



Central Coast Council
Business Paper
Extraordinary Council Meeting
31 October 2022





COMMUNITY STRATEGIC PLAN 2018-2028

ONE – CENTRAL COAST IS THE COMMUNITY STRATEGIC PLAN (CSP) FOR THE CENTRAL COAST LOCAL GOVERNMENT AREA

ONE – CENTRAL COAST DEFINES THE COMMUNITY'S VISION AND IS OUR ROADMAP FOR THE FUTURE

ONE – CENTRAL COAST BRINGS TOGETHER EXTENSIVE COMMUNITY FEEDBACK TO SET KEY DIRECTIONS AND PRIORITIES

One - Central Coast will shape and inform Council's business activities, future plans, services and expenditure. Where actions are the responsibility of other organisations, sectors and groups to deliver, Council will work with key partners to advocate on behalf of our community.

Ultimately, every one of us who live on the Central Coast has an opportunity and responsibility to create a sustainable future from which we can all benefit. Working together we can make a difference.

RESPONSIBLE

WE'RE A RESPONSIBLE COUNCIL AND COMMUNITY, COMMITTED TO BUILDING STRONG RELATIONSHIPS AND DELIVERING A GREAT CUSTOMER EXPERIENCE IN ALL OUR INTERACTIONS.

We value transparent and meaningful communication and use community feedback to drive strategic decision making and expenditure, particularly around the delivery of essential infrastructure projects that increase the safety, liveability and sustainability of our region. We're taking a strategic approach to ensure our planning and development processes are sustainable and accessible and are designed to preserve the unique character of the coast.



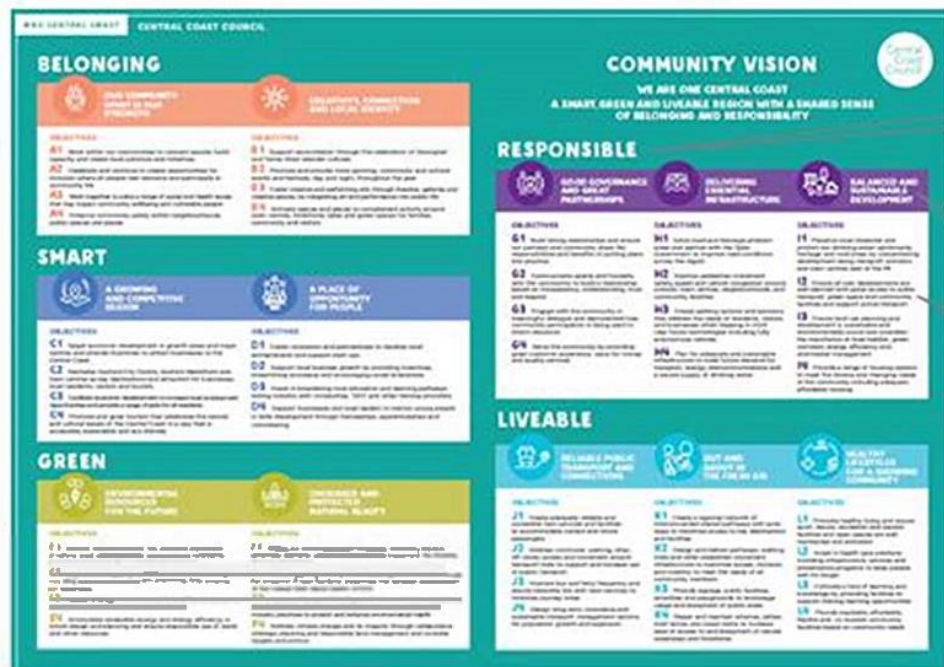
Good governance and great partnerships

G2 Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making

There are 5 themes, 12 focus areas and 48 objectives

COMMUNITY STRATEGIC PLAN 2018-2028 FRAMEWORK

All council reports contained within the Business Paper are now aligned to the Community Strategic Plan. Each report will contain a cross reference to a Theme, Focus Area and Objective within the framework of the Plan.



Meeting Notice

**The Extraordinary Council Meeting
of Central Coast Council
will be held in the Council Chamber,
2 Hely Street, Wyong
on Monday 31 October 2022 at 4.30pm,
for the transaction of the business listed below:**

**The Public Forum will commence at 4.00pm, subject to any
registered speaker/s to items listed on this agenda.**

Further information and details on registration process:

www.centralcoast.nsw.gov.au/council/meetings-and-minutes/council-meetings

1 Procedural Items

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- 2.3 Water and Sewer Delivery Plan 2022-202624

David Farmer
Chief Executive Officer

Item No: 1.1
Title: Disclosure of Interest
Department: Corporate Services

31 October 2022 Extraordinary Council Meeting

Reference: F2022/00021 - D15154368



Recommendation

That Council and staff now disclose any conflicts of interest in matters under consideration by Council at this meeting.

Chapter 14 of the *Local Government Act 1993* ("LG Act") regulates the way in which the councillors and relevant staff of Council conduct themselves to ensure that there is no conflict between their private interests and their public functions.

Section 451 of the LG Act states:

- "(1) A councillor or a member of a council committee who has a pecuniary interest in any matter with which the council is concerned and who is present at a meeting of the council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.*
- (2) The councillor or member must not be present at, or in sight of, the meeting of the council or committee:*
 - (a) at any time during which the matter is being considered or discussed by the council or committee, or*
 - (b) at any time during which the council or committee is voting on any question in relation to the matter.*
- (3) For the removal of doubt, a councillor or a member of a council committee is not prevented by this section from being present at and taking part in a meeting at which a matter is being considered, or from voting on the matter, merely because the councillor or member has an interest in the matter of a kind referred to in section 448.*
- (4) Subsections (1) and (2) do not apply to a councillor who has a pecuniary interest in a matter that is being considered at a meeting, if:*
 - (a) the matter is a proposal relating to:*
 - (i) the making of a principal environmental planning instrument applying to the whole or a significant part of the council's area, or*

- (ii) *the amendment, alteration or repeal of an environmental planning instrument where the amendment, alteration or repeal applies to the whole or a significant part of the council's area, and*
 - (a1) *the pecuniary interest arises only because of an interest of the councillor in the councillor's principal place of residence or an interest of another person (whose interests are relevant under section 443) in that person's principal place of residence, and*
 - (b) *the councillor made a special disclosure under this section in relation to the interest before the commencement of the meeting.*
- (5) *The special disclosure of the pecuniary interest must, as soon as practicable after the disclosure is made, be laid on the table at a meeting of the council and must:*
- (a) *be in the form prescribed by the regulations, and*
 - (b) *contain the information required by the regulations."*

Further, the Code of Conduct adopted by Council applies to all councillors and staff. The Code relevantly provides that if a councillor or staff have a non-pecuniary conflict of interest, the nature of the conflict must be disclosed as well as providing for a number of ways in which a non-pecuniary conflicts of interests might be managed.



Item No: 1.2
Title: Notice of Intention to Deal with Matters in Confidential Session
Department: Corporate Services

31 October 2022 Extraordinary Council Meeting

Trim Reference: F2022/00021 - D15362062

Recommendation

That Council note that no matters have been tabled to deal with in a closed session.

Summary

It is necessary for the Council to adopt a resolution to formalise its intention to deal with certain matters in a closed and confidential Session. The report is incorporated in the "Confidential" business paper which has been circulated.

The *Local Government Act 1993* requires the Chief Executive Officer to identify those matters listed on the business paper which may be categorised as confidential in terms of section 10A of the *Local Government Act 1993*. It is then a matter for Council to determine whether those matters will indeed be categorised as confidential.

Context

Section 10A of the *Local Government Act 1993* (the Act) states that a Council may close to the public so much of its meeting as comprises:

- 2(a) personnel matters concerning particular individuals (other than Councillors),*
- 2(b) the personal hardship of any resident or ratepayer,*
- 2(c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business,*
- 2(d) commercial information of a confidential nature that would, if disclosed:*
 - (i) prejudice the commercial position of the person who supplied it, or*
 - (ii) confer a commercial advantage on a competitor of the Council, or*
 - (iii) reveal a trade secret,*
- 2(e) information that would, if disclosed, prejudice the maintenance of law,*

1.2 Notice of Intention to Deal with Matters in Confidential Session (contd)

- 2(f) matters affecting the security of the Council, Councillors, Council staff or Council property,*
- 2(g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege,*
- 2(h) information concerning the nature and location of a place or an item of Aboriginal significance on community land.*
- 2(i) alleged contraventions of any code of conduct requirements applicable under section 440*

It is noted that with regard to those matters relating to all but 2(a), 2(b) and 2(d)(iii) it is necessary to also give consideration to whether closing the meeting to the public is, on balance, in the public interest.

Further, the Act provides that Council may also close to the public so much of its meeting as comprises a motion to close another part of the meeting to the public (section 10A(3)).

As provided in the Office of Local Government Meetings Practice Note August 2009, it is a matter for the Council to decide whether a matter is to be discussed during the closed part of a meeting. The Council would be guided by whether the item is in a confidential business paper, however the Council can disagree with this assessment and discuss the matter in an open part of the meeting.

Attachments

Nil



Item No: 2.1
Title: Monthly Finance Report September 2022
Department: Corporate Services

31 October 2022 Extraordinary Council Meeting

Reference: F2020/03205 - D15374899
Author: Mellissa McKee, Financial Controller
Michelle Best, Financial Controller
Peter Correy, Group Financial Controller, Finance
Executive: David Farmer, Chief Executive Officer

Recommendation

- 1 That Council receive the report *Monthly Financial Reports – September 2022***
- 2 That Council adopt the amendments to the 2022-23, 2023-24 and 2024-2025 *Capital Works Programs detailed in Attachment 9.***

Report purpose

To present to Council the monthly financial reports for September 2022.

Executive Summary

This report presents the September 2022 monthly financial reports for Central Coast Council.

Background

The monthly financial reports have been prepared in accordance with the requirements of the *Local Government Act 1993* ("LG Act"), the *Local Government (General) Regulation 2005* ("LG Reg"), and the relevant accounting and reporting requirements of the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting and Australian Accounting Standards.

Report

The reports disclose the year-to-date financial results in Operating Statement format, they reflect the organisational structure and are presented by Department and Unit. The reports include a traffic light indicator of current status – on track (green light), off track (red light) continue to monitor status (orange light). Relevant supporting comments are included, as well as a graphical representation of the financial results.

The Local Government Code of Accounting Practice and Financial Reporting (Guidelines) require Council to recognise rates income at the beginning of the financial year when levied.

2.1 Monthly Finance Report September 2022 (contd)

However, for internal reporting purposes Council recognises rates revenue on a continual basis throughout the financial year thereby aligning revenue with Council's expenditure for the delivery of services to the community.

Consultation

In the preparation and finalisation of the monthly reports for September, all business areas of Council contributed to the information contained within the financial reports.

Financial Considerations

At its meeting held 19 October 2020, Council resolved the following:

1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.

The following statement is provided in response to this resolution of Council.

Financial Strategy Ratios

This Report is prepared in conjunction with Council's Financial Strategy, adopted by Council on 23 August 2022 and reports the following financial performance ratios:

- Operating Performance Ratio
- Unrestricted Current Ratio
- Unrestricted Cash Position
- Loan Principal Payments
- Capital Program Funding

Operating Performance Ratio – 6.5%

The Operating performance ratio measures Council's achievement of containing operating expenditure within operating revenue and is set between 1% and 8%. It is calculated as

$$= \frac{\text{Total continuing operating revenue (excluding capital grants and contributions) less operating expenses}}{\text{Total continuing operating revenue (excluding capital grants and contributions)}}$$

Unrestricted Current Ratio – 1.6

The unrestricted current ratio identifies whether there are sufficient funds available to meet short term obligations and is set at the industry benchmark of 1.5. It is calculated as

$$= \frac{\text{Current assets less all external restrictions}}{\text{Current liabilities less specific purpose liabilities}}$$

2.1 Monthly Finance Report September 2022 (contd)

Unrestricted Cash Position

Unrestricted Cash are funds available to cover operational needs and unexpected or emergency costs within each fund. Council will aim to maintain unrestricted cash in each fund and set a target band of between 3% and 10% for each fund. This will monitor the targeted use of unrestricted funds on community services and infrastructure. It is calculated as

$$= \frac{\text{Unrestricted Funds}}{\text{Total continuing operating revenue (excluding capital grants and contributions)}}$$

Consolidated – 36.8%

General Fund (including Drainage) – 24.6%

Water Fund – (3.4%)

Sewer Fund – 129.9%

Domestic Waste – 27.9%

Loan Principal Repayments

The operating result (excluding capital grants and contributions) for each fund for the year plus if necessary, pre-existing unrestricted cash reserves in each fund needs to at least cover the net loan principal repayments of that fund for that same year. This excludes the emergency loans in the General Fund as the balance on 30 September 2022 of \$132.8M is repaid under different terms set by the lending institutions. Loan repayment coverage is calculated as

$$= \frac{\text{YTD operating revenue (excluding capital grants and contributions) less operating expenses}}{\text{YTD loan principal repayments}}$$

Consolidated – 3.5x

General Fund (including Drainage) – (0.7x). Shortfall covered by current unrestricted cash reserves.

Water Fund – 2.8x

Sewer Fund – 7.0x

Capital Program Funding

Council's intent is to provide at least sufficient funds from operations for the capital budget to replace assets as they fall due. The depreciation target is currently used as a proxy for the long-term annual funding requirement to replace Council's assets at their gross replacement value. Council will aim to achieve the industry benchmark of 100% in each fund. Capital funding percentage is calculated as

2.1 Monthly Finance Report September 2022 (contd)

$$= \frac{\text{YTD Capital budget}}{\text{YTD Depreciation expense}}$$

Consolidated – 104%

General Fund (including Drainage) – 107%

Water Fund – 66%

Sewer Fund – 128%

Trading Results

The attached financial reports record actual revenue and expenditure, tracking against the initial budget of Council for September and for the year-to-date reporting period to 30 September 2022.

For September, Council is reporting an operating result surplus of \$2.3M, before capital income, which was unfavourable to budget by \$0.6M and a net operating surplus including capital income of \$8.5M which was unfavourable to budget by \$2.7M.

Year-to-date, Council is reporting an operating result surplus of \$11.0M, before capital income, which was favourable to budget by \$6.0M and a net operating surplus including capital income of \$24.0M which was \$3.6M favourable to budget.

2.1

Monthly Finance Report September 2022 (contd)

	CURRENT MONTH			YEAR TO DATE				FULL YEAR		
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD Actuals	Last Year Actual	Original Budget	Year End Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income										
Rates and Annual Charges	33,061	32,635	426	94,240	94,127	114	88,875	365,740	390,335	390,335
User Charges and Fees	13,186	13,227	(41)	37,441	35,994	1,446	32,172	140,237	145,542	145,542
Other Revenue	932	880	52	4,004	2,344	1,659	1,844	12,856	9,666	9,666
Interest	1,510	402	1,109	3,794	1,205	2,589	1,181	5,470	4,890	8,512
Grants and Contributions	2,553	2,228	325	5,440	4,726	715	6,301	47,717	34,046	36,690
Gain on Disposal	-	(66)	66	1,034	1,034	(0)	-	26,056	5,294	5,294
Other Income	1,078	571	507	2,383	1,816	567	2,021	7,909	7,917	7,917
Internal Revenue	4,444	5,148	(704)	15,363	14,319	1,044	16,715	68,851	58,441	54,520
Total Income attributable to Operations	56,764	55,024	1,740	163,699	155,565	8,134	149,109	674,838	656,131	658,476
Operating Expenses										
Employee Costs	16,460	16,040	(420)	41,307	42,650	1,342	38,154	162,831	180,750	180,691
Borrowing Costs	781	783	2	2,671	2,620	(51)	3,018	12,940	11,421	11,501
Materials and Services	16,212	14,109	(2,103)	47,156	46,463	(694)	35,147	174,256	205,479	208,730
Depreciation and Amortisation	12,114	12,114	-	36,369	36,369	-	38,270	162,099	158,781	158,256
Other Expenses	5,397	4,640	(757)	11,984	10,234	(1,750)	8,896	50,717	38,252	38,276
Loss on Disposal	-	-	-	-	-	-	-	4,469	-	-
Internal Expenses	3,491	4,433	943	13,223	12,272	(950)	15,255	60,136	51,691	48,546
Total Expenses attributable to Operations	54,455	52,119	(2,336)	152,711	150,608	(2,103)	138,740	627,449	646,373	645,999
Operating Result after Overheads and before Capital Amounts	2,309	2,905	(596)	10,988	4,957	6,031	10,369	47,389	9,758	12,478
Capital Grants	5,548	6,608	(1,061)	9,055	10,437	(1,382)	5,370	35,785	55,740	55,820
Capital Contributions	640	1,679	(1,039)	3,973	5,036	(1,063)	3,304	25,667	20,143	25,110
Grants and Contributions Capital Received	6,187	8,287	(2,100)	13,027	15,472	(2,445)	8,675	61,452	75,883	80,930
Net Operating Result	8,496	11,192	(2,696)	24,015	20,430	3,586	19,043	108,841	85,640	93,408

Cash and Investments / External Borrowings

Council held \$677.0M in cash and investments at 30 September 2022.

Council's Consolidated and General Fund (incl Drainage Fund) year-to-date and full year cash flow summaries are tabled below.

2.1

Monthly Finance Report September 2022 (contd)

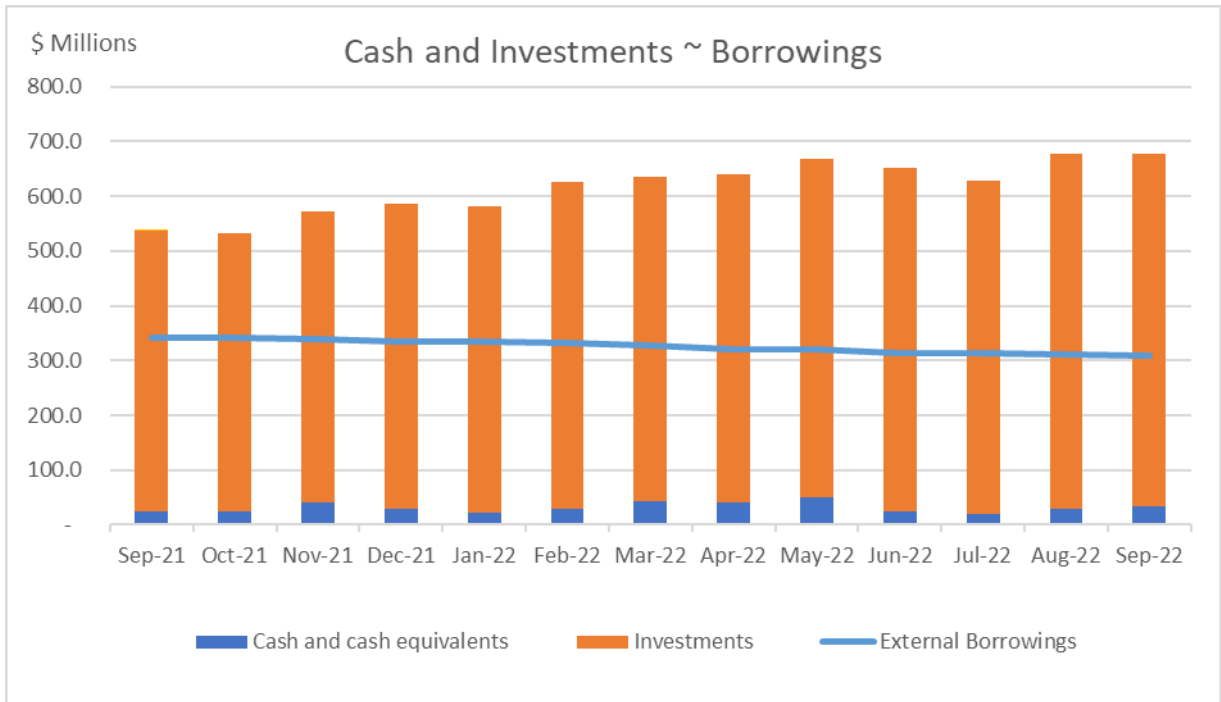
CONSOLIDATED CASH FLOW MOVEMENTS	Actual YTD @ 30	Revised Forecast	Original Forecast
	Sep 2022 \$'000	@ 30 June 2023 \$'000	@ 30 June 2023 \$'000
Opening cash & investments @ 1 July 2022	652,137	652,137	652,137
Income receipts (incl Capital grants & contributions)	185,837	735,326	726,530
Operational payments	(126,420)	(498,440)	(483,681)
Net operating cash inflow / (outflow)	59,416	236,885	242,849
Capital projects payments	(31,627)	(163,418)	(176,509)
Asset sales	2,468	2,468	24,940
Financing receipts	-	80,000	80,000
Financing repayments	(5,440)	(158,193)	(157,485)
Total cash inflow / (outflow)	24,818	(2,257)	13,795
Closing cash & investments @ 30 September 2022	676,955	649,880	665,932

ACTUAL v FORECAST MONTHLY CASH FLOW GENERAL FUND (incl DRAINAGE FUND)	Actual YTD @ 30	Revised Forecast	Original Forecast
	Sep 2022 \$'000	@ 30 June 2023 \$'000	@ 30 June 2023 \$'000
Opening cash & investments @ 1 July 2022	407,088	407,088	407,088
Income receipts (incl Capital grants & contributions)	115,222	117,195	447,897
Operational payments	(92,052)	(89,615)	(303,844)
Net operating cash inflow / (outflow)	23,170	27,580	144,053
Capital projects payments	(19,568)	(22,707)	(113,579)
Asset sales	2,468	1,988	24,940
Financing receipts	327	101	50,000
Financing repayments	(3,061)	(1,003)	(113,314)
Total cash inflow / (outflow)	3,335	5,960	(7,900)
Closing cash & investments @ 30 September 2022	410,424	413,048	399,188

External borrowings at 30 September were \$307.9M. During September, principal loan repayments of \$3.6M were repaid bringing total year-to-date principal loan repayments to \$5.2M which is in line with the lending institutions loan repayments schedules.

2.1

Monthly Finance Report September 2022 (contd)

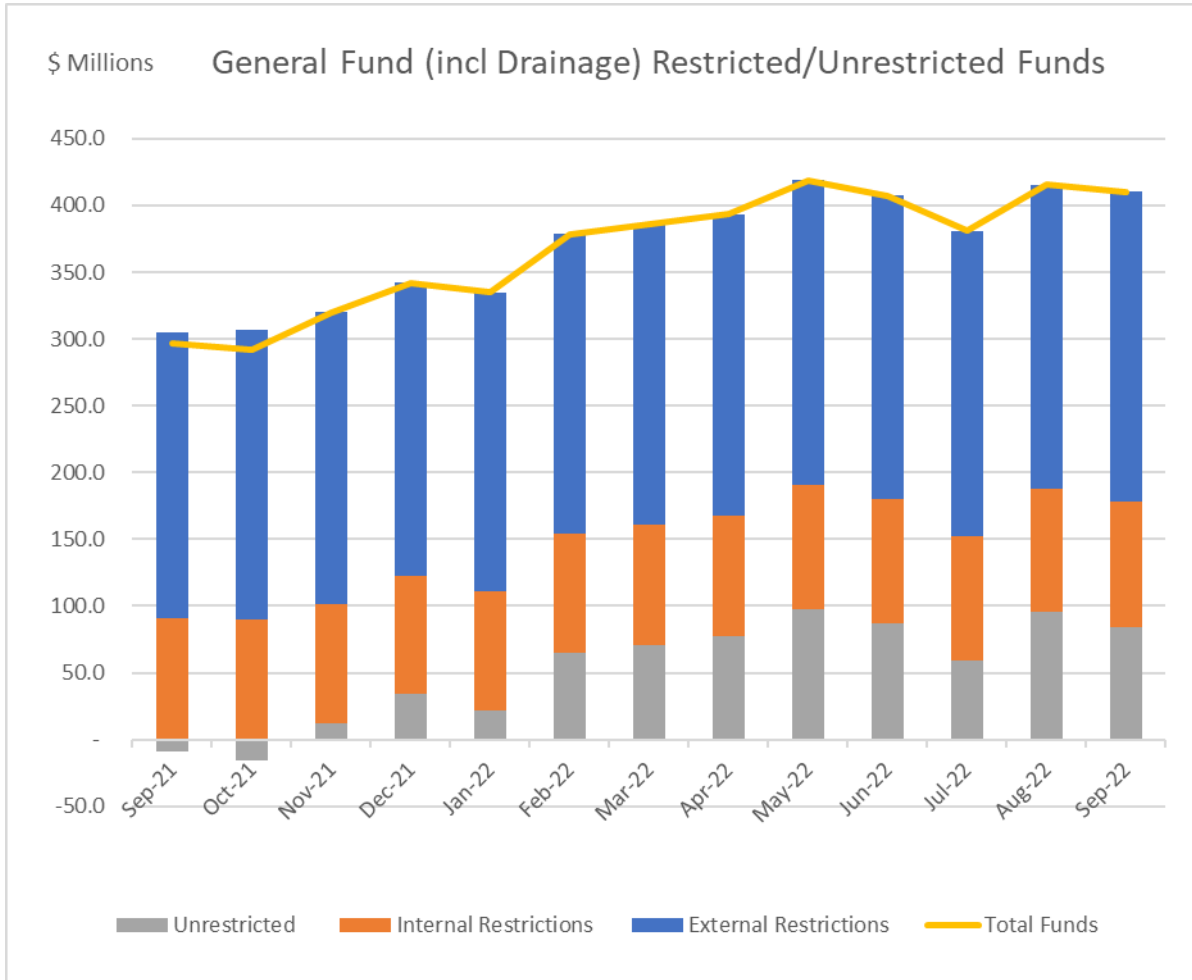


Restricted Funds

Fund	General Fund	Drainage Fund	Total General Fund	Water Fund	Sewer Fund	Domestic Waste Fund
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
External Restricted Funds	194,531	37,858	232,389	11,950	21,014	97,315
Internal Restricted Funds	93,616	20	93,636	908	877	47
Total Restricted Funds	288,147	37,878	326,025	12,858	21,891	97,362
Unrestricted Funds	122,088	(37,689)	84,399	(2,919)	115,993	21,346
Total funds by Fund	410,235	189	410,424	9,939	137,884	118,708

Note: The above table consolidates General Fund and Drainage Fund. From 1 July 2026, Drainage Fund fees and charges will no longer be regulated by IPART and will become part of Council's General Fund.

The General Fund unrestricted balance (inclusive of Council's drainage fund) is currently \$84.4M and is available to meet the September 2022 unrestricted funds deficit in Council's Water Fund of \$2.9M.



Capital Works

Council is reporting year-to-date capital works expenditure to September 2022 of \$28.0M compared to budget of \$35.8M Council currently has 96 active projects.

In August the capital works program budget was reduced by \$9.1M, largely due to delays in obtaining the DA for the Gosford Regional Library. As a result of this reduction, Council sought additional renewal focussed projects that could be brought forward or added to the program, that were able to be delivered during 2022-2023.

Accordingly, it is proposed to add projects totalling \$9.4M to the Capital Works Program. The changes are detailed in Attachment 9.

2.1 Monthly Finance Report September 2022 (contd)

Summary Capital Expenditure by Directorate		YTD			Annual
Department	Actuals	Current Budget	Variance	Variance	Current Budget
	'000s	'000s	'000s	%	'000s
Community and Recreation Services	1,945	3,362	(1,417)	(42.1%)	20,540
Infrastructure Services	12,727	12,876	(149)	(1.2%)	63,406
Water and Sewer	10,962	14,414	(3,452)	(23.9%)	62,931
Environment and Planning	713	1,402	(689)	(49.1%)	9,765
Corporate Services	1,622	3,730	(2,108)	(56.5%)	10,850
Total Capital Expenditure	27,969	35,784	(7,815)	(21.8%)	167,492

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G2: Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making.

Attachments

1	Financial Performance - Monthly Finance Report September 2022	Provided Under Separate Cover	D15385994
2	Consolidated and by Fund September 2022 Monthly Financial Report	Provided Under Separate Cover	D15384979
3	Office of the Chief Executive Officer September 2022 Monthly Financial Report	Provided Under Separate Cover	D15384981
4	Community and Recreation Services September 2022 Monthly Financial Report	Provided Under Separate Cover	D15385784
5	Infrastructure Services September 2022 Monthly Financial Report	Provided Under Separate Cover	D15385848
6	Water and Sewer September 2022 Monthly Financial Report	Provided Under Separate Cover	D15386555
7	Environment and Planning September 2022 Monthly Financial Report	Provided Under Separate Cover	D15385814
8	Corporate Services September 2022 Monthly Financial Report	Provided Under Separate Cover	D15386429
9	Proposed Capital Budget Adjustments	Provided Under Separate Cover	D15384490



Item No: 2.2
Title: Investment Report for 30 September 2022
Department: Corporate Services

31 October 2022 Extraordinary Council Meeting

Reference: F2004/06604 - D15374904
Author: Devini Susindran, Team Leader
Manager: Mellissa McKee, Financial Controller
Executive: David Farmer, Chief Executive Officer

Recommendation

- 1 That Council note the Investment Report for September 2022.**
- 2 That Council note that internally restricted funds are unrestricted funds that have been internally allocated to a certain purpose.**
- 3 That Council allocate the required unrestricted funds available in the General Fund to meet its September 2022 unrestricted funds deficit of \$40.61M in Water and Drainage funds as set out in this report.**
- 4 That Council note the September Restrictions are draft only, subject to 30 June 2022 Financial Statements audit review.**

Report purpose

To present the monthly Investment Reports in accordance with cl. 212 of the *Local Government (General) Regulation 2005* which states as follows:

- 1 *The Responsible Accounting Officer of a Council*
 - a *must provide the council with a written report (setting out details of all money that the council has invested under section 625 of the Act) to be presented—*
 - i. *if only one ordinary meeting of the council is held in a month, at that meeting, or*
 - ii. *if more than one such meeting is held in a month, at whichever of those meetings the council by resolution determines, and*
 - b *must include in the report a certificate as to whether the investment has been made in accordance with the Act, the regulations and the council's investment policies.*
- 2 *The report must be made up to the last day of the month immediately preceding the meeting.*

Executive Summary

This report details Council’s investments at 30 September 2022.

Background

Council’s investments are made in accordance with the Local Government Act 1993, Local Government (General) Regulation 2005, the Investment Policy adopted at the Ordinary Council Meeting on 28 June 2022, Ministerial Investment Order issued February 2011 and Division of Local Government (as it was then known) Investment Policy Guidelines published in May 2010.

Current Status

Council’s current cash and investment portfolio totals \$676.96M at 30 September 2022.

Table 1 - Council’s Cash and Investment Portfolio by Source of Funds

Source of Funds	Value (\$'000)
Investment Portfolio	643,487
Transactional accounts Per Bank Statement and cash in hand	33,468
Total	676,955

Table 2 - Council’s Portfolio is held in separate funds by purpose and summarised as follows:

Fund	General Fund	Drainage Fund	Total General Fund	Water Fund	Sewer Fund	Domestic Waste Fund
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
External Restricted Funds	194,531	37,858	232,389	11,950	21,014	97,315
Internal Restricted Funds	93,616	20	93,636	908	877	47
Total Restricted Funds	288,147	37,878	326,025	12,858	21,891	97,362
Unrestricted Funds	122,088	(37,689)	84,399	(2,919)	115,993	21,346
Total funds by Fund	410,235	189	410,424	9,939	137,884	118,708

Note: The above table consolidates General Fund and Drainage Fund. From 1 July 2026, Drainage Fund fees and charges will no longer be regulated by IPART and will become part of Council’s General Fund.

2.2 Investment Report for 30 September 2022 (contd)

During September, Council's total cash and investments decreased by (\$1.17M) from \$678.13M to \$676.96M. The decrease during September is minimal with maturities towards the end of September of \$10M increasing transactional account balances. These funds have been re-invested in October 2022.

Detailed restrictions have been provided in Attachment 2. Council is continuing to manage the reported negative unrestricted funds balances in the Water and Drainage Funds.

The negative unrestricted balance is currently \$40.61M, made up of unrestricted fund deficits in the Water and Drainage Funds, as per table 2.

The unrestricted funds balances above, across the five Funds will increase and decrease during each financial year as revenues are received and expenditures occur. In the interim, the unrestricted funds deficit of \$40.61M is proposed to be funded through the General Fund's available unrestricted cash balance of \$122.09M at 30 September 2022.

In 2026 Council's Drainage Fund will be consolidated into Council's General Fund as IPART will no longer regulate Stormwater Drainage prices.

Portfolio management

Council's Investment Portfolio is managed through term deposits, floating rate notes and bond maturities and placements.

Total net return on the portfolio for Council in September, comprising entirely of interest earned, was \$1.41M. The total value of the Council's investment portfolio at 30 September 2022 is outlined in Table 3 below.

Table 3 – Portfolio movement (Investments only)

Description	2021-22 Financial Year \$'000	Jul-22 2022/23 \$'000	Aug-22 2022/23 \$'000	Sep-22 2022/23 \$'000	FYTD 2022/23 \$'000
Opening Balance	447,221	628,005	609,524	649,395	628,005
Movement in cash at call, additions and disposals	191,662	(19,985)	40,013	(4,989)	15,039
Movement in Market Value	(10,878)	1,504	(142)	(919)	444
Closing Balance	628,005	609,524	649,395	643,487	643,487
Interest earnings	5,660	974	1,192	1,408	3,574

The market value of Council's investment portfolio at 30 September 2022 is \$643.49M.

2.2 Investment Report for 30 September 2022 (contd)

Council's investments are evaluated and monitored against a benchmark appropriate to the risk (APRA Standards BBB long term or above) and time horizon of the investment concerned.

A summary of the term deposit and floating rate notes maturities are listed in Table 4 below.

Table 4 - Investment Maturities

Time Horizon	Percentage Holdings	Maturity on or before	Value \$'000
At Call	4.80%	Immediate	30,915
Investments			
0 - 3 months	10.88%	Dec-2022	70,000
4 - 6 months	12.59%	Mar-2023	80,995
7 - 12 months	5.33%	Sep-2023	34,312
1 - 2 years	17.54%	Sep-2024	112,861
2 - 3 years	15.06%	Sep-2025	96,923
3 - 4 years	21.55%	Sep-2026	138,693
4 - 5 years	12.24%	Sep-2027	78,788
Total Investments	95.20%		612,572
Total Portfolio	100.00%		643,487
Interest Accrued to 30 September 2022 (Excluding Interest on call accounts)			2,530
Market Value of Investment per Portfolio Valuation Report (Attachment 5)			646,018

The investment portfolio is concentrated in AA above (28.58%), A (27.07%), and BBB (44.35%).

Council monitors and manages the portfolio taking into consideration credit ratings of financial institutions, interest rates offered for the maturity dates required and counterparty exposure. All of Council's investments were within policy guidelines at 30 September 2022.

The current spread of investments and counterparty exposure for September 2022 are shown in Graphs 1 and 2 respectively in Attachment 3.

Environmental, Social and Green (ESG) Investments

Council continues to look for 'ESG' investment opportunities subject to prevailing investment guidelines. A list of current ESG investments held is contained on the Investment listing at Attachment 1 and are highlighted in green.

Council currently holds 4.81% or \$30.93M in ESG investments as at 30 September 2022.

Portfolio Return

Interest rates on investments in the month, ranged from 0.55% to 3.97%. The monthly Bank Bill Swap Rate (BBSW) benchmark was 2.41%. Changes in economic conditions have led to the Reserve Bank of Australia (RBA) increasing its cash rate which was at a historic low of 0.10% until 4 May 2022 to 2.60% on 5 October 2022. BBSW has also followed this trend and has been increasing steadily. Comparative interest rates are shown in the table below.

Table 5 – Interest Rate Increases

Month	RBA Cash Rate	1 Month Bank Accepted Bills
February 2022	0.10%	0.01%
March 2022	0.10%	0.03%
April 2022	0.10%	0.08%
May 2022	0.35%	0.39%
June 2022	0.85%	0.92%
July 2022	1.35%	1.48%
August 2022	1.85%	1.89%
September 2022	2.35%	2.41%
October 2022	2.60%	Will be available at month end

Source: RBA Statistics [Interest Rates and Yields – Money Market – Monthly – F1.1](#)

Investments are made within Council policy and at the best rates available at the time of – placement. Due to interest rate movements outlined above, the following investments had earnings below the current monthly BBSW rate, listed in maturity date order.

Table 6 - Investments below BBSW

Bank	Type of investment	Placement Date	Maturity Date	Value	Interest Rate
Members Equity Bank	Term Deposit	24 May 2022	5 October 2022	\$ 5,000,000	1.97%
Members Equity Bank	Term Deposit	24 May 2022	12 October 2022	\$ 5,000,000	2.07%
Members Equity Bank	Term Deposit	24 February 2022	21 October 2022	\$ 5,000,000	0.65%
Bendigo Adelaide Bank	Term Deposit	3 June 2022	26 October 2022	\$ 5,000,000	2.27%
Westpac Banking Corporation	Term Deposit	25 February 2022	22 February 2023	\$10,000,000	0.88%
National Australia Bank	Term Deposit	25 February 2022	2 March 2023	\$ 5,000,000	0.88%
My State Bank	Term Deposit	24 February 2024	26 February 2024	\$ 5,000,000	1.70%
My State Bank	Term Deposit	24 February 2024	4 March 2024	\$ 5,000,000	1.70%

2.2

Investment Report for 30 September 2022 (contd)

Bank	Type of investment	Placement Date	Maturity Date	Value	Interest Rate
My State Bank	Term Deposit	24 February 2024	11 March 2024	\$ 5,000,000	1.70%
National Australia Bank	Term Deposit	16 June 2020	14 June 2024	\$10,000,000	1.15%
Suncorp Bank	Bond	20 September 2021	30 July 2024	\$ 2,500,000	1.85%
Macquarie bank	Bond	27 August 2021	7 August 2024	\$12,000,000	1.75%
Westpac banking Corporation	Bond	20 September 2021	16 August 2024	\$ 2,800,000	2.25%
Bendigo Adelaide Bank	Bond	20 September 2021	6 September 2024	\$ 9,390,000	1.70%
Bank of Queensland	Term Deposit	26 September 2019	26 September 2024	\$10,000,000	2.00%
Hongkong & Shanghai Bank	Bond	14 January 2021	27 September 2024	\$ 1,480,000	1.50%
Macquarie Bank	Bond	14 January 2021	12 February 2025	\$25,000,000	1.70%
NSW Treasury Bond	Bond	21 November 2019	20 March 2025	\$ 2,000,000	1.25%
Bank of Queensland	Term Deposit	16 June 2020	16 June 2025	\$10,000,000	1.53%
UBS Australia Limited	Bond	14 January 2021	30 July 2025	\$ 4,000,000	1.20%
Northern Territory Treasury Corporation	Bond	26 August 2021	15 December 2026	\$ 5,000,000	1.40%

Note: green shading indicates ESG investments

The weighted running yield for September of 2.69% for Central Coast Council is favourable compared to the rolling three-year benchmark bank bill swap (BBSW) Index of 0.36% as shown in Graph 3 - Portfolio Returns in Attachment 3.

Market values reflected in the Portfolio valuation report in Attachment 5 have been used to record the unrecognised gains/(losses) in tradeable fixed rate bonds and floating rate notes. Interest accrued has been recorded separately and is not reflected in portfolio valuations.

Financial Considerations

2.2 Investment Report for 30 September 2022 (contd)

At its meeting held 19 October 2020, Council resolved the following:

1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.

The following statement is provided in response to this resolution of Council.

Council's investment portfolio includes rolling maturity dates to ensure that Council has sufficient liquidity to meet its ongoing obligations.

Certification:

I hereby certify the investments summarised in the report have been made in accordance with section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulations 2021 and Council's investment policy

Peter Correy, Responsible Accounting Officer

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G4: Serve the community by providing great customer experience, value for money and quality services.

Attachments

1	Summary of Investments as at 30 September 2022	Provided Under Separate Cover	D15381188
2	Summary of Restrictions as at 30 September 2022	Provided Under Separate Cover	D15381189
3	Investment Report Graphs 1,2 and 3 for September 2022	Provided Under Separate Cover	D15381191
4	Treasury Direct Trading Limits Report as at 30 September 2022	Provided Under Separate Cover	D15381195
5	Treasury Direct Portfolio Valuation Report as at 30 September 2022	Provided Under Separate Cover	D15381200



Item No: 2.3
Title: Water and Sewer Delivery Plan 2022-2026
Department: Water and Sewer

31 October 2022 Extraordinary Council Meeting

Reference: F2004/06782 - D15389974
Author: Kate Gibbs, Executive Support Officer
Jenny Back, Business Performance Specialist. Water and Sewer
Executive: Jamie Loader, Director Water and Sewer

Recommendation

That Council adopts the Water and Sewer Delivery Plan 2022-2026

Report purpose

The purpose of this report is for Council to review and adopt the Water and Sewer Delivery Plan, which has been prepared in line with the Independent Pricing and Regulatory Tribunal's (IPART) recommendations contained within the 2022 Central Coast Council Water Supply Authority Pricing Determination.

Executive Summary

IPART has recommended that Council's Water and Sewer business (CCC Water), by the 31 October 2022, publish an implementation plan for improving its performance, accountability, and transparency. At a minimum, IPART recommended this should include:

- expected timing to develop an Accountability Strategy and Customer Charter
- improvements to asset management
- expected timing and methods of customer engagement.

In response to IPART's recommendation, Council's Water and Sewer Directorate has prepared the attached Water and Sewer Delivery Plan 2022-2026.

Background

In May 2022, the Independent Pricing and Regulatory Tribunal (IPART) released its Final Report on the prices that the Central Coast Council can charge customers for water and related services from 1 July 2022 to 30 June 2026.

As part of the Final Report, IPART recommended that CCC Water, by the 31 October 2022, publish an implementation plan for improving its performance, accountability, and transparency. At a minimum, this should include:

2.3 Water and Sewer Delivery Plan 2022-2026 (contd)

- expected timing to develop an Accountability Strategy and Customer Charter
- improvements to asset management
- expected timing and methods of customer engagement.

In addition, IPART also recommended that CCC Water, by the 30 September, publish its performance information that:

- Sets out performance metrics as defined in the Information paper and
- Includes the results from 2017/18-2022

In response to IPART's recommendation, Central Coast Council Water and Sewer Directorate committed to the provision of two community documents:

- 1 Performance Report
- 2 Delivery Plan (also referenced by IPART as the Implementation Plan)

The Performance Report provided our community with information back to 2017/18 financial year until June 2022 against key performance metrics. This report was published on 30 September 2022 and focused on key metrics relating to:

- Service reliability
- Customer
- Asset and financial management
- Environment and public health
- Water conservation

The Water and Sewer Delivery Plan sets out Central Coast Council Water and Sewer's commitment to the community of what will be delivered over the next 4 years focusing on:

- 1 Accountability
- 2 Community Engagement
- 3 Asset Management

This report is provided to Council for endorsement.

Financial Considerations

At its meeting held 19 October 2020, Council resolved the following:

- 1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.
The Water and Sewer Delivery Plan 2022-2026 outlines Council's commitment and accountability to deliver improved water and sewer services for the Central Coast community, in line with the IPART pricing determination 2022-2026.

Link to Community Strategic Plan

Theme 4: Responsible

Goal H: Delivering essential infrastructure

R-G1: Build strong relationships and ensure our partners and community share the responsibilities and benefits of putting plans into practice.

Risk Management

There have been no risks identified in the preparation of the Water and Sewer Delivery Plan.



Options

- 1 That Council adopts the Water and Sewer Delivery Plan 2022-2026. **This is the recommended option.**
- 2 That Council does not adopt the draft Water and Sewer Delivery Plan 2022-2026. This is not recommended. IPART has recommended that Council develop and publish a Delivery Plan by 31 October 2022.

Critical Dates or Timeframes

IPART recommended that Council publishes its Delivery Plan by 31 October 2022.

Attachments

1   CCC Water + Sewer Delivery Plan 2022-26 Provided Under Separate Cover D15396358