



BUSINESS PAPER

ORDINARY MEETING OF COUNCIL

To be held on

Wednesday, 23 March 2022
4pm

at

Armidale Council Chambers

Members

Councillor Sam Coupland (Mayor)
Councillor Todd Redwood (Deputy Mayor)
Councillor Paul Gaddes
Councillor Jon Galletly
Councillor Susan McMichael
Councillor Steven Mephram
Councillor Debra O'Brien
Councillor Margaret O'Connor
Councillor Paul Packham
Councillor Dorothy Robinson
Councillor Bradley Widders

AGENDA

INDEX

1	Civic Affirmation and Acknowledgement of Country	
2	Statement in relation to live streaming of Council Meeting	
3	Apologies and applications for leave of absence by Councillors	
4	Disclosures of Interests	
5	Confirmation of Minutes	
5.1	Confirmation of the Minutes of the Ordinary Council Meeting held on 23 February 2022	5
6	Mayoral Minute	
6.1	Mayoral Minute - 2022 Federal Election Campaign	6
6.2	Mayoral Minute - Deferment of the April 2022 and June 2022 Ordinary Council Meetings	9
7	Notices of Motion	
8	Leadership for the Region	
8.1	Tabling of Disclosure of Pecuniary Interest	10
8.2	Councillor and Staff Interaction Policy for Adoption (Post Public Exhibition)	13
8.3	Code of Meeting Practice for Adoption Post Public Exhibition	16
8.4	Councillor Expenses and Facilities Policy for Adoption Post Public Exhibition Period	20
8.5	Council Actions Report January and February 2022	23
9	Growth, Prosperity and Economic Development	
9.1	Public Exhibition of Proposed Lease to UNE of Road Reserve for the Purpose of Paid Parking	24
9.2	Standard Instrument LEP Agritourism Amendment Order	27
9.3	Cash and Investment Report 28 February 2022	32
9.4	2021-2022 Loan Approval	38
9.5	Additional Special Variation 2022-2023	48
9.6	Employment Zones Reform	53
10	Environment and Infrastructure	
10.1	IWCM Strategy - Water Security Assessment and Options Evaluation Report	56
11	Our People and Community	
12	Committee Reports	
12.1	Traffic Advisory Committee - Minutes of the meeting held 1 March 2022	64
13	Matters of an Urgent Nature	
14	Questions on Notice	
15	Confidential Matters (Closed Session)	
16	Close of Ordinary Meeting	

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. There are two types of conflict:

- ***Pecuniary*** – regulated by the *Local Government Act 1993* and Office of Local Government
- ***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, Councillors can choose to either disclose and vote, disclose and not vote or leave the Chamber.

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.

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?

Local Government Act 1993 and Model Code of Conduct

For more detailed definitions refer to the *Local Government Act 1993*, Chapter 14 Honesty and Disclosure of Interest and Model Code of Conduct.

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: The Declaration Form can be downloaded at [Disclosures and Declarations of Interest at Meetings](#).

Item:	5.1	Ref: AINT/2022/03653
Title:	Confirmation of the Minutes of the Ordinary Council Meeting held on 23 February 2022	Container: ARC16/0001-7
Responsible Officer	General Manager	
Author:	Melissa Hault, Executive Officer	
Attachments:	1. Draft Minutes - 23 February 2022	

RECOMMENDATION:

That the Minutes of the Ordinary Council meeting held on 23 February 2022 be taken as read and accepted as a true record of the Meeting.

Item:	6.1	Ref: AINT/2022/09069
Title:	Mayoral Minute - 2022 Federal Election Campaign	Container:
	ARC16/0025-6	
Responsible Officer	General Manager	
Author:	Sam Coupland, Mayor	
Attachments:	Nil	

1. Purpose

The next Federal Election is expected to be held in May 2022.

Working in conjunction with its member state and territory associations, the Australian Local Government Association (ALGA) has developed a framework and resources for a national advocacy campaign that will run in the lead up to this election.

Based around the tagline of “Don’t Leave Local Communities Behind”, the goal is to secure funding and policy commitments that will support every Australian council and community, and ensure all Australians have an equal opportunity to share in the benefits of Australia’s post-pandemic recovery.

All Australian councils have been asked to participate in this campaign to ensure a coordinated approach that will deliver the best possible outcomes.

2. MAYOR’S RECOMMENDATION:

That Council:

- a. Supports the national funding priorities of the Australian Local Government (ALGA), which would contribute an estimated \$6.46 billion per year to Australia’s GDP and create 43,444 jobs
- b. Agrees to support and participate in the Australian Local Government Association’s advocacy for their endorsed and the President of the Australian Local Government Association to:
 - i. express support for ALGA’s funding priorities;
 - ii. identify priority local projects and programs that could be progressed with the additional financial assistance from the Federal Government being sought by ALGA
 - iii. seek funding commitments from the members, candidates and their parties for these identified local projects and programs.

The Don’t Leave Local Communities Behind campaign will promote 17 priority asks in the portfolios of economic recovery, transport and community infrastructure, building resilience, circular economy and intergovernmental relations.

These priorities are based on motions passed by councils at ALGA’s annual National General Assembly, and have been endorsed by ALGA’s Board which is comprised of representatives from all state and territory Local Government Associations.

They have been assessed by independent economists and would add around \$6.46 billion per year to Australia’s Gross Domestic Product while creating 43,444 jobs.

The Don't Leave Local Communities Behind campaign will run for five weeks, with each week focussing on one of the five portfolio areas.

The full list of national Federal Election priorities that will be promoted through this campaign is outlined below:

Economic recovery

1. An initial injection of Financial Assistance Grants to local government of \$1.3 billion to support communities and jobs and also resolve the current practice of bringing forward two quarterly Financial Assistance Grant payments each year.
2. A commitment to return Financial Assistance Grants to at least one percent of Commonwealth taxation revenue via a phased approach.

Transport and community infrastructure

3. \$500 million per annum for a four-year continuation of the Local Roads and Community Infrastructure Program.
4. A strategic local roads investment program of \$300 million per annum over four years to address road transport first and last mile issues and congestion on local roads.
5. An increase in Roads to Recovery to \$800 million per annum (an additional \$300 million per annum) and the Black Spot Program to \$200 million per annum over four years, while addressing the South Australian road funding anomaly by making the additional \$20 million per annum to SA in 2021-22 and 2022-23 permanent.
6. Continuing the Stronger Regional Digital Connectivity Package at \$55 million over four years.
7. \$200 million over four years to assist councils to develop and implement innovative housing partnerships.

Building resilience

8. A targeted disaster mitigation program of \$200 million per annum for four years which will reduce the costs of response and recovery and strengthen community resilience.
9. A commitment to ensuring betterment funding as a core element of disaster recovery funding arrangements.
10. A commitment to include community infrastructure that is publicly accessible and owned, and local government waste, water and wastewater assets under Disaster Recovery Funding Arrangements.
11. A Local Government Climate Response Partnership Fund of \$200 million over four years to enable planning and preparation to minimise the impacts of climate change in local communities and enable councils to achieve climate neutrality as soon as practicable.
12. \$100 million per annum over four years provided directly to local governments to support the capabilities of Indigenous councils and the implementation of the Closing the Gap local/regional voice.

Circular economy

13. Support to provide guidance and advice to councils on how to unlock the circular economy locally, particularly in rural, regional, and remote areas.
14. Support to investigate and, if feasible, implement a national bin harmonisation program that will improve kerbside recycling, reduce contamination, and maximise opportunities for reuse.

15. \$100 million per annum over four years to fund local government circular waste innovation projects.

Intergovernmental relations

16. Reinstating local government representation to the primary intergovernmental forum in Australia, the National Cabinet.

17. Ensuring local government's ongoing voting membership of other relevant Ministerial forums.

ALGA has developed free campaign resources that can be adapted and used by all councils to ensure a consistent and effective approach.

Participating in a national advocacy campaign does not preclude this council from advocating on additional local needs and issues, but it will strengthen the national campaign and support all 537 Australian local governments.

Item:	6.2	Ref: AINT/2022/09643
Title:	Mayoral Minute - Deferment of the April 2022 and June 2022 Ordinary Council Meetings	Container: ARC16/0025-6
Responsible Officer	General Manager	
Author:	Sam Coupland, Mayor	
Attachments:	Nil	

1. Purpose

The purpose of this Mayoral Minute is to recommend a one day deferment of the 27 April 2022 Ordinary Council Meeting to 28 April 2022 due to Anzac Day Monday 25 April 2022. The Anzac Day Public Holiday will not allow adequate time for Councillors to review the April Business paper. The 22 June 2022 Ordinary Council Meeting is being recommended to move to 29 June 2022 due to the Australian Local Government Association Conference being held on 22 June 2022.

2. MAYOR'S RECOMMENDATION:

That Council:

- a. defer the 27 April 2022 Ordinary Council Meeting to 28 April 2022 to allow adequate time for Councillors to review the April Business Paper.
- b. defer the 22 June 2022 Ordinary Council Meeting to 29 June 2022 due to the Australian Local Government Association Conference that is being held in Canberra from 19 – 22 June 2022.

Background

Council's Code of Meeting Practice requires Council, by resolution, to set the frequency, time, date and place of its Ordinary Meetings.

Under section 365 of the *Local Government Act 1993*, councils are required to meet at least ten (10) times each year, each time in a different month unless the Minister for Local Government has approved a reduction in the number of times that a council is required to meet each year under section 365A.

The current practice is for Council meetings to be conducted on the fourth (4th) Wednesday of each month, except for December and/or January. The meetings cycle includes a rotation between Armidale and Guyra. This has been retained in the proposed meeting cycle and it is up to the new elected Council to determine if this should continue.

On 12 January 2022 Armidale Regional Council resolved (11/22):

- a. That the Ordinary Council Meeting cycle for the remainder of the 2021-2022 financial year be scheduled for the fourth Wednesday of each month as follows:
 - *Wednesday 23 February 2022, in Guyra*
 - *Wednesday 23 March 2022, in Armidale*
 - *Wednesday 27 April 2022 in Armidale*
 - *Wednesday 25 May 2022 in Guyra*
 - *Wednesday 22 June 2022 in Armidale.*
- b. *That the time for the Ordinary Council meetings to commence is 4pm.*

Item:	8.1	Ref: AINT/2022/04976
Title:	Tabling of Disclosure of Pecuniary Interest	Container: ARC22/4999
Responsible Officer	Acting Chief Officer Corporate and Strategy	
Author:	Simone Mooketsi, Manager Governance and Strategy	
Attachments:	<ol style="list-style-type: none">1. Coupland_Redacted2. Gaddes_Redacted3. Galletly_Redacted4. McMichael_Redacted5. Mepham_Redacted6. O Brien_Redacted7. O Connor_Redacted8. Packham_Redacted9. Redwood_Redacted10. Robinson_Redacted11. Widders_Redacted	

1. Purpose

The purpose of this report is to table the Disclosures of Pecuniary Interests and Other Matters returns for the newly elected Council.

2. OFFICERS' RECOMMENDATION:

That Council note the tabling of Disclosures of Pecuniary Interest and Other Matters by each of the eleven Councillors lodged within 3 months of being elected as required by the *Model Code of Conduct*.

3. Background

Cause 4.21 of the *Model Code of Conduct* states officials are required to disclose their personal interests in publicly available returns of interest. These operate as a key transparency mechanism for promoting community confidence in Council decision making, whether by Councillors or by staff or others under delegation.

4. Discussion

All Councillors are required to lodge their return with the General Manager within three months of their election.

Returns lodged at any other time must be tabled at the first Council meeting after the return was lodged. Councillors and staff may update their Disclosures at any time.

Among other things, councillors and others who are required to complete returns of interests must disclose the following types of interests in their returns:

- interests in real property
- gifts

- contributions to travel
- interests and positions in corporations
- whether they are a property developer or a close associate of a property developer
- positions in trade unions and professional or business associations
- dispositions of real property
- sources of income, and
- debts.

5. Implications

Council officials must not lodge a return that they know or ought to know is false or misleading. Complaints about breaches of these requirements are to be referred to the Office of Local Government.

5.1. Strategic and Policy Implications

This report contributes to the delivery the Community strategic Plan 2017-2027: Leadership for the Region Community Outcome 3– being that Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency.

Council must make all returns of interests publicly available in accordance with the requirements of the *Government Information (Public Access) Act 2009*, the *Government Information (Public Access) Regulation 2009* and any guidelines issued by the NSW Information Commissioner.

5.2. Risk

In accordance with *the Model Code of Conduct*, if a council official becomes aware of any new interests that need to be disclosed, the Council official must submit a new return within three months of becoming aware of the interests.

5.3. Sustainability

5.4. Financial

Budget Area:	NIL						
Funding Source:	NIL						
Budget Ref: (PN)	Description	Approved Budget	Actual	Committed	Proposed	Total Forecast Expenditure	Remaining Budget

6. Consultation and Communication

Completed returns of Councillors will be included in Council's register of returns, and are available for public viewing via the administration building customer service desk.

7. Conclusion

The tabling of returns for each of the eleven councillors (attached) satisfies council's obligations under the *Model Code of Conduct*. Completed returns of Councillors are redacted for privacy before being placed on councils website contained within the Register of Returns.

Item:	8.2	Ref: AINT/2022/07053
Title:	Councillor and Staff Interaction Policy for Adoption (Post Public Exhibition)	Container: ARC17/1770
Responsible Officer	Acting Chief Officer Corporate and Strategy	
Author:	Simone Mooketsi, Manager Governance and Strategy	
Attachments:	1. Draft Councillor and Staff Interaction Policy	

1. Purpose

This purpose of this policy is to provide guidance and support for Councillors and council staff in the performance of their duties. It complements the Armidale Regional Council Model Code of Conduct and supports compliance with the 'Conduct and Interests' provisions in Part 4 of the Act.

OFFICERS' RECOMMENDATION:

That Council:

- a. Adopt the Councillor and Staff Interaction Policy post public exhibition which commenced 17 January 2022 for a period of 28 days, noting submissions were not received.

2. Background

This Councillor and Staff Interaction Policy intends to govern a respectful, transparent and constructive relationship between Councillors and Council Staff, by articulating their different but complementary roles, defining reasonable expectations, and establishing clear and effective communication protocols that facilitate good governance and Council's optimum performance.

The creation and utilisation of the Councillor Request Register was an order contained in the Performance Improvement Order (PIO) issued by the Minister for Local Government in December 2020, which has proven to have contributed to effective and transparent communication between Councillors and staff.

3. Discussion

Under the *Local Government Act 1993* it is the responsibility of the Council to appoint the General Manager. The General Manager is then responsible for employing staff for the successful operation of the organisation. As Council does not employ the staff Council, or individual Councillors, cannot direct or manage staff and are responsible only for the performance of the General Manager.

Further to this, Councillors are prohibited under Section 76E of the Act from improperly directing or influencing Council Staff. A Councillor must not direct, or seek to direct, a member of Council staff:

- a. in the exercise of a delegated power, or the performance of a delegated duty or function of the Council; or
- b. in the exercise of a power or the performance of a duty or function exercised or performed by the member as an authorised officer under legislation; or
- c. in the exercise of a power or the performance of a duty or function the member exercises or performs in an office or position the member holds under legislation; or
- d. in relation to advice provided to the Council or a special committee, including advice in a report to the Council or special committee.

Improper or undue influence can include:

- Disrespecting the professional opinion, skills or expertise of staff through intimidating, bullying, harassing or disrespectful behaviour;
- Using rank or position to seek information outside the processes outlined in this Policy;
- Pressuring staff to make a decision outside the formal Council decision making processes;
- Pressuring staff to provide information, services or assistance to one person, group or part of the community over another, outside a formal decision of Council;
- Pressuring staff to make a decision to take action outside normal business process timeframes;
- Pressuring staff to change a recommendation in a Council Report.

Councils currently adopted Councillor and Staff Interaction Policy supports Councillors in the conduct of their civic duties, and in conjunction with the Councillor Request Procedure assists with the management of effective timely communication and request tracking.

4. Implications

The NSW *Local Government Act 1993* (the Act) defines the roles and responsibilities of the Mayor and Councillors, and specifies that the General Manager is to direct staff in the performance of their duties. Interactions between Councillors and staff are necessary to facilitate well-informed decisions and the provision of Council services.

4.1. Strategic and Policy Implications

This report contributes to the delivery the Community strategic Plan 2017-2027: Leadership for the Region Community Outcome 3– being that Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency.

Other relevant policies are the Code of Conduct and the Business Ethics Policy.

4.2. Risk

Continuous review and enhancements of policies gently shapes Council into the kind of place that is not only compliant but that is close to its roots, the community, and the people it serves.

4.3. Sustainability

Nil

4.4. Financial

Nil

Budget Area:	Nil						
Funding Source:	Nil						
Budget Ref: (PN)	Description	Approved Budget	Actual	Committed	Proposed	Total Forecast Expenditure	Remaining Budget
	Nil	Nil	Nil	Nil	Nil	Nil	Nil

5. Consultation and Communication

It is timely that the Councillor and Staff Interaction Policy be reviewed and adopted by the new Council to ensure clarity and understanding of the policy.

The Councillor and Staff Interaction Policy was placed on public exhibition for a period of 28 days which received no submissions for consideration.

6. Conclusion

No amendments have been made to this policy from previous council adoption in July 2021.

Item:	8.3	Ref: AINT/2022/07057
Title:	Code of Meeting Practice for Adoption Post Public Exhibition Container: ARC17/1770	
Responsible Officer	Acting Chief Officer Corporate and Strategy	
Author:	Simone Mooketsi, Manager Governance and Strategy	
Attachments:	<ol style="list-style-type: none">1. Model Code of Meeting Practice with all mandatory and optional clauses shown for comparison2. Model Code of Conduct showing mark up for public exhibition3. Draft Code of Meeting Practice for council adoption showing clauses as proposed to be adopted by Council4. Submission 1 - draft Code Of Meeting Practice - L Forsythe5. Submission 2 - draft Code Of Meeting Practice - H Webb6. Submission 3 - draft Code Of Meeting Practice - A Kilarr	

1. Purpose

The purpose of this report is to provide to Council the draft Code of Meeting Practice for adoption.

2. OFFICERS' RECOMMENDATION:

That Council:

- a. Note three submissions were received during the public exhibition period – attached to this report.
- b. Adopt the Code of Meeting Practice

3. Background

This Model Code of Meeting Practice for Local Councils in NSW is prescribed under section 360 of the *Local Government Act 1993* (the Act) and the *Local Government (General) Regulation 2021* (the Regulation). The Model Code of Meeting Practice provides a uniform set of meeting rules for councils across the State to help ensure more accessible, orderly, effective and efficient meetings.

Council is required to review its Code of Meeting Practice at least once within each Council term. With the recent changes to the Model Code of Meeting Practice for Local Councils in NSW (Model Meeting Code) published in October 2021, it is timely to adopt the new provisions.

The new Model Meeting Code contains new provisions that allow councils to permit individual councillors to attend meetings by audio-visual link and to hold meetings by audio-visual link in the event of natural disasters or public health emergencies. The provisions governing attendance at meetings by audio-visual link are non-mandatory. Councils can choose not to adopt them or to adapt them to meet their own needs.

Amendments have also been made to the provisions governing the webcasting of meetings and disorder at meetings to reflect amendments to the Regulation since the previous iteration of the Model Meeting Code was prescribed.

An amendment has also been made to the Model Meeting Code implementing recommendation 6 in ICAC's report in relation to its investigation of the former Canterbury City Council (Operation Dasha). ICAC recommended that the Model Meeting Code be amended to require that council business papers include a reminder to Councillors of their oath or affirmation of office, and their conflict of interest disclosure obligations.

The repeal date for section 237 of the Regulation which exempts councils from the requirement under clause 5.2 of the previous iteration of the Model Meeting Code for Councillors to be personally present at meetings in order to participate in them has been extended to 30 June 2022. This is to allow councils additional time to exhibit and adopt new codes of meeting practice containing provisions allowing attendance by audio-visual link at meetings. If councils have not adopted a new meeting code that allows councillors to attend meetings by audio-visual link, they will not be permitted to do so after that date.

4. Discussion

The Model Meeting Code applies to all meetings of councils and committees of councils of which all the members are councillors (committees of council). Council committees whose members include persons other than councillors may adopt their own rules for meetings unless the council determines otherwise.

The Model Meeting Code been prepared by the Office of Local Government. The Model Meeting Code contains a range of mandatory items that must be adopted by Council. A council's adopted Code of Meeting Practice may also incorporate the non-mandatory provisions of the Model Meeting Code and other supplementary provisions. However, a code of meeting practice adopted by a council must not contain provisions that are inconsistent with the mandatory provisions of this Model Meeting Code. For clarity:

- Attachment 1 is the Model Code of Meeting Practice as drafted by the Office of Local Government. Within this document content that is mandatory to be adopted by a council within its own Code of Meeting Practice is shown in black font. Optional and/ or content is shown in red font
- Attachment 2 is the Model Code of Meeting Practice as was placed on public exhibition by Armidale Regional Council showing which of the optional content has been adopted and where supplementary content has been customised to the operations of Armidale Regional Council.
- Attachment 3 is the Model Code of Meeting Practice as proposed to be adopted. This document contains the same content as Attachment 2, however the mark up and differing font colours have been removed.

A council and a committee of the council of which all the members are councillors must conduct its meetings in accordance with the code of meeting practice adopted by the council.

The proposed Code of Meeting Practice to be adopted is based from the Model Code of Meeting Practice for Local Councils in NSW 2021 with minor changes to the order of business for ordinary council meetings (7) in alignment with the executive's preference, as is permitted under the model code. Other small amendments made to the non-mandatory provisions are to ensure the efficient administration and production of business papers and meeting functions.

The following table summarises the feedback received post public exhibition:

Submission	Feedback
Armidale Regional Ratepayers Association Lou Forsyth	Objection to clause 3.34 of the policy that states “pre meeting briefing sessions are to be held in the absence of the public”
Climate Action Sustainable Living Armidale Annette Kilarr	Objection to clause 3.34 of the policy that states “pre meeting briefing sessions are to be held in the absence of the public”
Helen Webb	Objection to clause 3.34 of the policy that states “pre meeting briefing sessions are to be held in the absence of the public”

5. Implications

Councils must adopt a code of meeting practice that incorporates the mandatory provisions of the Model Meeting Code within 12 months of the local government elections. A council’s adopted meeting code must not contain provisions that are inconsistent with the mandatory provisions.

5.1. Strategic and Policy Implications

This report contributes to the delivery the Community strategic Plan 2017-2027: Leadership for the Region Community Outcome 3– being that Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency.

5.2. Risk

Nil

5.3. Sustainability

Nil

5.4. Financial

Nil

Budget Area:	NIL						
Funding Source:							
Budget Ref: (PN)	Description	Approved Budget	Actual	Committed	Proposed	Total Forecast Expenditure	Remaining Budget
	NIL	NIL	NIL	NIL	NIL	NIL	NIL

6. Consultation and Communication

Three submissions were received during the public exhibition period of the Code of Meeting Practice, no further submissions were received outside of this period. All three submissions express dissatisfaction in clause 3.34 of the policy that states “pre meeting briefing sessions are to be held in the absence of the public” and requested council to amend this clause to allow for the public to attend the pre meeting briefing.

7. Conclusion

The council is required to function under the current adopted code of meeting practice until the adoption of the current draft code of meeting practice.

Item:	8.4	Ref: AINT/2022/09266
Title:	Councillor Expenses and Facilities Policy for Adoption Post Public Exhibition Period	Container: ARC16/0060-2
Responsible Officer	Acting Chief Officer Corporate and Strategy	
Author:	Kelly Stidworthy, Manager Financial Services	
Attachments:	1. Draft Councillor Expenses and Facilities Policy 2. Submission - Councillor Expense and Facilities Policy	

1. Purpose

The purpose of this report is to obtain Council's approval to adopt the Councillor Expenses and Facilities Policy following the public exhibition period undertaken in accordance with section 253 of the *Local Government Act 1993* (the Act).

2. OFFICERS' RECOMMENDATION:

That Council adopt the draft Councillor Expenses and Facilities Policy as attached to this report.

3. Background

Section 252 of the Act covers payment of expenses and provision of facilities to councillors and states that:

(1) Within the first 12 months of each term of a council, the council must adopt a policy concerning the payment of expenses incurred or to be incurred by, and the provision of facilities to, the mayor, the deputy mayor (if there is one) and the other councillors in relation to discharging the functions of civic office.

As a result, every council has a Councillor Expenses and Facilities Policy, which outlines the expenses that may be incurred or reimbursed and outlines the facilities provided to councillors. In accordance with section 252(3) of the Act, a council must not incur or reimburse expenses not provided for within the policy.

The Office of Local Government (OLG) has a suggested template for the Councillor Expenses and Facilities Policy that complies with the Act and *Local Government (General) Regulations 2021*. Council's policy closely mirrors the OLG suggesting policy wording.

Council resolved to place the draft policy on public exhibition at the Ordinary Council meeting held 27 January 2022 by way of minute 17/22:

RESOLVED

That Council:

- a. Endorse the draft Councillor Expenses and Facilities Policy for public exhibition for a minimum period of 28 days; and
- b. Receive a further report at the conclusion of the exhibition period.

Moved Cr Galletly Seconded Cr Robinson

The Motion on being put to the vote was CARRIED unanimously.

4. Discussion

The draft Councillor Expenses and Facilities Policy was publicly exhibited from 31 January 2022 to 28 February 2022 in accordance with section 253 of the Act.

One submission was received from Sustainable Living Armidale and is contained at Attachment 2 to this report. The submission requests inclusion in the policy of a payment per kilometre for any travel relating to official Council business by either foot or bicycle.

The reimbursement of travel expenses provided for in the policy is for travel undertaken while undertaking official business or professional development or attending approved conferences and seminars within NSW or for use of a private vehicle outside of a 10km radius of the Armidale Regional Council Administration building. While provision could be made within the policy for an alternative form of travel, travel by foot or bicycle would unlikely be claimed due to the requirement for reimbursable travel to be at least 10km outside the radius of the Armidale Regional Council Administration building. As such, no change is recommended to the draft policy.

The final draft Councillor Expenses and Facilities Policy is at Attachment 1 to this report.

The draft Councillor Expenses and Facilities Policy closely mirrors the OLG'S suggested policy template. Departures have only occurred to customise the policy reimbursement amounts and facilities provided to Armidale Regional Council and to reflect Council's business processes for managing reimbursements and payments.

5. Implications

5.1. Strategic and Policy Implications

The main supporting strategies related to procurement in the Delivery Program are:

Leadership for the Region

- Fiscal Responsibility: Council exceeds community expectations when managing its budget and operations
- Organisational Health: Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency

5.2. Risk

OLG guidelines specifies that the payment of expenses and facilities to councillors must not be open-ended. Monetary limits for all expenses and limits about the standard of provision for all facilities must be clearly stated, and where appropriate, justified within Council's policies.

The draft Councillor Expenses and Facilities Policy includes clear limits for expenditure and reimbursement and is designed to be easy to understand for Councillors, staff and the community. The changes are therefore designed to minimise the legislative, reputational and financial risks to Council.

5.3. Sustainability

The Councillor Expenses and Facilities Policy is based on current best practice and incorporates the use of technology for the delivery of information to Councillors, including business papers, thereby minimising Council's environmental footprint. The policy encourages the justification of potential expenditure and travel by way of requiring Councillors to provide relevant and detailed rationale to the General Manager for applications to attend professional development, conferences and seminars. These mechanisms aim to ensure that public funds are used wisely and on activities that provide a benefit to Armidale Regional Council.

5.4. Financial

Budget Area:	Executive & Councillors						
Funding Source:	Untied Revenue						
Budget Ref: (PN)	Description	Approved Budget	Actual	Committed	Proposed	Total Forecast Expenditure	Remaining Budget
210653	Councillors Expenses – costs associated with this policy only	\$90,247	\$6,102	\$0	\$84,145	\$90,247	\$0

The proposed draft Councillor Expenses and Facilities Policy has been developed based on a template policy provided by OLG. The template does not provide for specific amounts which are to be determined by each council. The amounts provided in the proposed draft Councillor Expenses and Facilities Policy are considered appropriate given the size and scale of Armidale Regional Council.

Implementation of this policy is estimated to cost approximately \$180,000 per annum in direct costs and will be provided for in Council's adopted budget.

Due to the Council operating with a lower number of Councillors for part of the financial year and other factors; the 2021/22 budget contains a lower budget of \$90,247; however, given the low level of expenditure incurred to budget year to date it is not proposed to change the 2021/22 budget as a result of this policy update. However, the 2022/23 budget will reflect the full estimated costs of the policy for that year.

6. Consultation and Communication

The Councillor Expenses and Facilities Policy was publicly exhibited from 31 January 2022 to 28 February 2022 in accordance with section 253 of the Act. One submission was received from Sustainable Living Armidale.

7. Conclusion

Section 252 of the Act requires that Council adopt a policy covering the payment of expenses incurred or to be incurred by, and the provision of facilities, to the Mayor and Councillors within the first 12 months of the new term of Council.

The draft Councillor Expenses and Facilities Policy at Attachment 1 has been publicly exhibited for the minimum period of 28 days and is recommended to be adopted.

Item:	8.5	Ref: AINT/2022/09719
Title:	Council Actions Report January and February 2022	Container:
	ARC16/0001-7	
Responsible Officer	General Manager	
Author:	Jessica Bower, Executive Officer	
Attachments:	1. Action Items Report 15 March 2022 OCM	

1. Purpose

The purpose of this report is to inform Councillors on the work carried out by Council Officers to implement Council resolutions.

2. OFFICERS' RECOMMENDATION:

That Council notes the report summarising the actions taken on the resolutions of Council.

3. Background

This is a standard monthly report.

4. Discussion

The resolutions outlined in the attachment have been previously adopted by Council. This report is designed to track progress on implementation from January 2022. Actions marked complete will be reported to Council once and then removed from subsequent reports.

5. Implications

5.1. Strategic and Policy Implications

The strategic and policy impacts of each of the resolutions are varied and were outlined in the original reports to Council.

5.2. Risk

The risks of each of the resolutions are varied and were outlined in the original reports to Council.

5.3. Sustainability

The sustainability impacts of each of the resolutions are varied and were outlined in the original reports to Council.

5.4. Financial

The financial impacts of each of the resolutions are varied and were outlined in the original reports to Council.

6. Consultation and Communication

This report informs Councillors and the community and increases transparency.

7. Conclusion

The information is for noting only.

Item:	9.1	Ref: AINT/2021/19070
Title:	Public Exhibition of Proposed Lease to UNE of Road Reserve for the Purpose of Paid Parking	Container: ARC16/1118
Responsible Officer	Acting Chief Officer Corporate and Strategy	
Author:	Kelly Stidworthy, Manager Financial Services	
Attachments:	1. Draft Agreement - University of New England for Parking on Road Reserve 2. Vehicle Parking Area Maps	

1. Purpose

This report provides Council with a proposed lease of public road reserve to the University of New England (UNE) for the purpose of paid parking.

2. OFFICERS' RECOMMENDATION:

That Council:

- a) Endorse the proposed lease of road reserve to the University of New England (for the purpose of paid parking) for public exhibition for a period of 28 days; and
- b) Receive a further report at the conclusion of the exhibition period.

3. Background

UNE have held an agreement with Council to use marked car parking spaces on Council roads located within their precinct since 1 July 2011 for the purpose of paid parking. The car parking spaces are located on Trevenna Road and Clarks Road.

The current leased car parking spaces are:

Road	Ref#	Car Parking Spaces
Trevenna Road	Vehicle Parking Area H	11
Trevenna Road	Vehicle Parking Area M	15
Clarks Road	Vehicle Parking Area S	22
Clarks Road	Vehicle Parking Area Q	18
Trevenna Road	Vehicle Parking Area W	13
	Total	79

4. Discussion

UNE are seeking renewal of the lease arrangement for the purpose of continuing their paid parking arrangements. Council is required to comply with the *Roads Act 1993* in considering this request. Specifically, the *Roads Act 1993* requires that:

- s.153(3) A lease granted under this Division may be terminated by the roads authority at any time and for any reason

- s.154(1) Before granting a lease under this Division, the roads authority must cause notice of the proposed lease
- (a) to be published in a local newspaper, and
 - (b) to be served on the owner of each parcel of land adjoining the length of public road concerned.
- s.156(1) After considering any submissions that have been duly made with respect to the proposed lease, the roads authority may grant the lease, either with or without alteration, or may refuse to grant the lease.
- s.156(2) If the roads authority grants a lease, the roads authority must cause notice of that fact to be published in a local newspaper.
- s.157(1) The term of a lease, together with any option to renew, must not exceed 5 years

5. Implications

5.1. Strategic and Policy Implications

The Community Strategic Plan 2017-2027 sets out the goals and aspirations of the regional community. The proposed lease arrangement supports the following goals:

G4 – Economic Development

Economic development is supported through new initiatives, innovation and additional resources to assist growth of business and industry.

E3 – Infrastructure

The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works.

5.2. Risk

The continued lease of car parking spaces to UNE within their precinct poses minimal risk that alternative public road users would be negatively impacted by the proposed lease.

5.3. Sustainability

The restriction of the term of the lease to 5 years will assist with minimising the risk that the lease ceases to be on reasonable terms.

5.4. Financial

UNE utilise the car parking spaces for blue permit parking. According to UNE's website, blue permits cost \$92 per annum. Council's proposed lease to UNE at \$30.00 per parking space will equate to \$2,370.00 per annum including GST. As Council currently has no paid parking strategy in place outside of Armidale Regional Airport, the proposed lease arrangement is considered to be the most optimal return available.

Budget Area:	Facilities						
Funding Source:	Untied Revenue						
Budget Ref: (PN)	Description	Proposed Budget 2022/23	Actual	Committed	Proposed	Total Forecast Income	Remaining Budget

PJ 241000 Account 1370	Lease Income (This Lease Only)	(\$2,370)	\$0	\$0	(\$2,370)	(\$2,370)	\$0
------------------------------	---	-----------	-----	-----	-----------	-----------	-----

The forecast lease income for the 2022/23 financial year assumed the current lease arrangements would be ongoing with a small increase for CPI. The proposed fee per car parking space of \$30 is 3% higher than the 2021/22 fee of \$29.11 and is line with the 2022/23 forecast.

6. Consultation and Communication

The recommendation to place the proposed lease on public exhibition will enable the community to make submissions.

7. Conclusion

The proposed lease to UNE will assist with continuation of their paid parking program and funding their operations. As Council currently has no paid parking strategy in place outside of Armidale Regional Airport, the proposed lease arrangement is considered to be the most optimal return available.

Item:	9.2	Ref: AINT/2022/09128
Title:	Standard Instrument LEP Agritourism Amendment Order Container: ARC16/0030-3	
Responsible Officer	Chief Officer Sustainable Development	
Author:	Daniel Boyce, Chief Officer Sustainable Development	
Attachments:	<ol style="list-style-type: none">1. Explanation of intended effect - Agritourism and small-scale agriculture development2. Standard Instrument (Local Environmental Plans) Amendment (Agritourism) Order 2021	

1. Purpose

This report recommends that Council permits with consent 'Agritourism', 'Farm Experience' and 'Farm Gate Premises' in the zones that currently have some form of permissible 'Agriculture' in order to provide farmers with the ability to generate additional income.

2. OFFICERS' RECOMMENDATION:

That Council advise the Department of Planning and Environment to incorporate the proposed Farm Stay Accommodation and Farm Gate Premise Clauses (Clauses 5.23 and 5.24), into the *Armidale Dumaresq Local Environmental Plan 2012* and *Guyra Local Environmental Plan 2012*, and to permit 'Agritourism', 'Farm Experience' and 'Farm Gate Premises' in the zones that currently have some form of permissible 'Agriculture'.

3. Background

The NSW Government is proposing amendments to the NSW planning system to streamline the approval of agritourism development and small-scale agricultural development. An 'Explanation of Intended Effect' (EIE), prepared by the NSW Department of Planning and Environment (DPE), detailing the proposed changes is provided in Attachment 1.

The draft Standard Instrument (Local Environmental Plans) Amendment (Agritourism) Order 2021 (LEP Order) was prepared by the DPE (Attachment 2). The LEP Order will amend the Standard Instrument LEP and is the first stage of rolling out the proposals in the EIE.

The proposed changes in the first stage of the LEP Order include:

- New land use terms for 'Agritourism', 'Farm Gate Premises' and 'Farm Experience Premises';
- Changes to the definition of 'Farm Stay Accommodation';
- Optional clauses to be inserted into the Standard Instrument LEP for 'Farm Stay Accommodation' and 'Farm Gate Premises'; and
- Transferring 'Cellar Door Premises' to become a subset of 'Farm Gate Premises'.

4. Discussion

Councils can nominate to adopt the optional clauses and/or specify the land use zones to permit the new land uses in their LEPs.

The development standards in the optional clauses and comments regarding Council's recommendations are provided in the table below:

Type of Development	Standard in EIE	Amended Standard after public consultation	Council Comments
Farm stay accommodation building – maximum guests	3 times the number of bedrooms in clause 5.4(5) or another number nominated by council	3 times the number of bedrooms in clause 5.4(5) or 20 guests	This will provide a maximum cap on guests to ensure that farm stays are small scale. Councils can reduce the number of guests for a development through a condition of development consent.
Farm stay accommodation building – maximum Gross Floor Area (GFA) for a building	75sqm or a number that council specifies (that is not more than 75sqm)	A number that council nominates which is greater than 60sqm	It is recommended that the maximum GFA is 100sqm.
Farm stay accommodation – GFA exclusion for dwellings	As above	The maximum GFA will not apply to a change of use of an existing dwelling.	This will allow an existing dwelling house which is larger than 100sqm to be converted into farm stay accommodation.
Farm stay accommodation maximum number of moveable dwellings	-	A number council nominates which is no more than 6	It is recommended that no more than 4 moveable dwellings are to be used for the accommodation of guests.
Farm stay accommodation - dwelling entitlement	Modify clause 2.6 to prevent the creation of a dwelling entitlement in relation to farm stay accommodation	Farm stay accommodation will be required to be on: the same lot as an existing lawful dwelling house, or on a lot for which a minimum size is shown for a dwelling house on the council's Lot Size Map and the size of which is not less than the minimum size shown.	This clause is intended to prevent the fragmentation of agricultural land.
Farm gate premises – maximum gross floor area	200sqm or the number council specifies in its LEP	A number council nominates which is no greater than 200sqm	It is recommended that the maximum GFA of 200sqm is adopted.
Farm gate premises - maximum number of guests	50 guests or the number council specifies in its LEP	A number council nominates which is no greater than 50 guests	It is recommended that the maximum number of 50 guests is adopted.

Council can also specify the land use zones to permit the new land uses of 'Agritourism', 'Farm Experience' and 'Farm Gate Premises' in their LEP's and provide justification for their

nominations. Comments regarding Council's recommendations for the new land uses are provided in the table below:

Agritourism:

Zone	Permit or Prohibit	Comments
RU1 Primary Production	Permit with consent	It is recommended to permit 'Agritourism' with consent in this zone as 'Agriculture' is currently a permissible use in the RU1 zone.
RU3 Forestry	Prohibit	It is recommended to prohibit 'Agritourism' in this zone as 'Agriculture' is currently a prohibited use in the RU3 zone.
RU4 Primary Production Small Lots	Permit with consent	It is recommended to permit 'Agritourism' with consent in this zone as 'Agriculture' is currently a permissible use in the RU4 zone.
RU5 Village	Permit with consent	It is recommended to permit 'Agritourism' with consent in this zone as 'Agriculture' is currently a permissible use in the RU5 zone.
C3 Environmental Management	Permit with consent	It is recommended to permit 'Agritourism' with consent in this zone as 'Agriculture' is currently a permissible use in the C3 zone.

Farm Experience:

Zone	Permit or Prohibit	Comments
RU1 Primary Production	Permit with consent	It is recommended to permit 'Farm Experience' with consent in this zone as 'Agriculture' is currently a permissible use in the RU1 zone.
RU3 Forestry	Prohibit	It is recommended to prohibit 'Farm Experience' in this zone as 'Agriculture' is currently a prohibited use in the RU3 zone.
RU4 Primary Production Small Lots	Permit with consent	It is recommended to permit 'Farm Experience' with consent in this zone as 'Agriculture' is currently a permissible use in the RU4 zone.
RU5 Village	Permit with consent	It is recommended to permit 'Farm Experience' with consent in this zone as 'Agriculture' is currently a permissible use in the RU5 zone.
C3 Environmental Management	Permit with consent	It is recommended to permit 'Farm Experience' with consent in this zone as 'Agriculture' is currently a permissible

		use in the C3 zone.
--	--	---------------------

Farm Gate Premises:

Zone	Permit or Prohibit	Comments
RU1 Primary Production	Permit with consent	It is recommended to permit 'Farm Gate Premises' with consent in this zone as 'Agriculture' is currently a permissible use in the RU1 zone.
RU3 Forestry	Prohibit	It is recommended to prohibit 'Farm Gate Premises' in this zone as 'Agriculture' is currently a prohibited use in the RU3 zone.
RU4 Primary Production Small Lots	Permit with consent	It is recommended to permit 'Farm Gate Premises' with consent in this zone as 'Agriculture' is currently a permissible use in the RU4 zone.
RU5 Village	Permit with consent	It is recommended to permit 'Farm Gate Premises' with consent in this zone as 'Agriculture' is currently a permissible use in the RU5 zone.
C3 Environmental Management	Permit with consent	It is recommended to permit 'Farm Gate Premises' with consent in this zone as 'Agriculture' is currently a permissible use in the C3 zone.

5. Implications

5.1. Strategic and Policy Implications

This decision will amend the *Armidale Dumaresq Local Environmental Plan 2012 (ADLEP)* and *Guyra Local Environmental Plan 2012 (GLEP)* to permit with consent 'Agritourism', 'Farm Experience' and 'Farm Gate Premises' in the zones that currently have some form of permissible 'Agriculture'.

5.2. Risk

Council has previously received legal advice regarding the LEP merge project (refer June 2021 Ordinary Council Meeting). In summary the advice stated:

There are no legal actions that could successfully be brought against Council for losses suffered by persons or entities as a result of changes to zoning and zoning controls that apply to land. No compensation is available to persons or entities in this regard.

There is no right of appeal or ability to obtain compensation in relation to downzoning in New South Wales. Landowners do not have a legal interest in theoretical development potential in these situations. This means that Council is not required to compensate a property owner in situations where existing development "rights" are lost as a result of changes to local environmental plans.

Landowners that experience downzoning will have protections under the Environmental Planning and Assessment Act 1979 with respect to existing use rights (section 4.66) and existing development consents (section 4.70). In this regard it is possible for landowners with rights under these provisions to continue with the use as was previously approved.

It should be noted that “downzoning” includes situations where:

- a) there is a change in the land use zone;
- b) the zone remains the same however the standards change;
- c) changes are made to the land use table (i.e. permissibility);
- d) the land is rezoned for a public purposes; or
- e) an item on the land is listed as a heritage item.

There are no additional legal or risk implications arising from the matters addressed in this report.

5.3. Sustainability

There are no known sustainability implications arising from the matters addressed in this report.

5.4. Financial

Budget Area:	Strategic Natural Resources and Land Use Planning						
Funding Source:	Operational						
Budget Ref: (PN)	Description	Approved Budget	Actual	Committed	Proposed	Total Forecast Expenditure	Remaining Budget
250203	Sustainability and Strategic Planning	50000	5600	16000	25000	46600	3400

6. Consultation and Communication

The exhibition of the EIE (Attachment 1) occurred during March-April 2021.

7. Conclusion

The DPE is proposing the introduction of clauses 5.23 and 5.24 into the Standard Instrument Local Environmental Plan as well as new land use terms. Inclusion of the clauses in each Council's Local Environmental Plan (LEP) is voluntary and the Department is seeking Council's advice as to if it wishes to pursue the inclusion of clause 5.23 and 5.24. Council needs to identify land use zones to permit the new land use terms for 'Agritourism', 'Farm Experience' and 'Farm Gate Premises' in their LEP's.

It is recommended that Council advise the Department of Planning and Environment to incorporate the proposed Farm Stay Accommodation and Farm Gate Premises clauses (clauses 5.23 and 5.24) into the *Armidale Dumaresq Local Environmental Plan 2012 (ADLEP)* and *Guyra Local Environmental Plan 2012 (GLEP)* and to permit 'Agritourism', 'Farm Experience' and 'Farm Gate Premises' in the zones that currently have some form of permissible 'Agriculture'.

Item:	9.3	Ref: AINT/2022/09179
Title:	Cash and Investment Report 28 February 2022	Container:
	ARC16/0001-7	
Responsible Officer	Acting Chief Officer Corporate and Strategy	
Author:	Brad Munns, Financial Accountant	
Attachments:	Nil	

The Cash and Investment report provides an overview of cash and investments for the month to 28 February 2022 and certifies compliance with Council's Investment Policy and the *Local Government Act 1993* and Regulations.

1. OFFICERS' RECOMMENDATION:

That Council note the Cash and Investment Report for February 2022.

2. Background

As at 28 February 2022, Council held \$47,427,866 in investments (market value) and \$46,448,925 in cash, giving a combined total of \$93,876,791.

3. Discussion

Cash and Investments

Balances are as follows:

Item/Account	February 2022 \$	January 2022 \$	Movement \$
<u>Cash at Bank</u>			
NAB General Account	-	-	-
NAB High Interest Cash At Call	42,938,362	36,826,013	6,112,349
AMP Saver Account	2,012,642	2,011,871	771
NAB Trust Fund	1,497,921	1,497,691	230
Total Cash	46,448,925	40,335,575	6,113,350
<u>Investments</u>			
NSW Treasury Corp (T-Corp) Investment Management (IM) Funds	15,331,008	15,332,631	(1,623)
Term Deposits	32,096,858	34,109,775	(2,012,917)
Total Investments	47,427,866	49,442,406	(2,014,540)
Total Cash & Investments	93,876,791	89,777,981	4,098,810

Summary of investment movements for February 2022:

<u>Investment Maturities/Movements</u>		<u>New Investments</u>	
Institution	Amount \$	Institution	Amount \$
AMP	(3,000,000)	AMP	2,000,000
ING	(1,000,000)		
Movement in Interest Receivable on Term Deposits	(12,917)		
Market Movement T-Corp IM Funds	(1,623)		
Total	(4,014,540)	Total	2,000,000

The funds from term deposit maturities are currently held in the NAB High Interest Cash At Call account, currently earning 0.15% pa. The month of February 2022 saw some negative movement in investment markets which impacted upon investment returns for the T-Corp IM Funds. While the investment markets appear to be pricing a further increase in future interest rates, Council continues to take a conservative position holding cash reserves along with reviewing longer term investment options to take advantage of higher returns.

Investment Revenue Earned

	February 2022	January 2022	Movement
	\$	\$	\$
NAB General Cash Account	-	-	-
Term Deposits	14,583	15,349	(766)
NSW T-Corp IM Funds (Note 1)	(1,623)	(9,716)	8,093
NAB High Interest Account	3,733	4,170	(437)
AMP Saver Account	771	882	(111)
NAB Trust Account	230	254	(24)
Total	17,694	10,939	6,755

Note 1: NSW T-Corp IM Funds are unitised investments, so the investment revenue consists of interest credited by way of additional units issued plus the movement (either upwards or downwards) of the underlying unit value. As an example, the value of the T-Corp investment fund units were negatively impacted by the movement in interest rates during October 2021, and again in January and February 2022 which resulted in a negative investment revenue amount for those months.

Investments are diversified across a range of institutions, with funds invested to ensure the portfolio is aligned with the Investment Policy.

Issuer	Short Term Rating	Market Value \$	% Total Value
AMP Bank	A2	5,010,964	10.57%
Bank Of Queensland	A2	10,025,644	21.14%
Bendigo & Adelaide Bank	A2	5,006,616	10.56%
Regional Australia Bank	Unrated	2,005,195	4.23%
ING Bank	A1	5,023,356	10.59%
National Australia Bank	A1+	5,025,083	10.60%
NSW T Corp – IM Funds (Cash and Short Term Income Fund)	A	15,331,008	32.31%
Total		47,427,866	100%

Investment Yield

	February 2022			January 2022		
Term of Investment	ARC	BBSW rate	Outperformance	ARC	BBSW rate	Outperformance
6 months	0.55%	0.38%	0.17%	0.55%	0.22%	0.33%
12 months	0.62%	0.70%	(0.08%)	0.65%	0.59%	0.06%

The Armidale Regional Council Community Strategic Plan 2017-2027 identifies the importance of Leadership for the Region. In particular:

L2 – Council exceeds community expectations when managing its budget and operations

L2.1 – Financial sustainability is maintained through effective short and long term financial management

L2.1.3 – Develop effective financial management systems

4. Implications

4.1. Strategic and Policy Implications

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

- Council Investment Policy
- *Local Government Act 1993* – Section 625
- *Local Government Act 1993* – Order of the Minister dated 12 January 2011
- *The Local Government (General) Regulation 2021* – Reg 212

The investment of surplus funds must remain in line with Council's Investment Policy. This will ensure sufficient working capital is retained and restrictions are supported by cash and investments that are easily converted into cash. Cash management complies with the *NSW Local Government (General) Regulation 2021*.

The Investment Policy relates to:

- Council's Community Strategic Plan 2017-2027 category of "Leadership for the Region" and related community outcome of "Council exceeds community expectations when managing its budget and operations."
- Council's Delivery Program 2018-2022 item "Financial Sustainability – to maintain financial sustainability through effective short, medium and long-term financial management."
- Council's Operational Plan 2021-22: asset management, budget management, financial operations

4.2. Risk

Council invests in Term Deposits, Cash and NSW Treasury Corporation Investment Management (IM) Funds. Rates of return on these investments are generally higher than the Bank Bill Swap (BBSW) Index. For the month of February 2022, the 1 year BBSW rate increased from 0.59% to 0.70%. Council's 1 year return to February 2022 of 0.62% is marginally less than the 1 year BBSW rate of 0.70%.

Council's investments have out-performed the RBA Cash rate of 0.10% and the 6 month BBSW index of 0.38%.

Council's responsibility is to ensure working capital is retained and restrictions are supported by cash.

Council considers effective risk management practices exist over its cash and investment holdings.

4.3. Sustainability

Council utilises an online Portfolio Platform to manage its investments and investment register. The number of investments has been rationalised allowing for more efficient internal investment management to be performed. Communication is performed by electronic means, resulting in efficiencies of processes and a reduction in the use of paper.

4.4. Financial

Budget Area:	Various						
Funding Source:	General Fund (untied revenue) Water Fund (externally restricted) Sewer Fund (externally restricted)						
Budget Ref: (PN)	Description	Approved Budget (Revised)	Actual	Committed	Proposed	Total Forecast Expenditure	Remaining Budget
210815.1.1760. 165.1670 260005.3.2590. 165.1660 280010.2.3310. 165.1650	Interest Income on Investments	(\$298,226)	(\$179,079)	Nil	Nil	Nil	(\$119,147)
210815.1.1760. 333.2430	Subscriptions	\$10,455	\$7,750	\$2,000	Nil	\$9,750	\$705

Comparison of Actual Interest Income Earned with Year To Date (YTD) Budget

Interest Income	YTD Actual \$	YTD Budget \$	Difference \$
YTD February 2022	\$179,079	\$198,817	(\$19,738)
YTD January 2022	\$161,385	\$173,965	(\$12,580)
Movement	\$17,694	\$24,852	(\$7,158)

There is a YTD unfavourable budget variance of \$19,738 to 28 February 2022 (including accrued interest). A downward adjustment of (\$276,774) for interest income was included in the 2021-2022 Second Quarter Budget Review, adopted by Council at its February 2022 meeting. The key change from the original forecast is the interest rates that were budgeted were higher than the returns currently being achieved.

Over the past 18 months, the Commonwealth Government has provided many cash incentives to stimulate growth during the economic decline and global pandemic. This has supplied the economy with 'cheap money', placing downward pressure on interest rates and interest returns on investments. Savings and term deposit rates offered by the banks have been at all-time lows however some positive movement in the market was noted during October and November 2021 with the market pricing an increase in future interest rates. The NSW T-Corp Investment Funds have generated positive returns over extended time periods however for the months of January and February 2022, the returns were negative due to the movement in interest rates impacting upon the T-Corp investment unit values. Term Deposit rates have increased above 1.00% during the first weeks in March 2022. Council continues to closely monitor investment markets and returns.

Restricted & Unrestricted Funds

As at 28 February 2022, total restricted and unrestricted funds were fully funded by cash and investments. Between the reported (audited) amounts as at 30/06/2021 and the projected year end result for 30/06/2022 as reported in the 2021/22 Second Quarter Budget Review, it is projected there will be an increase in restricted cash of \$4.23m and an increase in unrestricted cash of \$48k, a net increase of \$4.28m. The current cash and investment position as at 28 February 2022 adequately covers forecast totals.

Actual Result at 30 June 2021 (audited)

\$'000	General	Water	Sewer	Total
External Restrictions	18,329	23,244	19,511	61,084
Internal Restrictions	16,813	-	-	16,813
Total Restrictions	35,142	23,244	19,511	77,897
Unrestricted	3,408	-	-	3,408
Total Funds	38,550	23,244	19,511	81,305

Projected Year End Result at 30 June 2022 (as at QBR2 – presented to Council Feb 2022)*

\$'000	General	Water	Sewer	Total
External Restrictions	17,156	28,561	19,594	65,312
Internal Restrictions	15,290	-	-	15,290
Total Restrictions	32,446	28,561	19,594	80,602
Unrestricted	3,456	-	-	3,456
Total Funds	35,903	28,561	19,594	84,058

Movement from June 2021 to Forecast June 2022

\$'000	General	Water	Sewer	Total
External Restrictions	(1,173)	5,317	83	4,227
Internal Restrictions	-	-	-	-
Total Restrictions	(1,173)	5,317	83	4,227
Unrestricted	48	-	-	48
Total Funds	(1,125)	5,317	83	4,275

*The projected year end results include the \$9.77 million loan proposed for the Water Fund and were included in the original 2021/22 budget, adopted by Council on 29 June 2021. This loan has not yet been approved to be drawn down by Council. Should the loan not be drawn down the projected year end result would be:

\$'000	General	Water	Sewer	Total
External Restrictions	17,156	18,791	19,594	55,542
Internal Restrictions	15,290	-	-	15,290
Total Restrictions	32,446	18,791	19,594	70,832
Unrestricted	3,456	-	-	3,456
Total Funds	35,903	18,791	19,594	74,288

5. Consultation and Communication

An Investment Report is required to be tabled at the monthly Ordinary Meeting of Council.

6. Conclusion

The Cash and Investment Report provides an overview of cash and investments as at and for the month ended 28 February 2022 and demonstrates compliance with Council policy.

Item:	9.4	Ref: AINT/2022/09214
Title:	2021-2022 Loan Approval	Container: ARC20/4311
Responsible Officer	Acting Chief Officer Corporate and Strategy	
Author:	Kelly Stidworthy, Manager Financial Services	
Attachments:	Nil	

1. Purpose

The purpose of this report is to provide Council with further information as per Council minute 46/22 and to obtain Council's approval to take out new borrowings in accordance with the borrowing proposals contained in the 2021-2022 Operational Plan and Budget.

Council minute 46/22 resolved 23 February 2022 states that:

- a. Funding contribution from ARC for the Dumaresq Dam Wall Upgrade be sourced from the Water Fund not via borrowed funds.
- b. Councillors receive more detailed briefing in relation to the funding options for the Puddledock Dam Raw Water Main Upgrade.
- c. Financial Services Department explore and report on refinancing options for all council term loans.
- d. That the briefings include long term outlook in improving revenue in the water fund.

2. OFFICERS' RECOMMENDATION:

That Council:

- a. Rescind part (a) of Council minute 46/22 as follows:
Funding contribution from ARC for the Dumaresq Dam Wall Upgrade be sourced from the Water Fund not via borrowed funds
- b. Authorise the General Manager on behalf of Armidale Regional Council to borrow from NSW TCorp the sum of \$9,770,000 at a fixed rate of interest for a period of twenty (20) years; and
- c. Authorise the Mayor and General Manager to sign loan documents and apply the Common Seal of Council to loan documents as necessary.

3. Background

Council included the proposed borrowings in the 2021-2022 Operational Plan and Budget for the following Water Fund projects:

1. Dumaresq Dam Wall Upgrade \$4,000,000
2. Puddledock Dam Raw Water Main Upgrade \$5,770,000

The total cost of the projects nominated for borrowing and funding sources are as follows:

Project	Grant	Loan	Water Fund	Total
Dumaresq Dam Wall Upgrade (Safe and Secure Water Program)	\$4,050,000	\$4,000,000	\$1,323,776	\$9,373,776

Puddledock Dam Raw Water Transfer System Augmentation (Restart NSW)	\$5,770,000	\$5,770,000	\$1,000	\$11,541,000
Total	\$9,820,000	\$9,770,000	\$1,324,776	\$20,914,776

The 2021-2022 Operational Plan and Budget, incorporating the above borrowings, was adopted by Council on 29 June 2021. The borrowings were included in Council's 2021/22 Revenue Policy (also adopted by Council on 29 June 2021) as required under section 397I of the *Local Government (General) Regulation 2021* [NSW] as follows:

Loan Borrowing Program

To provide for the future needs of the community, Council borrows funds to provide infrastructure and community assets which are not able to be funded out of normal revenue sources. The loans are based on periods that represent the economic life of the facility or asset or a reasonable fixed term, whichever is the lesser. Loans are raised by Council from banks or other recognised financial institutions.

New borrowings are proposed for Council's Water Fund in the 2021-2022 financial year. To assist with funding the capital works program, Council is proposing borrowings for:

- Dumaresq Dam Wall Upgrade - \$4,000,000
- Puddledock Dam Raw Water Main & Pump Station - \$5,770,000

These projects are 50% grant funded with Council's contribution to the projects to be borrowed.

Council considered this matter at the Ordinary Council Meeting held 23 February 2022 and resolved the following:

That Council:

- Funding contribution from ARC for the Dumaresq Dam Wall Upgrade be sourced from the Water Fund not via borrowed funds.
- Councillors receive more detailed briefing in relation to the funding options for the Puddledock Dam Raw Water Main Upgrade.
- Financial Services Department explore and report on refinancing options for all council term loans.
- That the briefings include long term outlook in improving revenue in the water fund.

4. Discussion

Water Fund Projections

Original Budget

Council included borrowings in the 2021-2022 Operational Plan and Budget to the value of \$9.77m for projects that would otherwise be funded by the Water Fund reserve.

The adopted original 2021-2022 budget contained the following key results for the Water Fund.

Year	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31
Operating Result \$'000	691	773	1,131	1,514	1,923	2,358	2,815	3,303	3,822	4,371
Reserve	22,845	16,176	14,662	12,106	8,938	10,151	11,934	14,976	18,257	20,783

\$'000										
Debt Service Cover Ratio (>2x)	7.79	4.06	4.41	4.78	5.17	6.30	6.80	7.33	8.25	10.25

In the context of historical impacts of drought and management of ageing water infrastructure, it is recommended to not allow the Water Fund reserve to drop below \$6 million.

The 2021-2022 forecast for the Water Fund is based on the following assumptions:

- Operating revenue, including growth, increases by 5% per annum
- Operating expenditure increases by 2.5% per annum
- Capital forecasts are based on low population growth of around 1% per annum
- Water security projects are 100% externally funded i.e. there is no net draw down on the Water Fund reserve

There are a number of risks to the forecast Water Fund position including:

- Operating revenue projections are not achieved
- Operating expenditure projections are not met
- Water security projects require funding from the Water Fund reserve
- Increasing levels of compliance causing increased costs
- Inflation impacts on both operational and capital expenses

The draw down on the Water Fund reserve is also likely to be further impacted by:

- Finalisation of the Integrated Water Cycle Management (IWCM) Strategy resulting in yet to be identified capital works including Water Security options;
- New infrastructure and water supplies required to support Council's position of a growth agenda to grow local jobs by 1,000 within five years and 4,000 by 2040; and
- Maturing asset management processes resulting in Council's water infrastructure facilities undergoing further assessment and identification of further renewal works.

Alternative Scenario 1 – No Borrowings

The information below covers a scenario where Council does not undertake borrowings but still undertakes the forecast expenditure on both projects. If Council did not undertake any borrowings the 2021-2022 Water Fund forecast would have looked as follows.

Year	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31
Operating Result \$'000	691	1,014	1,362	1,735	2,134	2,559	3,005	3,482	3,990	4,527
Reserve \$'000	13,075	7,028	6,136	4,203	1,657	3,493	5,898	9,562	13,465	16,613
Debt Service Cover Ratio (>2x)	7.79	8.45	9.18	9.95	10.77	15.21	16.41	17.68	21.29	35.12

Under this scenario Council would also need to consider how the funding gap between the actual and recommended minimum reserve balance could be closed through, for example, the application of higher charges and fees in future years. This scenario would not provide for any draw down from the Water Fund reserve for any projects other than what is proposed in the capital forecast, which supports investment in infrastructure for population growth of around 1% but excludes significant water security projects (e.g. dam wall raising).

Alternative Scenario 2 – Loan Puddledock Dam Raw Water Transfer System Only

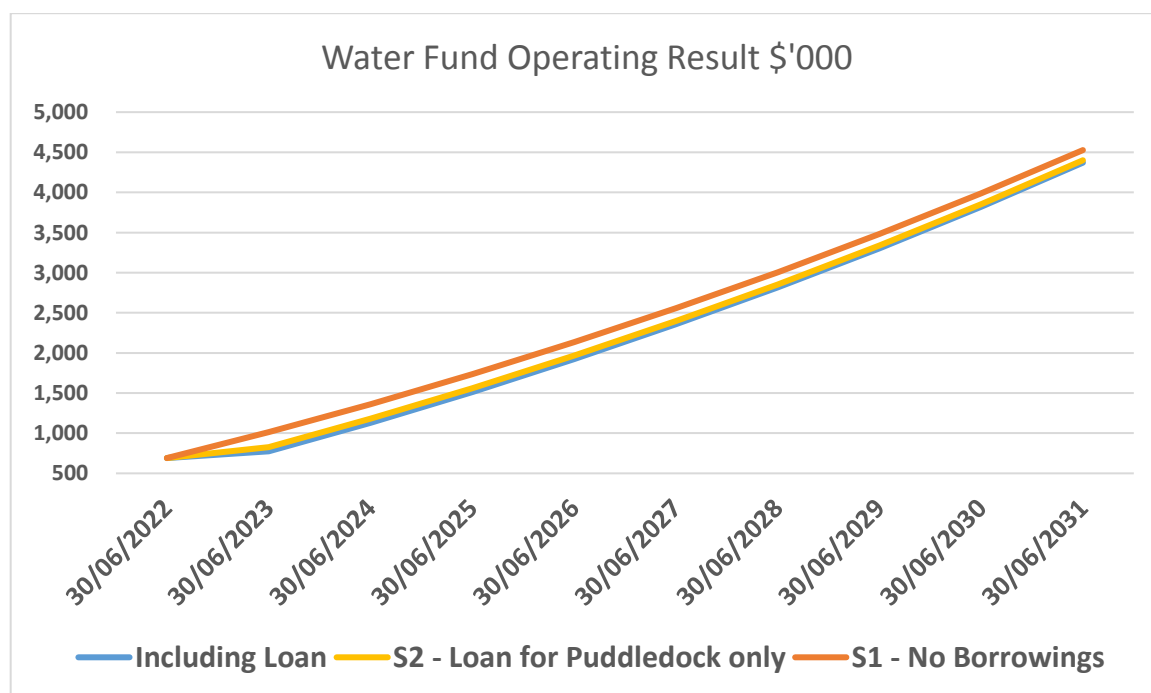
The information below covers a scenario where Council completes both projects but undertakes \$5.77m borrowings for the Puddledock Dam Raw Water Transfer System project only.

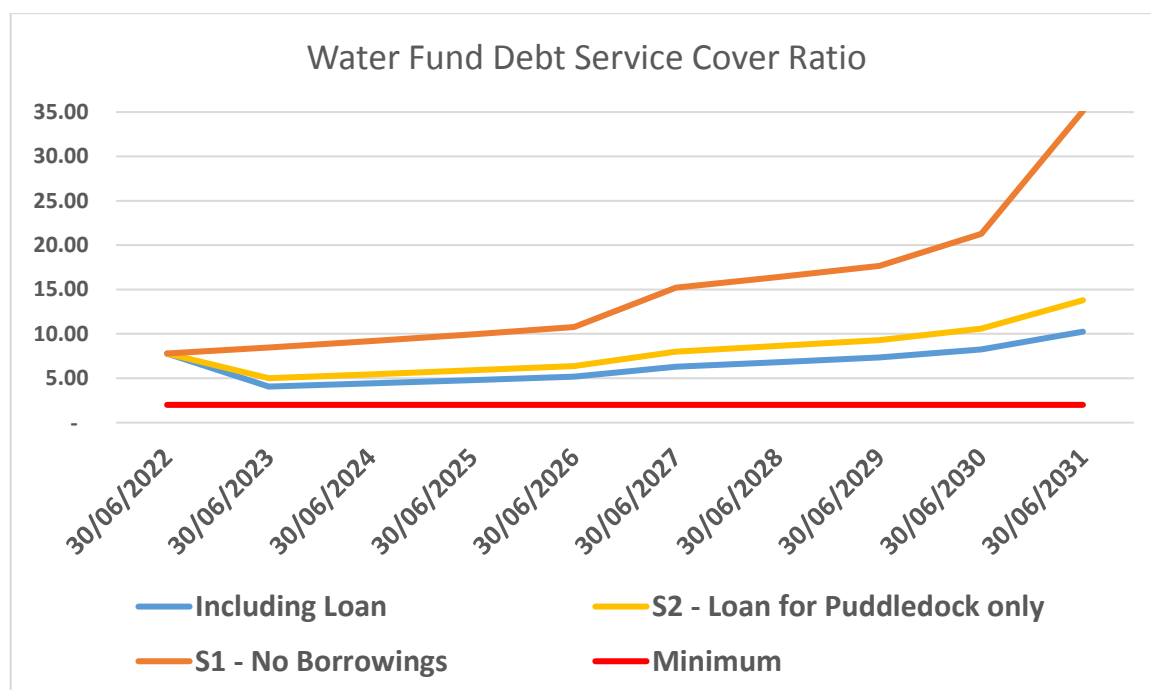
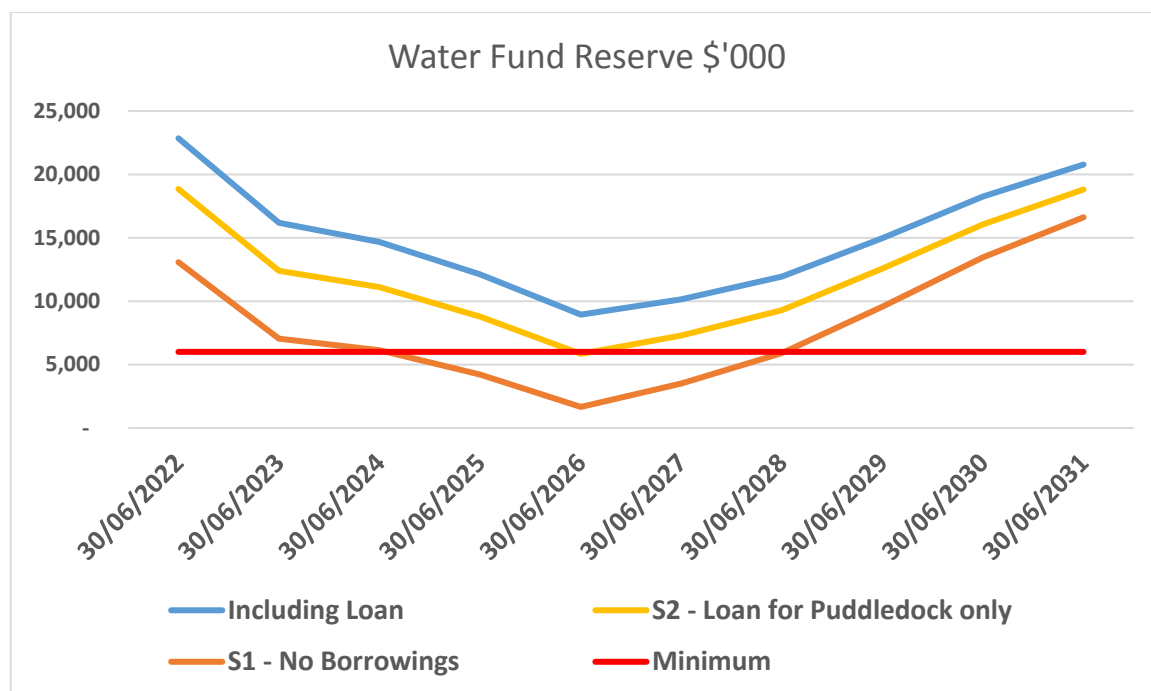
Year	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31
Operating Result \$'000	691	825	1,181	1,561	1,967	2,399	2,854	3,338	3,855	4,401
Reserve \$'000	18,845	12,402	11,113	8,784	5,841	7,281	9,289	12,557	16,064	18,816
Debt Service Cover Ratio (>2x)	7.79	5.01	5.44	5.89	6.38	8.01	8.64	9.30	10.61	13.79

Under this scenario while the reserve falls just under the recommended minimum balance, the scenario would not provide for any draw down from the Water Fund reserve for any projects other than what is proposed in the capital forecast as noted in alternative scenario 1 until the later years of the forecast, where there is low confidence in the projections.

Scenario Summary

The graphs below show the above scenarios.





While some variation to the Water Fund reserve balance is expected from amendments to the 2021-2022 budget, essentially these variations are timing differences and the overall future projections are not expected to be significantly impacted by these changes. As with all forecasts, it must be acknowledged that things change over time and that long term forecasts are useful as a guidance tool which can identify financial issues in advance and enable a strategy or plan to be developed to deal with them.

Rationale for Borrowing

Borrowings were proposed for these projects due to the long useful life associated with the assets constructed and size of the Council contribution required for each project being a combined \$9.8 million.

Water Fund reserve projections are negatively impacted by significant capital expenditure projections over the next four years with cumulative draw downs on the reserve forecast totalling \$13 million to 2025-2026. This assumes the 2021-2022 borrowings are taken out as proposed.

The adopted 2021-22 Long Term Financial Plan (LTFP) shows the Water Fund reserve reducing to \$8.9 million by 2025/26. In the context of historical impacts of drought and management of ageing water infrastructure, it is recommended to not allow the Water Fund reserve to drop below \$6 million.

There is currently also a low interest rate environment that is favourable for borrowings and will enable Council to retain capacity in the Water Fund reserve for other projects.

Borrowing Options

Council has the ability to borrow through NSW Government TCorp or through a registered deposit-taking institution. TCorp is the central borrowing authority for the state of NSW. TCorp only lend on a fixed borrowing rate.

Contracts for banking, borrowing or investment services are exempt from the tendering requirements of the *Local Government Act 1993* (the Act).

Comparative rates provided by TCorp and other providers are as follows:

TCorp	3.07%
NAB	4.34%
CBA	3.99%

These are based on a fixed rate of interest for a period of twenty (20) years. The above providers have advised there are no additional costs outside of application of the interest rate.

Due to the favourable borrowing rates offered by TCorp to the public sector it is recommended to use them for the 2021-2022 borrowing requirement.

5. Implications

5.1. Strategic and Policy Implications

The loan approval supports the following outcomes:

- Council's Community Strategic Plan 2017-2027 category of "Leadership for the Region" and related community outcome of "Council exceeds community expectations when managing its budget and operations."
- Council's Delivery Program 2018-2022 item "Financial Sustainability – to maintain financial sustainability through effective short, medium and long-term financial management."
- Council's Operational Plan 2021-22:
 - Dumaresq Dam Upgrade – Wall Stabilisation
 - Puddledock Mains Replacement

5.2. Risk

Risks to Council's forecast Water Reserve position include:

- Operating revenue projections are not achieved
- Operating expenditure projections are not met
- Water security projects require funding from the Water Fund reserve
- Increasing levels of compliance causing increased costs
- Inflation impacts on both operational and capital expenses

Repayment of the borrowings increase cash outflows in the Water Fund by an estimated \$671k per annum. Projections in the 2021-22 LTFP were based on a borrowing rate of 2.5% but current fixed rates quoted are above 3%. TCorp has advised to use 3.3% as an indicative borrowing rate at the time of draw down, which is anticipated in May 2022. The actual borrowing rate would be determined on the day of draw down.

If Council did not undertake the borrowings the Water Fund reserve would fall below the recommended \$6m minimum balance by 2024-2025; however, this assumes current revenue projections are achieved.

The Water Fund will need to generate an operating surplus to ensure that the repayment of borrowings can be adequately funded. At this time while an operating surplus for 2021-2022 is projected, revenues are negatively impacted by lower than forecast water consumption. However, this may change with data from only 2 billing quarters available at this time.

Part 12 of the Act contains the provisions regarding council borrowings and sections 229-230 of the *Local Government Regulation 2021* (the Regulation) contain further provisions.

5.3. Sustainability

Borrowings are required in the Water Fund to sustain the reserve at an adequate level. At this time, interest rates are low and are forecast to increase.

The table below shows the estimated annual repayments and total interest repaid over the life of the loan based on varying interest rate scenarios.

Borrowing Assumption	Estimated Annual Repayment	Total Interest Repaid Over Life of Loan
Original 2.5% in LTFP	\$622,254	\$2,675,073
Indicative TCorp Rate 3.3% \$9.77m loan	\$671,188	\$3,653,753
Indicative TCorp Rate 3.3% \$5.77m loan	\$396,392	\$2,157,846

A breakdown of the principal and interest loan repayments at the indicate TCorp Rate of 3.3% is as follows:

\$9.77m Loan

\$'000	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32
Principal	352	363	375	388	401	414	428	442	457	472

Interest	320	308	296	283	270	257	243	229	214	199
Total	671	671	671	671	671	671	671	671	671	671

\$'000	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40	40-41	41-42
Principal	488	504	521	538	556	575	594	613	634	655
Interest	183	167	150	133	115	97	78	58	37	16
Total	671	671	671	671	671	671	671	671	671	671

\$5.77m Loan

\$'000	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32
Principal	208	215	222	229	237	245	253	261	270	279
Interest	189	182	175	167	160	152	144	135	127	118
Total	396	396	396	396	396	396	396	396	396	396

\$'000	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40	40-41	41-42
Principal	288	298	308	318	328	339	351	362	374	387
Interest	108	99	89	79	68	57	46	34	22	10
Total	396	396	396	396	396	396	396	396	396	396

The proposed borrowings are in accordance with the requirements for local government borrowings, being that borrowings are only permitted for infrastructure and not operational requirements.

TCorp's loan requirements are as follows:

- Local councils that have been deemed 'financially sustainable' are able to apply for TCorp loan facilities.
- Loan facilities are available for approved community infrastructure which form part of a council's annual capital expenditure programme, for example, roads, buildings, stormwater drainage, water and sewerage networks.
- Loan facilities will not be provided to:
 - finance operating activities or recurring expenditure such as annual asset maintenance
 - establish or expand a council-run business in competition with existing privately-run businesses
 - acquire an existing privately-owned business
 - refinance existing privately financed debt, except at the scheduled maturity of existing loans where loans have not been fully amortised

Budget Area:	Water Fund						
Funding Source:	Loan & Grant 50/50						
Budget Ref: (PN)	Description	Approved Funding (2020-21 & 2021-22)	Actual (2020-21 & 2021-22)	Committed (2021-22)	Proposed (2021-22 & 2022-23)	Total Forecast Expenditure	Remaining Budget
280861	Puddledock Dam Water Main Upgrade	\$11,541,000	\$317,325	\$57,785	\$11,165,890	\$11,541,000	\$0
280216	Dumaresq Dam Wall Stabilisation	\$9,373,776	\$6,544,209	\$1,892,374	\$937,193	\$9,373,776	\$0

[illegible]

Water Fund	4,225,461
Sewer Fund	0
Total	20,932,589

These loans have a range of funding sources including the Water Fund reserve, waste charges and general fund untied revenues.

The proposed borrowings will increase the water fund loan liability from \$4 million to \$13.7 million at 30 June 2022 and will increase annual repayments from \$576k to approximately \$1.2m.

Including the proposed borrowings, key ratios in the Water Fund are forecast as follows:

	Operating Performance Ratio	Debt Service Cover Ratio	Cash Expense Cover Ratio
Benchmark	>0%	>2x	>3 months
2021/22	5.89%	7.79	35.01
2022/23	6.28%	4.06	22.48
2023/24	8.76%	4.41	19.95
2024/25	11.18%	4.78	16.13
2025/26	13.54%	5.17	11.66
2026/27	15.83%	6.30	13.15
2027/28	18.01%	6.80	15.13
2028/29	20.14%	7.33	18.58
2029/30	22.22%	8.25	22.26
2030/31	24.22%	10.25	25.13

6. Consultation and Communication

The borrowings were included in the 2021-2022 Operational Plan and Budget. The 2021-2022 IP&R suite of documents was exhibited for public comment for a period of 28 days from Friday, 28 May 2021 to Thursday, 24 June 2021.

Following entering into a loan contract for the borrowings, Council must notify the Secretary within 7 days in accordance with section 230 of the Regulation.

7. Conclusion

This report outlines the requirement for new borrowings included in the 2021-2022 Operational Plan and Budget and seeks Council's approval to proceed with a loan contract with NSW Government TCorp for the sum of \$9,770,000 at a fixed rate of interest for a period of twenty (20) years.

Item:	9.5	Ref: AINT/2022/10245
Title:	Additional Special Variation 2022-2023	Container: ARC21/4910
Responsible Officer	Acting Chief Officer Corporate and Strategy	
Author:	Kelly Stidworthy, Manager Financial Services	
Attachments:	1. 22-03 Guidelines for Additional Special Variation (ASV) Process for 2022-23	

1. Purpose

To inform Council of the recently released guidelines on an Additional Special Variation (ASV) process for 2022-2023. Also, pending confirmation that Council is eligible to apply, obtain endorsement to prepare an application for an ASV under the yet to be released application process, which will require investment of Council staff time and resources.

2. OFFICERS' RECOMMENDATION:

That Council endorse the preparation of an application for an Additional Special Variation for the 2022-2023 financial year to the maximum permissible level and on a permanent basis, with a view to resolve final approval at the Ordinary Council meeting 27 April 2022.

3. Background

On 8 March 2022 the Office of Local Government (OLG) released Council Circular "22-03 Guidelines for Additional Special Variation (ASV) Process for 2022-23". The circular contained details on the guidelines for an ASV Process for 2022-23 and is contained at the attachment.

This matter has not previously been considered by the Council.

4. Discussion

The Independent Pricing and Regulatory Tribunal (IPART) has advised that it will accept and process an additional round of 2022-23 ASV applications from councils via Council circular 22-03.

The once off 2022-23 ASV process appears to be a mechanism to allow councils that received a rate peg of less than 2.5% to apply for the difference between the rate peg they have been advised and a maximum rate peg of 2.5% for the 2022-23 financial year. The application can be made on the basis of a once off or permanent increase.

The use of 2.5% is due to this being the recommended rate peg value that IPART recommend councils use for long term financial modelling. Councils that have applied for a special rate variation in the past, including Armidale Regional Council, have used 2.5% for the rate peg to determine the level of funding that will be available in future years of their forecasts. As councils apply for special rate variations on the basis of financial need and/or asset renewal, a rate peg that is lower than 2.5% will reduce the level of funding available for the maintenance of essential assets and the provision of community services.

For the 2022-23 financial year, Armidale Regional Council's rate peg as advised by IPART is 0.7% and this is estimated to be approximately \$350,000 less than if the rate peg had been 2.5%. To provide some context, a 0.7% rate peg will provide around \$130,000 in additional funding for Council to maintain essential community infrastructure with a gross value of \$806 million (being the infrastructure held in General Fund only) and the expected increase in 2022-23 insurance costs alone will likely be double the rate peg amount, if not more.

Very little time is provided for Council to consider the information provided and prepare an application with applications being due 29 April 2022. At the time of preparing this report, the application form and supporting information are not yet available on IPART's website so Council staff will still need to access this information when it is available to confirm the eligibility requirement and ensure that the information that will be sought by the application process can be provided.

From the information available to date, Council would appear to be eligible to apply.

Circular 22-03 advised the following key points:

- In late 2021, IPART announced the rate peg for the 2022-23 financial year was set at an increase of between 0.7% and 5.0%.
- Special variations provide an opportunity for councils to vary general income by an amount greater than the annual rate peg. However IPART's normal period for special variation applications in relation to the 2022-23 rate peg has now passed.
- The Office of Local Government and IPART recognise that, due to the delayed council elections and the determination of the 2022-23 rate peg at a lower rate than councils had forecast, councils may not have had sufficient time to prepare special variation application within the normal timeframe.
- This may result in some councils not having sufficient funds to pay for required infrastructure and services.
- As such the NSW Government and IPART have agreed to a one-off ASV round for the 2022-23 financial year only.
- This process is not intended to address applications from councils that require a special variation (above 2.5%) to achieve long term financial sustainability for reasons other than those set out in the criteria above, which should be addressed through the standard special variation process.
- Application forms, information papers, and submission details will be published shortly on IPART's website (as at the date of preparing this report these were not yet available).
- The ASV application process will be a simpler more targeted application process.
- IPART will not require councils to demonstrate community consultation outside of the processes outlined above. To demonstrate community consultation, IPART will consider the consultation undertaken through the IP&R process and consider the resolution to apply for a ASV meets the requirements outlined above.
- Under this ASV round of applications
 - a) IPART will accept applications until 29 April 2022;
 - b) IPART will publish applications to enable community consultation for a period of at least three weeks; and
 - c) IPART will notify councils of its decision no later than 21 June 2022.

The circular advised that Council has the opportunity to apply for an ASV on the following terms:

- Where council is applying for:
 - a) a temporary or permanent single year special variation for 2022-23 under section 508(2) of the Local Government Act 1993 (the Act); and
 - b) the percentage sought in the application is the lower of:

- 2.5% (including population factor); or
- the council's assumed 2022-23 rate peg as exhibited in its 2021-22 Long Term Financial Plan (LTFP) (including population factor).

Councils will need to demonstrate that:

- Council has demonstrable financial need such that, in the absence of a special variation, council would not have sufficient funds to meet its obligations as identified in its 2021-22 LTFP as and when they fall due in 2022-23; and
- Where councils are applying for a permanent special variation, in addition to the above criterion, the council has demonstrable financial need for the special variation to be retained in its rate base on an ongoing basis; and
- Council's 2021-22 IP&R documentation budgeted for an income increase above the percentage specified for the council for 2022-23 under section 506 of the Act; and
- Council has resolved to apply for the special variation under section 508(2) of the Act and that the resolution clearly states:
 - a) whether the resolution is for a temporary or permanent special variation under section 508(2) of the Act; and
 - b) the additional income that council will receive if the special variation is approved; and
 - c) why the special variation is required; and that the council has considered the impact on ratepayers and the community in 2022-23 and, if permanent, in future years if the special variation is approved and considers that it is reasonable.

5. Implications

5.1. Strategic and Policy Implications

Link to the Community Strategic Plan and Delivery Program

Community Strategic Plan – Leadership for the Region

L2 Council exceeds community expectations when managing its budget and operations

The determination by Council on a position regarding the ASV application may impact a number of policy positions due to the funding that may be available for the delivery of services if the option of the ASV is not supported.

5.2. Risk

The risk of not considering applying for the ASV includes missing the opportunity to keep funding from rate revenue at the level determined in the adopted 2021-22 long term financial plan and that the outlook for key financial indicators that are below the required benchmark will worsen.

As recently advised to Council during the Councillor induction process, the General Fund key performance indicators are currently at unacceptable levels for the operating performance ratio and infrastructure ratios.

Performance Indicator	Trend	Comment
-----------------------	-------	---------

Operating Performance Ratio	↓	Declining trend with poor operating result excluding capital grants and waste
Debt Service Ratio	↑	Shows improvement due to repayment of existing loans
Unrestricted Current Ratio	↑	Shows improvement but remains under industry average
Building & Infrastructure Renewals Ratio	↓	Remains well under the required benchmark (average 60%)
Infrastructure Backlog Ratio	↑	Unfavourable increasing trend, which nearly doubles over time due to above under investment in asset renewals

The timeframe between notification and application (just under 8 weeks) with the application information not available at the date of preparing this report leaves very little time for an application to be prepared and comes at a time when officers are working at peak workload with IP&R processes, budget development and end of financial year preparation all underway concurrently. Therefore, if the IPART application is not streamlined there is a risk that staff will have insufficient time to prepare a comprehensive application.

5.3. Sustainability

Council had assumed a 2.5% rate peg increase in the adopted 2021-22 long term financial plan. If the ASV process enables Council to retain rate revenue at the level contained in the forecast this will allow Council to continue to invest in infrastructure at the levels determined by the 2021-22 long term financial plan.

Separately, IPART has also agreed to undertake a broader review of its rate peg methodology, including the Local Government Cost Index, with outcomes from the review expected to shape rate peg determinations in future years. Details on these changes are not yet available.

5.4. Financial

Budget Area:	Rate Revenue			
Funding Source:	Untied Revenue			
Budget Ref: (PN)	Description	2022/23 Forecast Rate Peg @ 0.7%	Proposed Rate Peg @ 2.5%	Additional Proposed Funding from ASV*
210815	2022/23 Rate Revenue	19,485,546	19,841,927	356,831

*Note that as details on the application process are not available at the time of preparing this report an assumption has been made that the ASV will allow Council to apply to make up the funding shortfall created by the assumed 2.5% rate peg for the 2022-23 financial year in the adopted 2021-22 long term financial plan and the 0.7% actual rate peg for 2022-23 determined by IPART for Armidale Regional Council.

6. Consultation and Communication

To demonstrate community consultation, IPART will consider the consultation undertaken through the IP&R process and consider the resolution to apply for an ASV meets the application requirements.

Under this ASV round of applications:

- IPART will accept applications until 29 April 2022;
- IPART will publish applications to enable community consultation for a period of at least three weeks; and
- IPART will notify councils of its decision no later than 21 June 2022.

7. Conclusion

This report provides Council Circular “22-03 Guidelines for Additional Special Variation (ASV) Process for 2022-23” for information and seeks endorsement to prepare an application for an Additional Special Variation to the maximum permissible level and on a permanent basis, for the reasons outlined in this report.

Item:	9.6	Ref: AINT/2022/10547
Title:	Employment Zones Reform	Container: ARC16/0030-3
Responsible Officer	Chief Officer Sustainable Development	
Author:	Daniel Boyce, Chief Officer Sustainable Development	
Attachments:	1. Attachment to be provided.	

1. Purpose

This report seeks Council endorsement to publicly exhibit the Employment Zones Translation Detail prepared for the the *Armidale Dumaresq Local Environmental Plan 2012 (ADLEP)* and *Guyra Local Environmental Plan 2012 (GLEP)* by the NSW Department of Planning and Environment (DPE).

2. OFFICERS' RECOMMENDATION:

That Council:

- a. Endorse the proposed *Armidale Dumaresq Local Environmental Plan 2012* and *Guyra Local Environmental Plan 2012* land use tables in Attachment 1 for inclusion in the Employment Zones Translation Detail, prepared by the Department of Planning and Environment.
- b. Delegate to the General Manager the authority to make any minor amendments to the Employment Zones Translation Detail required by the Department of Planning and Environment.

3. Background

The *Standard Instrument (Local Environmental Plans) Order 2006 (SI LEP Order)* has been amended by the DPE to give effect to the employment zones reform that, on completion, will replace the existing Business (B) and Industrial (IN) zones with five new employment zones and three supporting zones.

Proposed new Employment Zones

- E1 Local Centre
- E2 Commercial Centre
- E3 Productivity Support
- E4 General Industrial
- E5 Heavy Industrial

Proposed new Supporting Zones

- MU1 Mixed Use
- W4 Working Waterfront
- SP4 Enterprise

The new zones will replace the following Business and Industrial zones in the LEP:

- B2 Local Centre

- B4 Mixed Use
- B5 Business Development
- B6 Enterprise Corridor
- IN1 General Industrial
- IN3 Heavy Industrial

Each Local Environmental Plan (**LEP**) prepared under the SI LEP Order will need to be updated to rezone existing Business and Industrial zones to an Employment or Supporting Zone by December 2022 when the Business and Industrial zones are repealed.

The DPE is coordinating the translation of LEP amendments and is proposing a centralised public exhibition of all LEP amendments for a period of 6 weeks starting in April 2022.

4. Discussion

The DPE Employment Zone reforms provide Council with an opportunity to recalibrate parts of the ADLEP and GLEP as part of a broader review of the local planning system to enable and encourage job creation. Given that the ADLEP and GLEP merge project is not yet completed it has been necessary to complete this amendment of the existing ADLEP and GLEP. Further refinement of employment zones will be undertaken as part of the consolidated Armidale Regional Council LEP review.

It is proposed that all zones are ‘open’ zones, allowing Council to consider anything except those uses that are explicitly prohibited. There is also a focus on encouraging activation of centres and enabling residential infill in the Armidale CBD area.

The proposed translation of the ADLEP and GLEP land use tables is provided in **Attachment 1** of this report.

5. Implications

5.1. Strategic and Policy Implications

This decision will endorse amendments to the ADLEP and GLEP.

5.2. Risk

Council has previously received legal advice regarding the LEP merge project (refer June 2021 Ordinary Council Meeting). In summary the advice stated:

There are no legal actions that could successfully be brought against Council for losses suffered by persons or entities as a result of changes to zoning and zoning controls that apply to land. No compensation is available to persons or entities in this regard.

There is no right of appeal or ability to obtain compensation in relation to downzoning in New South Wales. Landowners do not have a legal interest in theoretical development potential in these situations. This means that Council is not required to compensate a property owner in situations where existing development “rights” are lost as a result of changes to local environmental plans.

Landowners that experience downzoning will have protections under the Environmental Planning and Assessment Act 1979 with respect to existing use rights (section 4.66) and existing development consents (section 4.70). In this regard it is possible for landowners with rights under these provisions to continue with the use as was previously approved.

It should be noted that “downzoning” includes situations where:

- a) there is a change in the land use zone;
- b) the zone remains the same however the standards change;
- c) changes are made to the land use table (i.e. permissibility);
- d) the land is rezoned for a public purposes; or
- e) an item on the land is listed as a heritage item.

There are no additional legal or risk implications arising from the matters addressed in this report.

5.3. Sustainability

There are no known sustainability implications arising from the matters addressed in this report.

5.4. Financial

Budget Area:	Strategic Natural Resources and Land Use Planning						
Funding Source:	Operational						
Budget Ref: (PN)	Description	Approved Budget	Actual	Committed	Proposed	Total Forecast Expenditure	Remaining Budget
250203	Sustainability and Strategic Planning	50000	5600	16000	25000	46600	3400

6. Consultation and Communication

A self-repealing State Environmental Planning Policy (**SEPP**) Explanation of Intended Effect (**EIE**) will be exhibited by DPE in April 2022. The SEPP EIE will outline each council's proposed LEP amendment.

DPE is building a web platform so that communities can readily identify their local changes and make a specific submission on the proposed translation and associated detail relevant to their local areas. Submissions in their entirety, as well as summaries will be shared with councils following exhibition to enable finalisation of the policy between DPE and Council in the second half of 2022. The DPE intends to amend all LEPs before December 2022.

7. Conclusion

The SI LEP Order has been amended by the DPE to give effect to the employment zones reform that, on completion, will replace the existing Business and Industrial zones with new zones.

It is recommended that Council endorse the proposed ADLEP and GLEP land use tables in Attachment 1 for inclusion in the Employment Zones Translation Detail and delegate to the General Manager the authority to make any minor amendments to the Employment Zones Translation Detail required by DPE.

Item:	10.1	Ref: AINT/2022/10417
Title:	IWCM Strategy - Water Security Assessment and Options Evaluation Report	Container: ARC18/2622
Responsible Officer	Chief Officer Assets and Services	
Author:	Mark Byrne, Manager Utilities	
Attachments:	1. ARC Water Security Options Final R2 – incorporating 2022 growth projection March 2022	

1. Purpose

To receive report from NSW Public Works Advisory (PWA) on Armidale Regional Council Water Security Assessment and Options Evaluation Report Final R2 – incorporating 2022 growth projection.

The Report evaluates and recommends ten water security options from which Council are required to endorse three for further development and progress through the Integrated Water Cycle Management (IWCM) Strategy.

OFFICERS' RECOMMENDATION:

That Council:

- a. Note the report from NSW Public Works Advisory; Armidale Regional Council Water Security Assessment and Options Evaluation Report Final R2 – incorporating 2022 growth projection.
- b. Note that Council staff have lodged enquiries with Essential Energy regarding the acquisition of the Oaky River Dam as a potential Water Supply Option.
- c. Adopt the recommendation from Public Works Advisory and Council staff to proceed with the development of options one and two being;
 - i. Oaky River Dam 25ML/Day + 6.5metre raising of Malpas
 - ii. Styx River Dam 25ML/Day + 6.5metre raising of Malpas
- d. Note that following adoption of recommended options, Council staff along with PWA will commence the preparation of a business case for this project including clarity on funding source, impact on Council's financial sustainability, impact on operating costs and affordability (including willingness to pay) for residents and businesses in accordance with the IWCM Strategy process.

2. Background

The Armidale LGA was impacted by severe drought conditions in 2019 resulting in nil inflows into storages and the lowest level of water supply in Council's dams since their construction. Level 5 water restriction (the highest level) were in force for a year in Guyra and Armidale.

In response, Council is working with the NSW Department of Planning and Environment (DPE) Water to upgrade and expand its water infrastructure to enhance water security in the region as a part of the IWCM Strategy which Council is developing in accordance with NSW Government's guidelines. Resolution of the water security issue is the most significant issue of the IWCM strategy and Council are part way through completing this undertaking.

In March 2020 PWA were appointed to assist Council in identifying options to upgrade the storage capacity of Malpas dam, taking into account the requirements of Australian National Committee On Large Dams (ANCOLD) and Dams Safety New South Wales. PWA were asked to provide options and cost estimates to upgrade the dam by raising the water level in Malpas Reservoir by 3.0 and 6.49 metres respectively and identify: -

- The preferred options to achieve the required increase in reservoir water levels from an engineering perspective and
- Any environmental and/or social issues that will need to be addressed.

PWA have conducted a Secure Yield Study in accordance with the IWCM requirements and modelled Malpas Reservoir in order to determine the amount of increased capacity needed to meet the Armidale region's water demands for the next 30 years.

As part of the secure yield study, PWA have completed some high level investigations of over 40 different supply options including but not limited to; Styx River, Chandler River, Aberfoyle River, and Oaky River. These options are in addition to all the existing water sources for Guyra and Armidale. PWA have provided a number of options for Councils consideration to finalise the Secure Yield Analysis and progress the IWCM Strategy.

3. Discussion

Armidale experienced its driest and warmest year on record in 2019. Level 3 water restrictions were enforced across the entire Local Government Area in April 2019 and level 5 restrictions were introduced in October 2019 and were not eased until September 2020. As part of the IWCM planning, an options assessment was undertaken to evaluate and shortlist these to improve the long-term security of the Armidale and Guyra water supply.

The water security issue

A water cycle analysis was completed to forecast the 30-year unrestricted annual extraction using a Council nominated growth rate of 1.06% for Armidale City and 1% for Guyra. The forecast unrestricted annual extraction requirements are provided in Table S1.

Table S1: Forecast unrestricted annual extraction requirements for Armidale and Guyra

	2021	2026	2031	2036	2041	2046	2048
Armidale (ML/year)	3,546	3,788	4,064	4,337	4,628	4,939	5,066
Guyra (ML/year)	603	621	639	661	685	712	

The assessment has indicated that there is a significant shortfall in secure yield to meet current water demand of the region and the risk of failed water supply as a consequence of extended drought is high.

Secure Yield is the maximum water that can be extracted from the water supply system under predefined water supply criteria developed by the DPE Water and is called the 5/10/10 rule which means

- Water restrictions are in place for no more than 5% of the time
- Water restrictions occur on average once every 10 years
- During water restrictions, demand is reduced by 10%

The Unrestricted Future demand for Armidale and Guyra is 5,778 ML/year and the modelled secure yield of our water supplies allowing for climate change is approximately 2,428ML/year. This is a shortfall of 3,350ML/year and Raising Malpas dam wall by 6.5m results in additional capacity but only reduces this shortfall by 1,262ML/year. The study concluded that the raising of Malpas dam wall alone was not able to provide water security to the region.

Further, allowing for the growth projections discussed at Council's recent Strategic Planning and Jobs Growth Summit, it is expected that consumption could reach 5,778 ML/year as early as 2042 providing some clear timeframes for when water security will need to be addressed.

Malpas dam raising

As the existing Malpas dam storage was found to be insufficient, an augmentation with 3.0m and 6.5m dam raising options were considered. The secure yield analysis however showed that these augmentations would not be sufficient with a shortfall of 2,734 ML/year for the 3.0m raising and 1,262 ML/year for the 6.5m raising.

This indicates that the water resource yield from the Gara River may be at the limit and additional sources from different catchments, that could supplement the yield from the Gara River catchment, would need to be identified. These sources could supplement the existing source either by pumping in to a raised Malpas dam, or by pumping to the Armidale Water Treatment Plant (WTP).

Alternate surface water sources

The new water sources included the Gwydir River in the Moredun Creek Water Source, the Aberfoyle River in the Aberfoyle River Water Source (within the Clarence River Catchment), the Gara River Water Source, the Salisbury Water Source, the Styx and Oakley River Water Sources and the Chandler River Water Source within the Macleay River Catchment. Extraction locations (for pumping stations) and On-river and Off-River storage sites were identified. The long list of extraction locations and storage sites were shortlisted through an objective assessment process.

The shortlisted schemes were assessed to determine if the secure yield from the schemes would make-up the shortfall in the existing scheme. If extraction from the main source (Source 1) did not provide the required secure yield, the secondary sources were progressively added to the scheme. The shortlisted schemes that would meet the shortfall in secure yield, either by pumping to a raised Malpas dam or pumping to the Armidale WTP.

Oaky River dam

Oaky River Dam was a hydroelectric dam owned by Essential Energy located on Oaky River, approximately 3km downstream of Kempsey Road. The right embankment of the dam failed during an extreme flood event on 22 February 2013. The estimated total capital cost to repair the dam and upgrade it to meet the Dam Safety requirements is \$8M.

Essential Energy does not plan to repair the dam as power generation is no longer their core business despite the dam being within the NSW Government's Renewable Energy Zone (REZ). Therefore, there is the potential that the site could be acquired to be part of the water supply scheme. The Oaky river source is expected to have the same yield as the Styx River source. The Oaky River dam has therefore also been considered as an alternate surface water source and Council staff have made some initial enquiries with Essential Energy regarding the potential acquisition of the dam.

Scheme Options

Following the identification of the schemes that would meet the shortfall in secure yield, further analysis was undertaken to optimise the scheme components and also to determine the scheme requirements for the different Malpas dam raising options that have been assessed.

Outcomes

All of the short listed options meet the secure yield for the Armidale and Guyra water supply. The schemes, staging costs and, triple bottom line assessment and ranking of the schemes are provided in Table S5.

Table S5: Scheme options – staging and cost estimates

Works	Staging	Capital Cost (\$M)	Annual O&M Cost (\$M)	30-year PV (\$M)	Non-cost Score	TBL Score Non-cost NPV	Rank
25 ML/d from Styx River	None	111	1.30	95.53	52.8	0.55	6
10 ML/d from Styx River + 7.8 GL Storage on Chandler River	None	99	0.95	84.35	37.2	0.44	8
15 ML/d from Styx River + 3m raising	None	102	1.08	87.85	52.5	0.60	5
	Styx River transfer – 2025 Raise Malpas dam – 2033	102	1.10	80.98		0.65	4
10 ML/d from Styx River + 6.5 m raising	None	95	0.91	80.98	31.2	0.38	9
10 ML/d from Aberfoyle and 10 ML/d from NB + 6.5m raising	None	97	0.86	81.72	16.4	0.20	10
25 ML/day from Oaky River to Malpas	None	111	1.22	94.94	65.7	0.69	3
15 ML/day from Oaky River to Malpas + 3m raising	None	95	1.07	81.92	67.0	0.82	1
	Oaky River transfer – 2025 Raise Malpas dam – 2033	106	1.07	83.28		0.81	2
10 ML/d from Oaky River to Malpas + 6.5m raising	None	100	0.87	83.98	41.9	0.50	7

Of the scheme options, Option 1 and Option 2 in Table S6 below have been recommended to progress the IWCM Strategy.

Table S6: Scheme options for Aspirational Growth – staging and cost estimates

Works	Staging	Capital Cost (\$M)	Annual O&M Cost (\$M)	30-year PV (\$M)
Option 1 25 ML/d from Oaky River + 6.5m raising	Oaky River transfer 2025 Raise Malpas 2042	137	1.24	101
Option 2 25 ML/d from Styx River + 6.5m raising	Styx River transfer 2025 Raise Malpas 2042	146	1.33	109

The Option comprising Oaky River dam as the alternate source is the preferred option. However, if Council are unsuccessful in acquiring the Oaky River dam then the Styx River is the next preferred alternate source option.

Next Steps – Progressing the IWCM Strategy

Council have now completed the evaluation of all shortlisted feasible options as required under the NSW DPE IWCM Strategy Framework. Following the endorsement of the preferred options, Council staff and PWA will progress through the remaining steps of the IWCM framework and the two endorsed options will be used to;

- Bundle Water supply and Sewerage Options into 30-year IWCM Scenarios
- Conduct Financial Modelling of the scenarios to determine impacts to the typical residential bill
- Conduct community consultation of the scenarios and provide consultation feedback
- Prepare DRAFT IWCM Strategy for Council consideration
- Conduct Public exhibition of the strategy including a review of and incorporation of feedback
- Present the final IWCM Strategy to Council for adoption

Assuming Council endorsement, the expected program for completion is;

- Scenario analysis, including community consultation – September 2022
- Completion of DRAFT IWCM Strategy – December 2022

4. Implications

4.1. Strategic and Policy Implications

This Report aligns with;

Armidale Regional Council's Community Strategic Plan 2017-2027,

- Community Outcome 3. The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works;

Delivery Program 2018-2022,

- E3.2 Utilities. Supply water and waste water services to meet the community needs in Armidale and Guyra, as well as environmentally appropriate impoundment, distribution and disposal infrastructure

4.2. Risk

Economic Risk.

- Cost increase as a result of dam classification changed to 'High B' or dam wall needing stabilisation works identified during concept design.
- Council, water customers, community and businesses may be impacted by higher whole of life costs of the new infrastructure (including higher maintenance and depreciation costs).

Social Risk.

- Restricted recreational use of dam during upgrade works.
- Maintaining positive relations with stakeholders in the Malpas catchment. Including those landowners that may have land acquired in the project.
- The consequence of a "do nothing" approach will both place the community at risk of a water shortage and limit the ability for the region to grow and thrive.

Operational Risk.

- Inability to extract water from Malpas Dam during construction of the upgrade project.

Reputational Risk.

- Failing to address the identified water security risks will continue to hinder the improvement of confidence and pride of Council
- Material project variations including scope, cost and time.

Environmental

The project will impact on the environs of Malpas Dam and catchment as well as the local environment associated with The Styx River and/or Oaky River. The environmental impact of the project will have to be carefully assessed and addressed as part of detailed design and approval process.

4.3. Sustainability

The IWCM is a LWU's resourcing strategy for the provision of appropriate, affordable, cost-effective and sustainable urban water services that meet community needs and protect public health and the environment. A LWU's IWCM Strategy:

- Sets the objectives, performance standards and associated performance indicators for the water & sewer business;
- Identifies the needs and issues based on evidence and sound analysis;
- 'Right sizes' infrastructure;
- Determines the investment priority in consultation with the community and stakeholders; and
- Identifies the 'best value 30-year' IWCM scenario on a triple bottom line (TBL) basis.

4.4. Financial

The funding for the IWCM Strategy is co-funded from the DPE Water Safe and Secure Water Program (SSWP). The nature of the funding requires Council to pay for the works and make claims for payment at pre-set milestones. This is a common practice but can leave Council showing a deficit or budget over run until the claims have been submitted and settled.

There is currently outstanding revenue of \$120,031 for the Milestone 2 claim still to be received from SSWP and Council is due to make the final milestone claim at the completion of the project expected to be December 2022.

Budget Area:	Utilities – Water & Sewer						
Funding Source:	Armidale Regional Council Water & Sewer Operational budgets + 50% Safe and Secure Water Program Funding						
Budget Ref: (PN)	Description (Operational)	Approved Budget	Actual	Committed	Proposed	Total Forecast Expenditure /(Revenue)	Remaining Budget
280010/260005	Revenue from SSWP (claim lodged to be paid by SSWP)	- (to be updated QBR3)	(67,064)	(120,031)	-	(187,095)	(\$187,095) (to be split across Water & Sewer Funds)
280010	Water Business Administration	\$325,000	\$114,846	\$57,992	\$187,889 (50% SSWP)	\$360,727	-\$35,727
260005	Sewer Management	\$175,000	\$4,945	Nil	\$53,373	\$58,318	\$116,682

Note the approved budget for the project represents the 21/22 Financial Year and some costs will be incurred in the 22/23 Financial Year.

5. Consultation and Communication

NSW Public Works in consultation with DPE Water officers and NSW Urban Water Services have provided the information and options for Council's consideration and will conduct a Risk Assessment Workshop for the Councillors on those options in the next two months.

Consultation will be required in the future stages of the IWCM Strategy at the following stages;

- Conduct community consultation of the typical residential bill from the IWCM scenarios and provide consultation feedback

Note this will involve targeted community consultation of specific customers such as large water users and representative community groups such as the Armidale Ratepayers Association.

- Prepare DRAFT IWCM Strategy for Council consideration
- Conduct Public exhibition of the strategy including a review of and incorporation of feedback
- Present the final IWCM Strategy to Council for adoption

6. Conclusion

The secure yield assessment identified a required yield of 5,778 ML/year under historical climate conditions for the planning period of 30 years from 2018. Allowing for the growth projections discussed at Council's recent Strategic Planning and Jobs Growth Summit, it is expected that consumption could reach 5,778 ML/year as early as 2042.

Armidale and Guyra currently have a water security shortfall and increasing the Malpas Reservoir water supply level by 6.49 metres at the spillway alone does not provide water security for the region and a supplementary source from an additional catchment will required to meet Councils water security needs.

This report recommends Council approve the option recommended to endorse Option 1 and Option 2 in Table S6 below to progress the IWCM Strategy.

Table S6: Scheme options for Aspirational Growth – staging and cost estimates

Works	Staging	Capital Cost (\$M)	Annual O&M Cost (\$M)	30-year PV (\$M)
Option 1 25 ML/d from Oaky River + 6.5m raising	Oaky River transfer 2025 Raise Malpas 2042	137	1.24	101
Option 2 25 ML/d from Styx River + 6.5m raising	Styx River transfer 2025 Raise Malpas 2042	146	1.33	109

The Option comprising Oaky River dam as the alternate source is the preferred option. However, if Council are unsuccessful in acquiring the Oaky River dam then the Styx River is the next preferred alternate source option.

Item:	12.1	Ref: AINT/2022/09403
Title:	Traffic Advisory Committee - Minutes of the meeting held 1 March 2022	Container: ARC16/0168-7
Responsible Officer	Chief Officer Assets and Services	
Author:	Belinda Ackling, Personal Assistant	
Attachments:	1. Minutes - Traffic Advisory Committee - 1 March 2022 2. Agenda - Traffic Advisory Committee - 1 March 2022	

RECOMMENDATION:

That:

- a) Council endorse the Traffic Advisory Committee's recommendation that the road closure requested for the annual ANZAC Day Dawn Service to occur on 25 April 2022 between 5.30 am and 7.00 am, in accordance with the provided traffic control plan.
- b) Council endorse the Traffic Advisory Committee's recommendation that the rolling road closures requested for the annual Anzac Day March to be held on 25 April 2022 between 10.00am and 12.30pm, in accordance with the provided traffic control plan.
- c) Council endorse the Traffic Advisory Committee's recommendation that the temporary road closures for the Armidale 2022 ANZAC Day March and Commemoration Service to occur on Sunday 25 April 2022, for Faulkner Street from Dumaresq Street to Beardy Street and the connecting intersections with East Mall and Rusden Street roundabout, be approved in accordance with the provided traffic control plan.
- d) Council endorse the Traffic Advisory Committee's resolution, that the approval for the Special Event Transport Management Plan for the 'Tour de Rocks' Thursday 7 April, for the occupation and usage of Armidale Regional Council Local Government Area (LGA) local roads only, pending approval for the use of local roads within the LGA of Kempsey Council, and of any regional classified roads from Transport NSW, and any further recommendations from NSW Police.
- e) Council endorse the Traffic Advisory Committee's resolution, that the approval for the temporary closure of Dangar Street between Dumaresq and Kirkwood Streets, from 6am to 9am on Thursday the 7 April 2022.
- f) That Council note the Traffic Advisory Committee's recommendation that Council staff and Tour de Rocks organisers work together on the use of the Kempsey Road given the current road conditions and unpredictable weather.

AND

Note that subsequent to the meeting, the road is no longer suitable for the event and alternate routes have been investigated by staff, event organisers have ridden the suggested routes for suitability with the final advice being:

The 'Tour de Rocks' charity mountain bike ride will be commencing from the public park (Civic Park) in Dangar Street, Armidale Thursday, 7 April 2022. Day 1 starts at 6am at Civic Park and ends at Wollomombi, 36 km East of Armidale at 5pm. Day 2 of the ride commences at Wollomombi at 8am and ends at Guyra Showground, 85 km North West of Wollomombi at approximately 5pm. The final day of the ride commences at Guyra

Showground at 6am and ends at Sport UNE, Armidale, 20 km South of Guyra at approximately 2pm.

- g) That Council endorse the Big Chill Festival which will occur the 14 and 15 May 2022.
- h) That Council endorse the Traffic Advisory Committee's resolution, that the road closures required for the 3 weekends of events for Faulkner Street, between Kirkwood and Dumaresq Street, in conjunction with the Big Chill Festival and, to allow the set up and removal of attractions, including Sunday 8 only, Thursday 12 to Sunday 15 and Thursday 19 – Monday 23 May 2022.
- i) Council endorse the Traffic Advisory Committee's resolution, that a temporary no parking zone to be used for 2 x designated Disability parking spots and a Drop off/ Collection Zone for Taxis and patrons in Dumaresq Street between Faulkner and Danger Street on Saturday 14 and Sunday 15 May in conjunction with the Big Chill Festival, be approved in accordance with the provided traffic control plan.
- j) Council endorse the Traffic Advisory Committee's resolution, to decline the request to install a pedestrian crossing at Butler Street between Rusden Street and Barney Street at this time, until after further investigation can occur and align with the Active Transport Plan.
- k) That the Council Note :
 - i. The temporary partial closure of Uralla Road from 21 until 23 February 2022 from 7am to 6pm to enable the removal of high risk street trees. TfNSW approval has been provided with a Road Occupancy Licence (ROL).
 - ii. The tree removal work at Black Mountain which is scheduled to commence on 19 April 2022. TfNSW approval has been provided with a Road Occupancy Licence (ROL).

1. Purpose

The Traffic Advisory Committee (TAC) has no decision-making powers and is primarily a technical review committee. It only advises the Council on matters for which the Council has delegated authority, being certain prescribed traffic control devices and traffic control facilities.

The Council must refer all traffic related matters to the TAC prior to exercising its delegated functions. Matters related to State Roads or functions that have not been delegated to the elected Council must be referred directly to Roads and Maritime Services or relevant organisation. Such matters must not be referred to the TAC.

Council is not bound by the advice given by its TAC. However if Council does wish to act contrary to the unanimous advice of the TAC or when the advice is not unanimous, it must notify Transport for NSW & the NSW Police and wait 14 days before proceeding.

2. Report

This report is to provide Council with the minutes and action list of the Local Traffic Committee meeting held on Tuesday, 1 March 2022 which details recommendations to Council for consideration and adoption.

3. Strategic Direction

Key Direction	P.2 E.4	Our People & Community Environment & Infrastructure
Objective	Our Goals	Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency.
Strategy	P2.1	Deliver and support local programs and events which meet the social and cultural needs of the community.

4. Relevant Legislation

- *Roads Act 1993*
- *Road Transport (Safety and Traffic Management) Regulations 1999*
- *Road Rules 2008*, and
- *A guide to the delegation to Council for the Traffic (Guidelines)*

5. Financial Implications

Financial Implications for any recommendations to Council will be detailed in the LTC reports, if relevant.