GENERAL MANAGERS REPORT

1. INDEPENDENT COMMISSION AGAINST CORRUPTION

Précis:

Reporting on recent correspondence from the ICAC commissioner.

**********

Council is in receipt of two letters from the ICAC Commissioner that need to be drawn to Councillors attention.

Firstly ICAC has released their position paper in relation to the corruption risks in the NSW Development Approval Process. In essence the report contains a total of 24 recommendations being issued by the Commissioner for the Premier, the Minister for Planning, the Department of Local Government and local councils to consider.

The publication is available from the ICAC website and should any Councillor require a copy to be printed on their behalf I will arrange for such. Where specific recommendations have been made in relation to local Councils officers of the Council will consider such matters as time permits it should also be noted that certain recommendations have already been implemented by the Council following the release of the discussion paper.

Secondly, an invitation has been extended to a Local Government Councillors meeting on Tuesday 20 November 2007 to attend an information session that will be hosted by the Deputy Commissioner Ms Theresa Hamilton. This invitation has been distributed as a separate attachment as you need to complete the form on an individual basis and I would encourage Councillors to consider attending what should be an informative meeting.

IMPLICATIONS

Financial

Cost to attend the seminar is free and a Council vehicle would be made available to any Councillors wishing to attend, accordingly only a mileage cost would be incurred against the Councillors travelling budget allocation.

RECOMMENDATION

That the report be received and noted.
2. CONDUCT COMMITTEE
327/4

Précis:

Reporting on one of the meetings of Councils Conduct Committee

**********

Attached to this report are the Minutes of the Councils Conduct Committee for Councils attention.

Whilst two meetings were conducted on 24 September 2007 to consider two separate Code of Conduct matters, the minutes of the meeting concerning a Code of Conduct allegation by a Mr Robert Watkins only are enclosed as this matter is now finalised.

The other Code of Conduct meeting was a preliminary meeting to also consider the outcomes of a report by an external party, in view of the matters raised therein the committee resolved to invite Councillor Watkins to attend a Conduct meeting and a letter was forwarded on 27 September 2007. Councillor Watkins has since declined to attend and the meeting will now be convened for the members to finalise the matter.

IMPLICATIONS

Financial

The enquiry into the alleged Code of Conduct breaches were undertaken by an external party, Mr George Williams of Thompson Norrie Solicitors.

Fees were incurred for the conduct of the investigation, which totalled $1,600.00

Statutory

The Conduct Committee was established following amendments to Sec 440 of Local Government Act (NSW) 1993 and the Department of Local Governments Model Code of Conduct that required the establishment of the Conduct Committee.

RECOMMENDATION

That the minutes of the Councils Conduct Committee be noted.
MINUTES OF THE DUNGOG SHIRE COUNCIL CONDUCT COMMITTEE MEETING HELD ON 24 SEPTEMBER 2007 COMMENCING AT 4.43 PM.

ATTENDANCE:
Mr Alan Mitchell, Cr Glenn Wall and Mr Craig Deasey.

DECLARATION OF INTEREST:
Mr Alan Mitchell declared a potential conflict of interest in relation to Cr Low and retired from the proceedings.

CODE OF CONDUCT COMPLAINT MADE BY MR WATKINS AGAINST CR LOW

The Committee members considered the report of the external investigator.

Whilst the Council did not engage Mr Williams to undertake an investigation into how Mr Watkins obtained the document email, Mr Watkins had stated that he had obtained such under FOI it should be noted that the Council at no time has received an FOI application in relation to this matter from Mr Watkins nor has Council as the owner of the information received a referral from any other State agency that would have held a copy of the document as regards a request to release under the Freedom of Information Act. However it is not a matter for the Conduct Committee to consider further. It will be a matter for the General Manager to consider as regards whether further action is warranted.

CONDUCT COMMITTEE RECOMMENDATIONS

1. Based upon the report and findings of Mr G Williams the Committee finds no prima facie breach of the Dungog Shire Council Code of Conduct.
2. That the complainant and Councillor Low be provided with a copy of the report from Mr Williams.

Mr Alan Mitchell returned to the meeting at 4.58 pm.

There being no further business the meeting closed at 5.00 pm.
### PECUNIARY INTEREST RETURNS

**Précis:**

Reporting on the statutory requirement to table pecuniary interest declarations.

**********

In accordance with the legislation (Sec 449 (3) of the Local Government Act), Councillors are required to complete a pecuniary interest return and lodge it with the General Manager within 3 months after 30 June 2007.

The Act also places specific statutory responsibilities on the General Manager relative to this matter (Section 450A):

- The General Manager must keep a register of returns containing the completed and lodged Returns of Councillors and designated persons. The Returns must be available for inspection by members of the public.

- The General Manager must arrange for the tabling of returns lodged under Section 449 at the first meeting held after the last day of the period for lodgement.

Initial correspondence was forwarded to all Councillors on 30 July 2007 and was followed up with reminder letters on the 11 September 2007 and again on the 24 September 2007, disappointingly for the third year in a row all the returns were not received by the prescribed date with one return remaining outstanding as at 30 September 2007 that of Councillor Watkins.

**IMPLICATIONS**

**Statutory**

Obligations of staff and Councillors have been detailed within the report, non compliance with the requirements of the Local Government Act 1993 may result in matters being reported to the Department of Local Government.

**RECOMMENDATION**

1. That the report be received and noted.
2. That the General Manager now table the pecuniary Interests register.
4. NSW DEPARTMENT OF LOCAL GOVERNMENT CIRCULARS

Précis:

Providing a summary of circulars that have been released by the Department of Local Government.

**********

The following circulars have been released by the Department of Local Government and the intent of this report is to keep Councillors informed of changes and/or requirements that Council officers may be required to implement. The circulars themselves may be found on the Department's website (www.dlg.nsw.gov.au). It is not the intent to reproduce such circulars but more so provide them as a point of reference to Councillors should they wish to undertake further research.

When there is a requirement to inform Councillors or designated officers of a matter correspondence and attachments will still be submitted to all Councillors in accordance with the requirements of the Director General of the Department of Local Government. Such circulars will be highlighted in **bold text**. The following Circulars have been released by the Department since 1 September 2007.

<table>
<thead>
<tr>
<th>Date</th>
<th>Circular No.</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/9/07</td>
<td>07-41</td>
<td>Annual Reporting, Social/Community Planning and SOE Reporting Requirements of Local Councils</td>
</tr>
<tr>
<td>12/9/07</td>
<td>07-43</td>
<td>Revised Physical Activity Guidelines for Local Councils</td>
</tr>
<tr>
<td>17/9/07</td>
<td>07-44</td>
<td>Preparation of a Regulatory Impact Statement (RIS) for the Companion Animals Regulation 1999</td>
</tr>
<tr>
<td>17/9/07</td>
<td>07-45</td>
<td>Collaboration and Partnerships: A Guidance Paper</td>
</tr>
<tr>
<td>25/9/07</td>
<td>07-46</td>
<td>Term of Appointment of Mayors Elected by Councillors &amp; Term of Appointment of Temporary Staff</td>
</tr>
<tr>
<td>26/9/07</td>
<td>07-47</td>
<td>Council Investments Review</td>
</tr>
</tbody>
</table>

Aside from Circulars there are numerous publications which are released upon the Department's website. Publications issued since August include: Engaging with Local Aboriginal Communities – A Resource Kit for Local Government in NSW 2007, Physical Activity Guidelines for Local Councils, Collaboration and Partnerships between Councils – A Guidance Paper.

**IMPLICATIONS**

There are no implications associated with this report, information only.

**RECOMMENDATION**

That the report be received and the information noted.
5. COMMUNITY PROJECT OFFICER REPORT

Précis:

Reporting on Community Project Officer’s activities for the period April to June

**********

Over the last 3 months I have been actively promoting positive Council participation in a variety of activities and organisations within our local community.

Hunter Area Assistance Scheme

Area Assistance Scheme closed on 5th September, we received 3 eligible submissions. The local ranking committee will meet in November to decide their priority within our LGA. We are currently advertising for local community members to nominate for the panel.

Dungog & District Community Care Forum

This forum meets quarterly and consists of various health providers/ community services within our Shire and the government agencies they are associated with. Dungog Neighbourcare is investigating the viability of a transport service between Dungog and Clarence Town utilising the local bus companies. A disability forum was held at the Daycare centre with DADHAC chairing the meeting with local issues being identified and discussed. Most services running at capacity with limited placements available. A mobility day is being planned in November with Council including their scooter safe workshop as part of the programme.

Dungog Youth Interagency

In partnership with Dungog Information Neighbourhood Service, Dungog Shire Council, Dungog Youth and Family Counselling Service, Dungog High School and our local School Counsellor meet bi monthly to discuss youth issues, ideas and opportunities for youth within our Shire. NAIDOC week was a great success with all schools within our shire represented and participating in the celebrations held at Tocal. Further discussion took place on establishing a youth forum to allow young people a voice within the local community. The Youth worker will now operate in the High School two mornings a week to provide direct contact with students and pathways is also in operation one morning a week.

Dungog Health Forum

Hunter New England Health has been in attending the Forums providing the opportunity for issues to be raised in relation to the direction of services in our area and presentations from specific services such as Allied Health. Minutes for March meeting were annexure in

Access Committee

The RSO presented PAMPS to allow discussion and comment on our local footpaths, Allen has audited all of our main townships with a report to go to the traffic committee for comment. International Disability Day will be held in November with a similar programme as in previous years.
RAVNET

Dungog Shire Rural Anti Violence Network meets bi monthly to discuss strategies around non violent relationships. A community forum has been organised for October to establish a working party to address Domestic Violence within our community, the committee believes a whole of community approach is needed to maintain and develop this committee.

LOCAL GOVERNMENT WEEK

Once again was a great success with our local schools over a two week period some 250 students visited our library, council chambers, waste recycling, sewerage treatment works and held mock council meetings. The Council meetings were based around whether or not the proposed Tillegra Dam should allow motorised recreational sport. The students designed environmentally innovative facilities and their arguments held great merit.

IMPLICATIONS

Financial

Full costs of the activities have been absorbed by successful grant applications and accordingly Council has not been required to commit any funding.

Community/Consultative

Discussion of the activities took place with the various organisations involved.

Statutory

No implications associated with this report.

RECOMMENDATION

The report be received and the information noted.
6. STAFF – INDUSTRIAL AWARD NEGOTIATIONS

Précis:

Reporting on the outcome of discussions with the USU concerning Award variations.

***********

A report has been prepared for the Closed Session of the Council meeting that outlines the current position in relation to negotiations with the USU concerning Award variations. Accordingly it is recommended that this matter be considered within the Closed Session of the Council Meeting as the information is confidential as it relates to personnel matters concerning particular individuals (other than Councillors) which are still subject to negotiation between respective parties.

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

(a) personnel matters concerning particular individuals (other than Councillors)

IMPLICATIONS

Nil

RECOMMENDATION

That the matter be considered in a Closed Session of the Council Meeting as the report is CONFIDENTIAL as it relates to personnel matters concerning particular individuals (other than Councillors).
1. STATEMENT OF INVESTMENTS

256

Précis:

Clause 212 of Local Government (General) Regulation 2005 requires a monthly report to Council outlining all money’s Council has invested under Section 625 of Local Government Act.

**********

The Statement of Investments as at 30 September 2007 incorporating the Responsible Accounting Officer’s Certificate is attached as Annexure "A".

IMPLICATIONS

There are no financial, statutory, environmental, community or consultative implications associated with this report.

RECOMMENDATION

That the report is received and the information noted.
2. WORKS COST STATEMENT

Précis:

A selective summary of expenditures on capital works and maintenance expense areas within Council's roads, bridges, cemeteries, toilets, parks and sports grounds cost centres.

********

The Works Cost Statement for the period ending 30 September 2007 is attached as Annexure "B".

The column "c/fwd Vote" reflects projects from the 2006/07 budget period which were carried forward to the current year and those projects commenced in June but funded in 2007/08 Management Plan.

All maintenance items are currently within budget allocations and are in line with expected levels of expenditure.

The works progress report within Infrastructure & Assets area provides further information on items in this report including scheduled dates for commencement for individual projects.

RECOMMENDATION

That the Works Cost Statement for the period ending 30 September 2007 be received and noted.
3. COUNCILLORS TRAVELLING & OTHER EXPENSES

Précis:

Report on Councillors travelling for Councillors information.

**********

Hereunder is a list of meetings/inspections or business of Council held/to be held since the September Meeting of Council.

- Code of Conduct Meetings: 20/09/07
- Tillegra Dam Workshop: 20/09/07
- Paterson SOA and Sportsground Committee: 24/09/07
- Shire Roads Tour: 24/09/07
- Showground Committee: 25/09/07
- Community Artworks Committee: 27/09/07
- Tourism Advisory Committee: 27/09/07
- Economic Development Committee: 27/09/07
- James Theatre Community Centre Committee: 02/10/07
- Section 94 Workshop: 16/10/07
- Council Meeting: 16/10/07

IMPLICATIONS

There are no financial, statutory, environmental, community or consultative implications associated with this report. Council’s travelling costs are currently within budget.

RECOMMENDATION

That the report is received and the information noted.
4. **GRESFORD DISTRICT AGRICULTURAL SOCIETY INC**  
268 - 21179

**Precis:**

Request for financial assistance under Sec 356 of the Local Government Act 1993.

*********

Council has received the following correspondence from Tammara McGrath, Secretary of the Gresford District Agricultural Society Inc;

"On behalf of the President and Committee members of the Gresford District Agricultural Society, I would like to thank you for past sponsorship or donations that you have generously offered to the Gresford Show. Next year will see us celebrate our 76th annual Gresford Show to be held on Friday 7th and Saturday 8th March. We again invite you to continue with your valued contribution for our 2008 Show.

Gresford District Agricultural Show is well known for its excellence in pavilion displays and comprehensive ring events. We are proud of our fine tradition of providing encouragement and friendly competition for participants, both local and further afield, in events that include horse and livestock judging, Camp drafting, fruit and vegetable judging, horticulture, cooking, arts and crafts, and many more. In ensuring that our sponsors are duly recognised for their contribution, we offer the opportunity for sponsorship to be linked to advertisement in the show schedule, as shown below. We produce over 700 full schedules that are distributed from Taree to Tamworth, Sydney to Dubbo and the local area including Maitland, Raymond Terrace and Singleton prior to the show. A copy is also forwarded to our society’s members.

The Gresford Show would be honoured to include you as one of our sponsors for 2008, to help us continue our tradition of excellence."

Council last year donated $250 towards the Gresford District Agricultural Society Inc.

**IMPLICATIONS**

**Financial**

Funding for the donation will be sourced from Council’s budget allocation for Sec 356 contributions and donations. Expenditure at 5 October 2007 is $910 leaving an available balance of $4,090.

There are no other statutory, environmental, community or consultative implications.

**RECOMMENDATION**

That Council donate $250 to the Gresford District Agricultural Society Inc.
Presentation of the draft general purpose financial reports, special purpose financial reports and special schedules for Council’s information.

********

A summary of the draft financial reports has been reproduced below. The draft reports as presented to Council are in the process of being audited at this stage with Council’s auditors in attendance at Council from 2 October 2007. The statutory deadline for submission of audited financial reports to the Department of Local Government is 7 November 2007 and it is envisaged that this statutory deadline will be met.

A number of changes have been made to the way Council is required to present the financial statements with the impact of International Financial Reporting Standards and a full update/rewrite of the Code of Accounting Practice. These changes are reflected within the draft statements.

<table>
<thead>
<tr>
<th></th>
<th>Current Year $'000</th>
<th>Previous Year $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenues from Continuing Operations</td>
<td>14,670</td>
<td>11,293</td>
</tr>
<tr>
<td>Total Expenses from Continuing Operations</td>
<td>10,539</td>
<td>9,888</td>
</tr>
<tr>
<td>Net Operating Result - Surplus/(Deficit)</td>
<td>4,131</td>
<td>1,405</td>
</tr>
<tr>
<td>Net Operating Result before capital grants &amp; contributions - Surplus/(Deficit)</td>
<td>(829)</td>
<td>(833)</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>10,879</td>
<td>8,430</td>
</tr>
<tr>
<td>Total Non Current Assets</td>
<td>142,568</td>
<td>131,965</td>
</tr>
<tr>
<td>Total Assets</td>
<td><strong>153,447</strong></td>
<td><strong>140,395</strong></td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>2,320</td>
<td>2,305</td>
</tr>
<tr>
<td>Total Non Current Liabilities</td>
<td>3,551</td>
<td>3,023</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td><strong>5,871</strong></td>
<td><strong>5,328</strong></td>
</tr>
<tr>
<td>Net Assets</td>
<td><strong>147,576</strong></td>
<td><strong>135,067</strong></td>
</tr>
</tbody>
</table>

The net operating result from continuing operations is a surplus of $4,131,000 which is $2,726,000 more than the surplus of $1,405,000 in the previous year. This increase is mainly attributable to increased grants and contributions for capital purposes totalling $3,207,000 (RTA Special Projects $1,827,841 & Specified Works $862,765).

As the income statement does not include expenditure on capital items (for example loan principal repayments and capital construction works), even though Council may receive grant funding for such works, it is useful to examine the operating result before capital revenues. Council's operating result before capital revenues for 2006/07 shows a deficit of $829,000 which is only slightly higher than the deficit of $833,000 for the previous year.

The cash flow statement shows a net increase in cash held for the year of $2,901,000 and is reflective of movements in assets and liabilities and includes expenditure on capital items. A summary is provided below for Council’s information, with inflows shown as a positive and outflows shown in brackets.
## Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
<th>Current Year $'000</th>
<th>Previous Year $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates &amp; Annual Charges</td>
<td>4,889</td>
<td>4,612</td>
</tr>
<tr>
<td>User Charges &amp; Fees</td>
<td>1,280</td>
<td>1,060</td>
</tr>
<tr>
<td>Investments income</td>
<td>578</td>
<td>465</td>
</tr>
<tr>
<td>Grants &amp; Contributions</td>
<td>7,580</td>
<td>4,850</td>
</tr>
<tr>
<td>Other receipts</td>
<td>530</td>
<td>957</td>
</tr>
<tr>
<td>Employee Costs</td>
<td>(3,359)</td>
<td>(2,960)</td>
</tr>
<tr>
<td>Materials &amp; contracts</td>
<td>(4,301)</td>
<td>(3,761)</td>
</tr>
<tr>
<td>Borrowing Costs</td>
<td>(115)</td>
<td>(98)</td>
</tr>
<tr>
<td>Other payments</td>
<td>(1,704)</td>
<td>(1,686)</td>
</tr>
<tr>
<td><strong>Net cash provided (or used) in operating activities</strong></td>
<td><strong>5,378</strong></td>
<td><strong>3,439</strong></td>
</tr>
<tr>
<td>Proceeds from sales of PP&amp;E</td>
<td>420</td>
<td>663</td>
</tr>
<tr>
<td>Deferred Debtors payments</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Purchase of PP&amp;E</td>
<td>(3,849)</td>
<td>(5,170)</td>
</tr>
<tr>
<td>Purchase Real Estate</td>
<td>(11)</td>
<td>(1)</td>
</tr>
<tr>
<td>Purchase of Investment Securities</td>
<td>500</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Loans to Deferred Debtors</td>
<td>(40)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net cash provided (or used) in Investing Activities</strong></td>
<td><strong>(2,980)</strong></td>
<td><strong>(5,508)</strong></td>
</tr>
<tr>
<td>Proceeds from Borrowings &amp; advances</td>
<td>650</td>
<td>500</td>
</tr>
<tr>
<td>Other Proceeds</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Repayment of Borrowings &amp; Advances</td>
<td>(147)</td>
<td>(115)</td>
</tr>
<tr>
<td>Other Repayments</td>
<td>0</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Net cash provided (or used) in Financing Activities</strong></td>
<td><strong>503</strong></td>
<td><strong>385</strong></td>
</tr>
<tr>
<td><strong>Net increase (Decrease) in cash held</strong></td>
<td><strong>2,901</strong></td>
<td><strong>(1,684)</strong></td>
</tr>
<tr>
<td>Cash assets at beginning reporting period</td>
<td>6,198</td>
<td>7,882</td>
</tr>
<tr>
<td><strong>Cash assets at end of reporting period</strong></td>
<td><strong>9,099</strong></td>
<td><strong>6,198</strong></td>
</tr>
</tbody>
</table>

The key indicators in relation to Council's performance are highlighted within Note 13 of Council's draft general purpose financial reports, and are summarised as follows:-

### Statement of Performance Measurement

<table>
<thead>
<tr>
<th></th>
<th>Current Year $'000</th>
<th>Previous Year $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statutory Requirements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted Current Ratio</td>
<td>2.43</td>
<td>1.85</td>
</tr>
<tr>
<td>Debt Service Ratio</td>
<td>3.27%</td>
<td>2.72%</td>
</tr>
<tr>
<td>Rate Coverage Ratio</td>
<td>33.27%</td>
<td>42.20%</td>
</tr>
<tr>
<td>Rates &amp; Annual Charges Outstanding</td>
<td>3.12%</td>
<td>2.92%</td>
</tr>
<tr>
<td>Asset Renewals Ratio</td>
<td>2.24%</td>
<td>2.34%</td>
</tr>
</tbody>
</table>

A change has been made within the Code of Accounting practice that now reports Asset Renewals Ratio. This ratio reports the percentage of asset renewal cost over depreciation, amortisation and impairment.

It is stressed to Council that the above results are in draft format only and at the time of this report being prepared the financial statements had not yet been fully audited.

Final results may vary depending upon the finalisation of the audit process and another report will be presented to Council once this process is complete and the audit certificate is available.
IMPLICATIONS

There are no statutory, financial, environmental, community or consultative implications associated with this report. The report is for information only.

RECOMMENDATION

1. That the draft Financial Reports for the year ended 30 June 2007 be received and noted.
2. That an invitation be extended to Council’s auditors to provide a presentation to Council once the audit certificate has been issued, and that such presentation be at the first Council meeting that the Audit Partner is available to attend.
6. FINANCIAL REPORTS FOR THE PERIOD ENDED 30 JUNE 2007
GENERAL PURPOSE & SPECIAL PURPOSE FINANCIAL REPORTS
4/1

Précis:

Statement by Council in the approved form as to its opinion on the general purpose financial reports in accordance with Section 413(2)(c) of the Local Government Act 1993 and a statement by Council in the approved form as to its opinion on the special purpose financial reports in accordance with the Local Government Code of Accounting Practice and Financial Reporting.

********

Council’s Financial Reports for the year ended 30 June 2007 are in the process of being audited by Council’s Auditor’s, PricewaterhouseCoopers with the auditors in attendance at Council commencing 2 October 2007.

In accordance with Section 413(2)(c) of the Local Government Act 1993 the financial reports must include a statement in the approved form by the Council as to its opinion on the general purpose financial report. Clause 215 of the Local Government (General) Regulation 2005 states:-

“(1) The statement required by section 413(2)(c) of the Act must:-
(a) be made by resolution of the council; and
(b) be signed by:-

• the mayor; and
• at least one other member of the council; and
• the responsible accounting officer; and
• the general manager (if not the responsible accounting officer).

(2) The financial statement must indicate:-
(a) whether or not the council’s annual financial reports have been drawn up in accordance with:-

• the Act and the regulations; and
• the Local Government Code of Accounting Practice and Financial Reporting; and
• the Local Government Asset Accounting Manual; and
• the Australian Accounting Standards issued by the Australian Accounting Standards Board; and

(b) whether or not those reports present fairly the council’s financial position and operating result for the year; and
(c) whether or not those reports accord with the council’s accounting and other records; and
(d) whether or not the signatories know of anything that would make those reports false or misleading in any way,

and include such information and explanations as will prevent those reports from being misleading because of any qualification that is included in the statement.

(3) The council must ensure that the statement is attached to the relevant annual financial reports.”
In accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting the financial reports must include a statement by the Council as to its opinion on the special purpose financial reports and includes the following statement:

That the Special Purpose Financial Reports have been prepared in accordance with:

- NSW Government Policy Statement: Application of “National Competition Policy to Local Government”.

To the best of our knowledge and belief, these Reports

- Present fairly the operating result and financial position for each of Council’s declared Business Activities for the year, and
- Accord with Council’s accounting and other records.

We are not aware of any matter that would render the reports false or misleading in any way.

The statement must:

(a) be made by resolution of Council
(b) be signed by:-

- the mayor; and
- at least one other member of the council; and
- the responsible accounting officer; and
- the general manager (if not the responsible accounting officer).

IMPLICATIONS

Statutory

Satisfies Council’s obligations under Section 413(2)(c) of the Local Government Act 1993, Clause 215 of the Local Government (General) Regulation 2005 and the Local Government Code of Accounting Practice and Financial Reporting

Other

There are no financial, environmental, community or consultative implications associated with this report. The report is for information purposes only.

RECOMMENDATION

That approval be granted for the financial statements, pursuant to Clause 215 of the Local Government (General) Regulation 2005 and the Local Government Code of Accounting Practice and Financial Reporting, to be signed on behalf of Council and attached to the Annual Financial Reports.
1. DUNGOG WASTEWATER TREATMENT WORKS

Précis:
Reporting on the need to undertake an augmentation review of Dungog Wastewater Treatment Works.

*******
The Dungog Sewerage Scheme, including the Wastewater Treatment Works (WWTW) was constructed in 1937 and originally was designed to service a population of 1703 Equivalent Person (EP) with an ultimate population of 2000 EP. As a result the Wastewater Treatment Works was designed and constructed to cater for 2000 EP population base and has never been augmented to allow for an increase in residents within the township.

Consequently the existing Dungog Treatment Works is in dire need to be enlarged to allow for the existing population demand (approximately 2,500) and to provide an adequate allowance for future projected growth within the township of Dungog.

The initial stage of the proposed augmentation of the Dungog WWTW is to engage a consultant with experience in WWTW and undertake a detailed review of the existing plant, together with modelling wet weather flows and peak demand flows. From this review complete a design for the upgrade of the plant to cater for all existing flows, together with projected future flows based on anticipated growth rates.

It is envisaged that this initial process may take approximately twelve (12) to eighteen (18) months to complete.

IMPLICATIONS

Financial
The following estimates have been factored into the WWTW capital works program over the next few years, it is anticipated these future works would be funded from loan borrowings, cash reserves and Sect 64 He adworks.

<table>
<thead>
<tr>
<th></th>
<th>07/08</th>
<th>08/09</th>
<th>09/10</th>
<th>10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review &amp; Design</td>
<td>$95,000</td>
<td>$175,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>$800,000</td>
<td>$550,000</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$95,000</strong></td>
<td><strong>$975,000</strong></td>
<td><strong>$550,000</strong></td>
<td><strong>$50,000</strong></td>
</tr>
</tbody>
</table>

Statutory
There are no statutory requirements in this report.

Community
There are no community requirements in this report

Consultative
There are no consultative requirements in this report.

RECOMMENDATION
That Council undertake the augmentation review and that funds $95,000 be allocated from the Dungog sewerage reserves.
2. WORKS PROGRESS REPORT

Précis:

Reporting on construction and maintenance works.

**********

Works carried out during the previous month:-

Road & Bridge Construction

MR101 Maxwells Creek - Works continuing (Contract)
MR101 Martins Creek - Works nearing completion
MR7778 Lennoxton to Vacy - Sealing scheduled for 12 October
R7778 Fishers Hill - Works continuing (Contract)
Union Bridge - Open to traffic - bank stabilization to be complete

Sealed Road Maintenance

Pothole patching works were carried out on MR7764, MR128, MR7778, Chichester Dam Road, MR301, MR101, Glen Martin Road, Fishers Hill Road, Dungog Streets, Woerdens Road, Horns Crossing Road, Summerhill Road, Webbers Ck Road, Glen William Road

Sealed Patches - Lennoxton Road, Bower Bird Close, Union Bridge
Signage Maintenance - Dungog Streets (vandalism)
Kerb and gutter repairs - Hooke Street

Unsealed Road Maintenance

Gravel/Grade/Roll - Parks Creek Road, Lyons Road, Myall Creek Road, Glen William Church Road, Quartzpot Creek Road, Chichester Road

Drainage/Culvert Maintenance - Masseys Creek Road, Mulconda Lane

Bridge, Concrete and Other Maintenance Works

Queen St complete - Footbridge Repairs complete - handrail to come
Rocky Creek Bridge - Gabions and abutment repairs complete
Dungog Pool - General maintenance
Sheltons Bridge - Transverse decking repairs complete

Roadsides

No roadside slashing was undertaken during the previous month.

Sporting Grounds:-

During September the following Sporting Grounds were mown (the number of mowings is shown in brackets):- Bennett Park Oval (1), Bennett Park Surrouns (1), Reg Ford Oval (1), Clarence Town Football Oval (1), Gresford Sporting Complex (1)

Parks/Reserves/Cemeteries:-

During September the following Parks/Reserves/Cemeteries were mown (the number of mowings is shown in brackets):- Jubilee Park (1), Lions Park - Clarence Town Road (1), Lions Park - Scott Avenue (1), Lioness Park (1), Frank Robinson Memorial Park (1), Apex Park (1), Bruyn Park (1), Coronation Park (1), Dave Sands Memorial (1), Tucker Park (1), Kings Wharf Park (1), Skiplines Park (1), Orana Park (1), Dungog Cemetery (1), Paterson Cemetery (1), Clarence Town Cemetery (1)
Jubilee Park - Shade cover and shelters complete, tree replacement commenced
Weed Poisoning - Dungog Cemetery, Paterson Cemetery, Orana Park
Bennett Park - Stormwater irrigation tank commenced, oval maintenance complete

**Major Works to be continued or commenced in the next 3 months:**

**Road Construction**

- MR101 Maxwells Creek - Works commenced
- MR101 Martins Creek - Works commenced
- MR7778 Lennoxton to Vacy - Works commenced
- R7778 Fishers Hill - Works commenced
- Melbee Subdivision - Stage 4 Water and Sewer works ongoing
- Alison Road - Rehabilitation works

**IMPLICATIONS**

There are no financial, statutory, environmental, community or consultative implications of this report.

**RECOMMENDATION**

That the report be received and the information noted.
3. GRESFORD WATER SUPPLY

Précis:

Reporting on the estimates received to undertake repairs to the raw water pumps servicing Gresford (both the Paterson and Allyn River pumps) caused during the June long weekend.

*******

The floods of the June long weekend caused significant damage to two (2) raw water pumps that service the Gresford township, that being the Paterson River pump and the pump and rail of the large pump in the Allyn River. I have since received quotations to undertake the necessary repairs and modifications to ensure that both pumps are in a serviceable condition.

These quotations are detailed below:-
- Undertake repairs to existing Paterson River pump $3,700 +GST
  - Excludes: -
    - Replacement of existing windings.
    - Replacement of internal motor contactor.
    - Replacement of worn impellor.
    - Replacement of rusted bottom screen.
  or
- Supply and install a new Paterson River pump $6,500 +GST
- Repair existing Allyn River pump rails & service existing pump $12,000 +GST

IMPLICATIONS

Financial

To undertake the necessary repairs and modifications to both the Paterson and the Allyn River pumps, funding of approximately $20,500 needs to be allocated from the Gresford Water Scheme to complete this project. These costs have been flagged with the Department of Commerce (DOC) as part of the Flood Disaster Relief Funding associated with the June long weekend and as such there is a chance that the required funding may be reimbursed.

In the event that funding is not approved by the DOC, the Gresford Scheme may incur a negative financial result for the 2007/08 financial year.

Statutory

With two (2) pumps out of the Gresford water supply system, should there be a failure of the remaining (small) Allyn River pump then the drinking water supply for Gresford would be in serious jeopardy.

RECOMMENDATION

1. That the report be received and noted.
2. That Council approve the budget variation of $20,500 to the Gresford Water Supply.
Précis:

Reporting on returned surveys associated with the Water & Wastewater business operations of Council.

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Council has considered on two recent occasions, matters in regard to the operation of its water and sewerage business in closed committee. The issues however, have not to date been reported to Council in open committee. The purpose of this report is to provide Councillors with a summary of the progress to date and the recent results from the poll of residents in respect to a preferred option for water and sewer operation.

In July 2007 Council was advised of the successful funding for the Clarence Town Sewerage scheme. The funding, however was limited to 59.5% of the current estimate of $9,363,000. Council would be required to make up the balance and meet the full cost of any cost overruns. Based on the present estimate for the scheme, Council would need to levy a sewerage rate in the order of $1,250 per property per annum.

This sewerage rate is considered high in comparison to other areas and Council staff made approaches to Hunter Water Corporation. The submission provided Hunter Water with a number of options with the preferred option being that Hunter Water provide a one off contribution to the sewerage scheme in an effort to reduce the financial burden on the ratepayers of Clarence Town. Council argued that Clarence Town was on the Williams River, and that Hunter Water drew water from the Williams River at the weir pool at Seaham and as such there was a nexus to Hunter Water providing funds to improve the quality of water (removing effluent) in the Williams River and that the Healthy Rivers Commission had in fact made this recommendation in their report.

A subsequent meeting and written advice from Hunter Water advised that the preferred option was unlikely to be accepted by the pricing regulator (IPART) as Clarence Town was not part of the service area and the price regulator would be concerned that the Hunter Water customers would be unfairly burdened with costs servicing an area that was not part of the Hunter Water System.

Hunter Water instead offered that there was a case for them extending their area of operations to cover the entire Dungog LGA with Hunter Water then taking on the entire responsibility of water and sewer services with the Council area.

Further discussions led to Hunter Water obtaining considerable detail from staff on Council’s present customer numbers, water consumption, asset condition, valuation and performance. This led to Hunter Water making a verbal offer along the following lines;

- Hunter Water would take over the water and sewerage operations within the Dungog LGA;
- Existing water and sewer staff would be transferred to Hunter Water;
- Assets and Liabilities would be transferred at nil cost;
- Water and sewer charges would be reduced over a number of years to be in line with present Hunter Water pricing (Hunter Water acknowledge that their existing customers would be subsidising the scheme);
- Hunter Water would make a contribution of $150,000 annually for the first three years only;
- Hunter Water would be entitled to the state government funding made available to Council.

As resolved at the August meeting of Council, community consultation meetings were held in Dungog, Clarence Town, Paterson and Gresford to advise the community of the three possible alternatives available for the water and wastewater business operations.
At these community meetings, Council detailed the three (3) options available, including the advantages and disadvantages associated with each option for the future direction of the water & wastewater business operations. The community was also provided the following annual rate comparison, outlining the proposed water & sewer rates applicable with each alternative.

### Water & Sewer Rates Annual Pricing Comparison

<table>
<thead>
<tr>
<th>Township</th>
<th>Current DSC</th>
<th>Consolidation DSC</th>
<th>HWC Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dungog</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Bill Only</td>
<td>$341 pa</td>
<td>$465 pa</td>
<td>$364 pa</td>
</tr>
<tr>
<td>Sewer Bill Only</td>
<td>$401 pa</td>
<td>$588 pa</td>
<td>$403 pa</td>
</tr>
<tr>
<td><strong>Combined W &amp; S</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Billing</td>
<td>$742 pa</td>
<td>$1,015 pa</td>
<td>$767 pa</td>
</tr>
<tr>
<td>After 10 Yrs</td>
<td>$1,053 pa</td>
<td>$1,053 pa</td>
<td>$658 pa</td>
</tr>
<tr>
<td>After 13 Yrs</td>
<td>$1,053 pa</td>
<td>$1,053 pa</td>
<td>$626 pa</td>
</tr>
<tr>
<td><strong>Clarence Town</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Bill Only</td>
<td>$347 pa</td>
<td>$465 pa</td>
<td>$364 pa</td>
</tr>
<tr>
<td>Sewer Bill Only</td>
<td>$1,244 pa</td>
<td>$588 pa</td>
<td>$476 pa</td>
</tr>
<tr>
<td><strong>Combined W &amp; S</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Billing</td>
<td>$1,591 pa</td>
<td>$1,015 pa</td>
<td>$844 pa</td>
</tr>
<tr>
<td>After 10 Yrs</td>
<td>$2,355 pa</td>
<td>$1,053 pa</td>
<td>$758 pa</td>
</tr>
<tr>
<td>After 13 Yrs</td>
<td>$2,649 pa</td>
<td>$1,053 pa</td>
<td>$626 pa</td>
</tr>
<tr>
<td><strong>Paterson</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Bill Only</td>
<td>$560 pa</td>
<td>$465 pa</td>
<td>$364 pa</td>
</tr>
<tr>
<td>Current Billing</td>
<td>$828 pa</td>
<td>$465 pa</td>
<td>$278 pa</td>
</tr>
<tr>
<td>After 10 Yrs</td>
<td>$932 pa</td>
<td>$465 pa</td>
<td>$278 pa</td>
</tr>
<tr>
<td>After 13 Yrs</td>
<td>$909 pa</td>
<td>$465 pa</td>
<td>$278 pa</td>
</tr>
<tr>
<td><strong>Gresford</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Bill Only</td>
<td>$613 pa</td>
<td>$465 pa</td>
<td>$364 pa</td>
</tr>
<tr>
<td>Current Billing</td>
<td>$909 pa</td>
<td>$465 pa</td>
<td>$278 pa</td>
</tr>
<tr>
<td>After 10 Yrs</td>
<td>$1022 pa</td>
<td>$465 pa</td>
<td>$278 pa</td>
</tr>
<tr>
<td>After 13 Yrs</td>
<td>$1022 pa</td>
<td>$465 pa</td>
<td>$278 pa</td>
</tr>
</tbody>
</table>

Detailed letters were sent out to all Council’s Water & Sewer customers requesting their input into the future direction of the water & sewer business, where customers could complete a survey and return it to Council indicating their preferred option. The survey requested that each customer select their preference from the following three (3) options provided:-

- **Option 1** – Retain the current Dungog Shire Water & Sewer model.
- **Option 2** – Convert to a Dungog Shire Consolidated Water & Sewer Model.
- **Option 3** – Transfer the Water & Sewer Business to Hunter Water.

The returned survey forms were then recorded and tabulated, with the results shown below:-

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Customers</th>
<th>Returns</th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dungog</strong></td>
<td>980</td>
<td>404</td>
<td>162</td>
<td>75</td>
<td>141</td>
</tr>
<tr>
<td>Percentage</td>
<td>41%</td>
<td>45%</td>
<td>19%</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td><strong>Clarence Town</strong></td>
<td>460</td>
<td>228</td>
<td>5</td>
<td>44</td>
<td>178</td>
</tr>
<tr>
<td>Percentage</td>
<td>50%</td>
<td>2%</td>
<td>19%</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td><strong>Paterson</strong></td>
<td>366</td>
<td>149</td>
<td>27</td>
<td>42</td>
<td>80</td>
</tr>
<tr>
<td>Percentage</td>
<td>40%</td>
<td>18%</td>
<td>28%</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td><strong>Gresford</strong></td>
<td>166</td>
<td>81</td>
<td>7</td>
<td>16</td>
<td>57</td>
</tr>
<tr>
<td>Percentage</td>
<td>49%</td>
<td>9%</td>
<td>20%</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td><strong>Overall Total</strong></td>
<td>1,972</td>
<td>864</td>
<td>222</td>
<td>177</td>
<td>457</td>
</tr>
<tr>
<td><strong>Total Percentage</strong></td>
<td>44%</td>
<td>26%</td>
<td>20%</td>
<td>53%</td>
<td></td>
</tr>
</tbody>
</table>

It should be noted that the above survey was requested to help provide the Councillors with input from the community on which option is the best alternative for the residents of Dungog.
Shire as a whole, and was not a survey based on Dungog Shire Council versus Hunter Water.

Prior to the Councillors making a decision on the future direction of the water & sewer business operations, Councillors should be aware that a policy workshop was held in Sydney on Thursday 27 September 2007 to discuss Local Water Utilities Reform Agenda. This workshop included members of the LGSA, Water Directorate, Councils and the NSW Government and was called to develop a guide on Local Government’s direction regarding the impending reform agenda for council-owned water utilities in NSW (See attached Policy Workshop agenda).

Councillors need to seriously consider all the ramifications associated with each option presented above, and provide some directive on which option Council should actively pursue for the future of the water & sewer business operations.

**Executive Manager – Infrastructure and Assets comments**

Minister Nathan Rees addressed the Water Managers conference at Inverell in August 2007 and stated towards the end of his address;

“…. These are all good results, and heartening results, but I want better.
Many places are doing well already - Port Macquarie, Dubbo, Orange, MidCoast Water and Tweed.

But some are not.

In all honesty I have not formed an opinion about the way we achieve that. But I know I will have no chance of success unless everyone here today agrees to take part in the process. We need each of you, every Council you represent and every community you are here to advocate for, heavily involved and pulling together in the same direction.

I will be writing to all regional Councils and Water Utilities inviting you to join me in this process of drought proofing our country towns and villages. My door is always open to meeting with you and I look forward to seeing as many of you as possible in the coming months.”

A full copy of Minister Rees’ address is attached as Annexure ‘A’ to this report.

In essence, the Minister is already considering regional water utility reform. In response to this, the LGSA held a workshop on the 27th September 2007 in which I attended. Minister Rees was invited to attend and accepted, however withdrew on the morning of the workshop. In his place the Director General – Department of Water and Energy, Mr Mark Duffy attended and advised those at the workshop that the Minister was indeed keen to reform water utilities in NSW, had not formed an opinion on how to do this and would be writing to Council’s shortly regarding a process.

The terms of reference were discussed at this meeting, however were not released to the public as there were a number of issues raised by the workshop members in regard to these terms of reference. It is anticipated that the Minister will release these in coming weeks.

Issues that were considered at the workshop included ownership of the assets, payment of dividends and ongoing sustainability of local government in general if water reform results in management of water being taken out of local government’s hands.

The workshop heard from various water utility staff how present models are now being implemented including the structure in Queensland, the new Central Coast Water Corporation structure and the more common County Council model.

Of interest, in most models described, the new water utility entity was granted the existing assets, but the original owners of the assets owned the new entity allowing dividends to be returned to the owners if deemed necessary.

In relation to the option being considered by Council, Council has a difficult decision to make. On the one hand, Council has received an offer that will result in residents of the community receiving lower water and sewerage bills. In balance, however the reduction in income...
received into the General Fund through services provided to water and sewer, including IT support, payroll support and customer service enquiry support will amount to $260,000 annually. This will be partially offset in the first three years with a payment of $150,000 from Hunter Water but in the long term is likely to result in significant changes to this organisation either through reduction in service level to the community or restructuring the organisation or both. In considering this, Council should keep in mind that the water and sewer customers who benefit from this offer form only a fraction of the total rate base. The effects on Council’s finances will be felt throughout the entire community.

The advantages and disadvantages of each option was conveyed to residents as part of the survey process and included the following:

| 1. Council’s current water & sewer business model continues to operate |
|--------------------------|--------------------------|
| **Advantages**           | **Disadvantages**        |
| o Current financial structure of water & sewer business operations will continue. | o Council is financially exposed should Clarence Town (CT) Sewerage Scheme final costs exceed the tendered amount, then Council & the community of CT would be liable for cost overruns associated with the project. |
| o Both Dungog water & sewer schemes are financially secure due to the existence of capital reserves | o Funds collected within a specific water or sewer scheme, can only be spent within that township. |
|                          | o The financial viability of CT Sewerage Scheme may be in jeopardy if Council cannot reduce the proposed rating fee (proposed $1,244 per property per annum). |
|                          | o The townships of CT, Paterson & Gresford may have difficulties funding any future capital asset augmentations /or replacements as they have little to no capital in reserve. |

| 2. Council consolidates the water & sewer business operations |
|--------------------------|--------------------------|
| **Advantages**           | **Disadvantages**        |
| o Provides Council with the ability to cross subsidies between the current different water & sewer schemes. | o Water & sewer customers of Dungog will be helping to finance capital works projects like:- CT Sewerage Scheme and future improvements to the Paterson & Gresford water schemes |
| o Capital expenditure can be recovered across all customers serviced by the water & sewer schemes. | |
| o Customers at CT, Paterson & Gresford will receive a decrease in water & sewer rates | |

| 3. Council transfers water & sewer business operations to Hunter Water |
|--------------------------|--------------------------|
| **Advantages**           | **Disadvantages**        |
| o Reduced water & sewer rates for all DSC water & sewer customers. | o Council will lose approx $110,000 ($260,000 less $150,000 in the first three years) in general rate revenue that will lead to a cut in Council services. |
| o Council & CT customers will have a reduced exposure level to cost over-runs with the CT Sewerage Scheme. | o The loss of this business will place Council at risk of an amalgamation or being split between neighbouring Councils, thus forcing a potential general rate increase. |
| o Greater ability of cost sharing and maintaining water & sewer rates at a serviceable level. | |
| o Water & sewer rate equity across the entire lower Hunter Valley. | |

Under option 3 being considered above, Hunter Water Corporation are suggesting that they can provide, in most cases, a significant reduction in rates to the customers, however this is because the assets are transferred to them at nil cost and in addition, Council has no financial interest in the operation so is not entitled to dividends. It is not surprising then that rates will be reduced if $9 million worth of water assets, $6.5 million worth of sewer assets, land and buildings of unknown value and approximately $2 million worth of cash reserves are transferred to Hunter Water Corporation’s ownership (balanced with approximately $367,000 debt in Water and $285,000 debt in sewer at present) with no compensation returned to Council or commitment from Hunter Water to providing Council with ongoing dividends. Hunter Water has also made it clear that their existing customer base will be used to partly subsidise the rates.
It may assist to provide Councillors with a brief understanding of the National Competition Policy principles.

In the past, many government business activities were able to obtain certain advantages over their private sector rivals as a result of their public ownership. These advantages included exemption from taxes, lower costs of finance due to government guarantees and exemption from regulations affecting private sector activity. Such advantages gave unfair advantage to government owned businesses and encouraged resources to flow to them regardless of their efficiency.

National Competition Policy (NCP) competitive neutrality principles aim to remove this unfair advantage. The principles also remove the impediment to efficient resource allocation that had arisen from the regulatory advantage of government owned businesses. They ensure these businesses face the same costs and commercial pressures that face their private sector competitors.

Clause 3 of the Competition Principles Agreement (Compendium of Competition Policy Agreements) obliges all Australian governments to apply competitive neutrality principles to the business activities of significant publicly owned entities where this is in the public interest. Clause 7 extends the obligation to local government.

Governments need not apply competitive neutrality principles to the non-business, not-for-profit activities of publicly owned entities.

Under the Competition Principles Agreement, governments should adopt a corporatisation model for government business enterprises and apply full taxes or tax equivalent payments, debt guarantee fees and private sector equivalent regulation. An essential element of the obligations is that government business activities, like their private sector counterparts, set prices that enable them to earn sufficient revenue to cover their costs, including the cost of capital.

In considering these issues, Council needs to also consider the issues facing the community from Hunter Water’s other commercial activity in the shire being the construction of the new Tillegra Dam. Both the dam and the option 3 proposal to take control of Council’s present water and sewerage business operations should be considered in light of the competitive neutrality principles described above.

In summary I would make the following points:

1. Council’s present water and sewerage assets have an economic value. They should not be given away, but should be either sold or transferred under an agreement for a permanent annual dividend to Council.
2. The availability of water and sewerage to a community allows that community to prosper. As such, water has a value that that community can put a price on. Similarly removal of water from one community to another transfers that prosperity from one location to another. Failure to recognise the value of the water results in that water being underpriced to the community in which it is supplied to. Under the competitive neutrality principles, the cost of removing water from a community should be recognised and paid for.
3. A reduction in pricing of water is the opposite effect to the DWE direction to ensure pricing acts as a demand management tool and is likely to result in higher water usage!
4. Under the competitive neutrality principles, any land occupied by Hunter Water either as part of the water and sewerage schemes or as part of the Tillegra Dam project should be rateable.

I don’t believe option 1 is a reasonable option at this stage and as such Council should be considering either options 2 or 3.
In the event that Council chooses to transfer its assets to the Hunter Water Corporation, some issues that Council may wish to consider negotiating (some are mutually exclusive) with Hunter Water Corporation on include:

1. A Hunter Water presence (shop front or similar) be maintained with permanent staff, in the main street of Dungog.
2. A perpetual dividend be paid to Council in recognition of the asset value transferred to Hunter Water at nil cost in the order of $150,000 pa and indexed annually.
3. The assets be transferred at a cost to Hunter Water
4. A further dividend linked to the proportion of water drawn from the shire from both the Chichester Dam and the proposed new Tillegra Dam be paid to Council annually. The value of the dividend to be determined to recognise the true value of water but to be not less than $0.01 / kL.
5. Hunter Water agree to pay rates on land occupied by them in accordance with competitive neutrality principles and in recognition of their good corporate citizenship despite legislation that may exempt them from this commitment.
6. That existing Water and Sewer staff be transferred to Hunter Water and are retained in the Dungog Shire LGA.
7. Representations be made to IPART in regard to other options that Hunter Water have advised couldn’t be considered at present.
8. That all negotiations with Hunter Water be done in light of the present direction of the NSW government and any negotiated dividends or contributions to local water utilities to come from the reform be included in agreements with Hunter Water.

**General Managers Comments:**

The decision which the Council has to make in relation to this matter is not easy. The community of Clarence Town has been pre-rated for sewerage since 1998/99 and there is a strong expectation that Council will deliver on the provision of this service, however they cannot afford $1250 pa.

To relinquish Council’s water and sewerage business operations, would impact upon our community both directly and indirectly. For Hunter Water to say that Dungog LGA is not within their area of operations has always been contentious when you think that Council purchase water from Hunter Water for the Dungog, Paterson and Clarence Town supplies and that there are further landholders within our Shire that purchase water direct from Hunter Water from the pipeline.

As mentioned previously to Councillors the sustainability of the Shire is at risk if the water and sewerage businesses are transferred to Hunter Water and whilst the payment offered by HWC for 3 years enables a period of transition, there still needs to be an income stream from Hunter Water back to the community either through a dividend or a set of community service obligations.

The councillors that attended the community meetings heard the opinions of the community and the range of matters that were raised, the responses to the survey are in some ways reflective of what my expectation of the results would be in view of where the savings to household incomes would be.

My major concern is that Council cannot afford to delay the construction of the Clarence Town Scheme any longer and the Council must reach a decision on this matter so that we can move the project forward one way or the other.

**RECOMMENDATION**

For Council determination.
5. ABELARD STREET - COUNCIL OWNED PROPERTY

54/1

Précis:

Reporting on the use of grazing land owned by Council at the end of Abelard Street, Dungog.

**********

Council has recently received two enquiries regarding leasing the newly acquired land at the end of Abelard Street. Council purchased the land some months ago and is leasing the house but had not made any arrangements at this stage for managing the balance of the land which consists of approximately 2.53 ha of grazing land.

Council is entitled to lease the land under the Local Government Act. The land is shown highlighted in the diagram below.

Two written submissions have been received from parties making general enquiries into leasing the land. The land is classified as Operational land and as such there is no requirement for Council to advertise its intention once a decision to lease has been made.

Submissions from Mr Barry Irwin and Mr Ron Turner for $200 and $220 per year respectively were received.

IMPLICATIONS

Financial

The two leases are within 10% of each other. The lease will return to Council approximately $220 per annum.
Statutory

There are no statutory implications in relation to operational land

Environmental

The site has been utilised for grazing in the past and continuation of this practice is not seen as been detrimental to the site.

Community

There are no community implications

Consultative

There has been no consultation on this matter. There is no requirement to advertise Council's intention to lease the land.

RECOMMENDATION

That Mr Turner be granted a grazing lease on lot 41 DP 875953 and lot 45 DP 884413 excluding the curtilage of the house yard.
PLANNING DEPARTMENT
MANAGER’S REPORT

Kristy Cousins

1. Thackray and Berg & Strathig Pty Ltd
   171/82/13 & 171/82/15

Précis:

Lodgement of two LEP Amendment - Vacant Holding applications.

**********

Background

Two Vacant Holding applications have been lodged for an LEP amendment under Dungog LEP 2006, for the purpose of the construction of a single dwelling on the subject land.

Neither applicant has lodged a Development Application for a dwelling simultaneously. A Development Application will need to be lodged after gazettal prior to the construction of the dwelling house.

**Property One**

Subject Land: Lot 15 DP 867716 No. 211 Wallarobba Brookfield Road, Brookfield
Area of Land: 5.39 ha
Zone: Rural 1(a)
Owner: GJ Thackray & LB Berg

**Property Two**

Subject Land: Lot 63 DP 628441 No. 576 Glen William Road, Glen William
Area of Land: 31.34 ha
Zone: Rural 1(a)
Owner: Strathig Pty Ltd

PURPOSE OF THE PLAN:

The Application proposes to amend the Dungog Local Environmental Plan 2006 by inserting the two allotments above into Schedule 1 – Vacant Holdings, to enable the erection of a single dwelling house.

**Property One – Wallarobba Brookfield Road**

Lot 15 DP 867716, No 211 Wallarobba Brookfield Road, Brookfield was created by a Council approved subdivision in 1997. The property is surrounded by similar size allotments with existing dwelling houses. The allotment slopes towards the road and is relatively clear of native trees.

This is one of the rural subdivisions which went through due process and were approved between 6 April 1990 and 1 July 1999. It has been anticipated that all these lots would have been built upon by the time the LEP 2006 was gazetted, however it has been discovered that this is not the case. As a result Council has resolved to alter the LEP to change the date in clause 27 (7) to 6 April 1990 being the gazettal date of the LEP 1990. The applicant would however like to proceed with the Vacant Holding application as it is hoped it will be a faster process than the other LEP Amendment.
Property Two – Glen William Road

Lot 63 is the residual allotment from a subdivision finalised in 1983. It is relatively flat grazing land with a frontage to Glen William Road. There is a minimal scattering of vegetation throughout the property, and three dams located around the site. The property is surrounded by rural and rural residential sized properties that currently have dwelling houses.

PLANNING INSTRUMENT
Dungog Local Environmental Plan 2006

Both properties comply with the Vacant Holding definition, being land zoned 1(a) Rural comprising a lot less than 60 hectares on which no dwelling house is currently located. As well as being the total area of all adjoining or adjacent land held in one ownership on the 1 July 2003.

Applications for properties to be nominated as Vacant Holdings must also demonstrate compliance with Clause 26.1 of the Dungog Local Environmental Plan 2006. The sections of this Clause are listed below in italics.

<table>
<thead>
<tr>
<th>Clause 26.1 – LEP 2006</th>
<th>Property One – Wallarobba Brookfield Rd</th>
<th>Property Two – Glen William Rd</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) any buildings or works resulting from carrying out the development will blend into the landscape to promote rural amenity and character, and not be silhouetted on a ridgeline in a rural area, particularly when seen from a public road.</td>
<td>The proposed building envelope is located on a high section of the property; however it is not on the ridgeline and will not be silhouetted as seen from the public road.</td>
<td>The proposed residential dwelling will not be located on a ridgeline or be easily seen from the public road.</td>
</tr>
<tr>
<td>(b) the design, bulk and colours of any such buildings will be compatible with the surrounding landscape, they are low buildings, and they are suitably screened from a public road.</td>
<td>The applicant has indicated that the building will be designed to blend into the landscape. This will be assessed when the DA for a dwelling house is lodged.</td>
<td>The applicant has indicated that the building will be designed to blend into the landscape. This will be assessed when the DA for a dwelling house is lodged.</td>
</tr>
<tr>
<td>(c) there will be no, or only minimal, removal of trees or significant areas of native vegetation in carrying out the proposed development, in obtaining access to its site, in drainage from it, or for bush fire hazard protection, unless the development is essential and there is no reasonable alternative.</td>
<td>There will be no removal of native vegetation required for this development. Removal of grasses will only occur on the actual house site and the transpiration area for the septic system, which will regrow after construction is completed.</td>
<td>There will be no removal of existing trees or native vegetation required for this development. Removal of grasses will only occur on the actual house site and the transpiration area for the septic system, which will regrow after construction is completed.</td>
</tr>
<tr>
<td>(d)</td>
<td>Adequate vehicular access can be provided and maintained to and on the site of the proposed development.</td>
<td>There is an existing entrance to the property. An access track will need to be constructed to the building envelope. This all weather access track will be located to ensure that they do not cross the gullies.</td>
</tr>
<tr>
<td>(e)</td>
<td>Adequate provision has been or will be made for any telecommunication and electricity services needed because of the proposed development.</td>
<td>Services are already available to the site.</td>
</tr>
<tr>
<td>(f)</td>
<td>If the development will be carried out on land that is flood prone, it will not be adversely affected by flood and will not exacerbate flood conditions elsewhere.</td>
<td>The proposed development site is not flood prone, however localised flooding may occur on the lower portions of the lot along the gullies.</td>
</tr>
<tr>
<td>(g)</td>
<td>The land to be used for development is stable, has a slope of less than 18°, and, if relevant, has minimal disturbance of sodic or dispersive soil.</td>
<td>The development site is stable with no visible land slippage or erosion. The Geotechnical report demonstrates that there are neither sodic nor dispersive soils at the site.</td>
</tr>
<tr>
<td>(h)</td>
<td>Where the development will result in the erection of dwellings, the dwellings have been or will be provided with an inner bush fire asset protection zone and any proposed buildings can be protected from bush fire hazard without creating any additional risk to life or property, fire-fighting personnel or equipment.</td>
<td>The property is not mapped as being bushfire prone. There is a small amount of scattered vegetation on the property and on adjacent properties.</td>
</tr>
<tr>
<td>(i)</td>
<td>Adequate buffers are provided to any existing or foreseeable future agricultural, intensive agricultural or extractive industry activities which could cause noise, smell, fumes, vibration, spray or other objectionable impacts.</td>
<td>The proposed dwelling will meet compliance with Council set back requirements and is located centrally on the lot and therefore would not be adversely affected by existing agricultural activities on surrounding rural land.</td>
</tr>
<tr>
<td>(j) adequate buffers are provided to places of Aboriginal heritage or endangered or threatened ecological communities.</td>
<td>No Aboriginal heritage sites nor endangered threatened habitats have been identified on the lot.</td>
<td>No Aboriginal heritage sites nor endangered threatened habitats have been identified on the lot.</td>
</tr>
<tr>
<td>(k) where relevant, appropriate measures have been taken to protect the amenity and comfort of the occupants of buildings near a rail corridor, or other existing or potential utility installations, from noise and vibration.</td>
<td>Not applicable.</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>(l) where the proposed development will result in the erection of a habitable building, either the building can be connected to a reticulated sewerage system, or it is in accordance with an effluent capability assessment (which takes into account hydrologic loading) demonstrating effective disposal of sewage.</td>
<td>The applicant has provided a Geotechnical report which demonstrates that there is sufficient area for adequate effluent disposal. The applicant has provided a Waste Treatment Device application which demonstrates that there is sufficient area for adequate effluent disposal.</td>
<td>The applicant has provided a Waste Treatment Device application which demonstrates that there is sufficient area for adequate effluent disposal.</td>
</tr>
<tr>
<td>(m) the quality of stormwater run-off from the site will not degrade water quality or the quality of groundwater supplies and complies with any environmental management plan required by Council.</td>
<td>The majority of storm water will be collected into a tank system for domestic use in the proposed dwelling. Excess stormwater from tank overflow will not affect the quality of ground water.</td>
<td>The majority of storm water will be collected into a tank system for domestic use in the proposed dwelling. Excess stormwater from tank overflow will not affect the quality of ground water.</td>
</tr>
<tr>
<td>(n) stormwater run-off from the site will not contribute to additional flooding downstream.</td>
<td>Any excess stormwater run-off will be directed into a natural gully and captured by an existing dam on the property. This site will be managed to ensure that it does not contribute to additional localised flooding.</td>
<td>This site will be managed to ensure that it does not contribute to additional localised flooding.</td>
</tr>
<tr>
<td>(o) any relevant harvestable water rights are protected or adequately assessed.</td>
<td>The maximum harvestable right of this property would be 0.5 of a Mega Litre; this is well in excess of the 0.04 Mega Litres captured by the existing dam on site.</td>
<td>The applicant calculated the maximum harvestable rights of the property to be 2.4 mega litres, well in excess of the .089 Mega Litres captured by the three existing dams on site.</td>
</tr>
</tbody>
</table>
(p) the development will not unduly lower the water table or disturb the soil so as to result in the creation of acid sulfate soil.

This proposal will not lower the water table and there are no potential acid sulfate soils on the site.

This proposal will not unduly lower the water table nor significantly disturb the soil.

(q) any impact of the development on biodiversity, and on native habitat on the land, is minimal.

Impact on biodiversity will be minimal, as the house site requires no tree removal or clearing for asset protection zones. The site has been heavily disturbed due to past activities.

Impact on biodiversity will be minimal, as the house site requires no tree removal or clearing for asset protection zones. The site has been heavily disturbed due to past activities.

Delegations:

In February 2006 the Department of Planning revoked NSW Council’s delegations to exhibit LEP amendments and therefore Council is required to notify the Department of Planning (under section 54(4) of the *Environmental Planning and Assessment Act 1979*) of Council’s decision to prepare a Draft Local Environmental Plan to amend LEP 2006.

The Department of Planning will determine if Council can use delegations under Section 65 and Section 69 of the *EP & A Act 1979*.

The Department of Planning have also advised that they would like Council to consider addressing additions to Schedule 1 of the LEP in one amending instrument per year. Whilst Council is not supportive of this approach as it will lead to unnecessary delays to Vacant Holding applications, Council will group the applications where possible to reduce the number of applications being referred to the Department of Planning.

Summary:

The two applicants have demonstrated compliance with clause 26.1 of the Dungog Local Environmental Plan 2006 can be achieved on the subject properties with minimal disturbance to the natural environment.

It is recommended that Council support the insertion of these two properties into the Vacant Holding Schedule.

**RECOMMENDATION**

1. Pursuant to Section 54(1) of the Environmental Planning and Assessment Act 1979, Council resolve to prepare a Draft Local Environmental Plan to insert Lot 15 DP 867716 No. 211 Wallarobba Brookfield Road, Brookfield and Lot 63 DP 628441 No. 576 Glen William Road, Glen William into Schedule 1 – Vacant Holdings to enable the construction of a single dwelling house.

2. Pursuant to Section 54(4) of the Environmental Planning and Assessment Act 1979, Council inform the Director General of the decision to prepare the draft Local Environmental Plan.

3. Pursuant to Section 62 Council consult with the relevant public authorities or bodies.
2. TILLEGRA DAM

Précis:

Planning Studies Update

*******

Last month preliminary community consultation was undertaken involving workshops in Dungog, Paterson, Gresford and Clarence town. In addition, workshops were held in Dungog for the Chamber of Commerce, Tourist Operators and the Shires Business community. A final workshop was held on Saturday afternoon to provide opportunity for those that could not attend weekday workshops.

The workshops were facilitated by Bronwyn Seiden and Jenny Rand. Although the attendances were in some cases quite small, the results were excellent. A workshop summary paper outlining issues raised by the community will be available in the near future and copies will be distributed to Councillors for their information. The final report will be a part of the studies being undertaken by Planning Workshop on Council's behalf.

RECOMMENDATION

That the information be noted.
3. STRATEGIC PLANNING UPDATE

171/64

Lisa Schiff

Précis:

There are at present a number of strategic planning applications being processed.

1. Rezoning applications

<table>
<thead>
<tr>
<th>Lot &amp; DP</th>
<th>Owner</th>
<th>Consultant</th>
<th>Proposal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 1 DP 120166, 1160 Limeburners Creek Road, Clarence Town</td>
<td>L &amp; V Tomkins</td>
<td>Asquith &amp; DeWitt</td>
<td>Rural Lifestyle 1(l) and 7(a) Environment Rezoning and subdivision.</td>
<td>Forwarded to the Director General with a recommendation the application proceeds to gazettal.</td>
</tr>
<tr>
<td>Lot 1 DP 964046, Limeburners Creek Road, Clarence Town</td>
<td>M Jones</td>
<td>Asquith &amp; DeWitt</td>
<td>Rural Lifestyle 1(l) and 7(a) Environment Rezoning and subdivision.</td>
<td>Processing application, to be placed on public exhibition when issues raised under s62 consultation resolved.</td>
</tr>
<tr>
<td>Lot 22 DP 775681, Fotheringay Road, Clarence Town</td>
<td>Dillon, Kearney &amp; Irwin</td>
<td>Palmer Bruyn</td>
<td>Rural Lifestyle 1(l) and 7(a) Environment Rezoning and subdivision.</td>
<td>Combined with M Jones Application - Information has been received. To be placed on exhibition when Jones amendment is resolved.</td>
</tr>
<tr>
<td>Lot 122 DP 706044, 989 Gresford Road, Vacy</td>
<td>Vacy Joint Venture</td>
<td>HDB Town Planning &amp; Design</td>
<td>Rural Lifestyle 1(l) Rezoning and subdivision.</td>
<td>Reported to this Council Meeting for recommendation to proceed to requesting a Section 65 Certificate to exhibit.</td>
</tr>
<tr>
<td>Por 195, 196 &amp; 197 DP 752497, Woerdens Road, Clarence Town</td>
<td>R &amp; R Thompson</td>
<td>CoePlan Consultants</td>
<td>Rural Lifestyle 1(l) Rezoning and subdivision.</td>
<td>Being reviewed by Council staff. Awaiting additional information from the applicant.</td>
</tr>
<tr>
<td>Por 65 DP 753216, Lot 25 DP 1007844, Lot 162 DP 1087653, Lot 1262 and 1263 DP 1099773, Limeburners Ck Rd, Clarence Town.</td>
<td>Barrington Tops Development P/L</td>
<td>Palmer Bruyn</td>
<td>Rural Lifestyle 1(l) Rezoning</td>
<td>Waiting on information from the applicant. Issues with the CMA to be resolved.</td>
</tr>
<tr>
<td>Lot 32 DP 1068717, Common Road Dungog</td>
<td>Covercopy P/L</td>
<td>Covercopy P/L</td>
<td>4(a) Employment Rezoning.</td>
<td>Deferred at the March Meeting of Council pending further consultation.</td>
</tr>
<tr>
<td>Lot 1 DP 995064, 263 Martins Creek Road, Paterson</td>
<td>Brisbane Grove Rural P/L</td>
<td>Brisbane Grove Rural P/L</td>
<td>Rural Lifestyle 1(l) and Rural 1(a) Rezoning</td>
<td>Section 54(4) has been forwarded to the Dept of Planning Rezoning Panel.</td>
</tr>
</tbody>
</table>
Ordinary Meeting of the Council of the Shire of Dungog, to be held Tuesday 16 October 2007 commencing 6.00pm.

<table>
<thead>
<tr>
<th>Lot number</th>
<th>Address</th>
<th>Developer</th>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 1 DP 190456, 50 Summerhill Road, Vacy</td>
<td>Abrochild P/L</td>
<td>HDB Town Planning &amp; Design</td>
<td>Rural Lifestyle Rezoning and subdivision</td>
<td>Section 54(4) has been forwarded to the Dept of Planning Rezoning Panel.</td>
</tr>
<tr>
<td>Lot 1 DP 872717, 4397 Clarence Town Road, Dungog</td>
<td>P &amp; S Graham</td>
<td></td>
<td>Vacant Holding</td>
<td>Waiting for contaminated land assessment from the applicant.</td>
</tr>
<tr>
<td>Lot 15 DP 867716, 211 Wallarobba Brookfield Road, Brookfield</td>
<td>G Thackray &amp; L Berg</td>
<td>Tattersal Surveyors</td>
<td>Vacant Holding</td>
<td>Being reported to this Council Meeting</td>
</tr>
<tr>
<td>Lot 52 DP 1089481, 734 Gresford Road, Vacy</td>
<td>Cornish Group P/L</td>
<td>HDB Town Planning &amp; Design</td>
<td>Rural Lifestyle 1(l) Rezoning</td>
<td>Being reviewed by staff</td>
</tr>
<tr>
<td>Lot 63 DP 628441, 576 Glen William Rd Glen William</td>
<td>Strathig Pty Ltd</td>
<td>H Den Ouden</td>
<td>Vacant Holding</td>
<td>Being reported to this Council Meeting.</td>
</tr>
<tr>
<td>Dungog Council</td>
<td></td>
<td></td>
<td>Elimination of the 9(a) Transition Zone</td>
<td>Section 54(4) Report has been forwarded to the Dept of Planning Rezoning Panel.</td>
</tr>
</tbody>
</table>

Council had previously been advised by the Hunter Region Team Leader of NSW Planning that they would continue to support rezoning applications that were lodged prior to the Council resolution to prepare the Transition zone LEP Amendment provided that they are consistent with the Transition Zone Amendment mapping prepared.

The Department of Planning’s LEP Review Panel have recently advised that they will not support separate amendments to the Dungog LEP 2006. They state that “the Transition Zone LEP that is with the Department for consideration is a strategic and collective approach is the more appropriate method of dealing with these matters. The Council is encouraged to work closely with the Departments Regional Team to finalise the Transition zone LEP as quickly as possible.”

It is not considered reasonable to delay the processing of the applications that have been lodged and are consistent with the draft mapping, particularly when they have spent a considerable amount of money on the studies to demonstrate that the property is suitable for a rezoning. Staff are currently preparing a submission to the Department of Planning in relation to this matter.

RECOMMENDATION

That the report be received and the information noted.
4. LITIGATION REPORT
171/60

Précis:
Reporting on Planning Legal Costs in relation to litigation matters.

**********

At present there are no Appeals pending in the Land & Environment Court however Council is preparing a Class 4 action in the Land & Environment Court in relation to the unauthorised extractive industry located in Count Street Paterson.

IMPLICATIONS

Financial (Manager Finance’s Commentary)

Although the litigation report deals only with those matters which are or have been the subject of litigation action primarily through the Land & Environment Court, the source of funds for such action is the planning legal costs allocation within the Management Plan 2007-2010. This budget allocation is utilised for all planning related legal costs including advice and professional services, with expenses incurred in the year for advice on regulation of extractive industries, draft Section 94 Plan and the RSA Quarry at Martins Creek.

The planning legal budget is $25,000 for the 2007/08 financial year and at the date of this report expenditure totalled $2,837 (including those items in the litigation report).

RECOMMENDATION

That the report be received and noted.
### LITIGATION REPORT – CURRENT MATTERS AS AT 30 SEPTEMBER 2007

<table>
<thead>
<tr>
<th>NAME</th>
<th>MATTER DESCRIPTION</th>
<th>DECISION</th>
<th>CURRENT STATUS</th>
<th>COSTS F/Y ENDING 2008</th>
<th>COSTS ACTUAL TO DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PJ EVANS</td>
<td>DA 209/06</td>
<td>Class 4 Proceedings</td>
<td>Refusal</td>
<td>Court Hearing Pending</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Refusal Class 4</td>
<td>$1234.00</td>
<td>$15,913.53 (Sparke Helmore)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Proceedings</td>
<td>Paid</td>
<td>$809.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Unpaid</td>
<td>425.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>$1234.00</td>
</tr>
</tbody>
</table>
Development Consent has been granted to the following development applications under delegated authority for the month of September 2007.

<table>
<thead>
<tr>
<th>DA</th>
<th>TPA (3250/11)</th>
<th>Lot 93 DP 874159 No 162 Parsons Road, Clarence Town. Modification to Dwelling. Approved subject to conditions 20 September 2007.</th>
</tr>
</thead>
<tbody>
<tr>
<td>DA 100/06</td>
<td>TPA 1444/2</td>
<td>Pt Lot 38 DP 753139 No 319 Wangat Trig Road, Bandon Grove. Dwelling. Approved subject to conditions 20 September 2007.</td>
</tr>
<tr>
<td>DA 130/06</td>
<td>TPA 2622</td>
<td>Lot 1 DP 742930 No 355 Cross Keys Road, Mt Rivers. Dwelling. Approved subject to conditions 10 September 2007.</td>
</tr>
<tr>
<td>DA 120/07</td>
<td>TPA 42</td>
<td>Lot 5 Section 2 DP 758250 No 19 Grey Street, Clarence Town. Change of Use - Cafe. Approved subject to conditions 14 September 2007.</td>
</tr>
<tr>
<td>DA 126/07</td>
<td>TPA 1382/2</td>
<td>Lot 452 DP 865524 No 802 Gresford Road, Vacy. Dwelling and Retail Building. Approved subject to conditions 24 September 2007.</td>
</tr>
<tr>
<td>DA 129/07</td>
<td>TPA 2381</td>
<td>Lot 3 DP 10748 No 844 Glen Martin Road, Glen Martin. Dwelling. Approved subject to conditions 5 September 2007.</td>
</tr>
<tr>
<td>DA 132/07</td>
<td>TPA 403</td>
<td>Lot 1 DP 782703 No 16 Dowling Street, Dungog. Additions to Existing Dwelling and Garage. Approved subject to conditions 21 September 2007.</td>
</tr>
<tr>
<td>DA 134/07</td>
<td>TPA 2331/45</td>
<td>Portion 5 DP 753176 No 50 Old Pinebrush Road, Glen William. Additions to Existing Dwelling and Garage. Approved subject to conditions 5 September 2007.</td>
</tr>
<tr>
<td>DA 135/07</td>
<td>TPA 3267/32</td>
<td>Lot 32 DP 789514 No 3517 Clarence Town Road, Brookfield. Deck. Approved subject to conditions 5 September 2007.</td>
</tr>
<tr>
<td>DA 139/07</td>
<td>TPA 2343/01</td>
<td>Lot 34 DP 713992 No 9 Punchs Road, Glen Martin. New Dwelling and Demolition of Existing Dwelling. Approved subject to conditions 18 September 2007.</td>
</tr>
<tr>
<td>DA 141/07</td>
<td>TPA 1944/1</td>
<td>Lot 1 DP 1086751 No 297 Lewinsbrook Road, Lewinsbrook. Inground Swimming Pool. Approved subject to conditions 4 September 2007.</td>
</tr>
<tr>
<td>DA 142/07</td>
<td>TPA 3261/11</td>
<td>Lot 15 DP 848262 No 623 Glen William Road, Glen William. Rural Shed. Approved subject to conditions 3 September 2007.</td>
</tr>
<tr>
<td>DA 143/07</td>
<td>TPA 347</td>
<td>Lot 1 Section 41 DP 758366 No 58-76 Abelard Street, Dungog. Shed/Pavilion. Approved subject to conditions 17 September 2007.</td>
</tr>
<tr>
<td>DA 144/07</td>
<td>TPA 2994/00011</td>
<td>Lot 1 DP 62789 No 27 Fotheringay Road, Clarence Town. Dwelling. Approved subject to conditions 10 September 2007.</td>
</tr>
<tr>
<td>DA 147/07</td>
<td>TPA 2954/1</td>
<td>Portion 48 DP 752497 No 2641 Clarence Town Road, Clarence Town. Extensions to Existing Dwelling. Approved subject to conditions 21 September 2007.</td>
</tr>
<tr>
<td>DA 148/07</td>
<td>TPA 2964/07</td>
<td>Lot 812 DP 790572 No 373 Woerdens Road, Clarence Town. Pergola. Approved subject to conditions 20 September 2007.</td>
</tr>
<tr>
<td>DA 150/07</td>
<td>TPA 1553/25</td>
<td>Lot 14 DP 242210 No 73 Merchants Road, Martins Creek. Rural Shed. Approved subject to conditions 17 September 2007.</td>
</tr>
<tr>
<td>DA 152/07</td>
<td>TPA 1141/1</td>
<td>Lot 1 DP 1003384 No 4 Main Street, Paterson. Garage. Approved subject to conditions 20 September 2007.</td>
</tr>
<tr>
<td>DA 154/07</td>
<td>TPA 2597/1</td>
<td>Lot 2 DP 835100 No 1821 Paterson River Road, Lostock. Toilet Block. Approved subject to conditions 20 September 2007.</td>
</tr>
<tr>
<td>-----------------</td>
<td>---------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>(TPA 1322/11)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DA 161/07</td>
<td>Lot 1 DP 654400 No 21 Cemetery Road, Tabbil Creek. Shed. Approved subject to conditions 26 September 2007.</td>
<td></td>
</tr>
<tr>
<td>(TPA 384)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RECOMMENDATION

That the report be received and the information noted.

L J Schiff
MANAGER - PLANNING
ENVIRONMENTAL SERVICES DEPARTMENT
MANAGER’S REPORTS

1. SUPPLEMENTARY STATE OF THE ENVIRONMENT REPORT

171/30

Précis:

This report provides for Council Consideration the 2006/2007 Supplementary State of the Environment Report.

**********

INTRODUCTION

The NSW Local Government Act 1993 (Section 428 (2)(c)) requires all Local Government Councils to produce an Annual State of The Environment (SoE) Report. The first SoE report of a Council for financial year ending after each election of the councillors must be a comprehensive SoE Report. The most recent comprehensive report was produced in 2004.

The SoE Report for 2007 is a supplementary report and is provided under separate cover AS Attachment 1 to this report.

STATE OF THE ENVIRONMENT REPORTING

A State of the Environment Report summarises information about the condition of the environment, pressures the environment is subject to and measures taken to alleviate those pressures. It outlines what is being done to address adverse impacts and whether those actions are successful in delivering results.

This report is structured into several environmental sectors in accordance with the Local Government Act.

These are:

- LAND
- AIR
- WATER
- BIODIVERSITY
- NOISE
- WASTE
- HERITAGE

For each sector the report provides:

1. A local setting for each of the identified environmental sectors.
2. A list of pressures that can impact on these sectors.
3. Available indicators that provide a measure of potential pressures or the changing condition of that sector.
4. A list of ongoing programs and a list of new initiatives by Council to improve conditions in that sector of the environment.

Note: Other authorities, property owners and community based groups carry out significant environmental work in the Shire. The supplementary nature of this report means that only
Council based initiatives will be included here. For details of non Council initiatives in the various environmental sectors refer to the Dungog Shire Comprehensive State of the Environment Report 2004.

IMPLICATIONS

Financial

There are no financial implications to this report.

Statutory

As stated above, completion of the SoE and its inclusion in Council’s Annual Report is a requirement of Section 428 (2) (c) of the NSW Local Government Act 1993).

Environmental

State of the Environment Report provides a summary of conditions within the local environment. It also outlines what is being done to address adverse impacts and whether those actions are successful in delivering results.

Community

The SoE will be available for comment from the community and will be included on Council’s web site with previous reports.

Consultative

Consultation has occurred with the Hunter Central Coast ReMS group and various members of Council Staff.

RECOMMENDATION

That the report be received and the information noted.
2. ON-SITE SEWAGE MANAGEMENT STRATEGY

Précis:

This report is to provide a review of Councils Onsite Sewage Management Program and to recommend that Council Staff develop a new Onsite Sewage Management Strategy to provide guidelines and policy for the future management of these systems.

BACKGROUND ON-SITE SEWAGE MANAGEMENT STRATEGY

In 2000 Sec 68 of the Local Government Act was amended to the effect that all septic systems would require Council approval at the installation stage and an additional ongoing approval to operate throughout the working life of all small scale and domestic systems. The Regulations of the Act also required that Councils develop a Strategy to implement these changes and to provide policy and guidelines for the ongoing management of these systems.

In response to this legislation Dungog Shire Council developed and adopted an On-site Sewage Management Strategy (OSMS) in 2001 and employed an Environmental Health Officer and Clerical Officer whose primary roles were to implement the recommendations of this strategy.

All owner/operators of septic systems were issued with the required approval to operate in 2001 and inspections commenced for all systems in the Shire outside the proposed to be sewered area of Clarence Town.

In July 2007 Council staff completed the initial inspection of the 2580 scheduled properties (with follow up 2982 inspections in total).

In accordance with the adopted Strategy septic systems were classified according to risk; systems with effluent discharging or ponding on the ground are classed as high risk failing, high risk systems are those within environmentally sensitive areas (waterways) or showing obvious signs of stress, medium risk systems were operating effectively at the time of inspection but still pose a significant risk due to site conditions or may fail if there were a change in the number of people using the system and low risk are those operating at an acceptable standard.

The results of these inspections are provided in Table 1.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Fail</td>
<td>579</td>
<td>22.5</td>
</tr>
<tr>
<td>High</td>
<td>384</td>
<td>15</td>
</tr>
<tr>
<td>Medium</td>
<td>694</td>
<td>27</td>
</tr>
<tr>
<td>Low</td>
<td>869</td>
<td>33.5</td>
</tr>
<tr>
<td>Pending</td>
<td>54</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2580</td>
<td>100</td>
</tr>
</tbody>
</table>

Of the 2580 systems inspected in the shire, 37.5% were classified as high fail/high risk systems. This figure can be further broken down to a 40% in the village areas and a 36% in rural areas.

Having completed the initial round of inspections, Council is now in a position to consider the results and use these to develop a new strategy.
It should be noted however that although failure rates are relatively similar in the rural and village areas, the site conditions and options available to remediate failing systems vary greatly between the two. The last five years of inspections have highlighted the need to develop different management policies and guidelines for village and rural areas.

These findings are discussed briefly below

**ON-SITE EFFLUENT DISPOSAL IN THE VILLAGE AREAS**

In October 2003 Council was advised that initial inspections of sewage management systems in the villages of Paterson, East Gresford, Gresford, Martins Creek and Vacy revealed 150 or 40% of a total of 375 systems were classified as High Risk or Failing. East Gresford and Paterson had the highest rate of 61% and 37% respectively (refer Table 2).

<table>
<thead>
<tr>
<th>VILLAGE</th>
<th>RISK CATEGORY OF SEWAGE SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High Failing</td>
</tr>
<tr>
<td>Paterson</td>
<td>45</td>
</tr>
<tr>
<td>East Gresford</td>
<td>64</td>
</tr>
<tr>
<td>Gresford</td>
<td>8</td>
</tr>
<tr>
<td>Vacy</td>
<td>3</td>
</tr>
<tr>
<td>Martins Ck</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>135</td>
</tr>
</tbody>
</table>

The majority of failing systems in village areas are a result of undersized or non-existent disposal fields.

In accordance with the adopted OSMS, where a septic systems is identified as failing or high risk, its owners are required to carry out appropriate repairs or upgrades. Upgrading failing septiccs in village areas however is problematic and options for on-site disposal are limited given the small average block size (many around 700 sq metres), with shallow soils and a reticulated water supply.

With such a high failure rate in the villages, Council adopted an Interim Management Strategy for Village Systems to allow alternatives to onsite disposal to be investigated. The Interim Strategy aimed to manage failing village systems and reduce the impact on public health and the environment while alternatives were investigated. Management strategies included reducing water consumption (eg low-flow shower rose, dual flush cistern), improving effluent quality (outlet filters, desludging where required) and householder education.

Following the adoption of this strategy, Council held a number of community meetings in 2004 to discuss the options for effluent disposal in the village areas. The outcome from these meetings was that staff pursue provision of a mains reticulated sewerage system for the shire villages before requiring an upgrade of failing systems.

A review of the Small Town Sewerage Scheme that provides State Government funding for village reticulated mains style systems was carried out in 2006. As part of the review all towns waiting for consideration under this scheme were reassessed and prioritised. The result of this review process was that Dungog Shire villages (other than Clarence Town) were given a low priority and will not be funded in the foreseeable future.

With reticulated sewer no longer an option, Council now needs to reconsider the alternatives for the long term disposal of effluent in its village areas.
ON SITE EFFLUENT DISPOSAL IN RURAL AREAS

As identified previously, 36% of septics in rural areas are high risk or high fail. The high failure rate in rural areas can generally be attributed to the large proportion of older systems that have not been properly maintained or disposal areas that were not designed for the amount of waste water being generated from the premises today.

Many septic systems in rural areas do not have transpiration areas at all and dispose of effluent directly from a pipe into an adjoining paddock. These systems in most cases pose an obvious threat to the health of the occupants and neighbours and given their large number, pose a significant threat to local waterways during prolonged or high rainfall periods.

As most properties in rural areas are not constrained by a lack of available land to meet current effluent disposal requirements, the remediation of these systems can be achieved using commonly available technology in accordance with the processes identified in Council’s current On-site Sewage Management Strategy.

Under this strategy in rural areas where a system is identified as high or high fail, property owners are asked to contract a plumber and carry out work within twelve months of the first inspection. At the end of this period, if work has not been completed, orders under the Local Government Act are issued, generally with a six month time frame.

Given the significant cost of upgrading or replacing failing systems, Council staff in most cases have been able to negotiate on reasonable timeframes to have the required work completed. Many systems identified in the first round of inspections have now been upgraded to a satisfactory standard.

Since finalising the initial round of inspections Council has commenced follow up inspections on the high / high fail systems in rural areas.

WHERE TO FROM HERE

With the initial round of inspections completed, Council needs to review its On-site Sewage Management Strategy. The objectives of the review will be to provide guidelines and policy for the future management and monitoring of all septic systems in light of the findings of the past five years.

In particular the new strategy will need to outline processes for dealing with failing systems in both the village and rural areas, identify the ongoing level of monitoring required in these areas and the required staff resources to implement the new strategy and to set fees and charges for both the approval to operate and inspection components.

Given the identified constraints in the village areas and the high cost of upgrading existing systems, Council staff will need to be consistent in the application of any management strategy and provide reliable advice on a range of sustainable and economically achievable options. To assist in the development and application of a new OSMS it is also a recommendation of this report that Council commission a detailed study in the village areas to investigate existing conditions and identify the various options available for the treatment and disposal of effluent particularly where the geology and limited area restricts the long term use of conventional systems.

IMPLICATIONS

Financial

The strategy will be developed in house by Council Staff. The recommended options study for effluent disposal in the village areas however will need to be completed by consultants at an estimated cost of $50,000-$80,000. It is hoped to access funding for this study through the various grants programs available
Statutory

The statutory requirements for approving septic systems and developing an On-site Sewage Management Strategy are contained in Sec 68 of the Local Government Act, supporting regulations and the On-site Sewage Management Guidelines for Domestic Premises.

Environmental

The failure of septic systems and inappropriate disposal of effluent can lead to significant public and environmental health impacts.

Community

The community will benefit from the availability of effective and consistent guidelines for the management and monitoring of septic systems.

Consultative

Consultation will be an important part in the development of any new strategy. It is anticipated that the On-site Wastewater Management Advisory Group will reform to review the strategy and a draft will be available for community consideration and submissions.

RECOMMENDATION

1. That Council Staff review the On-site Sewage Management Strategy and provide a new Draft Strategy for further consideration by Council.

2. That Council Staff investigate funding opportunities to provide a detailed assessment of conditions within the village areas and a report on sustainable options for wastewater management in these areas.
3. NOXIOUS WEEDS REPORT

Précis:

Reporting on Noxious Weeds Program for the period 1st July to 30th September 2007

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PROPERTY INSPECTIONS.

During July, and early August property inspections were carried out along the Paterson River, between Gresford and Paterson. These inspections were for all declared noxious weeds but mainly targeted Giant Parramatta Grass, Green Cestrum, and Blackberry. Landholders were informed of their legal obligations and responsibilities in regard to the Noxious Weeds Act, if declared weeds were found.

Ninety-seven properties were inspected over this period with advice on the control options available given if required.

SPRAY OPERATIONS
Mother of millions

Mother of millions was treated with GRASON DS in late July and early August, with good results. Forty-five sites were inspected and treated along shire roadsides & reserves.

Giant Parramatta Grass

Giant Parramatta Grass was treated with FLUPROPAANATE in September along shire roadsides. Treatment has been carried out along the Salisbury Road, Allyn River Road, & Gresford Road between Vacy and Paterson. [Approximately 30 kms both sides] Spraying has also commenced along the Paterson River Road in the Lostock area and downstream, and will continue in early October.

MEETINGS AND TRAINING

On the 8th of August the Weeds Officer attended a Weeds Officers meeting, [Operational] at Gosford, [Kariong fire services depot] General business & reports from regional coordinators and other council officers were tabled and discussed.

A very informative session on Bridal Creeper [Bio control] was presented by the CSIRO followed by a look at field trial plots in the Gosford area.

The Weeds Officer will also be attending the 14th Biennial NSW Weeds Conference [Weeds, People & Partnerships], at the University of Wollongong in late September 2007. A Report on the Conference proceedings will be in the next Quarterly report.

IMPLICATIONS

Financial

There are no financial implications to this report. The Noxious Weed Program is currently operating within budget forecast for 2006/2007.

Statutory

There are no statutory implications to this report.

Ordinary Meeting of the Council of the Shire of Dungog, to be held Tuesday 16 October 2007 commencing 6.00pm.
Environmental

Noxious weeds can have a significant impact on our environment. An effective inspection and eradication program will maintain property owners’ awareness of noxious weeds and help reduce their impact. Council’s noxious weed operator inspected 409 properties in 2006/2007 and 97 individual properties in the last quarter.

Community

Communities benefit from effective noxious weed management through improvements in land productivity, amenity and local environment. Ongoing advice is provided through the inspection process.

Consultative

There is ongoing consultation with other Councils and authorities through quarterly regional meetings.

RECOMMENDATION

That the report be received and the information noted.