the transitions management process to a third-party service provider. Transitions management should be flexible, collaborative and iterative. The process learns and evolves. As Weller et. al. (2021) noted in “Social and Economic Adjustment in the Upper Hunter” (p.iv):

In applying the experiences of other regions nationally and globally, it is concluded that there is no simple blueprint to a successful transition and therefore experimentation with different approaches, as appropriate to local circumstances, is advisable.

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<sup>1</sup> For present purposes, the ‘short’, ‘medium’, and ‘long-term’ recommended actions of the LEEP.

In the Administration's assessment, any third-party contract could not be sufficiently drafted to contemplate all eventualities over a ten-to-fifteen-year period. Most fundamentally, it is difficult to envisage any adequate contractual drafting for what might be called 'feedback loops', continual improvement, and genuine collaboration with other critical transitions management actors.

In practice, pursuing this option would mean Council and any contractor essentially 'going it alone'. That approach is likely to contribute to a fragmentation of accountabilities rather than shared accountabilities and to a less successful transitions management effort. The local government legislation contemplates singular rather than collective responsibility for outcomes and so does not sufficiently empower councils to enter shared accountability frameworks.

Please note that this option refers to the use of a third-party contract to outsource the entirety of the regional transition effort, not the use of consultants to provide expert advice as required.

### ***Option 2. Establishing a corporation or other entity***

This avenue would require Ministerial consent. Given the time imperatives of the LEEP, this is not considered to be a practical avenue available to Council. In discussions with the Office of Local Government (**OLG**), the OLG was unable to provide any example of such an approval since the Lake Macquarie Development Corporation in 2011 and was reluctant to provide any indication of a likely application timeframe. The experience is that applications to OLG for approvals are actively discouraged. It is noted that the Lake Macquarie Development Corporation approval took some three years to obtain – and, in that instance, the political commitment to approve the establishment of the corporation occurred while the approving Government was still in Opposition.

Even if time was not an issue, there are other issues that weigh heavily against adopting this pathway for the governance vehicle. The Guideline issued by OLG for the establishment of corporations and other entities severely diminishes any benefit, agility, collaboration, engagement, or flexibility that would otherwise make the option at all preferable. This is because the Guideline issued by OLG does not appear to contemplate the joint participation of other Australian public sector actors (such as a university or the Commonwealth Net Zero Authority) in the corporation or other entity. Such participants, of course, are regulated by their own public legislative frameworks.

The standard conditions required to be imposed by OLG under its Guideline would almost certainly create a legal conflict between compliance with OLG's mandatory conditions and the duties owed by other participants to their public regulators – including the duty of directors to act in the best interests of the corporation's charter.

### ***Option 3. Utilising a joint organisation***

A joint organisation is not considered to be an appropriate vehicle because the 'catchment' for the necessary strategic intervention is largely confined to the Lithgow local government area. As a general rule of public resource allocation, the optimal area for any public strategic intervention should match the characteristics of, and 'catchment' for, those functions or services. In this instance, the Lithgow Local Government Area is the appropriate and optimal 'catchment' for transitions management intervention because of the nature of the local industry integration.

In short, the remit of a joint organisation is too broad for the focus and nuanced approach required for a successful transition effort at a local level.

**Option 4. A statutory committee**

A committee formed under section 355 of the Local Government Act can sufficiently facilitate the initial collaborative engagement necessary to implement transitions management in Lithgow until the establishment of the Central West Jobs and Investment Authority. It is not, however, considered to be a long-term solution. It provides a forum for independent and expert collaborative advice to be fed back to each of the critical transitions management actors, including Council, until such time as the State Government can provide a more apt governance vehicle. It will achieve the significant early progress of several key transitions management tasks – particularly in the early stages where many of the actions relate to planning and community engagement.

There are weaknesses in this option. While the advice of the Committee will be independent of the individual participants, the implementation of those actions will not be. This falls short of leading practice for all the reasons discussed above. Each participant will, accordingly, need to endorse the actions that relate to them. This may also lead to a significant imbalance and unfairness in the respective contributions by those participants to transition management tasks. It is also noted that, as the Committee will not be independent of Council, the Committee's involvement in the critical area of investment attraction and investment risk reduction will be limited to advice on broader strategic planning initiatives because Council remains a planning regulator.

A list of potential members of this committee are included as Attachment B to this report.

A committee of Council is subject to all the regulatory requirements of the local government legislation – including those regulations that relate to accountability. Those existing accountability arrangements—including the integrated planning and reporting framework, budgetary processes, organisational structure, and policy framing—are not, therefore, detailed again here. As noted in the November report, however, additional reporting and accountability measures have been included as actions 1 to 5 of the LEEP Interim Action Plan Summary Table (Attachment C). This includes very clear lines of reporting to both Council and Council's economic development committee.

The Committee will provide a vehicle for shared action and responsibility to initiate early actions and maintain collaboration while the State Government works on its authority machinery. This is also consistent with the Federal Government's approach which ensures appropriate interim arrangements address the urgency of the transition management. The recommended Committee structure is illustrated below.

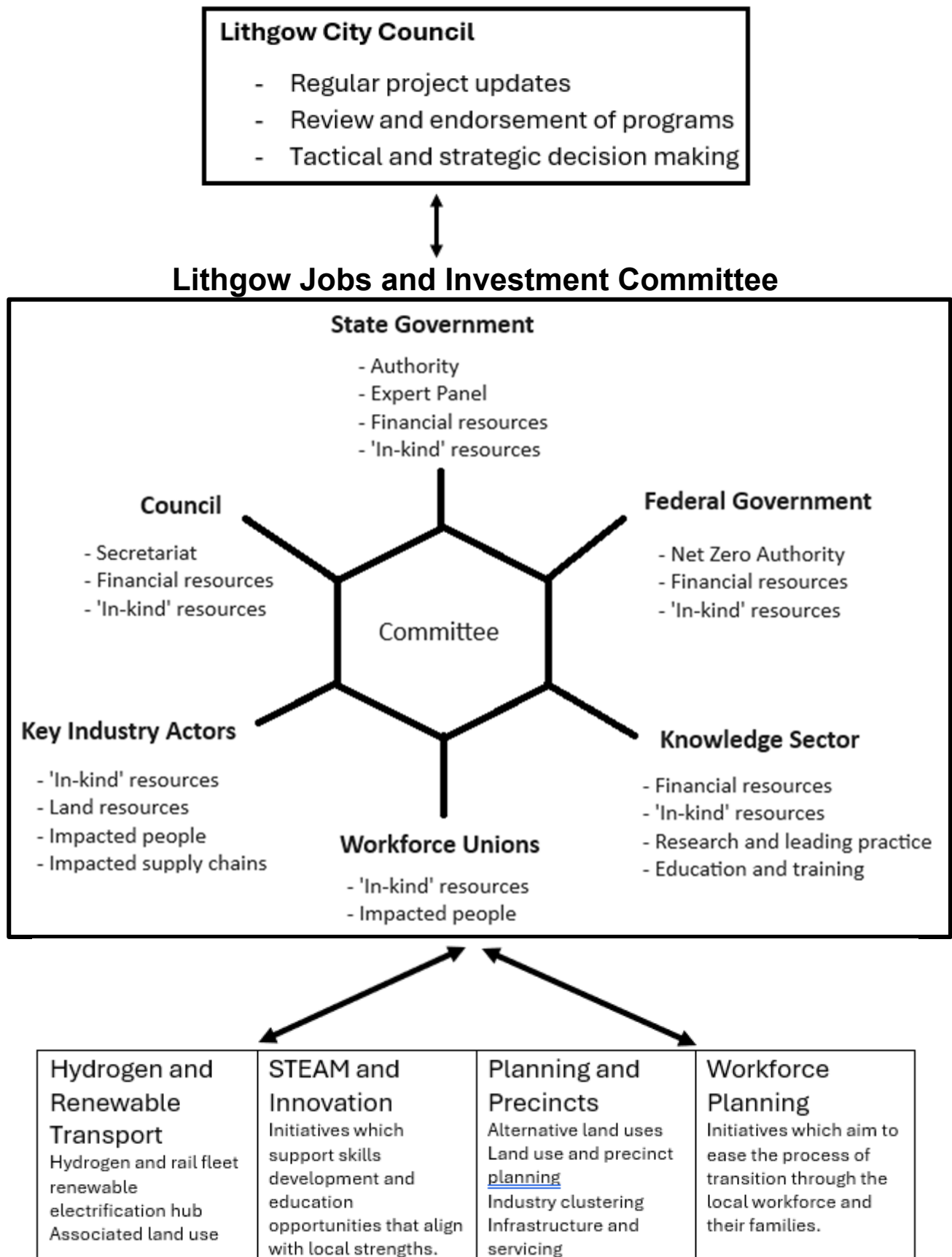


Figure 1: Preferred interim governance model comprising a statutory committee of Council

### Risk assessment

The assessment undertaken here is that of risks associated with establishing or not establishing a governance vehicle for LEEP implementation. To undertake a risk assessment of operational risks associated with the proposed advice and activities of the Committee, engagement with all participants would be required.

#### **1. Principal hazard**

The principal hazard, to which the following assessed subordinate hazards may contribute, is detailed in the LEEP. Expressed in short, it is that approximately 43% of the Lithgow economy by value-added production is likely to disappear over a ten-to-fifteen-year period. The Lithgow economic transition has commenced. Whilst the market can be relied upon to fill much of the economic gap, global experience points to more successful economic transition occurring where local transitions management is undertaken collaboratively.

Transitions management is also critical to ensure that economic disruption does not result in entrenching disadvantage, inter-generational inequity, or leaving vulnerable communities behind. The LEEP, the LEEP Interim Action Plan, including the deployment of a leading practice governance structure, are the primary controls to manage those transition hazards and eliminate or minimise associated risks.

## 2. Risk assessment tool

		Consequence			
		Acceptable	Tolerable	Undesirable	Intolerable
Likelihood	Improbable	Low -1-	Medium -4-	Medium -6-	High -10-
	Possible	Low -2-	Medium -5-	High -8-	Extreme -11-
	Probable	Medium -3-	High -7-	High -9-	Extreme -12-

### 3. Risk assessment

	Hazard	Assessment	Comments	Control	Assessment	Comments
1	Inadequate appreciation of the extent and timing of likely economic disruption.	High -8-	Timing of strategic interventions to offset the impact of significant economic disruptions is critical, and the failure to sufficiently identify the extent and timing of disruptions can have substantial and ongoing (embedded) negative consequences for a community.	Engaging appropriate expertise to make an assessment using an established methodology. Testing through key stakeholder engagement and peer commentary.	Low -2-	This work was partly completed during LEEP but will require intermittent (at least annual) review.
2	Inadequate appreciation of regional strengths and weaknesses.	High -8-	An inadequate appreciation of a region's strengths and weaknesses can lead to strategic interventions that fail and to the misallocation of scarce resources.	Engaging appropriate expertise to make an assessment using an established methodology. Testing through key stakeholder engagement and peer commentary.	Low -2-	This work was partly completed during LEEP but will require review. It is suggested that review happen, for administrative ease, in conjunction with the periodic review of the regional economic development strategy.
3.	Failure to marshal sufficient and appropriate transitions management resources.	Extreme -12-	This is a significant risk and one of the principal causes for the failure of transitions management exercises. Not bringing sufficient resources to bear (and financial resources are only one such resource) can have substantial and on-going consequences for a community. It exposes the community to the known weaknesses of market failures in a strict market-only 'correction' to the disruption.	It is beyond the control of any one critical transitions management actor to ensure adequate resources are brought to bear. A governance structure, however, that is genuinely collaborative with shared actions and responsibilities is more likely to ensure active appreciation and involvement of all critical LEEP partners in the transitions management exercise. It also ensures that LEEP actions are coordinated efficiently and effectively and without the duplication of scarce resources.	High -8-	It is very difficult to implement controls to minimise this risk in the absence of legislative controls. Transitions management in Australia is not supported by comprehensive legislation and relies heavily on corporate social responsibility and the efforts of willing local community actors.

4	Failure to sufficiently engage with and recruit transitions management actors.	High -8-	Part of the success of a transitions management exercise will be determined not just by the depth of engagement with critical transitions management partners but also the breadth of actors recruited to embrace the exercise. Failure to do this can mean that less resources are brought to the task, issues with lower priority are addressed before issues with higher priority, and there is resistance to the efforts of the more engaged actors by unengaged or disinterested actors.	An appropriate collaborative governance structure, a strong culture of recruitment and engagement, a growing profile of LEEP, and effective communication of success stories will reduce this risk.	Low -2-	With sufficient resources being brought to community engagement, the proposed control will significantly reduce this risk.
5	Conferring an inappropriate commercial advantage on a LEEP transition participant during the process.	Medium -6-	Collaboration and resource sharing can lead to the release of public or other information which inappropriately confers a commercial advantage to a LEEP participant. Whilst the financial consequence of this is comparatively low, the reputational damage can be significant.	Council's protocols will apply to the work of the governance vehicle until such time as the Central West Jobs and Investment Authority is established. At that time, the State Government's probity processes will apply. Council's processes require participants to disclose conflicts of interest, bias and apprehension of bias in all decision-making and advisory structures. LEEP protocols include financially interested participants in reference groups for consultation purposes but not deliberative structures.	Low -1-	It is considered that the controls will come close to eliminating the risk and removing any significant consequence from arising.
6	Inappropriate selection of priorities and misallocation of scarce public funding.	High -8-	There have been many examples of the poor identification of priorities leading to the misallocation of scarce public resources in transitions management exercises. The principal reasons for this have typically been a pressure to 'get money out the door' often in short periods of time, political rather than evidence-based distribution of funding, and the failure to engage	LEEP proposes several controls to reduce the risk of this hazard including: the early identification of objective metrics of success, collaborative governance, the use of appropriate expertise, comparative measures to assess prioritisation, and continual monitoring, review, and improvement. Much of the funding will also be coming externally and will be	Medium -5-	Much of the political and community interest will be around the selection of priorities by each of the critical LEEP partners – including Council. Whilst the governance arrangements endeavour to reduce the risk of mis-prioritisation and misallocation of scarce resources, political



			with critical transitions management partners and actors.	subject to their own regulatory safeguards.		terms and imperatives will weigh on the process throughout implementation.
7	Projects, investment attraction, and investment failure.	Medium - 3-	Typically, there is little downside risk to local experimentation in transitions management. The bigger risk is generally a failure to develop a culture of innovation and an appetite for experimentation and resilience to occasional failure. Some experimentations (including industry experimentations) will fail, and this is part of a leading practice transitions management process. Scaling and acceleration of small innovative industries, for example, requires some organic market exposure to see whether the industry project is likely to sustain a relative market advantage. That exposure necessarily leads to a degree of 'failure'.	The early and unforgiving identification of a region's real rather than imagined strengths and weaknesses is considered the most important control to manage the severity of this risk. Developing a clear set of expected outcomes early together with on-going monitoring of projects is also critical to minimising the adverse risks associated with investment attraction activities.	Low -2-	Whilst the controls will better help inform investment decisions, the assessment of investment attraction projects is inherently difficult. 'Picking winners' is no longer considered leading practice but, rather, a system of local experimentation and support.
8	Failing to recruit sufficient skills and expertise to undertake the shared LEEP actions.	High -8-	<p>This is considered to be a significant risk. The risk reaches beyond Council and includes the internal resourcing for all critical LEEP partners and key LEEP actors.</p> <p>The biggest risk council currently faces in this space relates to the employment market and its unsuccessful efforts to recruit an internal resource devoted to this task.</p>	<p>It is considered that collaboration – particularly with employers of choice such as WSU, a growing profile of LEEP, and effective communication of success stories will reduce this risk but it cannot be entirely eliminated given wider issues in the specific and local jobs markets. Close collaboration with other critical LEEP partners will also build a stronger support network for activities and ensure optimal distribution and range of required skills.</p> <p>Council must also engage external consultants to ensure it has sufficient internal capacity to undertake the task at hand.</p>	Medium -5-	<p>Whilst the controls will assist to minimise the risk, the employment market is largely beyond the control of the LEEP actors especially in the short to medium terms.</p> <p>The engagement of expert consultants, in lieu of attracting such internal resources, is an important mitigation strategy that the Council must implement to reduce this risk.</p>

## Consultation and Communication

Whilst the key recommended stakeholder engagements have been set out in the Interim LEEP Action Plan Summary Table, an Interim LEEP Engagement Strategy has been drafted for Council's consideration. This document is included as an attachment to this report.

An initial panel workshop occurred in early February to engage with the independent authors of the LEEP, alongside local experts, to appropriately define the following matters, for inclusion in the Interim Engagement Strategy:

- Who are the target audiences?
- What is the message Council is trying to convey what is this engagement strategy setting out to achieve?
- What are the risks and challenges with this engagement strategy, and how can we mitigate these? (Baseline community understanding of LEEP is a key challenge, how do we best address this and ensure Council's efforts have maximum value?)
- What is the appropriate level of engagement for the various stakeholders/audiences? (through use of the IAP2 spectrum of engagement)
- How do we close the loop? What are our measures of success and how do we communicate these?

Importantly, the NSW Government will need to walk alongside Council as it embarks on its economic diversification journey. For this reason, there must be a process of co-design that involves the NSW Government in the development of this engagement strategy, once their Central West Jobs and Investment Authorities have been implemented. To allow for this, the current engagement strategy has been clearly identified to be *interim*, thereby covering the period that Council's own committee operates only.

The Interim LEEP Engagement Strategy is also presented in *draft* form, comprising more of a framework rather than a comprehensive strategy. Much more detail is required, including resourcing, engagement methodologies, and the like. However, the draft strategy indicates the intended approach of the strategy, which will not significantly change if endorsed by the Council.

Once the strategy is in its final form, it will once more be presented to Council for final adoption.

## Policy

The LEEP provides a technical evidence-base to inform a wide-range of policy settings of Council. Some of those policy settings have been identified by the broader community as being priorities in successive community surveys – including developing a sustainable economic future for the Lithgow LGA and increasing economic participation and inclusion.

## Legal

Nil

## Risk Management

Detailed risk assessment included in the body of the report.

## Financial

- Budget approved - \$1.09M
- Cost centre - 100888
- Expended to date - \$75,288
- Committed to date - \$222,113
- Future potential impact – Expenditure of full budget, or relocation of any remaining funds to restricted reserve.

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## 10.4. Enhancing Our Natural Environment

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Nil

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## 10.5. Responsible Governance & Civic Leadership

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### 10.5.1. F&G - 26/02/2024 – 2023/24 Quarter Two Budget Review

#### Strategic Context for this matter:

**Responsible Governance & Civic Leadership:** To develop community confidence in the organisation by the way it is directed, controlled and managed

**Author:** Ross Gurney - Director Finance and Governance

**Responsible Officer:** Craig Butler - General Manager

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#### Executive Summary

This report provides the Quarterly Performance Report on the 2023/24 Operational Plan for the period of 1 October 2023 to 31 December 2023 with a recommendation that variations to income, expenditure and capital budget estimates are adopted and that the revised financial result of a \$7.2M consolidated operating surplus (before capital grants) be noted.

The Director Finance & Governance, as Responsible Accounting Officer, has reviewed the report and advises that Council's projected financial position at 30 June 2024 will be **satisfactory** compared with the original budget.

The report also provides an update on the capital expenditure budget, cashflow and reserve balances.

#### Administration's Recommendation

THAT Council:

1. Note the contents of the report and the projected consolidated operating result (before capital) of \$7.2M surplus for the 2023/24 Operational Plan as detailed in the Quarterly Budget Review Report for the period 1 October 2023 to 31 December 2023.
2. Note the commentary on the capital expenditure budget, cashflow and reserve balances.
3. Adopt the income, expenditure and capital budget variations to the 2023/24 Council budget as outlined in the attached Quarterly Budget Review Report.

#### Attachments

1. Dec 2023 Quarterly Report - FINAL [10.5.1.1 - 19 pages]

#### Reference to any relevant previous minute

N/A

## Background and discussion

### Commentary

The Director Finance & Governance, as Responsible Accounting Officer, has stated in the Quarterly Performance Report that Council's projected financial position at 30 June 2024 will be satisfactory, having regard to the original budget position.

Council's projected position at 30 June 2024 has changed from an operating result (before capital) of \$15.1M surplus (original budget) to an expected \$7.2M surplus (Quarter Two review). The following factors were considered in determining Council's projected financial position at 30 June 2024 to be satisfactory:

1. The main reason for the change in Council's projected operating result (before capital) from original budget \$13.58M surplus to \$7.2M surplus relates to natural disaster claim income. Nett \$8.26M of natural disaster claim income was removed from operating income - \$11.6M of natural disaster restoration project budgets have been rephased to 2024/25, partly offset by \$3.3M budget added for actual 2023/24 expenditure.
2. Council is on track to achieve 2023/24 total salaries and wages savings of \$1.46M, with \$670K of salary savings taken in the first six months of 2023/24.
3. \$300K of additional investment income is expected to be received and nett (\$282K) of material and contract budget adjustments were made.

Council will continue to implement the 2023/24 Financial Sustainability Plan actions through the remainder of the 2023/24 year with identified budget savings / additional revenue of \$3.9M built into the budget for the full year.

### Financial Impacts of Natural Disaster Works on the Operating Result

The 26 June 2023 report to Council on the Operational Plan noted:

*Included in the budget consolidated income is \$11.337M of natural disaster income. Excluding this income, the 2023/24 budget consolidated operating result (before capital) is \$2.246M.*

Following a comprehensive review of 2023/24 natural disaster projects, \$11.6M of natural disaster restoration project budgets have been rephased to 2024/25, partly offset by \$3.3M budget added for actual 2023/24 expenditure.

If Quarter Two total operating natural disaster claim income of \$6.256M is excluded, the 2023/24 projected budget consolidated operating result (before capital) is \$933K. This includes net (\$199K) of operational carryovers.

All of the natural disaster claims income is classified as "operating grants" whilst the majority of the expense is in the capital works program due to the nature of the works being asset renewal. Asset renewal works are expensed over the useful life of an asset via depreciation. To a lay observer, this accounting treatment appears to suggest a positive result because of an increased surplus.

In September 2023, Council received a \$13.8M payment for outstanding natural disaster claims. The payment was for works completed and claims lodged, including claims yet to be processed by Transport for NSW.

Council is currently awaiting approval of Essential Public Asset Restoration (EPAR) projects to recommence natural disaster works. Council must await approval to ensure that the cost of works is claimable. Council will be seeking advance payment for the cost of works, once approvals are granted.

EPAR approval has been received to commence the Browns Gap Road project (\$2.1M). The project budget has been reduced from \$5M to match the initial EPAR approval.

Project budgets were removed for the natural disaster restoration projects listed below. Once EPAR approval is received, the project budgets will be reinstated. The projects have been rephased whilst the projects are assessed by Transport for NSW.

- Glen Davis Road, Capertee - \$1.15M.
- Hampton Rd, Rydal / Hampton - \$855K.
- Lowther Siding Rd, Lowther - \$2.86M.
- Magpie Hollow Road - \$810K.
- Portland - Sunny Corner Rd, Meadow Flat - \$778K.
- Sodwalls Rd, Sodwalls - \$767K.
- Glen Alice Road, Glen Alice - \$724K.
- Marsden Swamp Road, Lowther - \$1.1M.
- Corderoy Place, Wallerawang - \$375K.

A total of \$2.66M of budgets have been added for 2022/23 claimable natural disaster emergency work invoices paid in 2023/24 (Donkey Steps Road Construction, Turon Gates / Red Hill recovery works and Baaners Lane). \$637K budget was added for the Wolgan Rd alternative alignment study (Min. No. 23-6).

### Summary of the October to December Quarterly Budget Review Report

Details of the October to December Quarterly Budget Review Report are provided in the attachment to the Business Paper. Below is a summary table:

Budget	Result (before capital)
	\$'000
Original Budget	13,583
September Review	15,101
December Review	7,189

### Reasons for Changes in Revenue and Expenditure Projections (Including Capital)

Projected total revenue to 30 June 2024 has decreased by (\$12.95M) during Quarter Two, mainly due to the following reasons:

- \$300K investment revenue increase due to higher interest rates and \$13.8M natural disaster claim payment.
- Nett (\$8.3M) decrease to Natural Disaster claim income.
- (\$315K) operating grant income reduction for the pothole repair program (works completed in 2022/23).
- Net (\$4.5M) decrease in capital grant income (further details in the Capital Expenditure Budget section below).

Projected total operating expenditure to 30 June 2024 has decreased by (\$497K) during Quarter Two, mainly due to the following reasons:

- (\$250K) of salary savings taken across the organisation.
- Nett (\$282K) decrease in materials and contract budgets, mainly due to budget corrections.

The nett effect of the decrease in projected total revenue, together with the decrease in projected total expenditure is a change in the expected consolidated operating result from a surplus of \$28.8M (Quarter One review) to a surplus of \$16.4M at 30 June 2024 (including capital grants and carryovers).

### **Projected End of Year Result (Before Capital)**

The operating result before capital grants is a key Office of Local Government performance measure with a benchmark of a balanced operating result (i.e. nil surplus / deficit). Capital grants are excluded from the performance measure as they do not contribute towards funding Council's operations. Council's revised consolidated operating result (before capital grants) at 30 June 2024 is projected to be a \$7.2M surplus, which is above the OLG benchmark. While the surplus amount is largely attributable to the extraordinary natural disaster events, even if those events are excluded, the benchmark is still met.

At the end of Quarter Two 2023/24, it is projected that the General Fund will have a surplus (before capital grants) of \$5.36M at 30 June 2024. The Water Fund is forecast to have a surplus (before capital grants) of \$930K and the Sewer Fund is forecast to have a surplus operating result (before capital grants) of \$898K.

### **Capital Expenditure Budget**

The final original budget for the 2023/24 Capital Works Program was \$52.477M. \$3.162M of carryovers were added to bring the total program to \$55.639M.

The 26 June 2023 report to Council on the Operational Plan noted:

*The 2023/24 Capital Works Program will be thoroughly reviewed at each quarterly budget review. Projects may need to be rephased to a future year if the 2023/24 budget is not likely to be spent in the financial year. Cashflow will need to be carefully managed to fund the program.*

The Quarter Two comprehensive review of the Capital Works Program has resulted in a net reduction in the program of (\$12M). The program has thus been reduced to a total of \$40M.

The key changes to the Capital Works Program in Quarter Two are:

- (\$11.56M) rephasing of natural disaster projects, pending EPAR approvals, to be completed in 2024/25.
- \$637K budget added for Wolgan Rd Alternative Alignment Study – Min. No. 23-6.
- (\$1.8M) partial rephasing of Main St Footpath Revitalisation to 2024/25, after allowing for an extensive consultation period.
- (\$900K) Resources for Regions Regional Road Safety Improvements rephased to 2024/25.
- (\$679K) Red Hill Road Bridge partial rephasing to 2024/25.
- (\$500K) Glen Davis Detour & Construction (natural disaster) project removal and reallocation to other priority projects. The detour project is not feasible to complete by the 30 June 2024 grant funding deadline. The community will be consulted on an alternative option.
- \$779K South Bowenfels Link Road increase expenditure (Min. No. 23-186).
- \$451K Magpie Hollow Rd guardrail and road resurfacing increased expenditure, funded by Energy Australia (Min. No. 23-187).
- (\$745K) Resources for Regions Main Street / Cupro Street Stormwater Drainage Improvements rephased to 2024/25. Approvals for works under the rail line have been delayed.
- \$450K increased expenditure to complete Cullen Bullen Sewer Scheme (Min. No. 24-7).
- (\$400K) Clarence to Wallerawang Pipeline - savings taken - lower cost of Review of Environmental Factors.

Review of the 2023/24 Capital Works Program is ongoing, and further changes may be recommended to Council at the Quarter Three review.

### Cash and Investments / Reserve Balances / Cashflow

The Cash and Investments Statement at 31 December 2023 is shown in the table below.

<b>Cash and Investments Statement (\$'000)</b>				
	<b>30 June 2023</b>	<b>30 September 2023</b>	<b>31 December 2023</b>	<b>31 March 2024</b>
	<b>Position</b>	<b>Position</b>	<b>Position</b>	<b>Position</b>
<b>Externally Restricted</b>				
Developer Contributions	1,874	1,854	1,917	
Special Purpose Grants	12,659	14,958	16,120	
FAGS	6,013	4,510	3,235	
Water Supplies	2,829	2,960	3,326	
Sewerage Services	7,427	8,095	8,416	
Domestic Waste	7,402	9,223	8,499	
Unexpended Loans	1,352	3,851	2,850	
	<b>39,556</b>	<b>45,451</b>	<b>44,363</b>	
<b>Internally Restricted</b>				
Land & Buildings	2,734	2,916	3,102	
Plant & Equipment	511	514	811	
Bonds, Deposits & Retentions	302	309	302	
Works in Progress	671	670	648	
Carry Over Works	476	291	245	
Commercial Waste	250	140	931	
ELE	1,130	1,130	1,130	
Election	100	119	138	
Employee Development	350	350	350	
<b>Total Internally Restricted</b>	<b>6,523</b>	<b>6,439</b>	<b>7,657</b>	
<b>Unrestricted (working capital)</b>	<b>(3,142)</b>	<b>2,779</b>	<b>1,854</b>	
<b>Total Cash and Investments</b>	<b>42,937</b>	<b>54,669</b>	<b>53,874</b>	

There is sufficient cash and investments to fund Council's external and internal restrictions.

In September 2023, the working capital short-term loan facility was paid down by \$1M. The administration will consider another full or partial reduction of the facility at the March 2024 review.

Council has \$1.854M of unrestricted working capital. The working capital balance is available for Council to utilise to recommence natural disaster recovery works upon EPAR approval, without having to wait for an advance payment from Transport for NSW.

The \$16.12M balance of the special purpose grants reserve includes \$1.85M for special natural disaster grants, \$1.7M for the Regional Emergency Road Repair Fund, \$4M for Resources for Regions Round 9 and \$3.8M in advance payments for the pothole repair program.

Cashflow continues to be carefully managed to ensure that Council has sufficient liquid funds available to make payments on time. The action taken by management has ensured that cash inflows can match cash outflows.

**Implications****Policy**

Nil.

**Legal**

The Local Government Act 1993 and Local Government (General) Amendment (Planning and Reporting) Regulation 2009 sets out the requirements for the quarterly reporting of the achievement of performance targets and the submission of a budget review statement after the end of each quarter.

**Risk Management**

The Quarterly Performance Report provides assurance that Council has effective financial management practices in place.

**Financial**

As detailed in this report.

**Consultation and Communication**

N/A



**10.5.2. I&E - 26/02/2024 - Exeloo - Supply and Install at Portland****Strategic Context for this matter:**

[Responsible Governance & Civic Leadership](#) To develop community confidence in the organisation by the way it is directed, controlled and managed

**Author:** David Anderson - Building & Recreation Facilities Manager

**Responsible Officer:** Jonathon Edgecombe - Director of Infrastructure and Economy

**Executive Summary**

This report seeks Council's consideration and endorsement of the purchase of a twin-system Exeloo for Saville Park, Portland, at a value of \$252,875.99, including delivery to site.

**Administration's Recommendation**

THAT Council proceed with the purchase of an Exeloo for Saville Park, Portland, at a value of \$252,876 excluding GST, utilising the provisions of Section (3) (i) of the Local Government Act (1993) as a sole provider of Exeloo systems.

**Attachments**

1. CONFIDENTIAL - Saville Park Exeloo Pricing Confirmation [**10.5.2.1** - 5 pages]

**Reference to any relevant previous minute**

Nil

**Background and discussion**

Lithgow City Council have had great success with Exeloo, who are the sole provider of the newest technology in public toilet amenities.

Council have obtained several Exeloo units, strategically located throughout the LGA, and to date have been a huge success. These units have proven to be reliable, easy to maintain, and customers have provided positive feedback on these amenities.

For operational purposes, so long as it is reasonably practicable, it is suggested that the Council continue to install local toilet amenities of the same provider. This ensures consistent maintenance and management practices and allows the Council to enact a single service agreement for more significant operational requirements. They are also the most widely used facility in the state.

The Exeloo amenities provide a self-cleaning mode which assists in keeping the facilities clean, which enhances customer satisfaction. The amenities also have an electronic timer mode to control opening and closing times minimising vandalism after operating hours, whilst also reducing the requirement for amenities to be physically locked by staff or contractors.

As approved by Council through their endorsement of the 2023/24 Operational Plan, this project involves the removal of a dilapidated amenities block at a central location in Portland, at the corner of Williwa and Cullen Street, and replacement with a dual-purpose amenity block with two ambulant facilities.

The location is next to Saville Park, a multi-purpose sporting field inclusive of a brand-new playground, with proximity to Portland Pool and the Foundations, while also being very central to the main street.

Given the success of our Exeloo amenities to date, and Exeloo being the sole provider of these units, Council's approval is sought to proceed with a purchase order just over the tender value of \$250,000.

The total of the quote is \$252,875.99 (included as a confidential attachment).

### **Consultation and Communication**

Written advice will be provided to user groups of the Saville Park, alongside adjacent residents and businesses four weeks prior to the Exeloo installation.

### **Policy**

Procurement has been undertaken in accordance with Council's purchasing procedures.

### **Legal**

The subject matter of this report is a function of Council conferred by the Local Government Act 1993.

Under Section (3) (i) of the Local Government Act (1993), tenders for works valued over \$250,000 are not required in cases where "because of extenuating circumstances, remoteness of locality or the unavailability of competitive or reliable tenderers, a council decides by resolution (which states the reasons for the decision) that a satisfactory result would not be achieved by inviting tenders."

The Council has installed several of these Exeloo units throughout the LGA. To maintain consistency of service provision, maintenance and facility management (including procurement of spare parts, etc.), it is suggested that the Council does not deviate from the purchase of these units.

Noting the above, it is suggested that the Council endorse the raising of a purchase order for the value of \$252,875.99, thereby purchasing this unit for installation prior to the end of the financial year.

### **Risk Management**

Nil

### **Financial**

- Budget approved - \$253,000
- Cost centre - 400206
- Expended to date - \$0
- Future potential impact – Full expenditure of project budget

**10.5.3. F&G - 26/02/2024 - Review of Policy 8.7 Investment Policy****Strategic Context for this matter:**

[Responsible Governance & Civic Leadership](#) To develop community confidence in the organisation by the way it is directed, controlled and managed

**Author:** Jonathon Reid – Financial Services Manager

**Responsible Officer:** Ross Gurney - Director Finance and Governance

**Executive Summary**

The purpose of this report is to provide Council with revised Policy 8.7 Investment Policy for consideration.

Policy 8.7 Investment Policy is reviewed on an annual basis. The annual reviews since March 2021 have not recommended changes to the policy, hence, the policy has not required Council's re-adoption.

The 2024 revision of the Investment Policy includes a few minor changes to ensure that Council maximises its investment returns, whilst managing risk.

**Administration's Recommendation**

THAT Council adopt revised Policy 8.7 Investment Policy for immediate implementation.

**Attachments**

1. Policy 8.7 Investment Policy - V 9 January 2023 - Draft [10.5.3.1 - 10 pages]

**Reference to any relevant previous minute**

Minute No. 21-73 Ordinary Meeting of Council held on 22 March 2021.

**Background and discussion**

Council currently invests 100% of its investment portfolio in term deposits (average 6 month term) with Authorised Deposit-taking Institutions (ADIs).

The most attractive term deposit (TD) rates, at lower risk, are in the "AA" Categories (i.e. above "BBB" rated). Currently all investments held are above "BBB" rating. Given the size of Council's investment portfolio and short-term cashflow requirements (for working capital needs), it is sensible that Council continues to invest only in On Call facilities and TDs for flexibility and to maximise returns. It is proposed to remove the option of investing in "lower than BBB Category" investments to reduce exposure to risk.

It is also recommended that Council adopts revised lower limits for maximum exposure to an individual ADI. Again, the change reduces the risk of loss of invested funds.

The changes to both credit quality limits and counterparty limits continue Council's prudent management of its investments and have taken into account the policy's risk management guidelines.

### Proposed changes to Credit Quality Limits

Long Term Rating Range (or Moody's equivalent)	Maximum Holding
AAA Category	100% (no change)
AA Category or Major Bank*	100% (no change)
Lower than AA Category	100% (no change)
Lower than A Category	100% (no change)
<del>Lower than BBB Category</del>	<del>20%</del>

### Proposed changes to Counterparty Limits

Individual Institution or Counterparty Limits		
Long Term Rating Range (or Moody's / Fitch equivalent)		Limit
AAA Category <sup>1</sup>		50% (reduced from 70%)
AA Category or Major Bank <sup>2</sup>		50% (reduced from 60%)
A Category <sup>3</sup>		40% (reduced from 50%)
BBB Category		40% (reduced from 50%)

All other changes to the policy are minor changes to wording. There has been no significant change to the objectives, purpose or principles of the policy.

### Consultation and Communication

The Investment Policy supports Council's internal systems and therefore public exhibition inviting community feedback is not required. The document will be included in Council's Policy Register on the website <https://council.lithgow.com/council/policies/> for the information of the community.

### Policy

The revised Investment Policy will improve Council's prudent management of investments while maximising returns and portfolio diversity.

**Legal**

The policy limits investments to those allowed by the Ministerial Order (12/1/11).

**Risk Management**

The policy includes risk management guidelines for investments.

**Financial**

As detailed in this report.

**10.5.4. F&G - 26/02/2023 - Review of Policy 9.14 Risk Management****Strategic Context for this matter:**

**Responsible Governance & Civic Leadership:** To develop community confidence in the organisation by the way it is directed, controlled and managed.

**Author:** Raj Singh – Governance & Risk Manager

**Responsible Officer:** Ross Gurney - Director Finance and Governance

**Executive Summary**

The purpose of this report is to seek Council's adoption of revised Policy 9.14 Enterprise Risk Management.

**Administration's Recommendation**

THAT Council adopt Policy 9.14 Enterprise Risk Management (ERM) for immediate implementation.

**Attachments**

1. Lithgow City Council - Enterprise Risk Management Policy V 2 - FINAL DRAFT [10.5.4.1 - 5 pages]

**Reference to any relevant previous minute**

Min. No. 19-284 Ordinary Meeting of Council held on 23 September 2019.

**Background and discussion**

The management of risk within Council is an important enabling function that helps the Council to meet the expectations of our many stakeholders and to provide quality services to our customers.

The purpose of the ERM policy is to provide guidance regarding the management of risk to support the achievement of corporate objectives, protect staff and business assets, and ensure financial sustainability.

The policy was developed by Vincent's Consulting who were engaged in May 2023 to review Council's Enterprise Risk Management Framework. With Vincent's assistance, ELT determined the Strategic Risks and Risk Appetite Statements in August 2023. Operational Risk Workshops were undertaken with risk managers in August 2023. The review ensured that Council's ERM framework aligned with the Australian Standard and the Office of Local Government's Risk Management and Internal Audit guidelines

The following suite of documents were developed:

- ERM Policy,
- ERM Framework, and
- ERM Process Guidelines.

The documents were provided to the ARIC in November 2023. ARIC's suggestion was to simplify the policy. Based on this advice, the ERM policy was redrafted and is ready for Council to consider for adoption.

In implementing this policy, Lithgow City Council is committed to ensuring:

1. That risk management is an integral part of Council's planning and decision-making processes.
2. There is a consistent approach to managing risks across Council.
3. Clear roles and responsibilities are defined.
4. All staff with risk management roles and responsibilities are provided with necessary authority to undertake these responsibilities.
5. There is accountability assigned to all those with risk a management responsibility.
6. The necessary resources are allocated in support of the policy outcomes.
7. Communication with our stakeholder community in relation to the identification and management of risk is promoted and encouraged.
8. We are honest with ourselves and with others in relation to the risk exposures and challenges faced by Lithgow City Council.

Council's elected members are responsible for providing leadership for the implementation and ongoing maintenance of the risk management program through involvement in the process, allocation of sufficient resources and effective engagement with all stakeholders on risk matters.

The Enterprise Risk Management Framework (ERMF) defines the procedures, roles and responsibilities, monitoring and reporting requirements for the management of risks within Council.

The Enterprise Risk Management Guidelines (ERM Guidelines) equates risk management to managing threats and opportunities. The Australian Standard AS/NZS ISO 31000:2018 describes risk as the effect of uncertainty on objectives. It is a structured and systematic approach which requires staff, management and contractors to adequately consider risk at all stages during decision-making, planning and performance reporting activities.

### **Consultation and Communication**

The ERM Policy supports Council's internal governance systems and therefore public exhibition inviting community feedback is not required. The document will be included in Council's Policy Register on the website <https://council.lithgow.com/council/policies/> for the information of the community.

The draft policy has been reviewed and accepted by the Audit Risk and Improvement Committee.

### **Policy**

The ERM Policy has been thoroughly reviewed and revised.

### **Standards**

The ERM Framework, Policy and Guidelines have been developed to meet Australian/New Zealand and International Standards including ISO 31000:2018 to be consistent across local government organisations and adhere to Local Government Act and Regulations.

**Risk Management**

The ERM Policy will assist to manage and deal with risks within the council.

**Financial**

- Budget approved – N/A
- Cost centre – N/A
- Expended to date – N/A
- Future potential impact – N/A



## 11. Council Committee Reports

### 11.1. P&P - 26/02/2024 - Seven Valleys Tourism Minutes - 27 November 2023

#### Strategic Context for this matter:

**Caring for Our Community** To retain, respect and strengthen both our overall sense of community, and the unique linked communities of groups, rural areas, villages and towns that make up the Lithgow LGA.

**Strengthening Our Economy** To provide for sustainable and planned growth through the diversification of the economic base, the development of diverse job opportunities and the provision of a broad range of formal and non-formal educational services.

**Author:** {author-name} - {position}

**Responsible Officer:** Jonathon Edgecombe - Director of Infrastructure and Economy  
Shaun Elwood - Director People and Places (January 2024)

#### Executive Summary

This report details the minutes of the Seven Valleys Tourism Committee meeting held on the 27 November 2023.

Due to unforeseen circumstances, these minutes have not been presented to Council earlier for endorsement. Corrections have been made to standard operating procedure to prevent a recurrence of this in the future.

#### Administration's Recommendation

THAT Council notes the minutes of the Seven Valley Tourism Committee meeting held on 27 November 2023.

#### Attachments

1. Draft Seven Valleys Tourism Minutes November 2023 [11.1.1 - 8 pages]

#### Reference to any relevant previous minute

Nil

#### Background and discussion

At the Seven Valley Tourism Committee meeting held on 27 November 2023 there were a range of items discussed:

- Destination Action Plan Update.
- Gardens of Stone Conservation Area Update
- Halloween Report
- Tourism Manager's Report.
- General Business

## **Financial**

- Budget approved – Nil
- Cost centre – Nil
- Expended to date - Nil
- Future potential impact – Nil

**11.2. I&E - 26/02/2024 - Operations Committee Meeting Minutes - 5th December 2023****Strategic Context for this matter:**

**Caring for Our Community** To retain, respect and strengthen both our overall sense of community, and the unique linked communities of groups, rural areas, villages and towns that make up the Lithgow LGA.

**Developing Our Built Environment** To provide a choice of effective public and private transport options, suitable entertainment and recreational facilities, and lifestyle choices while enhancing the existing rural areas, villages and towns that make up the Lithgow LGA.

**Author:** Kaitlin Cibulka – Executive Assistant

**Responsible Officer:** Jonathon Edgecombe – Director Infrastructure & Economy

**Executive Summary**

This report details the minutes of the Operations Committee Meeting held on 5<sup>th</sup> December 2023.

**Administration's Recommendation**

THAT

1. Council notes the minutes of the Operations Committee meeting held on 5<sup>th</sup> December 2023; and
2. Council note the progress report on the causeway crossing over Farmers Creek near Burton Street.
  - a. The Administration provide a timeline from the beginning up until this point that also includes the details from Thursdays meeting and update from the contractors engaged for this project including sizing of the culvert; and
  - b. A risk assessment of the previous works and of the new design be provided, and
  - c. A survey to include up to the boundaries of neighbouring properties and identify if restriction point any acquisition is to occur; and
  - d. Confirm if there is any risk to Council in terms of professional indemnity and who is indemnifying that plan

**Attachments**

1. 4.1.1 DRAFT Minutes Operations Committee Meeting 5 th December 2023 [**11.2.1** - 9 pages]

**Reference to any relevant previous minute**

Nil

**Background and discussion**

At the Operations Committee meeting held on 5<sup>th</sup> December 2023, there were numerous items discussed by the Committee including:

- Assets & Projects – Progress Report November 2023
- Water and Wastewater Department – Project Update
- Project Update Report

The following item was outside the Committee's delegation and require Council to formally approve the recommendation for:

- Item 7.1 - Farmers Creek Crossing at Burton & Guy Streets – Causeway Impact

**Financial**

- Budget approved – Nil
- Cost centre – N/A
- Expended to date - Nil
- Future potential impact –Nil

### 11.3. I&E - 26/02/2024 - Sports Advisory Committee Meeting Minutes - 13th December 2024

#### Strategic Context for this matter:

**Responsible Governance & Civic Leadership:** To develop community confidence in the organisation by the way it is directed, controlled and managed

**Author:** Kaitlin Cibulka – Executive Assistant

**Responsible Officer:** Jonathon Edgecombe - Director of Infrastructure and Economy

#### Executive Summary

This report details the minutes of the Sports Advisory Committee held on 13<sup>th</sup> December 2023.

#### Administration's Recommendation

THAT Council notes the minutes of the Sports Advisory Committee Meeting held on 13<sup>th</sup> December 2023.

#### Attachments

1. DRAFT Minutes Sports Advisory Committee 13 December 2023 [11.3.1 - 8 pages]

#### Reference to any relevant previous minute

Nil

#### Background and discussion

At the Sports Advisory Committee meeting held on 13<sup>th</sup> December 2023, there were numerous items discussed by the committee including:

- Financial Assistance Requests
- 2023 LJ Hooker Reg Cowden Memorial Sports Star of the Year Awards
- Booking Requests
- New Members

#### Financial

- Budget approved - Nil
- Cost centre – N/A
- Expended to date - Nil
- Future potential impact - Nil

**11.4. P&P - 26/02/2024 - Seven Valleys Tourism Minutes - 23 January 2024****Strategic Context for this matter:**

**Caring for Our Community** To retain, respect and strengthen both our overall sense of community, and the unique linked communities of groups, rural areas, villages and towns that make up the Lithgow LGA.

**Strengthening Our Economy** To provide for sustainable and planned growth through the diversification of the economic base, the development of diverse job opportunities and the provision of a broad range of formal and non-formal educational services.

**Author:** Simon Francis – Tourism Manager

**Responsible Officer:** Shaun Elwood - Director People and Place

**Executive Summary**

This report details the minutes of the Seven Valleys Tourism Committee meeting held on the 23 January 2024.

**Administration's Recommendation**

THAT Council notes the minutes of the Seven Valley Tourism Committee meeting held on 23 January 2024.

**Attachments**

1. Draft minutes Seven Valleys Tourism Committee 23 January 2024 [11.4.1 - 8 pages]

**Reference to any relevant previous minute**

Nil

**Background and discussion**

At the Seven Valley Tourism Committee meeting held on 23 January 2024, a range of items were discussed:

- Presentation by Amanda Byrne of Wild Bush Luxury about Gardens of Stone SCA multi-day walk accommodation
- Main Street revitalisation presentation and discussion
- Mt Blaxland walking track presentation by Trustees Mt Blaxland Reserve (Ramsay Moodie and Wyn Jones)
- Update to Seven Valleys Tourism Committee Terms of Reference.

**Financial**

- Budget approved – Nil
- Cost centre – Nil
- Expended to date - Nil
- Future potential impact – Nil

**11.5. I&E - 26/02/2024 - TALC Committee Meeting Minutes - 1st February 2024****Strategic Context for this matter:**

**Caring for Our Community:** To retain, respect and strengthen both our overall sense of community, and the unique linked communities of groups, rural areas, villages and towns that make up the Lithgow LGA.

**Developing Our Built Environment:** To provide a choice of effective public and private transport options, suitable entertainment and recreational facilities, and lifestyle choices while enhancing the existing rural areas, villages and towns that make up the Lithgow LGA.

**Author:** Kaitlin Cibulka – Executive Assistant

**Responsible Officer:** Jonathan Edgecombe – Director Infrastructure & Economy

**Executive Summary**

This report details the minutes of the TALC Committee Meeting held on 1<sup>st</sup> February 2024.

**Administration's Recommendation**

THAT

1. Council notes the minutes of the TALC Committee Meeting held on 1<sup>st</sup> February 2024.
2. All property owners in Second Street, Third Street and East Street, Lithgow be issued with a request to be considerate of their neighbours, and refrain from parking opposite driveway entrances to allow safe entry and exit; and
3. Council provide a follow up report to Traffic Authority Local Committee in six (6) months' time, for consideration of a No Parking zone on both sides of Second Street to prevent any future parking and access issues (if required).
4. Council note the proposed installation of a Variable Message Sign by Transport for NSW on the Great Western Highway, Lithgow (near the Lockyer Street Intersection) for use during the 2024 Winter Weather Ice and Snow multi-tiered campaign between June and August 2024.

**Attachments**

1. DRAFT Minutes TALC Committee Meeting 1st February 2024 [11.5.1 - 6 pages]

**Reference to any relevant previous minute**

Nil

**Background and discussion**

At the TALC Committee Meeting held on 1<sup>st</sup> February 2024, there were numerous items discussed by the Committee including:

- Main Street Lane, Lithgow – Proposed Changed Traffic Conditions – Community Consultation

The following items were outside the Committee's delegations and require Council to formally approve the recommendation:

- Item 8.1 - Parking Issues – Second Street, Lithgow
- Item 8.3 - TfNSW 2024 Winter Weather Campaign

### **Financial**

- Budget approved - Nil
- Cost centre – N/A
- Expended to date - Nil
- Future potential impact - Nil



**11.6. P&P - 26/02/2024 - Crime Prevention Committee Minutes - 5 February 2024****Strategic Context for this matter:**

**Caring for Our Community** To retain, respect and strengthen both our overall sense of community, and the unique linked communities of groups, rural areas, villages and towns that make up the Lithgow LGA.

**Author:** Matthew Johnson – Manager Community and Culture

**Responsible Officer:** Shaun Elwood - Director People and Place

**Executive Summary**

The minutes of the 5 February 2024 Crime Prevention Committee meeting are reported for noting by Council.

**Administration's Recommendation**

THAT Council note the minutes of the 5 February 2024 Crime Prevention Committee meeting

**Attachments**

1. Minutes - Crime Prevention Committee - 5 February 2024 [**11.6.1** - 8 pages]

**Reference to any relevant previous minute**

Min 23 -153 Ordinary Meeting of Council held 28 August 2023

**Background and discussion**

At the 5 February 2024 Crime Prevention Committee meeting, various matters were discussed including:

1. The most recent Bureau of Crime Statistics (BOCSAR) quarterly report dated 30 September 2023, including information on reported criminal incidents in Lithgow LGA, with metrics on the following categories:
  - Trends in recorded Criminal Incidents in Lithgow LGA for major offences over the 24 months to September 2023;
  - Ratio to the NSW rate (per 100,000 population) of recorded criminal incidents in Lithgow for the 12 months to September 2023; and
  - Number of recorded criminal incidents in Lithgow LGA for major offences over 12 months to September 2023 and to September 2022
2. A report by the Police representative on recent local crime statistics for the past quarter and relevant policing matters.
3. Discussion of some public disorder incidents that occurred at the Halloween 2023 event and planning underway to prevent this reoccurring at Halloween 2024.

4. Discussion on vandalism in the Wallerawang skatepark precinct.

**Consultation and Communication**

N/A

**Policy**

N/A

**Legal**

N/A

**Risk Management**

N/A

**Financial**

- Budget approved – Nil
- Cost centre – N/A
- Expended to date – Nil
- Future potential impact – Nil

**Consultation and Communication**

N/A

**11.7. I&E - 26/02/2024 - Operations Committee Meeting Minutes - 6 February 2024****Strategic Context for this matter:**

**Responsible Governance & Civic Leadership:** To develop community confidence in the organisation by the way it is directed, controlled and manage

**Author:** Kaitlin Cibulka - Executive Assistant

**Responsible Officer:** Jonathon Edgecombe - Director of Infrastructure and Economy

**Executive Summary**

This report details the Minutes of the Operations Committee Meeting held on 6<sup>th</sup> February 2024.

**Administration's Recommendation**

THAT the Council notes the Minutes of the Operations Committee Meeting held on 6<sup>th</sup> February 2024.

**Attachments**

1. DRAFT Minutes Operations Committee Meeting 6 February 2024 [11.7.1 - 8 pages]

**Reference to any relevant previous minute**

Nil

**Background and discussion**

At the Operations Committee meeting held on 6<sup>th</sup> February 2024, there were several items discussed by the Committee, including:

- Burton Street Causeway
- Water and Wastewater – Projects Update
- Projects Update Report
- Disaster Recovery Projects – Application and Approval Status

**Financial**

- Budget approved - Nil
- Cost centre – N/A
- Expended to date - Nil
- Future potential impact - Nil

**11.8. FIN - 26/02/2024 - Finance Committee Meeting Minutes 13 February 2024****Strategic Context for this matter:**

**Responsible Governance & Civic Leadership** To develop community confidence in the organisation by the way it is directed, controlled and managed.

**Author:** Ross Gurney - Director Finance and Governance

**Responsible Officer:** Ross Gurney - Director Finance and Governance

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**Executive Summary**

This report provides a summary of matters considered at the Finance Committee Meeting held on 13 February 2024 and recommends that the Council note the minutes.

**Administration's Recommendation**

THAT Council note the minutes of the Finance Committee meeting held on 13 February 2024.

**Attachments**

1. Draft Finance Committee Minutes - 13 February 2024 [**11.8.1** - 7 pages]

**Reference to any relevant previous minute**

Min. No. 24-15 Ordinary Meeting of Council held on 30 January 2024.

**Background and discussion**

At the 13 February 2024 Finance Committee Meeting, the following reports were discussed by the Committee:

- **Policy 10.20 Leasing and Licencing – Categories** - the Committee reviewed the five Crown Land properties that are leased by Council. It was noted that the Administration will report to the 9 April 2024 Finance Committee meeting with suggestions to update the Categories B and C definitions in Policy 10.20 Leasing and Licensing.
- **Audit Action List – Rating Review** - the Committee discussed the plan for a Farmland rating category application process and the Special Parking Rate. It is proposed to defer other rates harmonisation actions until early in the new Council term.
- **Delegations Register** - the Committee agreed that Council should have detailed and specific delegations for the Mayor and General Manager which includes a list of all relevant Acts. The Administration will program the development of draft detailed delegations for the Mayor and the General Manager for early consideration of the new Council. Min. No. 23-221 (Ordinary Meeting of Council held on 27 November 2023) is completed with the action carried by the Committee.
- **Consultancies** - the Director Finance & Governance will review the Procurement procedure. If not already included, a definition of a consultancy vs a contractor will be added to the procedure, to ensure consistent interpretation by staff during procurement activities.
- **Review of Policy 8.7 Investment Policy** – the Committee noted and endorsed revised Policy 8.7 Investment Policy which will be considered by Council at the 26 February 2024 meeting.

- 2023/24 Quarter Two Budget Review - The Director Finance and Governance presented the key points included in the 2023/24 Quarter Two Budget Review report.

The following business paper recommendation was endorsed by the Committee:

### **Investment Report January 2024**

THAT:

1. Investments of \$50,200,000 and cash of \$1,869,528 (of which approximately \$52M is restricted) for the period ending 31 January 2024 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.
3. The commentary on cashflow and funding requirements for restricted reserves be noted.

### **Financial**

As detailed in the Finance Committee meeting minutes.

**11.9. ADMIN - 26/02/2024 - Committee Meetings that did not Proceed****Strategic Context for this matter:**

**Responsible Governance & Civic Leadership:** To develop community confidence in the organisation by the way it is directed, controlled and managed.

**Author:** Trinity Newton – Executive Assistant

**Responsible Officer:** Craig Butler - General Manager

**Executive Summary**

The purpose of this report is to inform Council of Section 355 Committee Meetings that did not proceed and the reasons they did not occur.

**Administration's Recommendation**

THAT the information contained in the report be noted.

**Attachments**

Nil

**Reference to any relevant previous minute**

Nil

**Background and discussion**

Section 355 Committee Meetings that did not proceed since the last Council meeting are:

- Environmental Advisory Committee to be held Wednesday 14 February 2024 - due to lack of agenda items being received from the Committee members. The next EAC meeting scheduled is Wednesday 10 April 2024 at 4pm.
- Women's Advisory Committee to be held Tuesday 20 February 2024 - due to lack of quorum with fewer than 50% plus one of all voting members able to attend the meeting. There are 10 individual members of the Committee with three of them being Council reps who were able to attend this meeting. The next WAC meeting is scheduled for Tuesday 21 May 2024 at 4pm.

**Financial**

- Budget approved – N/A
- Cost centre - N/A
- Expended to date - N/A
- Future potential impact - N/A

## **12. Business of Great Urgency**

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In accordance with Clause 241 of the Local Government Act (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 if:

- 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.