

Business Paper

EXTRAORDINARY COUNCIL MEETING
28 June 2012



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MEETING NOTICE

The **EXTRAORDINARY COUNCIL MEETING**
of **Wyong Shire Council**
will be held at the **Gosford Regional Gallery and Arts Centre,**
36 Webb Street, East Gosford on
THURSDAY 28 JUNE 2012 at 7.00 pm,
for the transaction of the business listed below:

OPENING PRAYER

ACKNOWLEDGEMENT OF COUNTRY

RECEIPT OF APOLOGIES

1 PROCEDURAL ITEMS

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3 CONFIDENTIAL ITEMS

- 3.1 Central Coast Water Corporation Board - Statement of Corporate Intent

At the conclusion of the meeting and at the discretion of the Mayor, Council may meet with staff in an informal, non-decision making mode for a period of no more than 30 minutes.

Michael Whittaker
GENERAL MANAGER

1.1 Notice of Intention to Deal with Matters in Confidential Session

TRIM REFERENCE: F2012/00026 - D03045937

MANAGER: Lesley Crawley, Manager Corporate Governance

AUTHOR: Monica Redmond; Councillor Services Officer

SUMMARY

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

The Local Government Act, 1993 requires the General Manager to identify those matters listed on the business paper which may be categorised as confidential in terms of Section 10A of the Local Government Act, 1993.

RECOMMENDATION

- 1 That Council consider the following matters in Confidential Session, pursuant to Sections 10A(2)(d), (i) and (ii) of the Local Government Act 1993:**

Report no 3.1 Central Coast Water Corporation - Statement of Corporate Intent
- 2 That Council note considering item 3.1 in confidential session is the reports require commercial discussion and agreement with another party (Gosford City Council) before they can be presented for Wyong Shire Council's endorsement.**
- 3 That Council note the reason for considering item 3.1 in confidential session is that it would confer a commercial advantage on a competitor of the Council.**
- 4 That Council request the General Manager to report on this matter in open session of Council.**

Note: Explanation - Section 10A of the Local Government Act 1993 states:

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

2(b) the personal hardship of any resident or ratepayer,

2(c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business,

2(d) commercial information of a confidential nature that would, if disclosed:

(i) prejudice the commercial position of the person who supplied it, or

(ii) confer a commercial advantage on a competitor of the Council, or

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

- (iii) reveal a trade secret,*
- 2(e) information that would, if disclosed, prejudice the maintenance of law,*
- 2(f) matters affecting the security of the Council, Councillors, Council staff or Council property,*
- 2(g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege,*
- 2(h) information concerning the nature and location of a place or an item of Aboriginal significance on community land.”*

1.2 Disclosures of Interest

TRIM REFERENCE: F2012/00026 - D03046223

MANAGER: Lesley Crawley, Manager Corporate Governance

AUTHOR: Monica Redmond; Councillor Services Officer

The provisions of Chapter 14 of the *Local Government Act, 1993* regulate the way in which Councillors and nominated staff of Council conduct themselves to ensure that there is no conflict between their private interests and their public trust.

The Act prescribes that where a member of Council (or a Committee of Council) has a direct or indirect financial (pecuniary) interest in a matter to be considered at a meeting of the Council (or Committee), that interest must be disclosed as soon as practicable after the start of the meeting and the reasons for declaring such interest.

As members are aware, the provisions of the Local Government Act restrict any member who has declared a pecuniary interest in any matter from participating in the discussions, voting on that matter, and require that member to vacate the Chamber.

Council's Code of Conduct provides that if members have a non-pecuniary conflict of interest, the nature of the conflict must be disclosed. The Code also provides for a number of ways in which a member may manage non pecuniary conflicts of interest.

RECOMMENDATION

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

2.1 Proposed Legal and Governance Framework for Shared Services - Gosford City Council and Wyong Shire Council

TRIM REFERENCE: F2004/08792-02 - D03044177

MANAGER: Michael Whittaker, General Manager

AUTHOR: Stefano Laface; Executive Manager to the General Manager

SUMMARY

The Council is asked to consider the adoption of a *Strategic Alliance model to facilitate the initial stages of the implementation of the Joint Service Business ("JSB")*.

The Strategic Alliance model provides Council with an interim framework to facilitate the implementation of a JSB. Whilst, this is an interim arrangements pending further investigations into an appropriate final model. The model proposed to Council ensures job security and has been developed with consultation of the Unions.

RECOMMENDATION

- 1 That Council adopt the Interim Strategic Alliance model to facilitate the initial stages of the implementation of the JSB.**
- 2 That Council note that the Interim Strategic Alliance Legal and Governance Framework is to ensure:-**
 - a Continued Job Security in accordance with the legislative requirements of the Central Coast Water Corporation Act 2006 (NSW) and the resolutions of the two Councils.**
 - b Continued ownership of the assets by the Central Coast Community**
 - c Capture and share knowledge and innovation**
 - d Connect Councils in maximising service delivery opportunities to meet common community needs**
 - e Access economies of scale**
 - f Reduce costs through the elimination of duplication**
- 3 That Council direct the General Manager to enter into a Memorandum of Understanding with Gosford City Council and the Unions for the Interim Strategic Alliance Framework herein called the 'Central Coast Corporation Alliance'.**

- 4 ***That the Council endorse a study tour consisting of the General Manager and four (4) staff from each Council be undertaken to review the jointly owned corporate entities that have been successfully developed by Auckland and Bay of Plenty Councils in New Zealand.***
- 5 ***That Council note that a detailed report will then be presented to both Councils in mid 2013, detailing progress to date, the implementation progress of the interim Strategic Alliance model and progression towards a long term preferred legal and governance models for the JSB once fully established in July 2017.***

This report will include the following:-

- a ***Current update in respect of the Strategic Joint Alliance***
- b ***Clarification of Key Performance indicators.***
- c ***Key Dates and Responsibilities for various models***
- d ***Alternate legal and governance frameworks for Council's consideration and progress for a preferred long term legal and governance frameworks for Council's consideration.***
- 6 **That the Mayor and General Manager meet with the Division of Local Government together with the Mayor and General Manager of Gosford City Council to seek funding assistance of approximately \$250,000 for the development and implementation of a preferred legal & governance framework for the Joint Services Business.**

BACKGROUND

Gosford City Council and Wyong Shire Council ("the Council's") have been working together to provide the Central Coast Community with a joint water supply system and shared constructions, operation and maintenance for joint assets since 1977.

In 2004, the Council's began discussions with the NSW State Government to investigate alternate structures and models which would assist in providing better services to the Central Coast Community. As a result of these discussions, in 2006, the Central Coast Water Corporation Bill 2006, was introduced to Parliament, which in essence, paved the way for the establishment of a single water supply entity on the Central Coast. The Central Coast Water Corporation Act 2006 (NSW) was assented on 27 November 2006 and provided a legislative framework for the Councils to establish the Central Coast Water Corporation.

On 9 August 2010, a Memorandum of Understanding was executed by the Council's and the Minister for Water providing control to the Council's to further develop the CCWC.

The Council's, engaged Price Waterhouse Coopers ("PWC") to undertake a cost benefit analysis which proposed models for the implementation of the Central Coast Water Corporation which were presented to both Council's for endorsement on 31 May 2012.

At the extraordinary Council meetings of 31 May 2012, the Wyong Shire Council and Gosford City Council resolved as follows:

2.1 Proposed Legal and Governance Framework for Shared Services - Gosford City Council and Wyong Shire Council (contd)

- "A Council notes the PWC CBA report*
- B Council adopt the Integrated CCWC (Long term lease) + Joint Services Business (Option N) as the operating model for the implementation of the Corporation*
- C The Council recommends the following:*
- (i) An Implementation Plan be developed in consultation with the Corporation for Option N and presented to the Councils at a meeting of the CCROC on 28 June 2012*
- (ii) The Asset Management and Regulatory Services functions and associated staff from each Council transfer to the Corporation from 1 July 2014*
- (iii) The General Managers be delegated the power to transfer functions, people and assets to the Corporation as required to test and trial management systems and processes prior to 1 July 2014 and up to 30 June 2017*
- (iv) All remaining water and sewer staff be transferred to the Corporation as soon as practically possible, but no later than 1 July 2017*
- (v) A Joint Services Business (JSB), providing corporate services"*

REPORT

Following the resolution of the two Council's on 31 May 2012, the project control group ("PCG") were engaged to review transitional legal and governance frameworks to progress the initial implementation stages of the Joint Service Business ("JSB").

The review was undertaken with consultation with the Union, which focused on achieving the most successful legal & governance framework to be developed for the interim JSB. The PCG has and will continue to review existing and future best practice examples of Council alliances and Council corporate entities that have been formed to successfully facilitate the delivery of shared services to ensure the best outcomes for each Council, the Central Coast Water Corporation and the Central Coast community, whilst, at the same time providing security to existing staff within the entities. (Wyong Shire Council, Gosford City Council, Central Coast Water Corporation and the JSB)

The PCG has looked at several legal and governance frameworks; however the Unions have proposed that the Council's consider a framework known as a Strategic Joint Alliance. This framework is considered appropriate by the PCG for the initial transitional period for the JSB being up to July 2017, subject to the recommendations detailed in this report. In adopting the Strategic Joint Alliance, the Council's enter into an arrangement with each other for a mutual benefit.

2.1 Proposed Legal and Governance Framework for Shared Services - Gosford City Council and Wyong Shire Council (contd)

These types of Strategic Joint Alliances endeavour to:

- a Capture and share knowledge and innovation within the organisations
- b Connect Councils in maximising service delivery opportunities to meet community needs
- c Reduce costs through the elimination of duplication
- d Access economies of scale

In addition to the above, the Strategic Joint Alliance will provide:

- a Job Security for Staff
- b Continued ownership of the assets by the Central Coast Community

The Division of Local Government NSW, has indicated the benefits for such a Strategic Joint Alliance, includes but is not limited to:-

- (a) The provision of a more comprehensive service at the local and regional level
- (b) Promotion of joint cultural and economical development
- (c) Strengthened relationships between councils and other government entities
- (d) Improved local governance
- (e) Opportunity for integrated planning
- (f) Better utilisation of capital and other assets, including improved investment strategy options

The power to create a Strategic Joint Alliance, is provided in the *Local Government Act 1993 (NSW) ("the LGA")*, Section 355, in which Councils may exercise their function jointly with another Council or Councils, however, any such agreement reached by the Council's will need to comply with the balance of the LGA.

The Strategic Joint Alliance would be formalised by a Memorandum of Understanding ("MOU"), executed by the Councils and it would be recommended that the Unions be part of the MOU as a signatory.

In accordance with the Councils resolution of 31 May 2012 and provisions within the Central Coast Water Corporation Act 2006 (NSW), the recommended interim Strategic Alliance is to ensure Job Security for existing staff and this is a key aspect that has been taken into account in assessing the various frameworks for the transition process to a JSB.

2.1 Proposed Legal and Governance Framework for Shared Services - Gosford City Council and Wyong Shire Council (contd)

The MOU will have provisions which will allow, subject to Council's approval, the ability to alter the framework should amendments be made to the Act or Central Coast Water Corporation Act 2006 (NSW) in respect of the structures available to Council to deliver joint services. It is understood that the *Local Government Act 1993 (NSW)* is currently being reviewed with the proposed amendments to the Act seeking to address legislative, attitudinal, financial and administrative barriers in relation to setting up legal and governance frameworks to facilitate joint services delivery between Council's.

The proposed strategic alliance framework is an interim arrangement that allows the Councils to implement an initial legal and governance framework to progress the implementation of the JSB and to identify, evaluate and recommend a preferred long term model for the JSB for future consideration by the Councils.

Initial research has identified a number of applicable legal and governance frameworks for the JSB, including Strategic Alliance Agreements, County Council, Co-operative Society, Local Government, Corporation, Statutory State Owned Corporation, Company State Owned Corporation, Company Limited By Guarantee and Limited Liability Company models, which require further detailed investigation.

The review process, will include visits to a number of Councils within Australia that have successfully deployed strategic alliances and other similar "resource sharing" models.

A study tour consisting of both General Managers and four (4) staff of each Council will also be undertaken to review the jointly owned Council corporate entities that have been successfully developed by Auckland and Bay of Plenty Councils in New Zealand. An invitation to participate in the study tour will also be offered to the union delegates represented within the Project Control Group.

As part of the evaluation process, it will be recommended that the Mayors and General Managers meet with the Division of Local Government to seek funding assistance of approximately \$250,000 for the development and implementation of a preferred legal & governance framework, given that this framework may be considered as a model which other Councils may use to implement similar structures.

A further detailed report will then be presented to both Councils in mid 2013, detailing progress to date, the implementation progress of the interim Strategic Alliance model and progression towards long term preferred legal & governance models for the JSB once fully established in July 2017.

This report will include the following:-

- 1 Current update in respect of the Strategic Joint Alliance
- 2 Clarification of Key Performance indicators.
- 3 Key Dates and Responsibilities for various models
- 4 Alternate legal and governance frameworks for Council's consideration and progress for a preferred long term legal and governance frameworks for Council's consideration.

FINANCIAL IMPACT STATEMENT

The recommendation does not impact on Council's financial position.

The costs associated with the recommended study tour inclusive of flights, accommodation for a period of 5 days will be approximately \$10,000.

There will be no financial impact on either Council as these costs will be allocated from existing recurrent budgets

ATTACHMENTS

Nil.

2.2 Implementation of the CCWC & JSB Under the Council's Adopted Model

TRIM REFERENCE: F2004/06390 - D03045483

MANAGER: Michael Whittaker, General Manager

AUTHOR: Brett Smith; Project Manager

SUMMARY

The Wyong Shire Council and Gosford City Council are required under a Memorandum of Understanding (MoU) with the [then] NSW Minister for Water to develop a workplan for the implementation of the Central Coast Water Corporation. In accordance with the MoU, the workplan is to be developed in consultation with the Corporation and provided to the Corporation and Minister for Water within 60 days of completion of the cost benefit analysis.

The Councils at their meetings on 31 May 2012 resolved to consider an Implementation Workplan to be referred to the Corporation and Minister for Water in accordance with the MoU.

RECOMMENDATION

- 1 That Council adopt the attached Central Coast Water Corporation and Joint Services Business Implementation Workplan and refer to the Central Coast Water Corporation and to the NSW Minister for Water in accordance with the Memorandum of Understanding (MoU).**
- 2 That as a consequences of one (1) above Council write to the Minister for Water to confirm that obligations under the MoU have been completed and that the MoU be terminated.**
- 3 That Council note the attached working draft Strategic Project Management Plan, including specifically the change in the program management office resourcing and costs as a result of the adopted operating model and implementation timetable.**
- 4 That Council note the attached working draft Project Management Plans for each of the Finance, Human Resources, Information Management, Plant/Fleet and Water and Wastewater working groups.**
- 5 That a delegation comprising the Councils' General Managers and Mayors meet with the Minister for Primary Industries and Minister for the Central Coast to discuss the Councils' resolutions in relation to the implementation of the Central Coast Water Corporation and Joint Services Business and any legislative changes required to accommodate the Councils' adopted operating model.**
- 6 That Council submit an application for funding to the Division of Local Government to assist with the cost of implementing the Councils' adopted operating model.**

- 7 ***That Council delegate the General Manager and Gosford City Council General Manager to commence, on behalf of the Councils, discussions with the unions to develop a new industrial instrument to cover staff under the new operating arrangements.***

BACKGROUND

Gosford City and Wyong Shire Councils ('the Councils') and the [then] Minister for Water entered into a Memorandum of Understanding (MoU) on 9 August 2010 under which the parties agreed to do certain things to establish the Central Coast Water Corporation ('the Corporation').

The MoU requires that the Councils, in consultation with the Corporation, determine a workplan for implementing the next phase and provide this to the Corporation and the Minister within 60 days of the completion of the costs benefit analysis. A workplan has been developed by PricewaterhouseCoopers (PwC) to implement the Councils' adopted operating model for the Corporation and Joint Services Business (JSB). A copy of the Implementation Workplan is attached.

The Implementation Workplan contains details on what needs to be done and how the program should be delivered. It is intended that the workplan is adapted over time as the program changes and the proposed approach, activities, steps and timeframes are to be used as a guide to help develop further detailed plans.

In accordance with the project governance arrangements approved by the Councils at their extraordinary meetings on 31 May 2012, a Program Control Group (PCG) is responsible for overseeing the execution of the workplan. A Program Management Office (PMO) will provide project support to the PCG and workgroups responsible for managing the Finance, HR, Plant & Fleet, Information Management and Water and Wastewater deliverables.

An updated Strategic Project Management Plan (SPMP) has been developed by the PMO based on the SPMP approved by the Councils at extraordinary meetings on 11 June 2011. The SPMP addresses the resourcing requirements and budget to support the PCG and Workgroups under the Implementation Workplan schedule. The composition of the PMO team and budget have been updated to reflect the needs of the workplan governance arrangements and implementation timetable. The PMO budget will be finalised as part of the detailed planning over the following 3 months.

Project Management Plans (PMP) have been developed for each of the Finance, HR, Plant & Fleet, Information Management and Water and Wastewater Workgroups. The PMPs have been prepared in response to the Implementation Workplan and identify the likely resourcing requirements, business implications and costs. The PMPs will be developed further over the following 3 months into detailed plans in accordance with the Implementation Workplan schedule. Copies of the PMPs for each of the Workgroups are attached.

FINANCIAL IMPACT STATEMENT

The costs and benefits have been reported in PricewaterhouseCoopers's *Central Coast Water Corporation (CCWC) Cost Benefit Analysis Study* received by the Councils at extraordinary meetings on 31 May 2012. A number of options were assessed and the model that was selected as the most appropriate was Option N - Integrated CCWC with Councils' JSB (Long term lease Model).

It is noted that the following items will require more detailed analysis following on from the PwC cost benefit analysis:

- Cost allocated for harmonisation of HR policies and procedures
- Consideration of the impact of Workplace Health and Safety obligations and insurance cost implications
- Consideration of Plant & Fleet transfer of assets
- Cost of training staff
- Cost of office space

It is important to note that the model should be updated and built into a program business case reflecting the latest decisions, objectives and changes to assumptions. The business case should be updated at key stages of the program and checked for validity before proceeding to the next stage.

At this stage there are two key areas that should be considered in a review of the model or business case. Firstly the estimates regarding changes to FTE numbers should be validated given the objective to maintain job security and continuity of employment for all permanent Award Staff throughout the transition. Secondly, since the PwC analysis, the Councils are estimating an additional \$3-5 million in one off costs potentially taking the total one off costs to \$24-28million. In order to implement the program these one off costs will need to be confirmed and then budgeted for and funded if the business case is approved.

It is proposed that the costs associated with the project be recovered through the 2013/14 - 2017/18 IPaRT pricing determination

ATTACHMENTS

1	Central Coast Water Corporation and Joint Services Business Implementation Workplan	D03045961
2	Central Coast Joint Services Project Strategic Project Management Plan	D03046244
3	Project Management Plan - Finance	D03045963
4	Project Management Plan - Human Resources	D03045966
5	Project Management Plan - Information Management	d03045968
6	Project Management Plan - Plant & Fleet	D03045969
7	Project Management Plan - Water & Wastewater	d03045970

Document Control

General Document Information

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Contact for Enquiries and Proposed Changes

For any questions regarding this document please contact:

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Revision History

<i>Version</i>	<i>Revision Date</i>	<i>Description of/Reason for change</i>	<i>Author (name and role)</i>
1.0	30/5/12	First draft	PwC
2.0	4/6/12	Update following 4 th June PCG meeting	PwC
2.1	14/06/12	Update following 12 th June PCG meeting	PwC
2.2	19/06/12	Update following 18 th June PCG meeting	PMO / PwC

Distribution/Approval History

<i>Version Reviewed</i>	<i>Approver Name</i>	<i>Title/Position</i>	<i>Date Approved</i>

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1 Introduction

1.1 Document purpose and scope

The purpose of this document 'the Plan' is to provide an Implementation Workplan for the establishment of the Central Coast Water Corporation (CCWC) and the Joint Services Business (JSB). The Implementation Workplan has been developed in accordance with a requirement under a Memorandum of Understanding (MoU) dated 9 August 2010 between Councils and (then) NSW Minister for Water. Under the MoU, an Implementation Workplan is to be developed by the Councils in consultation with the Corporation within 60 days of completing the CBA.

The document contains details on what needs to be done and how the program should be delivered. It is intended that the document is adapted over time as the program changes and the proposed approach, activities, steps and timeframes are to be used as a guide to help develop further detailed plans. This document includes:

- Overview of the program
- Objectives of the program
- Program scope, objectives, benefits, assumptions and constraints
- Key deliverables
- Program plan and key milestones
- Detail of dependent activities
- Determine program governance, roles and responsibilities
- An initial risk assessment

This document will need to change form throughout the program and should be referenced continually.

Changes to this document will be subject to change control following its initial sign-off (approval) by the Program Control Group (PCG).

1.2 Intended audience

The audience for the Plan is primarily the Program Control Group, Workgroup leads and working groups. Other stakeholder groups including The Minister, Councillors, Council management, Council staff, Unions and the general public may also be interested in the document.

1.3 Related documentation

The table below provides details of any other documentation relevant to this:

Document Name:	Relevance:
Central Coast Water Corporation (CCWC) Cost benefit study Final Report	The Cost Benefit Analysis contains details on the costs and benefits of establishing the JSB and the CCWC which have not been repeated in this document.

2 Program Overview

2.1 Background

As part of the cost benefit analysis PwC was engaged to provide Implementation Workplan for the establishment of two entities which would work closely with Gosford City Council and Wyong Shire Council. These entities are the Central Coast Water Corporation (CCWC) and the Joint Services Business (JSB).

It is planned that by 1 July 2014, the CCWC will become an Asset Manager which will be responsible for administering asset management and regulatory activities relating to water and waste water for the two Councils. By 1 July 2017, the Water and waste water asset operations and maintenance staff will transfer from the two Councils to the CCWC which will then become a fully integrated water and waste water entity. The water and waste water assets will all be leased by each Council in a long term lease arrangement from 1 July 2017.

The JSB will supply the 'back office' functions of HR, finance, IT and Plant and Fleet to the two Councils and the CCWC. This program is required to assess, design, build and implement the organisation and associated services to deliver cost benefit to the Councils. It is planned that the JSB would commence full operations by 1 July 2017.

2.2 Program Objectives

The key program objectives, why the program has been established, are as follows:

- Establish an organisation that provides water and waste water services to Gosford City and Wyong Shire Councils that fulfils the Principal Objectives of the CCWC Act 2006 and in particular with regards to the efficient delivery of water and waste water services to customers
- Maximise the overall financial return for the Councils, the Corporation and the JSB resulting from the establishment of the CCWC and the JSB
- Establish an organisation capable of providing support services to Gosford City, Wyong Shire and the Central Coast Water Corporation at a cost that is lower than existing expenditure and at a quality which reasonably meets the business needs of all three clients.
- To identify opportunities for improving the management and delivery of support services
- To transfer the Councils' 'back-office' functions of HR, finance, IT and Plant and Fleet (and others as identified and agreed between the parties) by July 2017 to a Joint Services Business
- To develop capacity and maximise utilisation of existing Council staff, systems and all other resources
- To establish strategies and systems for the benefit of the Councils, the CCWC, the JSB and each of its shareholders
- Maintain job security and continuity of employment for all permanent Award Staff throughout the transition, excluding Senior Designated officers and other Contract Staff (proper respect and consideration to all employees to be taken into account regarding tenure and entitlements).
- To ensure the Work, Health and Safety requirements of the staff and the community are paramount
- The Councils reiterate the guiding principle for the creation and operation of the Central Coast Water Corporation of a 50:50 partnership (e.g. costs, benefits, income, benefits, risks etc) between Gosford City Council and Wyong Shire Council that achieves in the long term the best outcome for the two Councils, the Water Corporation and the Central Coast Community.

During the development and implementation of the adopted model for the Central Coast Water Corporation should any material differences be identified that independent advice be sought and be brought to the two Councils for their consideration and determination

2.3 Program Scope

2.3.1 Scope Inclusions

The scope of the program is as follows:

CCWC

Establish an Asset Manager¹ which will be responsible for administrating asset management, planning and regulatory responsibilities relating to Water and waste water for the two Councils. This includes:

- Creating a fully licensed water and waste water entity by 1 July 2017
- Appointing a CEO by 30 June 2014 to join the already established Board
- Transferring asset management and regulatory administration functions and associated staff from the Councils by 1 July 2014
- Transferring water and waste water operations and maintenance functions and staff by 1 July 2017
- Establishing a long term lease of the all water and waste water assets to the CCWC by each Council from 1 July 2017
- Establishing service agreements with the councils, CCWC and JSB for services provided and received
- Establishing a suitable physical location for CCWC staff

JSB

- Creating a Joint Services Business
- Establishing the organisational structure and management
- Establishment of the following support functions to service the Councils and the CCWC from the JSB:
 - Finance
 - Human Resources
 - Plant and Fleet
 - Information Technology
- Transferring of relevant staff to manage and operate the support functions by 1 July 2017
- Establishing service agreements with the Councils and the CCWC for services provided
- Establishing a suitable physical location for JSB staff

¹ The exact definition of the role and scope of the Asset Manager needs to be determined as part of the program. However in broad terms an asset manager is responsible for developing and executing the strategy and plans in consultation with the asset owner to achieve the objectives set by the asset owner. An Asset Manager could propose to the asset owner the requirements for capital and operating expenditure (including the trade off between the two), manage risk, set operating/asset approaches and be responsible for asset performance.

2.4 Critical Success Factors

The success of the program is dependent on:-

- a) Continued commitment from both Councils – Without substantial, mutual and equal commitment of the senior executive and governance arms of both Councils, CCWC/JSB operations will be impaired and compromises will be likely to jeopardise the essential deliverables.
- b) Leadership – Senior Council staff will need to lead the change through their involvement in the program, their support of the program, allocation of sufficient resources and the adoption of the new ways of working
- c) Business case management and benefits realisation – There must be economic gain from the Program and therefore regular assessment of the status and forecast of returns and costs is essential. Establishment of baselines, targets and accountability for the delivery of benefits will be key.
- d) Maintaining business as usual - Continuation of key customer services and 'back-office' services must not be compromised throughout the Program or as a result of the Program
- e) Staff willingness to change– Engaging staff in the development of the new processes and the new ways of working will be critical for buy in.
- f) Political and community support – Without adequate support the program barriers to progress will arise and value adding activity will fall. The early engagement of Unions, Community and key stakeholders will be important.
- g) Open and transparent communications - Communications with employees, councillors, unions and other key stakeholders must be open, transparent and unambiguous
- h) Acts and Statutory Compliance - All relevant Acts and Statutory Obligations must be adhered to throughout the program
- i) Maintain job security and continuity of employment for all permanent Award Staff throughout the transition, excluding Senior Designated officers and other Contract Staff (proper respect and consideration to all employees to be taken into account regarding tenure and entitlements).

2.5 Costs and Benefits

The costs and benefits of the program have been captured in the Cost Benefits Analysis Study provided by PwC in April 2012. A number of options were assessed and the model that was selected as the most appropriate was Option N - Integrated CCWC with Councils' JSB (Long term lease Model).

Based on the analysis completed and the assumptions used (for a comparison year of 2018) savings of \$19.4m per annum could be expected following the establishment of the CCWC and the JSB. One off costs for delivering on these savings was estimated at \$21-23million.

Further details on the costs, savings, one off costs and the associated assumptions from the PwC Cost Benefit Analysis Report can be seen in Appendix 1.

It is noted that a number of items will require more detailed analysis following on from the PwC cost benefit analysis for example:

- a) Cost allocated for harmonisation of HR policies and procedures
- b) Consideration of the impact of Workplace Health and Safety obligations and insurance cost implications

- c) Consideration of Plant & Fleet transfer of assets
- d) Provision of suitable office space
- e) The training and development of staff in new systems and functions

It is important to note that the model should be updated and built into a program business case reflecting the latest decisions, objectives and changes to assumptions. The business case should be updated at key stages of the program and checked for validity before proceeding to the next stage.

At this stage there are two key areas that should be considered in a review of the model or business case. Firstly the estimates regarding changes to FTE numbers should be validated given the objective to maintain job security and continuity of employment for all permanent Award Staff throughout the transition. Secondly, since the PwC analysis, the Councils are estimating an additional \$3-5 million in one off costs potentially taking the total one off costs to \$24-28million. In order to implement the program these one off costs will need to be confirmed and then budgeted for and funded if the business case is approved.

It is proposed that the establishment costs associated with the CCWC/JSB project be recovered through the 2013/14 -2017/18 IPaRT pricing determination.

3 Program Approach

3.1 High Level Approach

As depicted below the target operating model will move to an interim stage before reaching its final stage. The interim stage is the establishment of a CCWC asset manager and regulator function and will be completed by July 2014. The final stage is the establishment of the fully operational CCWC asset manager, regulator and operator and the establishment of a JSB to provide support functions to the CCWC and the two Councils.

Interim state: 1/7/2014 –1/7/2017

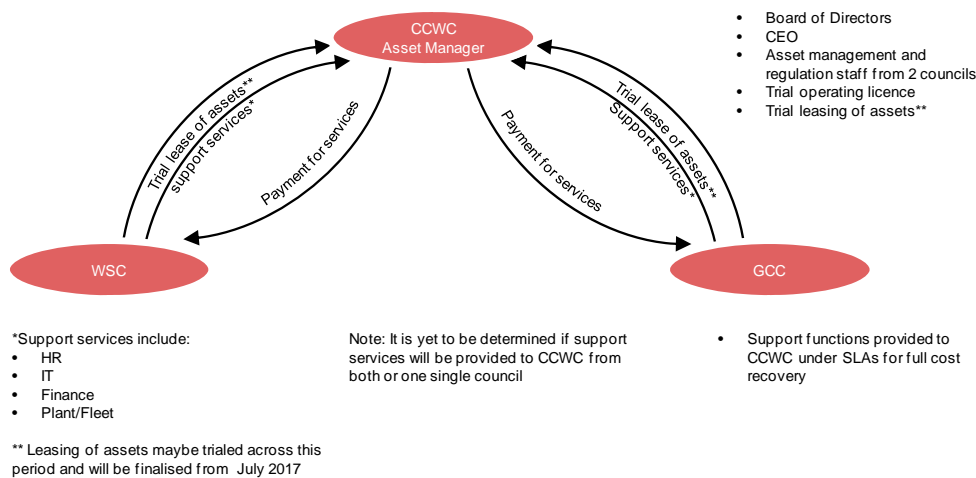


Figure 1 : Interim State

Final state: 1/7/17 onwards

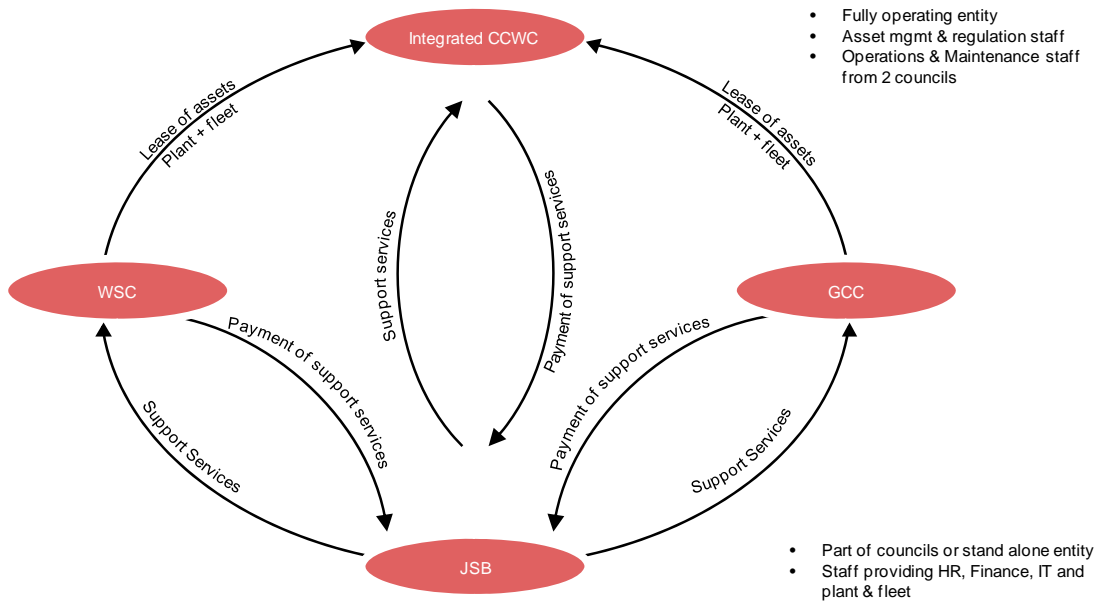


Figure 2 : Final State

3.2 Delivery Stages

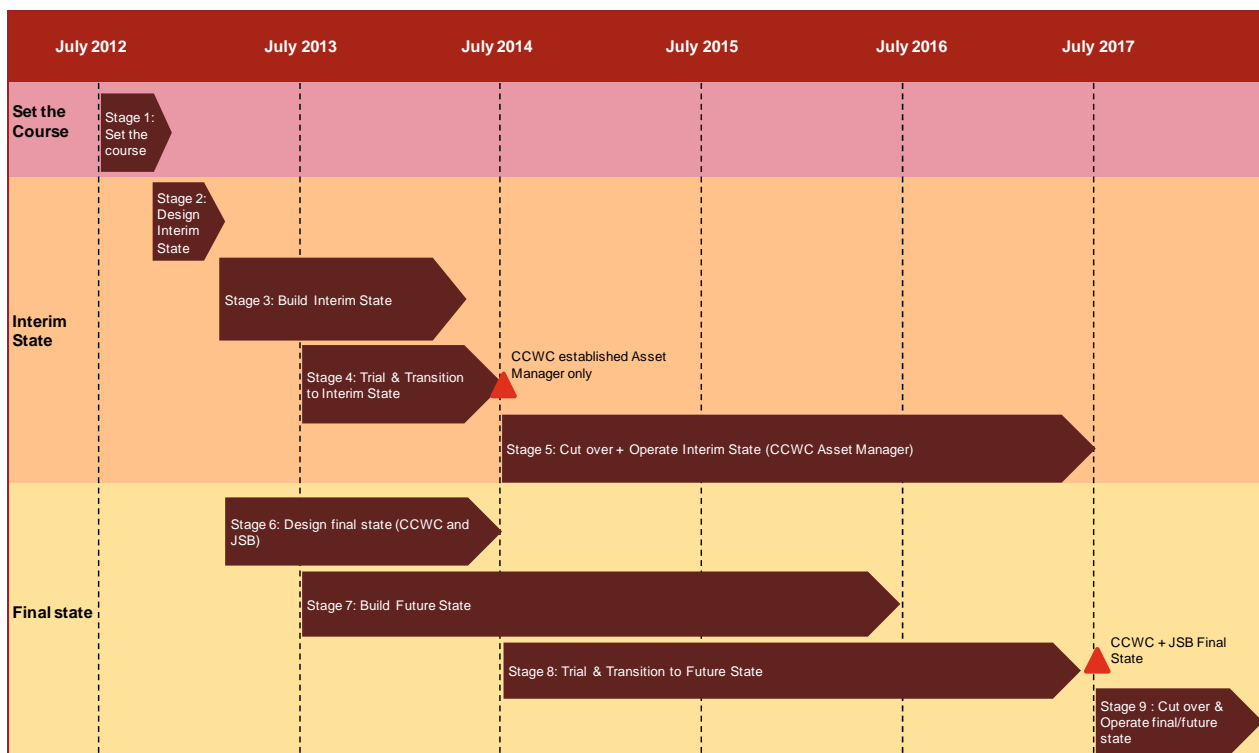
The proposed plan is made up of 9 stages. One stage that sets the course and sets the guiding principles for the program and then four stages for each target operating model which go through:

1. Design
2. Build
3. Trial & Transition; and
4. Cut-over and operate

An overview of the stages based on current information and their overall timing is shown below. It is recognised that the program needs to be flexible and that each work group will need to consider and respect the needs of others :

Figure 3 : Implementation Stages

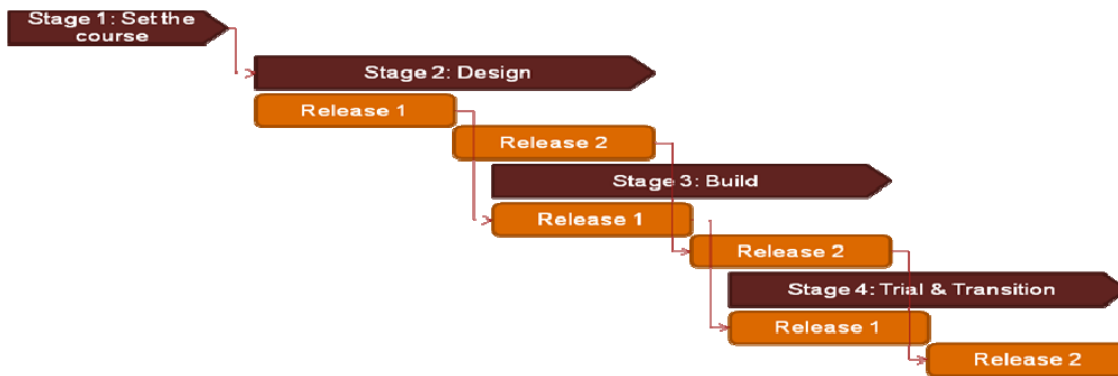
1.1.1



The ideal approach is that design, build, trial and transition, and then operation are done consecutively. The purpose of this is so appropriate stage gating can be put in place and services are only built once designed; trialed and transitioned once properly built; and put into operation once fully proven in trial.

However a hybrid approach can be taken where services are put into groups or releases and then these releases are designed, built and transitioned in line with their priority. This approach can be used for all Stages except for Stage 1: Set the Course which should be completed prior to any design activities commencing. This approach is shown conceptually in the diagram below and enables the Stages to overlap from a timing perspective:

Figure 4 : Service release approach



3.2.1 Stage 1: Set the Course (July to November 2012)

The focus of this stage is to set the context for the implementation with a view to ensuring the end state solution is driven by the business rather than the support functions. The Workgroup Leads and the PCG will be critical in this stage to align the rest of the working groups. Within this stage the degree of integration and what services are to be included in the JSB will need to be established. This first Stage will be made up of five sub stages:



1. Implementation Fundamentals – This will confirm the scope and objectives of the implementation, getting alignment on the direction and objectives, the plan and the required resources and costs for this Stage. Key decisions that will guide the program should be articulated, options prepared and where possible consensus reached. This may include topics such as the desired constitution of the JSB, scope of business services to be included in the JSB. Further due diligence should be completed and key risks should also be identified, assessed and mitigation plans identified. Teams should be established and aligned ready for the next sub stage. At this time consideration should be at the whole of business perspective, initial communications plans should also be developed and executed across this stage to keep key stakeholders informed and engaged.



2. Service configuration strategy – In this sub-stage conceptual models for the interim and final state should be developed to the functional level (finance, HR, IT, plant and fleet). For example consideration should be given for which finance services will be provided from which Council to the CCWC for the interim state, and which finance services will be moved to the JSB for the final state.



3. High level target operating models (TOM) – Based on the service configuration articulate the high level operating models for the JSB and the detailed operating model for the CCWC. This should consider the organisational structures considering functional groups and management teams; the strategy for IT systems to support these functions and the agreed service configuration; key business processes that should be in place should be articulated; key performance indicators for the CCWC and the JSB may also be captured; regulatory, tax and legal structure and requirements should be articulated; and, location strategies developed. With a high level TOM developed this can be used to help guide more detailed design work in the next stage and avoid deviating from the key concepts. During this sub stage further due diligence should also be completed so as to ensure key risks are highlighted.



4. Implementation approach – There will be a number of approaches to deliver the TOM and these should be articulated before detailed planning commences. The implementation approach should consider the options and provide a recommendation on the best approach. There may be a number of states that the business moves through in order to achieve the interim state of the CCWC as an asset manager and the establishment of the final state with the CCWC and the JSB fully operational.



5. Detailed implementation plan and business case – Once the implementation approach is agreed detailed planning for the implementation can be finalised. Consideration should be given to the timeframes, interdependencies, resource requirements, risks and issues. At this stage the business case should be reviewed to ensure that the implementation is still viable and cost effective for the Councils.

3.2.2 Stage 2 Design Interim State – CCWC Asset Manager Only (November to March 2013)

This stage involves designing the CCWC asset manager function including the organisational design, water and waste water requirements and business processes, HR processes, finance requirement, IT systems requirements (particularly regarding asset management applications), plant and fleet sharing opportunities and customer contact requirements. In addition governance requirements will need to be defined, requirements for council agreements captured, customer charter principles agreed and consideration made for how the residual council services are to operate in the future.

3.2.3 Stage 3 Build Interim State – CCWC Asset Manager (March 2013 to March 2014)

This stage involves building the new processes where appropriate and structures for the CCWC. This includes finalising any operating leases, building processes, building SLAs, preparing policies and procedures, building chart of accounts and other financial needs, establishing governance protocols and processes, drawing up Council agreements, finalising Customer Charters and detailed HR transition plans, finalising the technical design, building and testing IT systems to meet the agreed requirements (particularly for asset management).

3.2.4 Stage 4 Trial & Transition CCWC Asset Manager Interim Operations (July 2013 to June 2014)

This stage involves the trial of the new CCWC Asset Manager functions as they are built and then the progressive transition to the new state. This should include the commencement of the CEO in early 2014 and the transition to a single Geographic Information System (GIS –ESRI application). During this stage final preparation and planning for cut over to the interim state will also need to be made.

3.2.5 Stage 5 Cut over and operate CCWC Asset Manager Interim State (July 2014 to June 2017)

During Stage 5 the cut over plan will be implemented and all final requirements to establish the CCWC asset manager interim state put in place. This will include the execution of Transfer Orders for water and waste water for asset management and regulation staff, associated communications and 'day one' changes. Once cut over is completed this phase will move into a more business as usual and continuous improvement focus for the interim CCWC. Assets will be leased from 1 July 2017.

3.2.6 Stage 6 Design Final State (CCWC and JSB) (February 2013 to June 2014)

This stage is much like Stage 2 however the focus in this Stage is on the design of the final state, rather than the interim state, which includes the JSB and operations and maintenance staff in the CCWC. Consideration will need to be given to organisation design, HR, finance, IT systems and plant and fleet requirements. Throughout the design consideration will need to be given to the other business functions to ensure that support functions will effectively enable the business functions of the Residual Council Services as well as Water and waste water. During this stage business cases for IT consolidation and the associated designs should be developed.

3.2.7 Stage 7 Build Future State (July 2013 to June 2016)

This stage is much like Stage 3 but again focussed on the final state. This will need to consider the establishment of the JSB and the water and waste water core functions, alignment of processes and functions across the Councils, establishing teams and management, building SLAs, preparing policies and procedures, building chart of accounts and other financial needs (particularly for the JSB), establishing governance protocols and processes, drawing up Council agreements, finalising Customer Charters and detailed HR transition plans, finalising the technical design, building and testing IT systems to meet the agreed requirements.

3.2.8 Stage 8 Trial & Transition to Future State – Integrated CCWC and JSB (July 2014 to June 2017)

This stage involves the trial of the future state as functions are progressively transitioned across. During this stage final preparation and planning for cut over to the future state will also need to be made. Some staff transfers may be made during this time and/or virtual teams could be formed in order to prove the new structure will operate satisfactorily prior to cut over. A key focus for this stage will be to cut over to a single IT platform and single IT applications for services where viable.

3.2.9 Stage 9 Cut over and operate Integrated CCWC and JSB (July 2017 onwards)

At the commencement of this stage the cut over plan will be implemented and all activities required implement the future state completed. This will include the execution of Transfer Orders for JSB staff, associated communications and 'day one' changes. Once cut over is completed this will transition back to business as usual and continuous improvement. Once the required quality, stability and benefits have been achieved the program will be complete.

3.3 Key Milestones

The key milestones for the program are outlined in the table below:

Milestone:	Due Date:
Detailed Program implementation plan and business case for CCWC and JSB establishment	November 2012
Detailed interim state design (CCWC asset manager)	March 2013

CCWC Interim Asset Manager Function in place with asset management and regulation staff from 2 councils transferred across	July 2014
Integrated CCWC and JSB in place with Operations & Maintenance staff from 2 councils transferred across	July 2017
Long term lease of assets to CCWC commences	July 2017

3.4 Assumptions

The following program assumptions have been identified:

- The JSB will be established as a standalone entity with its own management team
- Councils will allocate sufficient resources to deliver the project

3.5 Dependencies

The following program dependencies have been identified:

- Current Award completes on 31 October 2013 and will need to be approached with the Unions
- Local elections of Councillors are held on the second Saturday of September every fourth year.
- Gosford City Council and Wyong Shire Council elections on Saturday 8 September 2012
- Mayoral elections for Gosford City Council and Wyong Shire Council are in September each year
- New South Wales state elections 28 March 2015
- IPART pricing determinations on 1 July 2013 and 1 July 2017

4 Governance

4.1 Governance Objectives

A critical part of the implementation will be an efficient and effective approach to the Program Governance.

The objectives of the proposed Program Governance are as follows:

1. Enable clear and timely decision making
2. Remove barriers to progress
3. Define and agree governance roles and responsibilities
4. Provide the right level of participation from each of the Councils, the Corporation and the Unions
5. Provide a structured decision making process
6. Embed clear communications protocols

The proposed program governance structure is outlined below:

4.2 Governance Principles

The following Governance Principles are proposed in order to deliver on the Governance Objectives:

1. The establishment of the CCWC and the JSB will be managed under a single program
2. A decision making forum, the Program Control Group (PCG) will be established for the implementation Program to make critical decisions, oversee progress and remove barriers
3. The PCG will take decisions forwards to the respective Councils and Boards for ratification (where necessary)
4. The PCG will contain fair and adequate representation for each of the Councils, the Water Corporation and the Unions (3 GCC members, 3 WSC voting members, 1 CCWC member and 2 Union members)
5. The PCG Chair will have the final decision making rights and the role of PCG Chair will rotate between the two Council GMs
6. Probity audits will be undertaken at key points during the project
7. In the decision making process the PCG will need to consider staff and their entitlements, the end customer, OH&S requirements and, Regulatory and Compliance obligations
8. Design and delivery of future operating model will be business function led (e.g Water and waste water and Residual of Council Services) and enabled by the support functions (e.g IT)
9. Accountability for delivery of workgroups of work will rest with the Workgroup Lead
10. The PCG will meet on a fortnightly basis in the initial stages and Leads will attend to represent their Workgroups by invitation
11. A Program Management Office will coordinate the process of the Program, provide change and communications management and provide secretariat services to the PCG

- 12. PCG meetings will be used to provide formal updates on specific pre agreed content in addition to a general progress update

4.3 Governance Concept

The Proposed Governance structure is intended to enable the end state solution is driven by the business working closely with the support functions. Effective Governance will enable the end state design to commence at the whole of business level, move through a business function level and finally into the support function level. The existing support functions must be appropriately engaged to benefit from their existing corporate knowledge and existing systems. Furthermore, proposed solutions must be developed and prioritised based on consideration for the whole of asset lifetime and the cost benefit of that solution.

The cascading approach from business to functional level can be represented as follows:

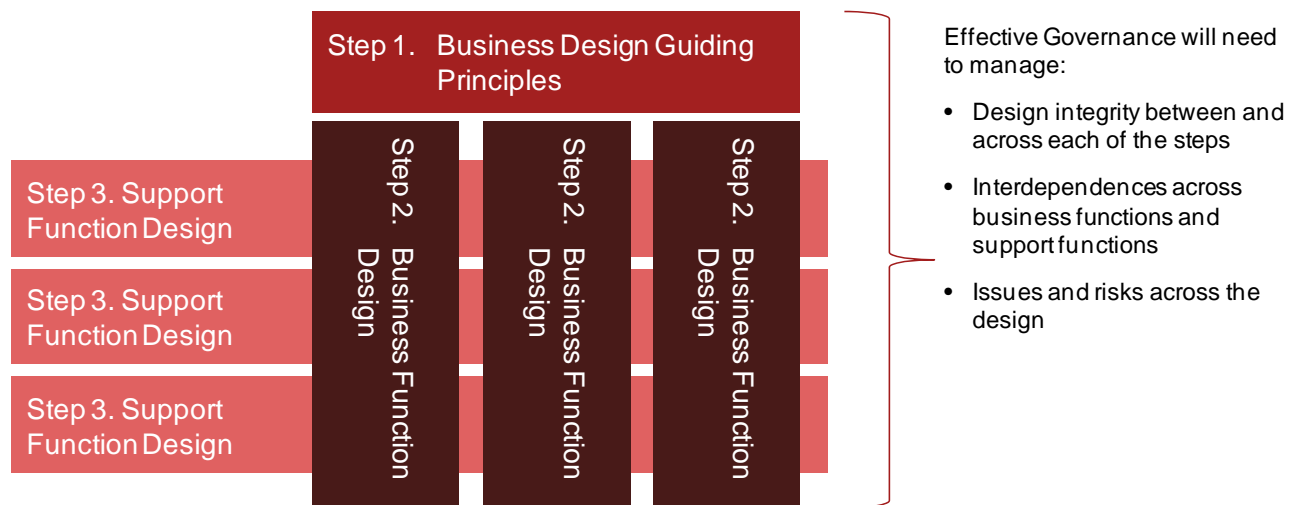


Figure 5 : Governance Concept

4.4 Governance Structure

The structure has been designed to align with the Governance Concept detailed above. Consideration for the Business Guiding Principles will need to be made by a combined group driven by the PCG and the Workgroup Leads; business function design by the business function work groups (verticals), and; support function design driven by the support function work groups (horizontal). This matrix style structure enables the support functions to effectively interact with the business functions. Leads and co-ordinators will be required for the work groups to enable this collaboration.

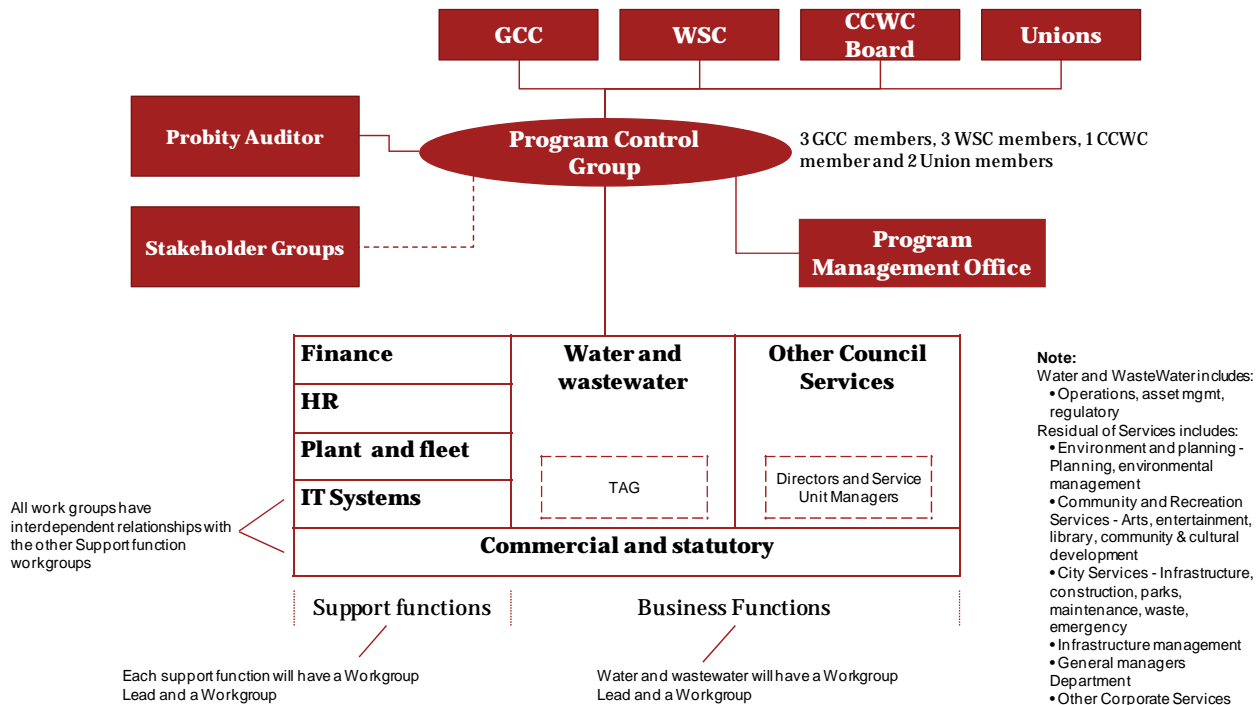


Figure 6 : Governance Structure

4.5 Governance Roles & Responsibilities

The following have been identified as key activities for the Governance groups.

Program Control Group (PCG)

- Direction and vision
- Review deliverables drive the Program forward
- Decision-making and resolution of critical issues
- Approve internal/external communication
- Take key decisions to the Board and Councils for ratification
- Represent staff and their entitlements and the end customer
- Consider and uphold OH&S requirements and Regulatory and Compliance obligations
- Stakeholder engagement

- Target and benefits monitoring and management as well as related reporting to Councils and CCWC
- Quarterly reporting to Councils, CCWC and Unions

Program Management Office (PMO)

- Overall Program coordination and communication
- Cross-Workgroup facilitation and co-ordination
- Provision of common administrative support services to work groups
- Central collection point for issues, risks and status reporting
- Cost/benefits tracking
- Key milestones and financial reporting to PCG
- Reporting of all key decisions for approval by the PCG
- Reporting of all exceptions to the PCG
- Ensuring of consistency and delivery of documentation to the PCG

Workgroup Lead

- Accountable for the Workgroup deliverables and achievement of desired outcomes and benefits
- Day to day responsibility for delivering specific workgroup activities and co-ordinating work groups
- Decision-making and resolution of issues within Workgroups
- Preparation of detailed implementation plans, Workgroup deliverables and all key decisions for approval by the PCG
- Reporting to the PCG

Workgroups

- Team with expertise in relevant functional or issue specific areas
- Responsible for creating deliverables or providing advisory support (as agreed in advance) for the Workgroup Lead

4.6 Detailed Workgroup scope

The following scope provides a high level initial view of what each Workgroup must consider. Further development of what is in scope and what is out of scope has begun via initial Project Plans by the Workgroups under the direction of the Workgroup Lead.

Workgroup	Scope
Water & Waste Water core functions	<ul style="list-style-type: none"> • Establish business function design principles/strategy • Align business processes (O&M) • Securing operating licences • Define support function requirements (working with support function Workgroups) • Prepare CAPEX budget and annual OPEX budget for Asset Owners (O&M in house) • Establish reporting procedures for regulatory obligations and Asset Owner requirements (e.g. IPART, Minister, etc.) • Develop SLAs with Support services Working Groups (for transferred O&M staff) • Consolidate Support Services annual service charges budgets • Develop business function and support services design principles/strategy (asset management and regulation) • Develop business function and support services design principles/strategy – Operations and maintenance (O&M) • Design functional and operational ‘to be’ states for Asset Manager and O&M
PMO	<ul style="list-style-type: none"> • Program planning and initiation • Business case development and management • Program monitoring and reporting • Issue and risk management • Stakeholder management • Communications planning and execution • Develop and implement change management strategy • Reporting to PCG • Key milestones and financial reporting to PCG • Reporting of all key decisions for approval by the PCG • Reporting of all exceptions to the PCG
Finance	<ul style="list-style-type: none"> • Define finance service configuration for Councils, CCWC and JSB • Review and align finance and accounting policies • Design chart of accounts structure for Councils, CCWC and JSB • Review and align all finance and management accounting procedures • Specify treasury mgt requirements • Prepare liquidity management strategy

Workgroup	Scope
	<ul style="list-style-type: none"> • Resolve other finance issues • Establish SLA Finance service – JSB/CCWC/Councils • Manage transition to JSB finance systems
Human Resources	<ul style="list-style-type: none"> • Define HR service configuration for CCWC, Councils and JSB • Define initial and final CCWC/JSB/Council organisation structure • Assist in appointing Executive team for CCWC • Assist in appointing JSB Board and Executive team • Define staffing requirements • Revise staff JDs and recruit / select as required • Align HR & OHS policies • Define process for staff transfers • Prepare & execute transfer orders for staff that are moving • Establish HR SLAs • Transition to combined or new HR systems • Update and ensure payroll changes • Workforce planning and training • Industrial relations • Working closely with the Unions • Change management (working closely with the PMO) • Specify insurance requirements
Information Systems	<ul style="list-style-type: none"> • Define IT service configuration for interim and final state • Develop IT strategy and target architecture for interim and final state • Establish SLAs for IT services for interim and final state • IT service configuration for interim and final state • Implement initial and final IT systems support strategy • Manage market scan, source and selection of alternative IT systems where required • Trial JSB/CCWC/Residual of Council Operations (pre formal transfer) • Transition to interim and final target IT architecture • Transition over to interim and then JSB IT systems & support
Plant and fleet	<ul style="list-style-type: none"> • Align business processes for plant and fleet management • Define Plant and Fleet service configuration for interim and final state • Establish processes for sharing of plant and fleet across councils

Workgroup	Scope
Commercial and statutory	<ul style="list-style-type: none"> • Establish SLAs for servicing across Councils / CCWC <hr/> <ul style="list-style-type: none"> • Due diligence review & resolution • Constitution of JSB (options and recommendations) • Prepare Board charter and management delegations (CCWC and JSB) • Secure operating licences • Act amendments • Termination of the Memorandum of Understanding • Shareholder agreements for the JSB • Service Level Agreement structure and format • Leasing agreement for assets • Funding and services agreement • Industrial agreement
<p>Other Council Services</p> <ul style="list-style-type: none"> - Environment and Planning - Community and Recreation Services - City Services - Infrastructure Management - General Managers Department - Other Corporate Services 	<ul style="list-style-type: none"> • Establish business function design principles/strategy • Design functional and operational 'to be' states • Define support function requirements (working with support function Workgroups) • Align business processes • Establish SLAs with JSB (Finance, HR, IT, etc) • Protect and maintain customer service

4.7 Governance Reporting Schedule

The following diagram reflects the proposed schedule of reporting for the early stages of the program from 1 July 2012. This schedule should be reviewed and refined as the program progresses in order to meet the changing needs of the program. Note that WorkGroups Leads will need to establish their own Governance and Reporting Schedule that feeds into this Program Schedule.

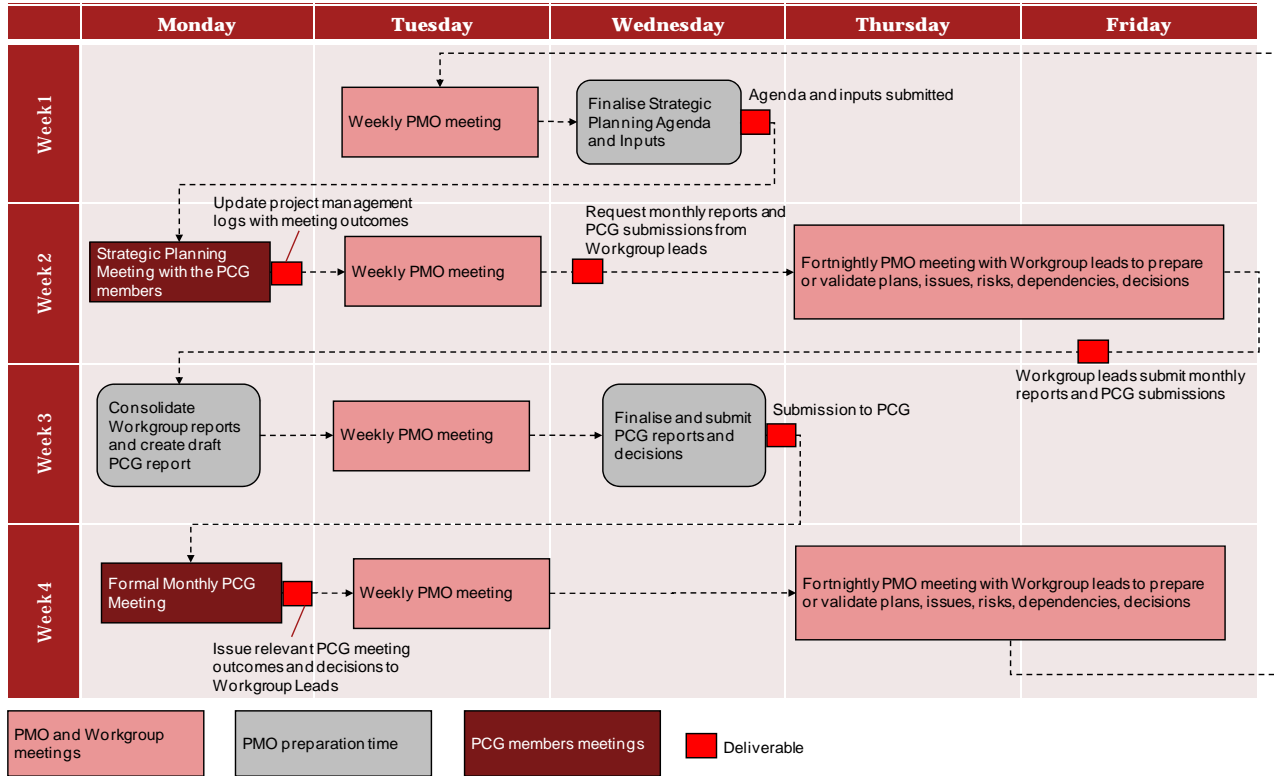
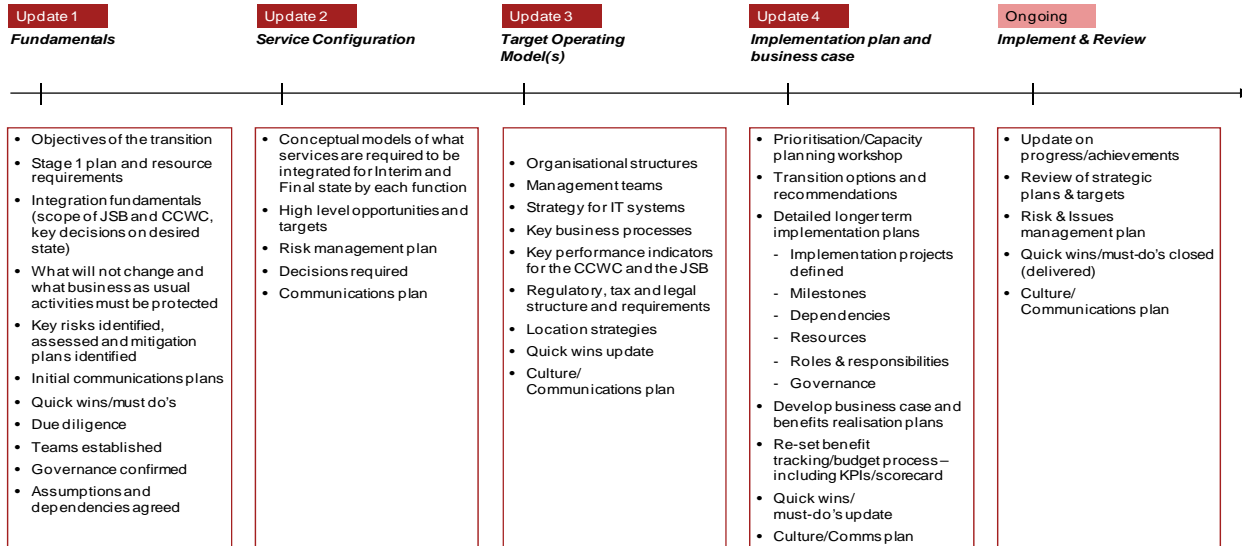


Figure 7 : Governance Reporting Schedule

4.8 PCG Update Schedule

In addition to monthly reporting to the PCG on program progress, issues & risks and other key performance metrics specific 'Updates' should be scheduled. These updates will be pre planned to coincide with program stages and key deliverables. The Update schedule should be determined as part of the program scheduling. An initial 'Update Schedule' for Stage 1 is shown below and will be amended where appropriate during the planning process for each work group.

Figure 8 : PCG Update Schedule for Stage 1



5 Risk Assessment and Mitigation

5.1 Risk management framework

The risks for each high level plan have been assessed using the rating system given in the tables below for impact and likelihood which are combined to derive a risk rating that ranges from low to extreme. The risk mitigation options are classified into treatment options. This framework has been developed for the purpose of this report and should be refined to meet the needs of the program and aligned to the Councils risk management frameworks.

Table 1 : Risk Management Framework – Impact Scale

Impact	Description
Catastrophic	The project/activity is an advanced state and must be stopped. The consequences would threaten the survival of not only the program, but also the organisation, possibly causing major problems for clients, water quality or sewerage treatment. Budget overrun up to 50% of annual/ project budget would have extreme consequences for the organisation both financially and politically.
Major	The project/activity is an advanced state and the significant changes caused by the risk will mandate review and redefinition of the business case before/ while proceeding. The consequence would threaten the survival or continued effective function of the program, or require the intervention of top level management or by elected representative/s. Budget overrun up to 25% of total annual/project budget would have very high consequences for the organisation both financially and politically.
Serious	The Project will undergo significant changes but the business case remains essentially valid and alternative strategies can be put into place to contain additional expenditure. The consequences would not threaten the program, but would mean that the administration of the program could be subject to significant review or changed ways of operating. Budget overrun up to 15% of annual/project budget would have moderate consequences for the organisation both financially and politically.
Important	The project will continue with some changes and additional costs will be covered by additional funding from the organisation. The consequences would threaten the efficiency or effectiveness of some aspects of the program but would be dealt with internally. A budget overrun up to 10% of the monthly/ project budget would be of low consequence.
Minor	The project will continue with minimal changes and additional costs are covered by existing project contingency funds or the project is in an early stage (feasibility of proof of concept) with losses small and capped. The consequences are dealt with by routine operations. A budget overrun up to 5% of the annual / Project budget would be of negligible consequence.

Table 2 : Risk Management Framework – Likelihood Scale

Likelihood	Description
Almost certain	Almost certain probability of the complete chosen risk scenario happening Could Occur at least three times in the next 12 months Almost certain probability that it will occur in operations of this type
Likely	Very high probability of the complete chosen risk scenario happening Has occurred before in projects of this nature Very high probability that it will occur in operations of this type
Possible	Probably could occur Probability of occurrence is increased due to limit of control through external influence History of occurrence with defined impact
Unlikely	Has occurred sometime with defined impact Would not be surprising if occurred
Rare	Low probability that the situation resulting in the impact will occur Could occur but it is considered unlikely Casual events have occurred but effects have been controlled so that the defined impact has not resulted.

Table 3 : Risk Management Framework – Risk Rating Scale

Rating		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost Certain
Impact	Catastrophic	Moderate	High	Very High	Extreme	Extreme
	Major	Moderate	Moderate	High	Very High	Very High
	Serious	Low	Moderate	Moderate	High	High
	Important	Low	Low	Low	Moderate	Moderate
	Minor	Low	Low	Low	Low	Moderate

Table 4 : Risk Management Framework – Treatment Options

Treatment options	
Treatment	Strategy
Prevention	Countermeasures are put in place that either stop the threat or problem from occurring or prevent it having an impact on the project or on the organisation.
Reduction	Take action to control it in some way where the action either reduce the likelihood of the risk developing or limit the impact on the project to acceptable levels.
Transference	This is a specialist form of risk reduction where the impact of the risk is passed to a third party visa, for instance, an insurance policy or liquidated damages clause.
Acceptance	Perhaps because nothing can be done at a reasonable cost to mitigate it, or the likelihood and impact of the risk occurring are an acceptable level.
Contingency	This involves preparation of a treatment plan which will only be invoked under certain/predefined conditions, including prior to the risk eventuating. The project Manager must monitor the project for any of these pre-defined conditions. This strategy can be adopted in conjunction with any other risk treatment strategy. Contingent response strategy will require establishment of a contingency reserve (time, money and resource).

5.2 Key Program Risks

The table below presents an initial collation of key implementation risks and mitigation measures associated with the establishment of the CCWC and JSB. It is advised that further risk identification is done and these risks analysed against an agreed Council risk management framework. The PMO should act as the collection point for all program risks and issues.

Table 5 : CCWC and JSB Implementation Risks and Mitigation measures

Implementation risk	Mitigation measures
Entitlements Council employees transferred to the CCWC/JSB in common positions may be on different entitlements under the Local Government Award.	Likelihood: Almost certain Impact: Serious Rating: High Treatment: Reduction Employees should be transferred “at level”, with essentially all terms and conditions at least what they had before with the legacy Council. Transferred employees should be provided with the same redundancy protections provided to Water and waste water staff under the CCWC Act 2006.

Implementation risk	Mitigation measures	
<p>Work Cover self insurance costs</p> <p>Currently the two Councils self insure under Work Cover and are eligible to because they have more than 500 employees. If CCWC only has 400 employees they will not be eligible to self insure.</p>	<p>Likelihood: Almost certain</p> <p>Impact: Important</p> <p>Rating: Moderate</p>	<p>Treatment: TBC</p> <p>The costs of self insurance need to be investigated in the due diligence process.</p>
<p>Inadequate trial time</p> <p>Inadequate time is allowed to design, test, and implement CCWC business processes and systems resulting to disruptions to customers</p>	<p>Likelihood: Possible</p> <p>Impact: Major</p> <p>Rating: High</p>	<p>Treatment: Reduction</p> <p>A trial operation of all CCWC business processes should occur with staff prior to formal staff and asset transfers. The implementation plans have included a Trial & Transition period for the interim and final state. The processes included in the trial can be phased in over that period rather than adopt a big bang approach.</p>
<p>Service levels</p> <p>Customer services levels, water and sewerage quality and reliability, or compliance with environmental obligations deteriorates because the CCWC establishment is badly managed.</p>	<p>Likelihood: Possible</p> <p>Impact: Major</p> <p>Rating: High</p>	<p>Treatment: Reduction</p> <p>There should be complete commercial, technical and financial due diligence to both clarify existing service positions and assess and account for forecast positions for customer service levels, water and sewerage quality and reliability, or compliance with environmental obligations. This will enable the management of risk associated with customer service levels and sustainability.</p> <p>Integration plans to consider the new interfaces created during and post integration. Each phase of integration will create new interfaces both within water and sewerage as various functions are transferred and with other Council functions.</p>

Implementation risk	Mitigation measures
<p>Provisions for employee entitlements</p> <p>Ageing workforce and transition turnover increases the risk that employee entitlements will be paid out in a lump-sum, instead of taken as leave. This may result in 'lumpy' payments in respect of these entitlements.</p> <p>Note: GCC WSA has higher headcount than WSC WSA (226 versus 169) and employee entitlements (\$7m versus \$6m).</p>	<p>Likelihood: Almost certain Impact: Important Rating: Moderate</p> <p>Treatment: Reduction</p> <p>It is planned that all service function staff transfer to the JSB on 1 July 2017 and CCWC staff between 1 July 2014 and 1 July 2017 in a phased manner. However it is not yet clear if this risk applies to both those transferring to the CCWC and those transferring to the JSB.</p>
<p>Process alignment & IT systems</p> <p>There will be long delays in getting agreed uniform business processes for Water and waste water and General Fund functions which will be supported by the new IT systems.</p>	<p>Likelihood: Almost certain Impact: Serious Rating: High</p> <p>Treatment: Transference</p> <p>Independent IT consultants should be engaged to assist in reducing this delay. This can be achieved by the businesses changing processes to match existing package functionality rather than attempting to modify standard software packages. Bespoke systems are rarely cost justified unless the processes are highly specialised and the entity is a very large organisation.</p>
<p>Governance arrangements</p> <p>The governance arrangements between the Shareholders and CCWC Board on strategic decisions lack clarity in the CCWC Constitution.</p>	<p>Likelihood: Unlikely Impact: Serious Rating: Moderate</p> <p>Treatment: Reduction</p> <p>The Service Level and Funding Agreement expire on 30 June 2013. The arrangements to apply after that period will need to be put in place. All program plans include the tasks of setting up either a service level agreement with a particular Council.</p> <p>The CCWC Act 2006 provides that the Shareholders can issue a notification of Councils' policy if they are satisfied it is in the public interest. Such notice must be published one month after it is given.</p>

Implementation risk	Mitigation measures	
<p>Cash flow</p> <p>In order to create a revenue earning entity there will be a need to firstly fund the establishment of the CCWC and the JSB, including the recruitment and salary of management, hence creating a cash flow risk</p>	<p>Likelihood: Likely</p> <p>Impact: Serious</p> <p>Rating: High</p>	<p>Treatment: TBC</p> <p>Analysis of the cash flow forecasts needs to be completed in line with the expected establishment timeframes and mitigation plans put in place for cash flow risks identified.</p>
<p>Statutory obligations</p> <p>The focus on delivering the program may detract from the requirement to adhere to the statutory requirements that the Councils and the CCWC must adhere to.</p>	<p>Likelihood: Possible</p> <p>Impact: Serious</p> <p>Rating: Moderate</p>	<p>Treatment: Reduction</p> <p>Accountability for compliance throughout the course of the program is required</p>
<p>Industrial Disputes</p> <p>Given the proposed changes Industrial Disputes may arise if public relations, employees and Unions are not effectively engaged</p>	<p>Likelihood: Possible</p> <p>Impact: Serious</p> <p>Rating: Moderate</p>	<p>Treatment: Reduction</p> <p>Develop and implement clear and transparent communications and ensure Unions are engaged through their representation in the PCG</p>
<p>Councillor Change</p> <p>Given the upcoming elections political direction may change as new Councillors and decision makers are elected</p>	<p>Likelihood: Likely</p> <p>Impact: Serious</p> <p>Rating: High</p>	<p>Treatment: Reduction</p> <p>Program timing has been developed considering key dependencies such as local elections of Councillors and Mayors. Key dependencies such as these should continue to be considered in future planning.</p>

6 Appendix 1- Costs and Benefits

6.1 Summary

The costs and benefits for the selected model (Model N), an Integrated CCWC with Councils' JSB (Long term lease model), is detailed in the PwC Cost Benefit Analysis. The costs and benefits should be updated to reflect decisions made by the Councils since the development of the PwC report.

FY 2018 has therefore been chosen as the focus year for the As-Is and To-Be comparison as this is after the three year transition period and before the majority of OPEX savings can be realised. Additional core function benefits are realised in FY 2021, three years after O&M staff transfer on 1 July 2017.

6.2 One off cost breakdown

A summary of the one off costs to establish the CCWC and the JSB are shown below. Through further planning by the Workgroups, including consideration for resource requirements, these figures should be confirmed and signed off by the PCG.

Table 6 Integrated CCWC with Councils' JSB (Long term lease Model) (Option N) Cost breakdown

Indicative Costs (FY12 dollars)	Assumptions
Transition costs	<ul style="list-style-type: none"> The costs to establish JSB and CCWC have been estimated and include: <ul style="list-style-type: none"> Internal Resources – project management team (\$750k p.a. for 4 years) Accommodation – project management team (\$150k p.a. for 4 years) Business Case, Detailed process design, Integration management, People transition/organisation design, Financial due diligence, Legal due diligence (\$5.1M) Benefits identification and measurement (\$50k p.a. for 4 years, based on an average finance FTE salary of \$100k, 0.5 finance FTE) Training and develop supporting material (\$400k) Redundancy costs \$3.6m FY 18 (This could also occur through natural attrition or these saving could be utilised by redeploying staff to improve service levels elsewhere in the Councils). The cost has been included in order to be more conservative in the estimation of potential OPEX savings.
\$9.3m	
\$3.6m	
JSB Systems and Infrastructure	<ul style="list-style-type: none"> Total replacement of existing Council system architectures with all new systems is expected to be in the region of \$8-\$10m. There will also be infrastructure requirements relating to repurposing existing servers to host new system environment, and integrating existing Council WANs.
\$8-10m	
TOTAL	
\$20.9m to \$22.9m	

Source: Central Coast Water Corporation (CCWC) Cost benefit study Final Report by PwC – April 2012

It is noted that the following items will require more detailed analysis following on from the PwC cost and benefits analysis

- Costs allocated for harmonisation of HR policies and procedures
- Consideration of the impact of Workplace Health and Safety obligations and insurance cost implications
- Consideration of Plant & Fleet transfer of assets

6.3 Assumptions and notes

The following assumptions and notations should be understood when considering the validity of the costs and benefits detailed above.

- All OPEX costs are expressed in FY 2018 nominal values
- A pre-tax nominal weighted average cost of capital has been applied as the discount rate.
- The net cash flows are calculated by comparing the total 'As Is' costs for both Councils with the 'To Be' costs associated with the establishment of the CCWC and Councils' JSB.
- The cash flow analysis assumes that establishment activities commence on 1 July 2012 while the CCWC and JSB commence operations on 1 July 2014.
- Water and waste water assets will be leased to CCWC and revenues (approved by IPART) will be received by CCWC from Water and waste water customers (billed by the two Councils initially until a standalone JSB billing system is in place).
- All water and waste water staff would transfer to CCWC in two phases. Assets and Regulation staff on 1 July 2014 and O&M staff on 1 July 2017. All enabling function staff within the Councils would transfer to a JSB servicing the Councils and CCWC. CCWC would establish a management team (CEO, CFO). One HR Manager is transferred to CCWC from one of the Councils.
- The JSB would provide all enabling functions to CCWC and the Councils under SLAs. Cost apportionment for these agreements would be according to existing recharge ratios.
- The cost or benefits generated by the Council JSB are proposed to flow to the Councils in the proportion of their existing service function costs.

The model should be updated to reflect the latest decisions that have been made by the Councils. These include decisions such as:

- Establishment activities will be completed by 1 July 2017
- Water and waste water assets will be leased to CCWC from 1 July 2017
- All enabling function council staff will transfer to the JSB by 1 July 2017
- Cost and benefits generated by the JSB are to flow to the Councils and the CCWC based upon agreements to be reached by the PCG on the 28th June 2012

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Central Coast Joint Services Project

Strategic Project Management Plan

Implementing the Central Coast Water Corporation & Joint Services Business

Version 1.0

28 June 2012

Document control

Version History

Version	Date	Author	Comments
1.0	19 Jun 12	Brett Koizumi-Smith	Stage 3 Plan

Distribution

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References

Document	T1 Ref	TRIM Ref	Date	Author
Central Coast Water Corporation Cost Benefit Analysis Report				PwC
Central Coast Water Corporation & Joint Services Business Implementation Workplan V2.1				PwC
Central Coast Water Corporation Project Strategic Project Management Plan – Stage 2 Of 4 – Business Case for the Optimal Services Model for Gosford City Council Wyong Shire Councils and the CCWC – Version 5.0				B Koizumi-Smith

Endorsement

By signing this endorsement section of the document, the Program Manager endorses this plan for the Central Coast Joint Services Project, prior to Approval

Name	Title	Signature	Date
B Koizumi-Smith	Project Manager, CCWC		

Approval

By signing this approval section of the document, the Project Sponsors approve this plan for the Central Coast Joint Services Project

Name	Title	Signature/Ref	Date
Michael Whittaker	GM, WSC		
Stephen Glen	A/GM, GCC		

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1 Project Overview

1.1 Purpose of document

1. The purpose of this Strategic Project Management Plan (SPMP) is to describe the
 - Background and need for this project
 - Objectives and benefits the project will deliver
 - Project scope
 - Project organisation structure, roles and responsibilities
 - Planned approach to undertaking the project
 - Stakeholders and their needs
2. This document will be updated, and should be referenced throughout the project
3. Changes to this document will be subject to change control following its initial sign-off (approval)

1.2 Context

1. Gosford City and Wyong Shire Councils ('the Councils') have agreed to proceed with the implementation of the Central Coast Water Corporation ('the Corporation')
2. As part of the Councils' agreement, a joint services business (JSB) will also be established to provide human resources (HR), information technology (IT), financial, and plant & fleet services on a commercial basis to the Corporation and the Councils and be functional by 1 July 2017
3. The Councils will transfer asset management and regulatory staff from the water and wastewater business to the Corporation on 1 July 2014
4. The Corporation will provide asset management and regulatory services to the Councils' water and wastewater business on a fee for service basis from 1 July 2014
5. The remaining water and wastewater functions, responsibilities and staff will be transferred to the Corporation by 1 July 2017
6. The Councils will transfer their water and wastewater assets (infrastructure) to the Corporation under a long term lease agreement from 1 July 2017
7. In preparing for the implementation of the Corporation, due consideration must also be given to the services required by the legacy Council functions
8. Consideration must be given to the existing Council structures, transitional arrangements and future operating state for all organisations with regard to IT, HR, Finance and Plant & Fleet
9. The future state should provide a coordinated regional approach for the delivery of services to the Central Coast community

1.3 Intended Audience

1. The audience for the SPMP is Councillors, staff and the Board of the Central Coast Water Corporation

1.4 Project Scope

1. The major Stages in the establishment of the CCWC are
 - (i) Stage 1 - Initiation and Implementation
 - (ii) Stage 2 - Service Model Identification
 - (iii) Stage 3 - Implementation
 - (iv) Stage 4 - Post Implementation
2. This SPMP is for Stage 3 and will focus on the implementation of the CCWC and Joint Services Business (JSB) as resolved by the shareholder Councils at meetings of the Central Coast Regional Organisation Councils on 31 May and 28 June 2012
3. This SPMP has been prepared in conjunction with the Implementation Workplan prepared for the progressive transfer of the Councils' water and wastewater functions, responsibilities and staff to the Corporation and the establishment of a joint services business to provide support services to the Corporation and Councils
4. The Implementation Work Plan proposes nine (9) delivery stages

Integrated Program Management Stages

Major Project Delivery Stages	Start Date	Finish Date
Stage 1 – Set the Course	July 2012	Oct 2012
Stage 2 – Design Interim State – CCWC Asset Management Only	Nov 2012	Mar 2013
Stage 3 – Build Interim State – CCWC Asset Manager	Apr 2013	Jul 2014
Stage 4 – Trial & Transition – CCWC Asset Manager Interim Operations	Jul 2013	Jun 2014
Stage 5 – Cut Over & Operate – CCWC Asset Manager Interim State	Jul 2014	Jun 2017
Stage 6 – Design Final State – CCWC & JSB	Feb 2013	Jun 2014
Stage 7 – Build Future State	Jul 2013	Jun 2016
Stage 8 – Trial & Transition to Future Stage – Integrated CCWC & JSB	Jul 2014	Jun 2017
Stage 9 – Cut Over & Operate Integrated CCWC & JSB	Jul 2017	Onwards

5. This SPMP will be updated as the project progresses through the various stages

2 Program Objectives, Governing Principles & Key Success Factors

2.1 Program Objectives

1. Establish an organisation that provides water and wastewater services to Gosford City and Wyong Shire Councils' local government areas that fulfil the Principal Objectives of the CCWC Act 2006 and in particular with regards to the efficient delivery of water and waste water services to customers
2. Maximise the overall financial return for the Councils, the Corporation and the JSB resulting from the establishment of the CCWC and the JSB
3. Establish an organisation capable of providing support services to Gosford City, Wyong Shire and the Central Coast Water Corporation at a cost that is lower than existing expenditure and at a quality which reasonably meets the business needs of all three clients
4. Identify opportunities for improving the management and delivery of support services
5. Transfer the Councils' 'back-office' functions of HR, finance, IT and Plant and Fleet (and others as identified and agreed between the parties) by July 2017 to a Joint Services Business
6. Develop capacity and maximise utilisation of existing Council staff, systems and all other resources
7. Establish strategies and systems for the benefit of the Councils, the CCWC, the JSB and each of its shareholders
8. Maintain job security and continuity of employment for all permanent Award Staff throughout the transition, excluding Senior Designated officers and other Contract Staff (proper respect and consideration to all employees to be taken into account regarding tenure and entitlements)
9. The Councils reiterate the guiding principle for the creation and operation of the Central Coast Water Corporation of a 50:50 partnership (e.g. costs, benefits, income, expenditure, risks, liabilities etc) between Gosford City Council and Wyong Shire Council that achieves in the long term the best outcome for the two Councils, the Water Corporation and the Central Coast Community.

During the development and implementation of the adopted model for the Central Coast Water Corporation should any material differences be identified that independent advice be sought and be brought to the two Councils for their consideration and determination

2.2 Governing Principles

1. The establishment of the CCWC and the JSB will be managed under a single program
2. A decision making forum, the Program Control Group (PCG) will be established for the implementation Program to make critical decisions, oversee progress and remove barriers
3. The PCG will take decisions forwards to the respective Councils and Boards for ratification where necessary
4. The PCG will contain fair and adequate representation for each of the Councils, the Water Corporation and the Unions (3 GCC members, 3 WSC voting members, 1 CCWC member and 2 Union members)

5. The PCG Chair will have the final decision making rights and the role of PCG Chair will rotate between the two Council GMs
6. Probity audits will be undertaken a key points during the project
7. In the decision making process the PCG will need to consider staff and their entitlements, the end customer, OH&S requirements and, Regulatory and Compliance obligations
8. Design and delivery of future operating model will be business function led (e.g Water and Waste Water and Residual of Council Services) and enabled by the support functions (e.g IT)
9. Accountability for delivery of workgroups of work will rest with the Workgroup Lead
10. The PCG will meet on a fortnightly basis in the initial stages and Leads will attend to represent their Workgroups by invitation
11. A Program Management Office will coordinate the process of the Program, provide change and communications management and provide secretariat services to the PCG
12. PCG meetings will be used to provide formal updates on specific pre agreed content in addition to a general progress update

2.3 Critical Success Factors

1. The success of the program is dependent on:-
 - i. Continued commitment from both Councils – Without substantial, mutual and equal commitment of the senior executive and governance arms of both Councils, CCWC/JSB operations will be impaired and compromises will be likely to jeopardise the essential deliverables
 - ii. Leadership – Senior Council staff will need to lead the change through their involvement in the program, their support of the program, allocation of sufficient resources and the adoption of the new ways of working
 - iii. Business case management and benefits realisation – There must be economic gain from the Program and therefore regular assessment of the status and forecast of returns and costs is essential. Establishment of baselines, targets and accountability for the delivery of benefits will be key
 - iv. Maintaining business as usual - Continuation of key customer services and ‘back-office’ services must not be compromised throughout the Program or as a result of the Program
 - v. Staff willingness to change– Engaging staff in the development of the new processes and the new ways of working will be critical for buy in
 - vi. Political and community support – Without adequate support the program barriers to progress will arise and value adding activity will fall. The early engagement of Unions, Community and key stakeholders will be important
 - vii. Open and transparent communications - Communications with employees, councillors, unions and other key stakeholders must be open, transparent and unambiguous

- viii. Acts and Statutory Compliance - All relevant Acts and Statutory Obligations must be adhered to throughout the program

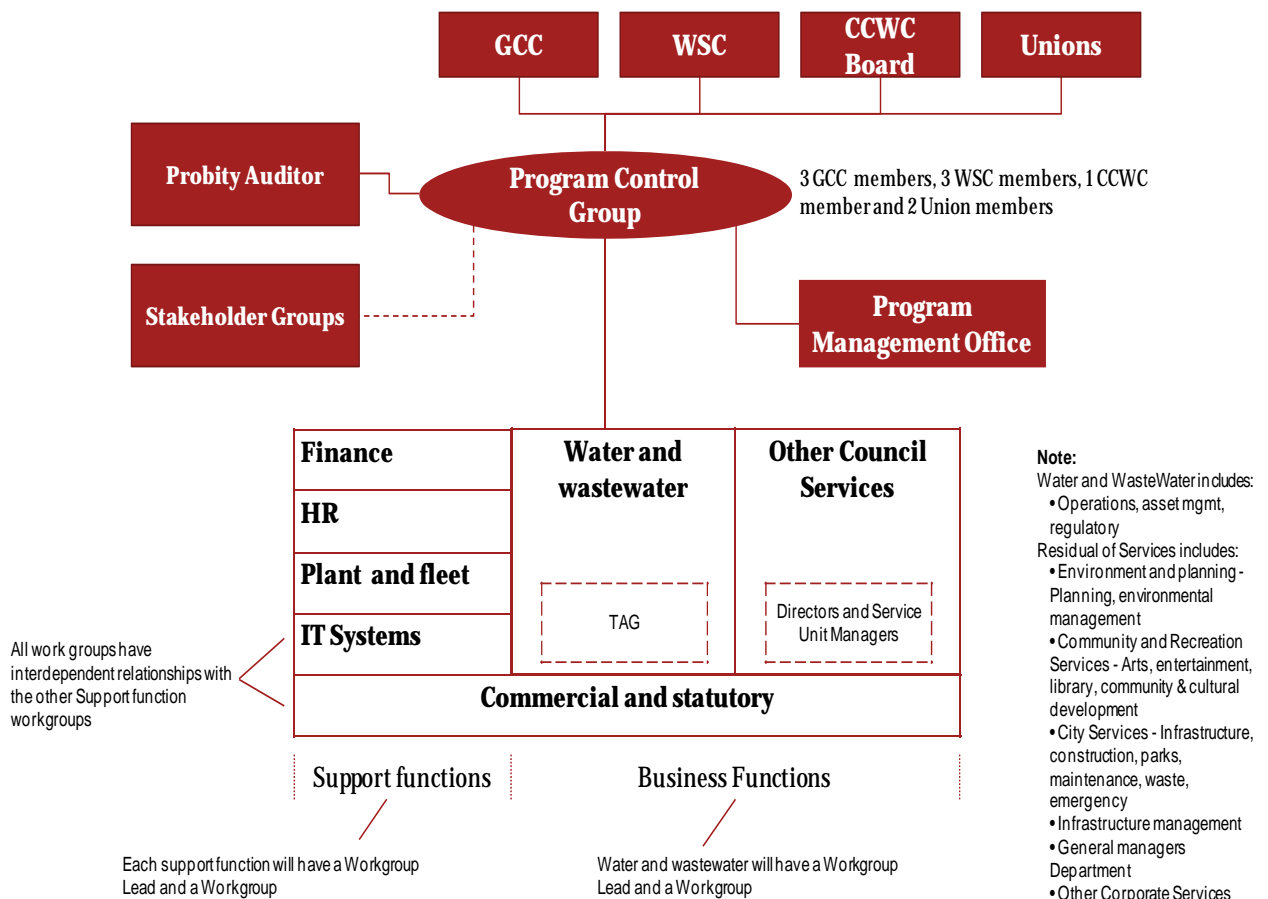
- ix. Maintain job security and continuity of employment for all permanent Award Staff throughout the transition, excluding Senior Designated officers and other Contract Staff (proper respect and consideration to all employees to be taken into account regarding tenure and entitlements)

3 Project Organisation

3.1 Project Governance

1. The project is jointly managed by Wyong Shire and Gosford City Councils under the governance of a Program Control Group (PCG)
2. The PCG comprises
 - Gosford City Council X 3 representatives
 - Wyong Shire Council X 3 representatives
 - Unions X 2 representatives
 - Central Coast Water Corporation X 1 representatives
3. A Program Management Office has been established to provide day to day co-ordination and administration for the Project Control Group
4. Figure 2 below illustrates the relationships between the key internal parties

Figure 2 - Stage 3 Relationships



Source: PwC Central Coast Water Corporation & Joint Services Business Implementation Workplan

3.2 Roles & Responsibilities

- The table below describes the roles and responsibilities of the primary management and execution roles in the project

Shareholder Councils

Role	Responsibilities
General Managers	<ul style="list-style-type: none"> Program Sponsors
Program Control Group	<ul style="list-style-type: none"> Direction and vision Review deliverables drive the Program forward Decision-making and resolution of critical issues Approve internal/external communication Take key decisions to the Board and Councils for ratification Represent staff and their entitlements and the end customer Consider and uphold OH&S requirements and Regulatory and Compliance obligations Stakeholder engagement Target and benefits monitoring and management as well as related reporting to Councils and CCWC Quarterly reporting to Councils, CCWC and Unions Directs the PMO regarding managing change through the organisation Communicates with other key organisational representatives Provides the PMO with the appropriate information and decision making Provides general project governance including <ul style="list-style-type: none"> Assist resolve issues related to project risks, quality, expenditure and time constraints, as required Decision making regarding project exceptions Review and approve project deliverables (documentation), as appropriate Approve external consultant procurement
Program Management Team	<ul style="list-style-type: none"> Overall Program coordination and communication Cross-Workgroup facilitation and co-ordination Provision of common administrative support services to work groups Central collection point for issues, risks and status reporting Cost/benefits tracking Key milestones and financial reporting to PCG Report all key decisions for approval by the PCG Report all exceptions to the PCG Ensure consistency and delivery of documentation to the PCG Support the PCG
Workgroup Lead	<ul style="list-style-type: none"> Accountable for the workgroup deliverables and achievement of desired outcomes and benefits Day to day responsibility for delivering specific workgroup activities and co-ordinating work groups

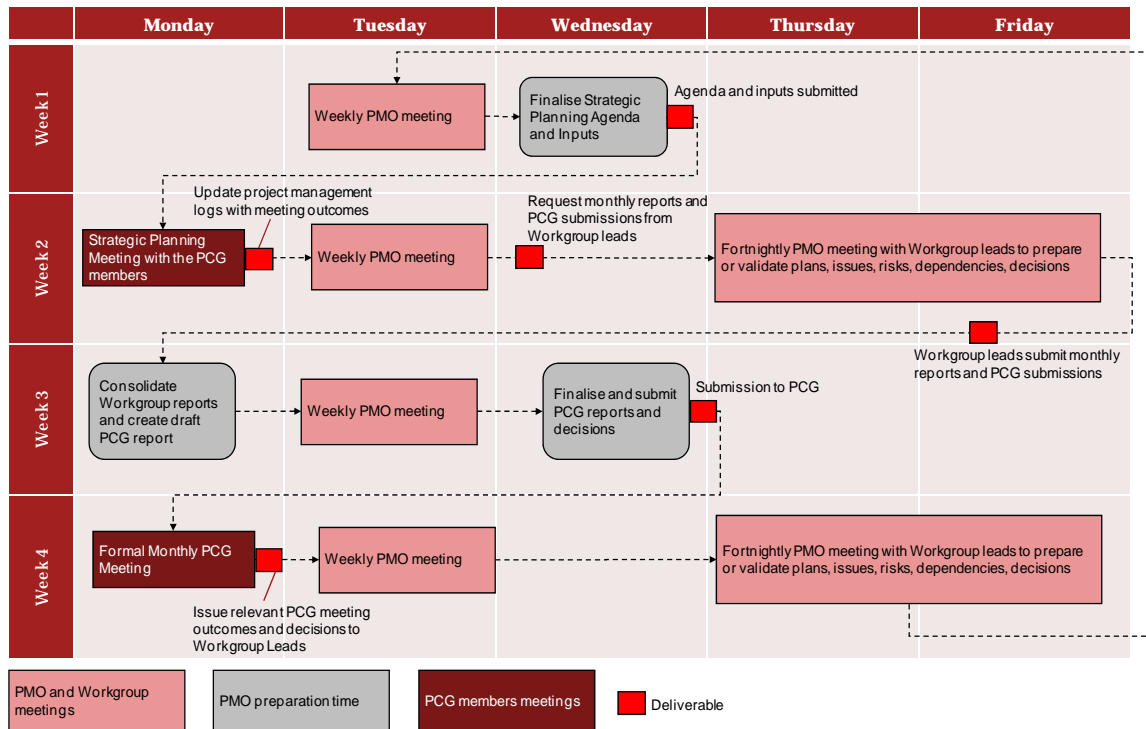
Role	Responsibilities
	<ul style="list-style-type: none"> Decision-making and resolution of issues within workgroups Preparation of detailed implementation plans, workgroup deliverables and all key decisions for approval by the PCG Reporting to the PCG
Workgroups	<ul style="list-style-type: none"> Team with expertise in relevant functional or issue specific areas Responsible for creating deliverables or providing advisory support (as agreed in advance) for the Workgroup Lead
Technical Advisory Group (TAG)	<ul style="list-style-type: none"> Provide strategic management for the respective WSA businesses during the transition phase to maintain business continuity Align WSA operating systems and procedures Provide technical advice to the CCWC by request

CCWC

Role	Responsibilities
Board of Directors	<ul style="list-style-type: none"> Responsible for activities as determined by the shareholders & articulated in the Service Level & Funding Agreement
Senior Manager	<ul style="list-style-type: none"> Responsible for supporting the Board of Directors and liaising between the CCWC and Shareholders

3.3 Reporting

- The following diagram reflects the proposed schedule of reporting for the early stages of the program from 1 July 2012.



3.4 Project team resources

Internal Resources

1. The Program Management Office (PMO) will comprise the following

PMO Role	Responsibility
Project Manager	<ul style="list-style-type: none"> • Leads the planning and development of all project deliverables • Creates and maintains the project schedule • Monitors project progress, performance and financials and develops corrective actions where forecasts dictate • Manages resources within and against approved budget • Communicates regularly with sponsors and stakeholders, informally and formally • Manages the project delivery to agreed objectives and benefits • Manages and leads the project team • Recruits project team and consultants • Manages procurement processes engaging specialists as required • Liaises with the Program Control Group • Monitors and records project risks, interdependencies and issues
Assistant Project Manager	<ul style="list-style-type: none"> • Coordinates the Program Management Office and provides support to the key work teams • Develops and maintains risk register, and manage mitigation strategies
Communications Manager	<ul style="list-style-type: none"> • Develop and implement communication strategies • Provides communications support to engage internal and external stakeholders in successful change management • Issues management including media liaison and monitoring
Project Scheduler	<ul style="list-style-type: none"> • Responsible for maintaining a master schedule for projects • Evaluating the progress of projects and prepare regular updates • Provide input in developing work schedules as part of estimating cost of projects, illustrating project timelines and milestones • Responsible for preparing and issuing proposed and provisional schedule.
Project Officer (2)	<ul style="list-style-type: none"> • Provides project and administrative support to the PMO and Workgroups
Office Manager	<ul style="list-style-type: none"> • Manages the PMO and provides administrative support • Document control • Monitoring of work methods and systems • Coordination of PCG meetings

External resources - Procurement Strategy

2. Expert assistance will be procured on an 'as needed' basis to support the PCG
3. Expert assistance will be procured with the approval of the PCG

4 Project Approach

4.1 Overall Scope & Staging

1. The key stages in the implementation of the CCWC are

<i>Initiation and establishment</i>	<i>Completed</i>
Service Model Identification	Completed
Implementation	Current stage
<i>Post Implementation</i>	<i>Future stage</i>

2. The Project will also give consideration to the following activities that will be addressed concurrently with the implementation of the CCWC
 - i. Water, Sewerage and Drainage Pricing Determinations
 - ii. Operating Licence for the CCWC (subject to the operating model adopted)

4.2 Initiation and Establishment (completed)

1. Stage 1 focused on the establishment of the CCWC corporatisation framework and ended in July 2011 with the recommendation of the inaugural Directors for appointment to the CCWC's Board
2. In accordance with the MoU, the Directors will initially be responsible for the functions previously provided by the Gosford Wyong Councils Water Supply Authority in relation to the water supply

Phase 1 Functions

- i. Strategic planning
 - ii. Strategic operational controls
 - iii. Auditing and strategic monitoring
 - iv. Preparing the CCWC to become the Water Supply Authority for the GCC and WSC local government area
3. The Phase 1 functions are outlined in detail in the Service Level and Funding Agreement

4.3 Service Delivery Model Identification (completed)

1. The Principal Objective of this project was

To establish, with no long term net material cost to the Councils or community, the optimal structure for the delivery of the WSA and Council services to the Central Coast

2. In accordance with the MoU, a cost benefit analysis (CBA) was undertaken by expert consultants
3. The Councils adopted an Integrated CCWC (long term lease) + joint services business as the operating model for the implementation of the Corporation
4. The key features of the model adopted by the Council are:

- The Corporation will be a standalone integrated water and wastewater provider
 - The Corporation will become the Water Supply Authority under the Water Management Act 2000 responsible for the management of water and wastewater to the Central Coast from 1 July 2017
 - The Councils will lease the water and wastewater infrastructure assets to the Corporation under a long term commercial agreement from 1 July 2017
 - The Corporation will provide strategic management advice to the Councils between 1 July 2012 to 1 July 2017 as outlined in a Service Level and Funding Agreement
 - Asset Management and Regulatory Services staff will be transferred to the Corporation on 1 July 2014 and will provide services to the Councils
 - A Joint Services Business (JSB) will be established to provide 'backroom' support functions to the Corporation and the Councils
 - The JSB will commence from 1 July 2017 with the Councils providing support functions in the interim
5. An Implementation Workplan has been developed to support the adopted operated model

4.4 Implementation (current stage)

1. The Implementation Workplan will form the framework for Stage 3
2. The Implementation Plan will be resolved by the Councils following a CCRCO meeting
3. The key steps for the CCWC Project Team will be
 - i. Develop detailed service specifications for supporting functions to be developed by the Joint Services project
 - ii. Develop an operating framework including policies and procedures to support the merging of the current WSA businesses
 - iii. Monitor and ensure business continuity during the implementation phase
4. The key activities to be addressed in Stage 3 – Implementation will include
 - i. Due diligence investigations
 - ii. Mobilise critical business support systems
 - iii. Implement strategic human resources plan to facilitate staff transfers
 - iv. Identifying and valuing assets to be transferred (subject to targeted operation model)
 - v. Addressing governance, legal and regulatory issues
 - vi. Detailed transition/ implementation planning and management
- iv. These activities may be undertaken by a combination of internal and external experts

4.5 Post Implementation (future stage)

1. There is expected to be ongoing evaluation and monitoring of the various services and activities between and within each of the businesses
2. A post implementation plan will be developed to scope the issues to be reviewed and criteria for evaluation
3. The Plan will identify who will undertake these activities
4. Specifics of this stage will be subject to a separate SPMP

4.6 Parallel Projects

1. The Project will need to give consideration to the following activities that will be addressed concurrently with the implementation of the CCWC
 - i. Water, Sewerage and Drainage Pricing Determinations
 - ii. Operating Licence for the CCWC (subject to the operating model adopted)
2. The activities will be managed by separate project teams under the PCG

Water, Wastewater and Drainage Fees & Charges

3. The NSW Independent Pricing and Regulatory Tribunal's (IPART) determination for the Councils' water, wastewater and drainage fees and charges will expire on 30 June 2013
4. A new pricing determination is required for the Councils to levy fees and charges for the services provided
5. A submission(s) proposing new fees and charges is required to be submitted to IPART in September 2012 in order for new fees and charges to be determined in time with the expiration of the current determination
6. As a result of uncertainty with the status of the CCWC at the commencement of the new pricing determination period (1 July 2013), each Council will submit separate submissions enabling each Council to levy charges
7. The Councils can transfer their authority to levy the fees and charges to the CCWC after the determinations come into effect
8. The Councils have agreed to align their fees and charges regime as much as possible to mitigate material differences in customer's bills between the local government areas
9. The final operating model arrangements will have an impact on the costs of the CCWC and will need to be addressed as part of the Councils' pricing submissions
10. In addition, the Councils' have resolved as part of the project objectives, that all reasonable costs associated with the establishment of the CCWC will need to be recovered and as such will need to be considered within the pricing submissions

Operating Licence

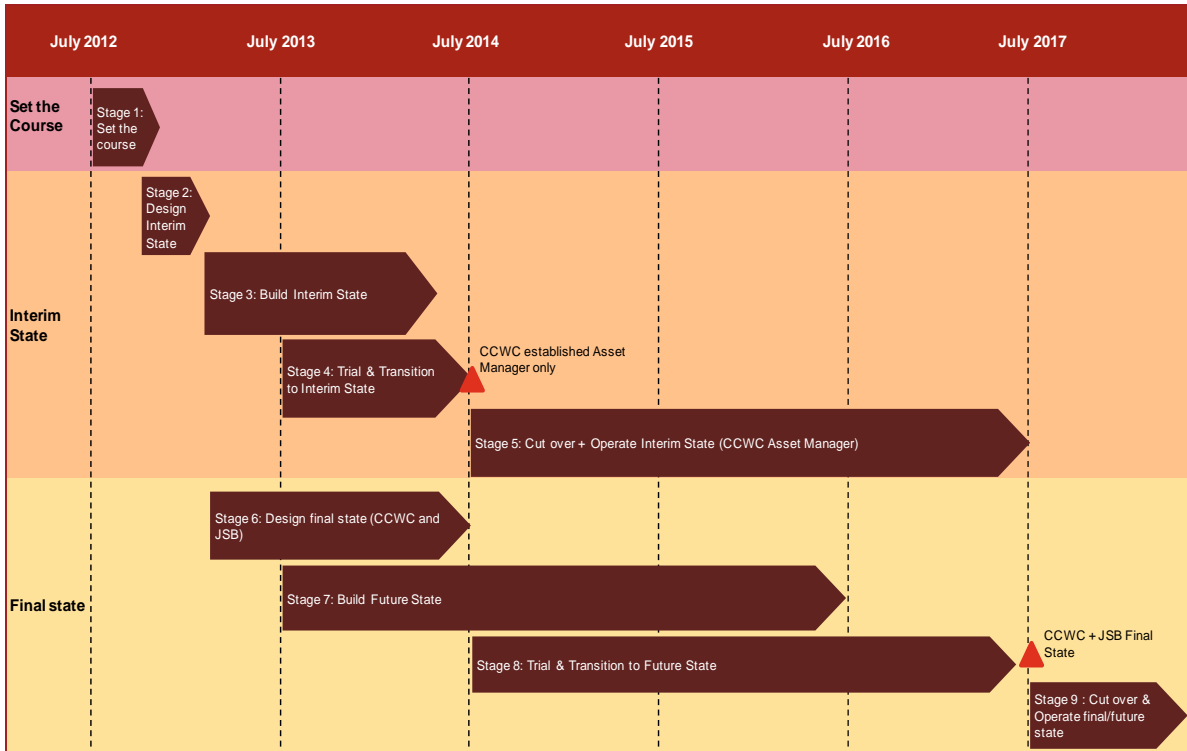
11. The CCWC Act requires an Operating Licence (OL) for the operation of the water and wastewater services
12. The OL will have to be finalised before any WSA functions are transferred to the CCWC
13. The OL will be developed through negotiations with IPART and community consultation
14. These negotiations are being conducted with representatives of the Councils and IPART
15. The OL will include performance indicators in relation to levels of service
16. The performance expectations will be determined in part by the scope of the services to be provided (ie the preferred operating model) and the capacity of the CCWC to resource actions to meet service level requirements and cost impacts on customers
17. There will need to be ongoing interaction between the CCWC Project and OL negotiations

5 Work Schedule – Implementation

5.1 Delivery Stages

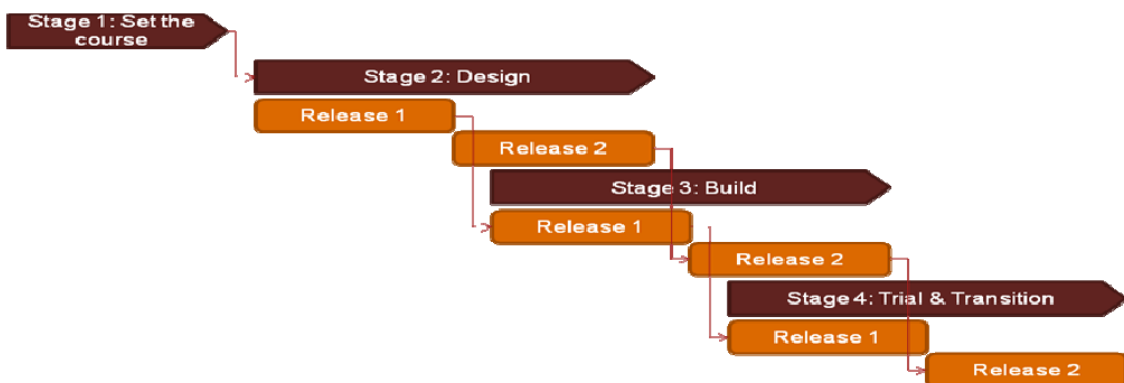
1. The Implementation Plan is made up of 9 stages
2. One stage that's sets the course and sets the guiding principles for the program and then four stages for the final CCWC and JSB operating models which go through:
 - (i) Design
 - (ii) Build
 - (iii) Trial & Transition; and
 - (iv) Cut-over and operate
3. An overview of the stages based on current information and their overall timing is shown below
4. It is recognised that the program needs to be flexible and that each work group will need to consider and respect the needs of others :

Figure 1 : Implementation Stages



5. The ideal approach is that design, build, trial and transition, and then operation are done consecutively
6. The purpose of this is so appropriate stage gating can be put in place and services are only built once designed; trialled and transitioned once properly built; and put into operation once fully proven in trial.
7. However a hybrid approach can be taken where services are put into groups or releases and then these releases are designed, built and transitioned in line with their priority
8. This approach can be used for all Stages except for Stage 1: Set the Course which should be completed prior to any design activities commencing
9. This approach is shown conceptually in the diagram below and enables the Stages to overlap from a timing perspective:

Figure 2 : Service release approach



Source: PwC Central Coast Water Corporation & Joint Services Business Implementation Workplan

5.2 Key Milestones

1. The key milestones for the program are outlined in the table below:

Milestone:	Due Date:
Detailed Program implementation plan and business case for CCWC and JSB establishment	November 2012
Detailed interim state design (CCWC asset manager)	March 2013
CCWC Interim Asset Manager Function in place with asset management and regulation staff from 2 councils transferred across	July 2014
Integrated CCWC and JSB in place with Operations & Maintenance staff from 2 councils transferred across	July 2017
Long term lease of assets to CCWC commences	July 2017

- 1.

6 Engagement & Communications Management

6.1 Stakeholders – Internal

- The following stakeholders are internal to the Councils

Internal stakeholder table

Stakeholder	Description of project stake	Comments / Issues / Actions
Councillors	Responsible for Council interests	Briefed on a quarterly basis
Project Control Group	Overall project guidance representing Councils	Fortnightly meetings
Council Senior Managers	'Subject matter experts' and internal champions	Quarterly meetings Input will be guided by this Plan and Working Group project plans
Council staff	Enablers and subject matters experts Impact of project on existing positions of some employees	Communication and engagement plan to be implemented to address staff uncertainty and facilitate staff input

6.2 Stakeholders – External

- The following stakeholders are external to the Councils

External stakeholder table

Stakeholder	Description of project stake	Comments / Issues / Actions
CCWC	Recipient of service delivery model and CBA	Represented by Senior Manager on the PCG
Minister	Minister responsible for MoU	Recipient of CBA
Media	Issues of interest to community Interest in any institutional changes and customer impacts	Keep informed via media statements at key milestones
Customers/Community	Continued/seamless provision of services during transition Improved service following transition	Media statements to inform and engage in accordance with approved Communication Strategy Direct mail
Unions	Ensuring continued employment and benefits for all Council staff	Engaged in accordance with agreed Communications Model
Other Government and agencies	General interest	Inform as required
Water industry	General interest	Inform as required

6.3 Communication Management & Engagement

1. A communication and engagement strategy will be designed to help achieve the program's objectives.
2. The needs of internal stakeholders and the community as customers of the Councils and CCWC will be considered in the development of the strategy
3. The strategy will establish mechanisms and procedures between the Councils to support effective engagement with internal stakeholders in particular
4. Key messages will be outlined that support the project's objectives
5. Key strategies to deliver effective change management will be adopted
6. The Engagement Forum will be joint council committee comprising union delegates from both Councils and senior management that will meet on a regular basis to discuss industrial relations and human resources issues associated with the CCWC

7 Risk Management

1. The table below outlines the key risk and will be updated throughout the project

Risk No.	Risk Description	Comment	Date Last Assessed	Previous Risk Severity Score	Risk Category	Control	Consequence Score	Likelihood Score	Current Risk Severity Score (With Controls)	Control Effectiveness Score / Rating	Change In Risk	Risk Owner	Risk Strategy	Risk Treatment/S	Treatment Due Date
1.	Entitlements	Council employees transferred to the CCWC/JSB in common positions may be on different entitlements under the Local Government Award.			High		Serious	Almost certain					Reduction	Employees should be transferred "at level", with essentially all terms and conditions at least what they had before with the legacy Council. Transferred employees should be provided with the same redundancy protections provided to Water and waste water staff under the CCWC Act 2006.	
2.	Work Cover self insurance costs	Currently the two Councils self insure under Work Cover and are eligible to because they have more than 500 employees. If CCWC only has 400 employees they will not be eligible to self insure.			Moderate		Important	Almost certain					TBC	The costs of self insurance need to be investigated in the due diligence process.	
3.	Inadequate trial time	Inadequate time is allowed to design, test, and implement CCWC business processes and systems resulting to disruptions to customers			High		Major	Possible					Reduction	A trial operation of all CCWC business processes should occur with staff prior to formal staff and asset transfers. The implementation plans have included a Trial & Transition period for the interim and final state. The processes included in the trial can be phased in over that period rather than adopt a big bang approach.	
4.	Service levels	Customer services levels, water and sewerage quality and reliability, or compliance with environmental obligations deteriorates because the CCWC establishment is badly managed.			High		Major	Possible					Reduction	There should be complete commercial, technical and financial due diligence to both clarify existing service positions and assess and account for forecast positions for customer service levels, water and sewerage quality and reliability, or compliance with environmental obligations. This will enable the management of risk associated with customer service levels and sustainability. Integration plans to consider the new interfaces created during and post integration. Each phase of integration will create new interfaces both within water and sewerage as various functions are transferred and with other Council functions.	
5.	Provisions for employee entitlements	Ageing workforce and transition turnover increases the risk that employee entitlements will be paid out in a lump-sum, instead of taken as leave. This may result in 'lumpy' payments in respect of these entitlements. Note: GCC WSA has higher headcount than WSC WSA (226 versus 169) and employee entitlements (\$7m versus \$6m).			Moderate		Important	Almost Certain					Reduction	It is planned that all service function staff transfer to the JSB on 1 July 2017 and CCWC staff between 1 July 2014 and 1 July 2017 in a phased manner. However it is not yet clear if this risk applies to both those transferring to the CCWC and those transferring to the JSB.	
6.	Process alignment & IT systems	There will be long delays in getting agreed uniform business processes for Water and waste water and General Fund functions which will be supported by the new IT systems.			High		Serious	Almost Certain					Transference	Independent IT consultants should be engaged to assist in reducing this delay. This can be achieved by the businesses changing processes to match existing package functionality rather than attempting to modify standard software packages. Bespoke systems are rarely cost justified unless the processes are highly specialised and the	

Risk No.	Risk Description	Comment	Date Last Assessed	Previous Risk Severity Score	Risk Category	Control	Consequence Score	Likelihood Score	Current Risk Severity Score (With Controls)	Control Effectiveness Score / Rating	Change In Risk	Risk Owner	Risk Strategy	Risk Treatment/S	Treatment Due Date
														entity is a very large organisation.	
7.	Governance arrangements	The governance arrangements between the Shareholders and CCWC Board on strategic decisions lack clarity in the CCWC Constitution.			Moderate		Serious	Unlikely					Reduction	The Service Level and Funding Agreement expire on 30 June 2013. The arrangements to apply after that period will need to be put in place. All program plans include the tasks of setting up either a service level agreement with a particular Council. The CCWC Act 2006 provides that the Shareholders can issue a notification of Councils' policy if they are satisfied it is in the public interest. Such notice must be published one month after it is given.	
8.	Cash flow	In order to create a revenue earning entity there will be a need to firstly fund the establishment of the CCWC and the JSB, including the recruitment and salary of management, hence creating a cash flow risk			High		Serious	Likely					TBC	Analysis of the cash flow forecasts needs to be completed in line with the expected establishment timeframes and mitigation plans put in place for cash flow risks identified.	
9.	Statutory obligations	The focus on delivering the program may detract from the requirement to adhere to the statutory requirements that the Councils and the CCWC must adhere to			Moderate		Serious	Possible					Reduction	Accountability for compliance throughout the course of the program is required	
10.	Industrial Disputes	Given the proposed changes Industrial Disputes may arise if public relations, employees and Unions are not effectively engaged			Moderate		Serious	Possible					Reduction	Develop and implement clear and transparent communications and ensure Unions are engaged through their representation in the PCG	
11.	Councillor Change	Given the upcoming elections political direction may change as new Councillors and decision makers are elected			High		Serious	Likely					Reduction	Program timing has been developed considering key dependencies such as local elections of Councillors and Mayors. Key dependencies such as these should continue to be considered in future planning.	

8 Budget

1. The table below outlines the budget agreed by the Councils and likely costs for external and internal resources

Project Management Office	Total	Estimated Project Management Office Costs				
		2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Staff Resources	5,092,850	966,770	1,031,520	1,031,520	1,031,520	1,031,520
External Resources	2,500,000	500,000	500,000	500,000	500,000	500,000
Accommodation	564,700	149,740	103,740	103,740	103,740	103,740
Sub Total	8,157,550	1,616,510	1,635,260	1,635,260	1,635,260	1,635,260
Escalation	898,986	56,578	116,471	177,782	241,238	306,916
Total Escalated costs	9,056,536	1,673,088	1,751,731	1,813,042	1,876,498	1,942,176
Budget Allowance	9,200,000	1,700,000	1,800,000	1,850,000	1,900,000	1,950,000

Notes/Assumptions

- PMO remains in current office accommodation
- No allowance has been made for expanding or moving the PMO office in this estimate
- PMO staff include:- Project Manager, Assistant Project Manager, Project Scheduler, Admin support, Office Manager, Communications Officer and a Business analyst/ Policy officer
- PMO provide project coordination and administrative support to other work groups
- No costs have been provided for time invested by PCG members
- An allowance of \$500,000 per annum for the PCG to engage expert assistance
- Annual cost estimates are in 2012 dollars with annual escalation costs based on 3.5% CP

9 Attachments

CENTRAL COAST JOINT SERVICES

Finance

Project Management Plan

Version 1.1

Document control

Version History

Version	Date	Author	Comments
1.0	12 June 2012	Kim Futcher	Initial Draft
1.1	21 June 2012	Kim Futcher	Revised Draft

Distribution

Version	Date	Distribution
1.0	15 June 2012	Central Coast Joint Services Program Control Group
1.1	19 June 2012	Central Coast Region Organisation of Councils (CCROC)

Approval

By signing this approval section of the document, the Project Sponsors approve the Finance Project Management Plan for the Central Coast Joint Services.

Name	Title	Signature	Date
Michael Whittaker	General Manager, WSC		
Stephen Glen	A/General Manager, GCC		
Rod Williams	Senior Manager, CCWC		

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1 Project Overview

1.1 Purpose of document

1. This project management plan outlines the concept and feasibility for delivering financial support services to the Central Coast Water Corporation, Gosford City Council and Wyong Shire Council
2. This plan will address specifically
 - Project scope
 - Key milestones
 - Deliverables
 - Resource requirements
 - Project organisation structure, roles and responsibilities
 - Interdependencies
 - Engagement and communication
3. This document will be updated, and should be referenced throughout the project
4. Changes to this document will be subject to change control following its initial sign-off (approval)

1.2 Context

1. Gosford City and Wyong Shire Councils ('the Councils') have agreed to proceed with the implementation of the Central Coast Water Corporation ('the Corporation')
2. As part of the Councils' agreement, a Joint Services Business (JSB) will also be established to provide human resources (HR); information technology (IT); finance; and plant and fleet services to the Corporation and Councils and be functional by 1 July 2017
3. The Councils will transfer their water and wastewater asset management and regulatory responsibilities and staff to the Corporation from 1 July 2014
4. The remaining water and wastewater functions, responsibilities and staff will be transferred to the Corporation as soon as practically possible but no later than 1 July 2017
5. The Councils will transfer their water and wastewater assets (infrastructure) to the Corporation under a long term lease agreement from 1 July 2017
6. In preparing for the implementation of the Corporation and JSB, consideration must also be given to the services required by the legacy Council functions
7. Consideration needs to be given regarding the existing Council structures, transitional arrangements and future operating state for all organisations with respect to IT; HR; finance; and plant and fleet
8. The future state should provide a coordinated regional approach for the delivery of services to the Central Coast Community and allow the organisations to be resilient to challenges

1.3 Intended Audience

1. Internal stakeholders

1.4 Project Scope

1. This project management plan has been prepared in consultation with the Implementation Work Plan that has been prepared by PricewaterhouseCoopers for the establishment of the Corporation and JSB
2. The Implementation Work Plan is proposed to be delivered according to nine (9) stages:

Major Project Delivery Stages	Start Date	Finish Date
Stage 1 – Set the Course	July 2012	November 2012
Stage 2 – Design Interim State – CCWC Asset Management Only	November 2012	March 2013
Stage 3 – Build Interim State – CCWC Asset Manager	March 2013	March 2014
Stage 4 – Trial & Transition – CCWC Asset Manager Interim Operations	July 2013	June 2014
Stage 5 – Cut Over & Operate CCWC Asset Manager Interim State	July 2014	June 2017
Stage 6 – Design Final State – CCWC & JSB	February 2013	June 2014
Stage 7 – Build Future State	July 2013	June 2016
Stage 8 - Trial & Transition to Future Stage – Integrated CCWC & JSB	July 2014	June 2017
Stage 9 – Cut Over & Operate Integrated CCWC & JSB	July 2017	Onwards

3. This plan will address the current, transitional and future state of finance actions, tasks, milestones and deliverables required to support the Councils and the Corporation with a fully functional solution implemented by 1 July 2017
4. This project management plan is based on current available information and will be dynamic and updated as the project progresses through the various stages
5. Each version of the plan will build on the previous and articulate the key milestones, deliverables and resources required

1.5 Project Goals & Strategic Alignment

1.5.1 Goals

1. To establish an organisation that provides support services, including finance, to Councils and the Corporation at a cost that is lower than existing expenditure and at a quality that reasonably meets the business needs of all clients

1.5.2 Objectives

1. Efficient delivery of water and wastewater services to the community
2. Maximise overall financial return to Councils and the Corporation resulting from the establishment of the Corporation and JSB
3. Establish an organisation that can deliver efficient and effective support services to all three clients
4. Identify and improve the overall management and delivery of financial services by striving for best practice solutions
5. Ensure continuity of appropriate interim services
6. Develop capacity and maximise utilisation of existing Council staff, systems and resources
7. Establish strategies and systems that streamline processes for the benefit of Councils, the Corporation, JSB and shareholders
8. Maintain job security and continuity of employment for all permanent Award Staff as well as creating career opportunities
9. Collaborate with key stakeholders to increase value for related entities through innovation
10. Build synergies across all entities to provide optimal outcomes
11. Create regional solutions in the best interest of the Central Coast community

1.5.3 Deliverables

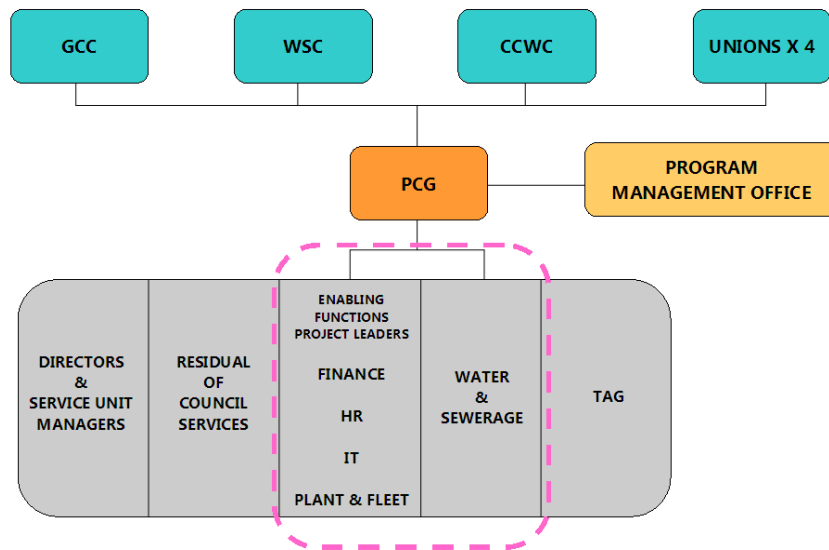
1. Continued efficient delivery of existing services through to 1 July 2017
2. Support transition of asset management and regulatory services functions and staff from Councils to the Corporation from 1 July 2014
3. Functional JSB with finance support services operating from 1 July 2017
4. Ensure establishment of long term lease agreement from 1 July 2017

2 Project Organisation

2.1 Project Governance

1. The project is jointly managed by Wyong Shire and Gosford City Councils under the Governance of a Program Control Group
2. The Program Control Group comprises
 - Gosford City Council X 3 representatives
 - Wyong Shire Council X 3 representatives
 - Unions X 2 representatives
 - Central Coast Water Corporation X 1 representatives
3. A Program Management Office has been established to provide day to day coordination and administration for the Program Control Group
4. Figure 2 below illustrates the relationships between the key internal parties

2.2



Roles and Responsibilities

1. The following roles and responsibilities are not exclusive and assume that 100% commitment is provided by each role as and when required during the course of the project.

Role	Responsibilities
Program Control Group	<ul style="list-style-type: none"> ▪ Provide direction and vision ▪ Review deliverables and maintain program momentum ▪ Decision making and issue resolution escalating to Councils and the Corporation if necessary

	<ul style="list-style-type: none"> ▪ Stakeholder engagement ▪ Represent staff and end customer
Work Group Lead	<ul style="list-style-type: none"> ▪ Develop functional Project Management Plan ▪ Ensure achievement of project deliverables ▪ Decision making and issue resolution within Working Group ▪ Provide expertise and leadership ▪ Coordinate Working Group activities ▪ Communicate openly and honestly with PCG and other Working Groups ▪ Report to the PCG as required
Working Group	<ul style="list-style-type: none"> ▪ Assist with development of Project Management Plan ▪ Provide project delivery support for optimal outcomes ▪ Provide expert advice in functional area
Program Management Office	<ul style="list-style-type: none"> ▪ Program coordination and communication ▪ Facilitate and support Working Groups ▪ Ensure consistency and delivery of documentation to PCG
Directors/Service Unit Managers	<ul style="list-style-type: none"> ▪ Provide expert advice in functional area ▪ Agree residual services for function

3 Project Approach

3.1 Project Stages

1. The key stages under the Finance Project Management Plan are outlined in the table below

Stage 1 – Set the Course	July 2012	November 2012
1.1 Transition Fundamentals		
Determine detailed objectives for project and align with other Working Groups		
Confirm project assumptions, constraints and critical success factors		
Assess existing state of finance functions at both Councils <ul style="list-style-type: none"> ▪ Review structure/organisational configuration 		

<ul style="list-style-type: none"> ▪ Compare remuneration levels across Councils ▪ Review position descriptions ▪ Review current policies and procedures 		
<ul style="list-style-type: none"> ▪ Identify existing Water and Wastewater financial service requirements ▪ Councils pricing submission ▪ Funding agreement 		
Conduct detailed analysis of lease model		
Conduct high level value chain analysis for residual Council support services		
Confirm scope with inclusions and exclusions		
Benchmark against best practice including study tour		
Detail required work breakdown structure with estimate of resources and costs for Stage 1		
1.2 Service Configuration Strategy		
Conduct stakeholder engagement to determine best practice belief and identify residual services within function to remain with core entity		
Determine functional requirements during transition and in final state		
1.3 High Level Operating Models		
Develop cost benefit analysis on options for interim and final states		
Review IT systems to support required functions		
Identify key processes		
Identify key performance indicators		
Identify legal, tax and regulatory requirements for all entities		
Develop location strategy		
1.4 Transition Approach		
Draft business case for detailed transition plan based on recommended option		
Establish Working Group		
Identify key risks and issues		
Determine entitlements associated with staff transfers eg. Leave balances etc		
1.5 Detailed Transition Plan		
Consider options and provide recommendation for best outcome		
Complete resource/procurement plan and risk analysis for Stage 2		

Stage 2 – Design Interim State – CCWC Asset Management Only	November 2012	March 2013
Determine customer charter principles for service level agreements		
Collate Working Group Project Management Plan budgets		
Integrate draft plans and budgets into Councils Strategic Plans		
Determine residual service operation in final state		
Complete resource/procurement plan and risk analysis for future stages		
Stage 3 – Build Interim State – CCWC Asset Manager	March 2013	March 2014
Assist with creation of JSB entity eg. ABN, TFN, etc		
Agree best practice processes		
Draft Service Level Agreements for interim service delivery		
Align policies and procedures both transactional and strategic		
Identify lease model and associated outcomes		
Develop Long Term Financial Plan for all entities		
Create standardised chart of accounts		
Test IT systems (consult with IT Working Group on requirements prior)		
Stage 4 – Trial & Transition – CCWC Asset Manager Interim Operations	July 2013	June 2014
Trial and transition relevant finance functions ready for Stage 5		
Stage 5 – Cut Over & Operate CCWC Asset Manager Interim State	July 2014	June 2017
Support asset management and regulatory service requirements		
Stage 6 – Design Final State – CCWC & JSB	February 2013	June 2014
Determine final structure/organisational configurations		
<ul style="list-style-type: none"> ▪ Plan transfer of services to JSB ▪ Determine residual services with Councils and the Corporation 		
Determine transition plan for staff		

Stage 7 – Build Future State	July 2013	June 2016
Finalise alignment of policies and procedures		
Establish reporting frameworks		
Stage 8 - Trial & Transition to Future Stage – Integrated CCWC & JSB	July 2014	June 2017
Implement reporting frameworks		
Transition functions and staff		
Stage 9 – Cut Over & operate Integrated CCWC & JSB	July 2017	Onwards
Review lessons learned		
Conduct continuous improvement processes		

3.2 Project Milestones

1. The key milestones under the Implementation Work Plan are outlined in the table below:

Milestone	Due Date
Detailed Program implementation plan and business case for CCWC and JSB establishment	November 2012
Detailed interim state design (CCWC asset manager)	March 2013
CCWC Interim Asset Manager Function in place with asset management and regulation staff from Councils transferred across	July 2014
Integrated CCWC and JSB in place with Operations and Maintenance staff from Councils transferred across	July 2017
Long term lease of assets to CCWC commences	July 2017

2. The key milestones under this project management plan are:

Milestone	Due Date
Stage 1 - Identify recommended long term lease option	October 2012
Stage 1 - Identify recommended JSB option	October 2012
Stage 2 – Interim plan	March 2013
Stage 3 – Determine ability to deliver services against best practice	March 2014
Stage 6 – Final plan	June 2014
Stage 8 – Conclusion of successful trial	June 2017

3.3 Deliverables – Stage 1

1. Detailed objectives
2. Baseline current state of service delivery
3. Service configuration strategy

4. Recommended finance function operating model for JSB available for approval
5. Work breakdown structure with cost estimates for Stage 1 and Stage 2
6. Risk matrix

3.4 Interdependencies

Task	Input Required	Provider	Required By
Staff transition	IR Instrument	HR Working Group	October 2012
Develop location strategy	Housing plan	Property	October 2012
Structure and framework	JSB entity configuration	Governance Working Group	October 2012
Current systems configuration	Assistance	IT	October 2012
Review position descriptions	Assistance	HR	November 2012
Stakeholder engagement	Customer feedback	Service Managers	March 2013
Systems transition plan	IT Systems platform	IT Working Group	June 2013
Creation of JSB entity	Tax and legal advice	External Consultant	July 2014
CCWC Requirements	Assistance	PMO	June 2017

3.5 Assumptions

1. Councils shall individually pursue pricing submissions with IPaRT for the period July 2013 to June 2017 for the delivery of water and wastewater services however align where possible
2. Notional figures provided in the PwC cost benefit analysis are indicative only for the purposes of modelling approximate net present values and will vary dependant upon key assumptions in the model

3. Lease calculations provided in the PwC cost benefit analysis are indicative only and require further detailed investigation with a complete and legally binding agreement effective from 1 July 2017
4. The individual functional project plans are compatible to meet objectives
5. All other functional costs are captured in the individual Project Management Plans for each function eg. System hardware and software to be considered and costed in the IT PMP
6. General administrative activities and cost estimates are to be included in the Strategic Project Management Plan developed by the Program Management Office for the project eg. Accommodation arrangements and shared resources for all working groups
7. The Councils and Corporation are individually responsible and accountable for finance functions unless otherwise determined in this or subsequent plans or agreements eg. The Corporation is responsible for completing it's Statement of Corporate Intent
8. Resources are to be made available and where internal staff are used to assist this project they shall be budgeted in this project and backfilled as determined appropriate by the Director responsible for that function
9. Low priority finance projects/tasks will be reviewed to enable appropriate resourcing for this project
10. Insurance requirements will be captured by the HR Working Group

3.6 Constraints

1. Financial year reporting must be maintained throughout the process and therefore changes need to be aligned to fiscal periods eg. Changes commencing from July each year
2. Neither Councils or the Corporation currently have funding budgeted for delivery of this project
3. Expiration of current Local Government Award in November 2013
4. Competing demands between project tasks and operational service delivery
5. Stakeholder resistance to change

3.7 Critical Success Factors

Factor	Measure	Responsibility
Legislative compliance across the full finance function	Complete annual auditable financial statements for all entities	Finance Working Group
Statutory reporting requirements continue to be met throughout the transition stages		
Consistent financial structures across related entities	Standard chart of accounts and suite of reports across entities	

Appropriate resources available and allocated to project when required	Achievement of milestones	Sponsors
Maximisation of return on investment to Councils and the Corporation	Financial sustainability for entities	PCG
Clear and unambiguous delineation of roles and responsibilities	Successful achievement of project plans	
Demonstrated commitment to achieving shared goals		
Optimal solutions for the Central Coast community	Regional approach achieved	

3.8 Resources

Estimated resources for the period July to October 2012, internal and external, required to deliver the project objectives are set out below subject to a detailed work breakdown structure and resource plan being completed during Stage 1:

Description	Requirement	Estimated \$
Finance Working Group Lead	100% - Project delivery	73,200
Manager Finance GCC	50% - Project delivery support	36,600
HR Officer	50% - Position description review	21,350
Finance support	100% - Policy & process review	27,450
Business Analyst	100% - Key process ID & mapping	42,700
IT Subject Matter Expert	10% - Identify current systems	4,270
Total		\$205,570

3.9 Procurement Strategy

Estimated costs for external contracts to be further investigated are set out below:

Description	Requirement	Estimated \$
IT Equipment/licences	MS Visio licence	500
Benchmarking processes	External consultant	TBA

Total	> \$500
-------	---------

4 Engagement & Communication Management

4.1 Stakeholders

Stakeholder	Interest	Influence	Engagement/Communication
PCG	Overall Direction for Project	Decision maker	PCG Meetings
Other Work Groups	Coordination and integration of activities	Planning and negotiation	Consultation, provision of briefs, planning activities,
PMO	Project communications and process coordination	Support role	Consultation, facilitation, coordination of overall Implementation Work Plan
Customers	Provision of services	Passive	Inform, consult, negotiate
Government Agencies	Approvals, licences	Regulator	Inform, consult, negotiate
Unions	Staff interests	Active participation	Inform, consult, negotiate
Councillors	Shareholder	Decision maker	As per Shareholder agreement
CCWC Board	Corporate responsibility	Strategic direction	Board Meetings

4.2 Engagement

Stakeholder	Issue	Decision/Information Required	Required By
PCG	Responsible for Councils and Corporation interests	Brief as required on key decisions	As required
CCWC	Responsible for CCWC interests	Input into development of Service Level agreements for services	As required
Council Managers	Support service delivery	General input and interaction in the	Ongoing

Stakeholder	Issue	Decision/Information Required	Required By
		change process	
Council staff	Job security for affected staff	General input and interaction in the change process	Ongoing
JSB Functional Teams	Change makers and recipients of change impact	Intellectual property and buy in to the change processes	Ongoing
Unions	Protection of staff entitlements and employment conditions	General input and interaction in the change process	Ongoing
External Government Agencies	Legislative	Provide advice on compliance issues	As required

4.3 Engagement and Communication Strategy

1. An Engagement and Communications Strategy will be prepared for the delivery of this project management plan in the next stage of the project planning

5 Risk Management

5.1 Risk Management Process

1. A risk management framework will be prepared for the delivery of the program holistically during the next stage of the project planning

5.2 Key Risks

1. The risks identified in the table below have been assessed in accordance with the risk management framework referred to in the PwC Implementation Workplan (V2.1, 14/6/12)

Implementation Risk		Mitigation Measures
Intellectual Property Arrangements are yet to be determined.	Likelihood: Almost certain Impact: Important Rating: Moderate	Treatment: Prevention Arrangements as to development and ownership of intellectual property are to be agreed by Councils and the Corporation.
Cost Estimate Variations Currently the PwC CBA study has indicated certain costs and benefits based on key assumptions that may vary from actual outcomes.	Likelihood: Almost certain Impact: Major Rating: Very High	Treatment: Contingency Cost estimates to be detailed and revised in each stage of the project. Further detailed analysis to be completed against preferred model.
Funding Availability Funding and cash flow timing may not support achievement of key milestones.	Likelihood: Likely Impact: Catastrophic Rating: Extreme	Treatment: Reduction Attempt to recover costs where possible.
JSB Structure Does not provide operational flexibility	Likelihood: Possible Impact: Catastrophic Rating: Very High	Treatment: Prevention JSB legal structure to be established to allow operational flexibility.
Industrial Framework Industrial relations provisions are not	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Reduction Develop and implement clear and

Implementation Risk		Mitigation Measures
appropriate and create business inefficiencies.		transparent communications with the entities to ensure their business needs are understood and any impacts that may arise from industrial proposed arrangements are identified.
Best Practice Customer aspirations do not align with fit-for-purpose objectives	Likelihood: Likely Impact: Serious Rating: High	Treatment: Acceptance Customer engagement and communication aligns to objectives
Statutory obligations The focus on delivering the program may detract from the requirement to adhere to the statutory requirements that the Councils and the Corporation.	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Reduction Accountability for compliance throughout the course of the program is ensured.
Industrial Disputes Given the proposed changes Industrial Disputes may arise if employees and Unions are not effectively engaged.	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Reduction Develop and implement clear and transparent communications and ensure Unions are engaged through their representation in the PCG. HR working group develop governance structure
Business Continuity Business continuity with respect to the provision of day to day services at each Council is impacted due to the project workload.	Likelihood: Almost certain Impact: Serious Rating: High	Treatment: Reduction Identify critical business processes and functions that must be maintained and ensure project planning allows sufficient resources to accommodate these requirements.
Service Provision Expected levels of service provision are not aligned and agreed to by the four entities.	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Reduction Determine basic level of services required in addition to 'value adding' service provision as part of the Service Level Agreement negotiations. Aim to identify commonality across service requirements at each entity

6 References

Document	Date	Author
Central Coast Water Corporation (CCWC) Cost benefit analysis study Final Report	17 Apri l	PricewaterhouseCoopers

	201 2	
Central Coast Water Corporation and Joint Services Business Implementation Work Plan	6 Jun e 201 2	PricewaterhouseCoopers

Central Coast Joint Services

Human Resources (HR)

Project Management Plan

Version 1.1

Document control

Version History

Version	Date	Author	Comments
1.0	15 June 2012	Jennie Keato	Initial Draft
1.1	21 June 2012	Jennie Keato	Second Draft

Distribution

Version	Date	Distribution
1.0	15 June 2012	Central Coast Joint Services Program Control Group
1.1	21 June 2012	CCROC

Approval

By signing this approval section of the document, the Project Sponsors approve the Human Resources Project Management Plan for the Central Coast Joint Services.

Name	Title	Signature/Ref	Date
Michael Whittaker	General Manager, WSC		
Stephen Glen	A/General Manager, GCC		
Rod Williams	Senior Manager, CCWC		

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1 Project Overview

1.1 Purpose of document

1. This project management plan outlines the concept and feasibility for delivering HR functions to support the implementation of the Central Coast Water Corporation from 1 July 2014
2. This plan will address specifically
 - Project scope
 - Key milestones
 - Deliverables
 - Resource requirements
 - Project Organisation structure, roles and responsibilities
 - Interdependencies
 - Engagement and communication
3. This document will be updated, and should be referenced throughout the project
4. Changes to this document will be subject to change control following its initial sign-off (approval)

1.2 Context

1. Gosford City and Wyong Shire Councils ('the Councils') have agreed to proceed with the implementation of the Central Coast Water Corporation ('the Corporation')
2. As part of the Councils' agreement, a Joint Services Business (JSB) will also be established to provide human resources (HR); information technology (IT); finance; and plant and fleet services to the Corporation and Councils and be functional by 1 July 2017
3. The Councils will transfer their water and wastewater asset management and regulatory responsibilities and staff to the Corporation from 1 July 2014
4. The remaining water and wastewater functions, responsibilities and staff will be transferred to the Corporation as soon as practically possible but no later than 1 July 2017
5. The Councils will transfer their water and wastewater assets (infrastructure) to the Corporation under a long term lease agreement from 1 July 2017
6. In preparing for the implementation of the Corporation and JSB, consideration must also be given to the services required by the legacy Council functions
7. Consideration needs to be given regarding the existing Council structures, transitional arrangements and future operating state for all organisations with respect to IT; HR; finance; and plant and fleet
8. The future state should provide a coordinated regional approach for the delivery of services to the Central Coast Community and allow the organisations to be resilient to challenges

1.3 Intended Audience

1. Internal stakeholders

1.4 Project Scope

1. This project management plan has been prepared in consultation with the Transition Plan that has been prepared by PricewaterhouseCoopers for the establishment of the Corporation and JSB
2. The implementation of the Corporation and establishment of the JSB under the Integrated Program Management Plan will be delivered according to nine (9) stages

Integrated Program Management Stages

Major Project Delivery Stages	Start Date	Finish Date
Stage 1 – Set the Course	July 2012	November 2012
Stage 2 – Design Interim State – CCWC Asset Management Only	November 2012	March 2013
Stage 3 – Build Interim State – CCWC Asset Manager	April 2013	July 2014
Stage 4 – Trial & Transition – CCWC Asset Manager Interim Operations	July 2013	June 2014
Stage 5 – Cut Over & Operate CCWC Asset Manager Interim State	July 2014	June 2017
Stage 6 – Design Final State – CCWC & JSB	February 2013	June 2014
Stage 7 – Build Future State	July 2013	June 2016
Stage 8 - Trial & Transition to Future Stage – Integrated CCWC & JSB	July 2014	June 2017
Stage 9 – Cut Over & operate Integrated CCWC & JSB	July 2017	onwards

3. This plan will address the current, transitional and future state HR actions, tasks, milestones and deliverables required to support the Councils and the Corporation with a fully functional solution implemented by 1 July 2017. A level of flexibility must remain within the Project Plan to cope with variations to business needs and requirements and the associated impacts on enabling functions.
4. This project management plan will be dynamic and updated as the project progresses through the various stages
5. Each version of the plan will build on the previous and articulate the key milestones, deliverables and resources required

1.5 Project Goals & Strategic Alignment

1.5.1 Goals

To provide an efficient and effective HR service to the prescribed entities that is competitive in the marketplace and supports the achievement of community outcomes.

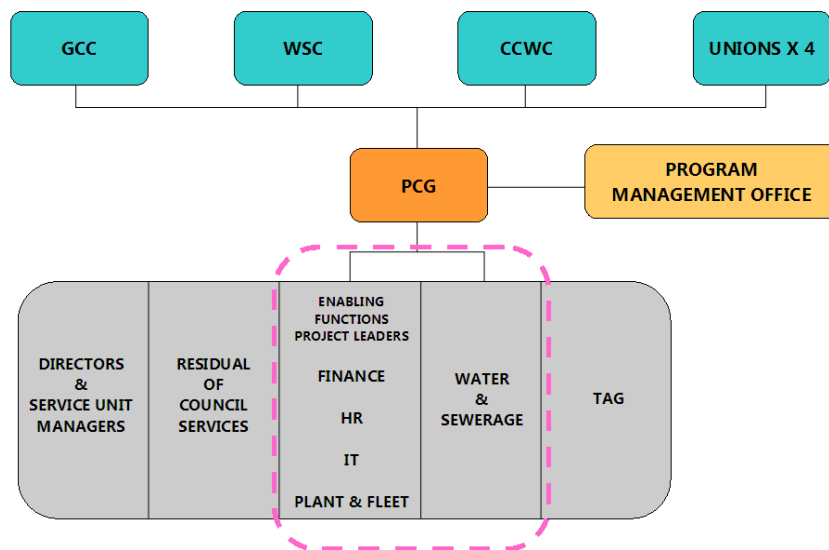
1.5.2 Objectives

- Deliver high quality efficient and competitively costed HR services to the entities.
- Identify and improve the overall management and delivery of HR services by endeavouring to provide best practice solutions.
- Ensure continuity of appropriate interim services
- Create a proactive industrial environment which ensures commercial outcomes are met.
- Develop capacity and capitalise on the workforce skills base by increasing the utilisation of staff expertise.
- Streamline processes and systems and ensure their consistent application across all entities.
- Create career pathways and succession planning depth.
- Collaborate with key stakeholders to increase value for related entities through innovation
- To exhibit a sense of social responsibility by having a regard to the interests of the community in the provision of job opportunities.
- To enhance corporate culture.
- To maintain job security and continuity of employment for all permanent Award staff.

2 Project Organisation

2.1 Project Governance

1. The project is jointly managed by Wyong Shire and Gosford City Councils under the Governance of a Project Control Group
2. The Project Control Group comprises
 - Gosford City Council X 3 representatives
 - Wyong Shire Council X 3 representatives
 - Unions X 2 representatives
 - Central Coast Water Corporation X 1 representatives
3. A Program Management Office has been established to provide day to day management and administration for the Project Control Group
4. Figure 2 below illustrates the relationships between the key internal parties



2.2 Roles and Responsibilities

2.2.1 Governance

Role	Responsibilities	Commitment Required
Program Control Group	<ul style="list-style-type: none"> ▪ Provide direction and vision ▪ Review deliverables and maintain program momentum ▪ Decision making and issue resolution escalating to Councils and the Corporation if necessary ▪ Stakeholder engagement 	

	<ul style="list-style-type: none"> ▪ Represent staff and end customer 	
Work Group Lead	<ul style="list-style-type: none"> ▪ Develop functional Project Management Plan ▪ Ensure achievement of project deliverables ▪ Decision making and issue resolution within Working Group ▪ Provide expertise and leadership ▪ Coordinate Working Group activities ▪ Communicate openly and honestly with PCG and other Working Groups ▪ Report to the PCG as required 	Estimate 30% - 50% of time
Working Group	<ul style="list-style-type: none"> ▪ Assist with development of Project Management Plan ▪ Provide project delivery support for optimal outcomes ▪ Provide expert advice in functional area 	
Program Management Office	<ul style="list-style-type: none"> ▪ Program coordination and communication ▪ Facilitate and support Working Groups ▪ Ensure consistency and delivery of documentation to PCG 	
Directors/Service Unit Managers	<ul style="list-style-type: none"> ▪ Provide expert advice in functional area ▪ Agree residual services for function 	

2.2.2 Human Resources Work Group

Role	Responsibilities	Commitment Required
HR Group Lead	<ul style="list-style-type: none"> ▪ Refer above 	Refer above
HR Manager WSC	<ul style="list-style-type: none"> ▪ Assist the Work Group Leader. ▪ Develop functional Project Management Plan ▪ Ensure achievement of project deliverables ▪ Decision making and issue resolution within Working Group ▪ Provide expertise and leadership ▪ Coordinate Working Group activities ▪ Communicate openly and honestly with PCG and other Working Groups 	Estimate 30% - 50% of time
Project Coordinators – WSC & GCC	<ul style="list-style-type: none"> ▪ Report to Work Group Leader and HR Manager WSC ▪ Preparation of detailed implementation plans and Work Group deliverables. ▪ Accountable for the achievement of project deliverables within the section teams. ▪ Day to day responsibility for coordination and management of section teams including resource management. ▪ Coordinate, drive and support section teams. ▪ Decision making and issues resolution within section teams. 	Estimate 50% - 80% of time
Section Teams	<ul style="list-style-type: none"> ▪ Report to Project Coordinators ▪ Preparation of detailed implementation plans and section team deliverables. ▪ Day to day responsibility for delivering specific section team projects and coordinating appropriate resources ▪ Decision making and issues resolution within the Section Teams 	Estimate 50% - 80% of time

3 Project Approach

3.1 Project Stages

1. The key stages are under the Integrated Program Management Plan are outlined in the table below

Integrated Program Management Stages

Major Project Delivery Stages	Start Date	Finish Date
Stage 1 – Set the Course	July 2012	November 2012
Stage 2 – Design Interim State – CCWC Asset Management Only	November 2012	March 2013
Stage 3 – Build Interim State – CCWC Asset Manager	March 2013	March 2014
Stage 4 – Trial & Transition – CCWC Asset Manager Interim Operations	July 2013	June 2014
Stage 5 – Cut Over & Operate CCWC Asset Manager Interim State	July 2014	June 2017
Stage 6 – Design Final State – CCWC & JSB	February 2013	June 2014
Stage 7 – Build Future State	July 2013	June 2016
Stage 8 - Trial & Transition to Future Stage – Integrated CCWC & JSB	July 2014	June 2017
Stage 9 – Cut Over & operate Integrated CCWC & JSB	July 2017	onwards

3.2 Project Milestones²

1. The key milestones under the Integrated Program Management Plan are outlined in the table below:

Milestone	Due Date:
Detailed program implementation plan and business case for CCWC and JSB establishment	November 2012
Detailed interim state design (CCWC Asset Manager)	March 2013
CCWC Interim Asset Manager Function in place with asset management and regulation staff from the 2 councils transferred across	July 2014
Integrated CCWC and JSB in place with Operations and Maintenance staff from 2 councils transferred across	July 2017
Long term lease of assets to CCWC commences	July 2017

2. The key milestones under this project management plan are

² PWC Implementation Workplan v2.1, 14 June 2012

Milestone	Due Date:
1. Set the course	November 2012
2. Design Interim HR State	March 2013
3. Build, trial and transition to Interim HR state	July 2014
4. Design final HR state	June 2014
5. Build, trial and transition to Final HR state	July 2017

3.3 Deliverables³

Milestone 1 (to October 2012)

- Determine detailed objectives for project and align with other Working Groups
- Realign detailed HR Project Management Plan with Integrated Program Management Plan and identify key deliverables
- Develop governance and reporting schedules to align with PCG schedules.
- Seek advice/ commence investigation on industrial framework
- Seek advice on options for Insurance and Workers Compensation arrangements
- Seek advice on eligibility of transferred employees to continue to participation in the Local Government Superannuation fund
- Provide ad hoc HR advice to PCG as required on the establishment of the CCWC and JSB

Milestones 2, 3, 4, 5 (to be developed and aligned with PWC Implementation Workplan and Integrated Program Management Plan)

Design of HR Interim State

- Establish HR support service design principle strategy for CCWC interim state
- Advise on and assist the PCG in the design and approval of the initial CCWC Organisational Structure - Asset Management function (including Regulatory Services)
- Commence negotiations on industrial agreement/s
- Define interim HR processes to align and develop alignment plan
- Design interim HR policies and procedures
- Review current workforce and identify breakdown of permanent, casual and temporary employment arrangements
- Design staff transfer process

General (throughout interim and final state)

³ PWC Implementation Workplan v2.1, 14 June 2012

- Provide HR advice to the PCG and assist as required with the engagement of the JSB board and appointment of CCWC & JSB CEO's and Executive teams
- Provide HR advice and assist as required with the development of organisational structures, refine as staff transfers occur
- Establish, implement and review HR Service Level Agreements with each entity, refine as required following trials
- Negotiate an appropriate industrial agreement to cover all four organisations
- Establish insurance and workers compensation arrangements
- Prepare HR policies, procedures and systems (interim and final)
- Update payroll and other HR systems as appropriate
- Trial interim & final HR state and prepare a transition plan for each
- Workforce planning and training
- Coordinate preparation and approval of annual HR budget inputs
- Design and implement staff transfer process (JSB & CCWC), work through ongoing employee transfers and associated issues

3.4 Interdependencies

Task	Input Required	Provider	Input Required By
Determine level of HR service required in order to build SLA's and structures	Clarification regarding the business model for all four entities. Clarification regarding the general management philosophy for the development of service offerings.	PCG	July 2013 (interim) July 2015 (final)
Negotiate industrial agreement/s to cover all four entities	Confirmation that the entities want one industrial agreement. Clarification regarding the entities priorities for inclusion in an industrial agreement.	Entities	March 2013
Establish feasibility of Self Insurers coverage for all entities.	Clarification as to whether all entities can be covered under one licence.	WorkCover	December 2012
Establish which HR systems will be utilised to	Clarification regarding which systems are better	Finance & IT sections	July 2015

Task	Input Required	Provider	Input Required By
facilitate the HR function for the entities	fit for purpose.		
Establish interim state structures	Clarification of the cost vs benefit of structural alternatives.	Finance	December 2012
Establish final state structures	Clarification of the cost vs benefit of structural alternatives.	Finance	June 2014

3.5 Assumptions

Assumption	Impact if incorrect
The project will be managed to ensure developments in the four support areas are congruent to meet the expected outcomes.	Project outcomes are not met.
This HR Project Management Plan will be amended based on changes made to the Integrated Project Management Plan.	Project outcomes not met.
Full HR services will be provided by the JSB to all four entities, including any legislative reporting requirements (e.g. IP&R)	Disjointed service provision and increased risk of non compliance.
Councils HR units will be involved in advising and designing structures and HR matters to all four entities	Disjointed service provision, increased risk of non compliance, economies of scale not achieved.
Current HR activities will be reprioritised to enable appropriate resourcing of the project	Project outcomes are delayed or not met.
Appropriate industrial arrangements will be negotiated to cover all four entities	Workforce disharmony, constrained service delivery.
Application of one self insurers licence to the entities is required.	Increased costs.
HRIS and payroll systems are provided by the one operating system.	Inefficiencies, increase in costs, inadequate reporting capability.

3.6 Constraints

- The project is not effectively managed and developments in the four support areas are not congruent to meet the expected outcomes.

- Competing demands between project tasks and day to day service delivery
- Lack of direction and alignment in integrated project management
- Employee resistance to change
- Expected levels of service provision are not aligned and agreed to by the four entities
- Expiration of current Local Government Award in November 2013
- The flow on effects associated with services provided by those sections of each Council that are not transferring to the entities e.g. how will procurement services be provided to the JSB

3.7 Critical Success Factors

Critical success factors	Measure of success	Responsibility
Ongoing commitment from both Councils and CCWC	Achievement of key milestones and deliverables.	PCG
Ability to successfully align and harmonise Councils systems, policies and procedures.		
Ability to effectively manage historical legacies		
Financial sustainability		
Successful engagement with Unions and staff		
Appropriate resources are available and allocated to the project when required		
Clear and unambiguous delineation of the roles and responsibilities of stakeholders through the transition phase to the end state		
Statutory and legal obligations continue to be met		
Political and community support		

3.8 Resources

Resource	Time required	Required By
Existing HR staff at each Council	Refer to roles and responsibilities section for time commitments that will be managed within existing resources.	Immediately
Support staff from IT, Finance, Communications, PMO, general management at each Council	Ad Hoc	As required
External Government Agencies (e.g. WorkCover)	Ad Hoc	As required
Legal support	Ad Hoc	As required

3.9 Procurement Strategy

Estimated costs for external resources are set out below. These estimates are preliminary and subject to amendment as the detailed implementation plan is prepared.

Contract Description	Estimated \$
Legal Services (Industrial Relations)	\$150,000
HR Business Analyst	\$70,000

4 Engagement & Communication Management

4.1 Stakeholders

Stakeholder	Interest	Influence	Engagement/Communication
Councillors	Responsible for councils interests	Key client	PCG
CCWC	Responsible for CCWC interests	Key client	PCG
JSB	Responsible for JSB interests	Service Provider	PCG
Council Managers	Support service delivery and impact on individuals	Enablers/possible inhibitors and subject matter experts	PCG, Internal Management Group meetings
Council staff	Impact of project on individuals	Enablers/possible inhibitors and subject matter experts	Internal consultative committees, Engagement Forum, PCG
HR Teams	Change makers and recipients of change impact	Enablers/possible inhibitors and subject matter experts	Timely, consistent, regular updates across HR teams at all sites by HR Managers, Engagement Forum, PCG.
Unions/Associations	Protection of staff entitlements and employment conditions	Enablers/possible inhibitors and subject matter experts	Internal consultative committees, Engagement Forum, PCG
External Government Agencies	Legislative	Governing bodies	As appropriate to ensure legislative compliance

4.2 Engagement

Stakeholder	Issue	Decision/Information Required	Required By
Councillors	Responsible for Councils interests	Brief as required on people issues.	As required
CCWC	Responsible for CCWC interests	Input into development of Service Level agreements for HR services.	As required
JSB	Responsible for JSB interests	Input into development of Service Level agreements for HR services.	As required
Council Managers	Support service delivery & impact on them individually	General input and interaction in the change process	Ongoing
Council staff	Impact of project on individuals	General input and interaction in the change process	Ongoing
HR Teams	Change makers and recipients of change impact	Intellectual property and buy in to the change processes	Ongoing
Unions/Associations	Protection of staff	General input and interaction in the	Ongoing

Stakeholder	Issue	Decision/Information Required	Required By
	entitlements and employment conditions	change process	
External Government Agencies	Legislative	Provide advice on compliance issues	As required

4.3 Communication

Stakeholder	Target Group	Timing & Frequency
As above	As above	As above

4.4 Engagement and Communication Strategy

An Engagement and Communications Strategy will be prepared for the delivery of this project in the next stage of the project planning

5 Risk Management

5.1 Risk Management Process

A risk management framework will be prepared for the delivery of the program holistically during the next stage of the project planning

5.2 Key Risks

The risks identified in the table below have been assessed in accordance with the risk management framework referred to in the PWC Implementation Workplan (V2.1, 14/6/12)

Implementation Risk		Mitigation Measures
Entitlements Council employees transferred to the CCWC/JSB in common positions may be on different entitlements and working conditions.	Likelihood: Almost certain Impact: Serious Rating: High	Treatment: Reduction Employees should be transferred “at level”, with essentially all terms and conditions at least what they had before with the legacy Council. Transferred employees should be provided with the same redundancy protections provided to W&S staff under the CCWC Act 2006. Steps should be taken to align employment and working conditions as much as possible prior to staff transferring.
Work Cover self insurance costs Currently the two Councils self insure under Work Cover and are eligible to because they have more than 500 employees. If CCWC only has 400 employees they will not be eligible to self insure.	Likelihood: Almost certain Impact: Important Rating: Moderate	Treatment: TBC The costs of self insurance need to be investigated in the due diligence process.
Statutory obligations The focus on delivering the program may detract from the requirement to adhere to the statutory requirements that the Councils and the CCWC must adhere to.	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Reduction Accountability for compliance throughout the course of the program is required.
Industrial Disputes Given the proposed changes Industrial Disputes may arise if employees and Unions are not effectively engaged	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Reduction Develop and implement clear and transparent communications and ensure Unions are engaged through their representation in the PCG. HR working group develop governance structure
Industrial Framework	Likelihood: Possible	Treatment: Reduction

Implementation Risk		Mitigation Measures
Industrial relations provisions are not appropriate and create business inefficiencies.	Impact: Serious Rating: Moderate	Develop and implement clear and transparent communications with the entities to ensure their business needs are understood and any impacts that may arise from industrial proposed arrangements are identified.
Workforce Increase in staff turnover due to 'Change process' and ageing workforce would result in loss of intellectual property and expertise.	Likelihood: Almost certain Impact: Serious Rating: High	Treatment: Reduction Identify areas of key risk, implement knowledge management strategies to retain intellectual property, develop and implement Ageing workforce strategy for entities.
Business Continuity Business continuity with respect to the provision of day to day HR services at each Council is impacted due to the project workload.	Likelihood: Almost certain Impact: Serious Rating: High	Treatment: Reduction Identify critical HR business processes and functions that must be maintained and ensure project planning allows sufficient resources to accommodate these requirements.
Service Provision Expected levels of service provision are not aligned and agreed to by the four entities.	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Reduction Determine basic level of services required in addition to 'value adding' service provision as part of the Service Level Agreement negotiations. Aim to identify commonality across service requirements at each entity

6 References

Document	TRIM Ref.	Date	Author
PWC Central Coast Water Corporation and Joint Services Business Implementation Workplan v2.1		14/06/12	Price Waterhouse Coopers
CCWC Project Strategic Project Management Plan (Stage 2-4) Business Case for Optimal Services Model for GCC, WSC and CCWC		19/03/12	CCWC PMO
PWC Transition Plan Gantt Chart		01/06/12	Price Waterhouse Coopers
PWC Cost Benefit Analysis		17/04/12	Price Waterhouse Coopers
CCWC/JSB Enabling Streams Project Plans		08/06/12	Bob Platt (WSC IT)

Central Coast Joint Services

Information Management

Project Management Plan

Version 1.1

Document control

Version History

Version	Date	Author	Comments
1.0	11 June 12	Bob Platt	Initial Draft
1.1	21 June 2012	Bob Platt	Second Draft

Distribution

Version	Date	Distribution
1.0	15 June 12	Central Coast Joint Services Program Control Group
1.1	21 June 2012	CCROC

Approval

By signing this approval section of the document, the Project Sponsors approve the Information Management Project Management Plan for the Central Coast Joint Services.

Name	Title	Signature/Ref	Date
Michael Whittaker	General Manager, WSC		
Stephen Glen	A/General Manager, GCC		
Rod Williams	Senior Manager, CCWC		

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1 Project Overview

1.1 Purpose of document

1. This project management plan outlines the concept and feasibility for delivering Information Management functions to support the implementation of the Central Coast Water Corporation, Joint Services Business, Gosford City Council and Wyong Shire Council from 1 July 2014 and progressively through to 1 July 2017
2. This plan will address specifically
 - Project scope
 - Key milestones
 - Deliverables
 - Resource requirements
 - Project Organisation structure, roles and responsibilities
 - Interdependencies
 - Engagement and communication
3. This document will be updated, and should be referenced throughout the project
4. Changes to this document will be subject to change control following its initial sign-off (approval)

1.2 Context

1. Gosford City and Wyong Shire Councils ('the Councils') have agreed to proceed with the implementation of the Central Coast Water Corporation ('the Corporation') and Joint Services Business (JSB)
2. As part of the Councils' agreement, a joint services business (JSB) will also be established to provide human resources (HR), Information Management (IM), financial, and plant & fleet services to the Corporation, the Councils and be fully functional by July 1, 2017.
3. The Councils will transfer their water and sewerage businesses asset management and regulatory responsibilities and staff to the Corporation from 1 July 2014
4. The remaining water and sewerage functions, responsibilities and staff will be transferred to the Corporation as soon as practically possible but no later than 1 July 2017.
5. The Councils will transfer their water and wastewater assets (infrastructure) to the Corporation under a long term lease agreement from 1 July 2017.
6. In preparing for the implementation of the Corporation, consideration must also be given to the services required by the legacy Council functions

7. Consideration is needed to be given with regard to a future operating state for all organisations with regard to IM, HR, financial and customer services
8. The future state should prepare the organisations for operating in the future and be resilient to future challenges

1.3 Intended Audience

1. The audience for this plan are internal stakeholders

1.4 Project Scope

1. This project management plan has been prepared in consultation with the Implementation WorkPlan that has been prepared by Price Waterhouse Coopers for the establishment of the Corporation and Joint Services Business.
2. The implementation of the Corporation and establishment of the JSB under the Implementation WorkPlan will be delivered according to nine (9) stages

Integrated Program Management Stages

Major Project Delivery Stages	Start Date	Finish Date
Stage 1 – Set the Course	July 2012	November 2012
Stage 2 – Design Interim State – CCWC Asset Management Only	November 2012	March 2013
Stage 3 – Build Interim State – CCWC Asset Manager	March 2013	March 2014
Stage 4 – Trial & Transition – CCWC Asset Manager Interim Operations	July 2013	June 2014
Stage 5 – Cut Over & Operate CCWC Asset Manager Interim State	July 2014	June 2017
Stage 6 – Design Final State – CCWC & JSB	February 2013	June 2014
Stage 7 – Build Future State	July 2013	June 2016
Stage 8 - Trial & Transition to Future Stage – Integrated CCWC & JSB	July 2014	June 2017
Stage 9 – Cut Over & operate Integrated CCWC & JSB	July 2017	Onwards

3. This plan will address the IM actions, tasks, milestones and deliverables required to support the commencement of the Corporation on 1 July 2014. A level of flexibility must remain within the Project Plan to cope with variations to business needs and requirements and the associated impacts on enabling functions.

4. This plan will also consider the actions, tasks, milestones and deliverables required to give effect to the full transfer of the water and sewerage functions, responsibilities and staff between 2014 and 2017
5. A project management plan will be developed for each of the stages
6. Each plan will build on the previous and articulate the key milestones, deliverables and resources required

1.5 Project Goals & Strategic Alignment

1.5.1 Goals

- a. To establish an organisation that provides support services, including Information Management, to Councils and the Corporation at a cost that is lower than existing expenditure and at a quality that reasonably meets the business needs of all clients

1.5.2 Objectives

1. Efficient delivery of water and wastewater services to the community
2. Maximise overall financial return to Councils resulting from the establishment of the Corporation
3. Establish an organisation that can deliver efficient and effective support services to all three clients
4. Identify and improve the overall management and delivery of Information Management services by striving for best practice solutions
5. Ensure continuity of appropriate interim services
6. Develop capacity and maximise utilisation of existing Council staff, systems and resources
7. Establish strategies and systems for the benefit of Councils, the Corporation, JSB and shareholders
8. Maintain job security and continuity of employment for all permanent Award Staff
9. Collaborate with key stakeholders to increase value for related entities through innovation
10. Build synergies across all entities to provide optimal outcomes

1.5.3 Deliverables

1. Continued efficient delivery of existing services through to 1 July 2017
2. Support transition of asset management and regulatory services functions and staff from Councils to the Corporation from 1 July 2014
3. Fully functional JSB with Information Management services operating from 1 July 2017
4. Development of a Strategic Project Management Plan for the Information Management stream clearly identifying funding, resources and timeframes.

5. Critical to the project will alignment of current services across the two Councils as currently the only commonality exists in terms of Desktop, Microsoft and GIS being ESRI.
6. Key challenges will be to select appropriate applications software to enable the businesses to perform their core functions in an efficient and appropriate manner.

1.5.4 Pragmatic Framework

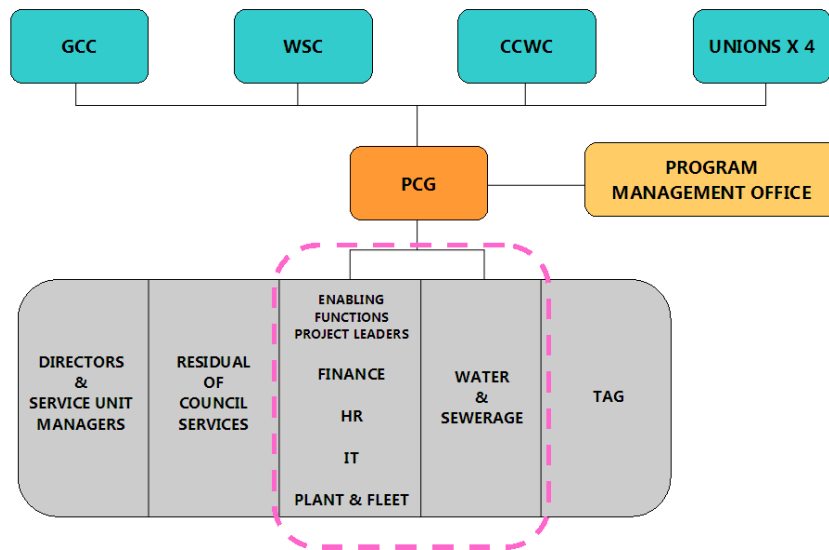
1. Value for Community and staff
2. Maximise overall financial outcomes (not necessarily profit)
3. Best Practice, efficient, fit for purpose, logical
4. Resource utilisation (engagement)
5. Innovate
6. Early wins where appropriate
7. Transparent
8. Shared goals and outcomes
9. Don't throw the baby out with the bathwater

2 Project Organisation

2.1 Project Governance

1. The project is jointly managed by Wyong Shire and Gosford City Councils under the Governance of a Project Control Group
2. The Project Control Group comprises
 - Gosford City Council X 3 representatives
 - Wyong Shire Council X 3 representatives
 - Unions X 2 representatives
 - Central Coast Water Corporation X 1 representatives
3. A Program Management Office has been established to provide day to day co-ordination and administration for the Project Control Group
4. Figure 2 below illustrates the relationships between the key internal parties

2.2



Roles and Responsibilities

Role	Responsibilities	Commitment Required
Program Control Group	<ul style="list-style-type: none"> ▪ Provide direction and vision ▪ Review deliverables and maintain program momentum ▪ Decision making and issue resolution escalating to Councils and the Corporation if necessary ▪ Stakeholder engagement ▪ Represent staff and end customer 	
Work Group Lead	<ul style="list-style-type: none"> ▪ Develop functional Project Management Plan ▪ Ensure achievement of project deliverables ▪ Decision making and issue resolution within Working Group ▪ Provide expertise and leadership ▪ Coordinate Working Group activities ▪ Communicate openly and honestly with PCG and other Working Groups ▪ Report to the PCG as required 	
Working Group	<ul style="list-style-type: none"> ▪ Assist with development of Project Management Plan ▪ Provide project delivery support for optimal outcomes ▪ Provide expert advice in functional area 	
Program Management Office	<ul style="list-style-type: none"> ▪ Program coordination and communication ▪ Facilitate and support Working Groups ▪ Ensure consistency and delivery of documentation to PCG 	
Directors/Service Unit Managers	<ul style="list-style-type: none"> ▪ Provide expert advice in functional area ▪ Agree residual services for function 	

3 Project Approach

3.1 Project Stages

- The key stages under the Integrated Program Management Plan are outlined in the table below

Integrated Program Management Stages

Major Project Delivery Stages	Start Date	Finish Date
Stage 1 – Set the Course	July 2012	November 2012
Stage 2 – Design Interim State – CCWC Asset Management Only	November 2012	March 2013
Stage 3 – Build Interim State – CCWC Asset Manager	March 2013	March 2014
Stage 4 – Trial & Transition – CCWC Asset Manager Interim Operations	July 2013	June 2014
Stage 5 – Cut Over & Operate CCWC Asset Manager Interim State	July 2014	June 2017
Stage 6 – Design Final State – CCWC & JSB	February 2013	June 2014
Stage 7 – Build Future State	July 2013	June 2016
Stage 8 - Trial & Transition to Future Stage – Integrated CCWC & JSB	July 2014	June 2017
Stage 9 – Cut Over & operate Integrated CCWC & JSB	July 2017	Onwards

3.2 Project Milestones

- The key milestones under the Integrated Program Management Plan are outlined in the table below:

Milestone	Due Date:
Integration strategy and principles for CCWC and JSB	[End of Stage 1]
Interim state design	[End of Stage 2]
CCWC Interim Asset Manager Function in place	1 July 2014
Integrated CCWC and JSB in place	1 July 2017

- The key milestones under this Information Management project management plan are

Milestone	Due Date:
Development of an Information Management Project	June 19, 2012

Management Plan to provide appropriate skills, knowledge and experience including costs and timeframes.	
Development of Information Management Guiding Principles	August 26, 2012
Best Practice data gathering and initial analysis	September 28, 2012
Base lining of current service delivery and catalogue	October 26, 2012
Develop IM Strategy to support organisational structures, functional groups and management teams (CCWC)	October 26, 2012
Development of strategy and design of a Standard Operating Environment (SOE) to permit establishment of a Shared Facility	October 26, 2012
Development of Transition and Transformation Approach	October 26, 2012

3.3 Deliverables – Stage 1

- Strategic Project Plan delivered within scope and on time.
- Development of Information Management Guiding Principles delivered within scope and on time.
- Best Practice data gathering and initial analysis delivered within scope, budget and on time
- Base lining of current service delivery and catalogue delivered within scope and on time
- Develop IM Strategy to support organisational structures, functional groups and management teams (CCWC) delivered within scope, budget and on time contingent on input from CCWC concerning business needs and objectives
- Development of strategy and design of a Standard Operating Environment (SOE) to permit establishment of a Shared Facility delivered on time and within scope.
- Development of Transition and Transformation Approach delivered within scope and on time

3.4 Interdependencies

Task	Input Required	Provider	Required By
Development of CCWC business strategy, needs and objectives	Documentation and engagement to ensure systems and processes are fit for purpose	CCWC	1/8/2012
Decide on Asset Management Strategy and platform for 1/7/2014 state	Decision to be made	CCWC	1/8/2012
Decide on implementation of a Data Room to store all relevant documentation for the project	Decision to be made	CCWC/JSB/Councils	1/8/2012
Decide on GIS approach	Decision to be made	CCWC/JSB/Councils	1/8/2012
Decide on Joint Facility	Decision to be made	CCWC/JSB/Councils	1/9/2012

3.5 Assumptions

- This Information Management Project Management Plan has been based on a number of key assumptions including costs, resourcing levels and timeframes all based upon the supplied documentation and detail as of June 14, 2012. As such a generic contingency of 30% has been applied.
- Resourcing being made available in a timely manner by both Councils and funding available for external resources where required.

- Key decisions as detailed above made in order to enable the project to continue.
- An appropriate Project Management framework is agreed and implemented to support the Project on an ongoing basis.

3.6 Constraints

- WSC current Capgemini contract is in force until February 2017.
- Existing contract structures in place, terms and conditions and contract periods
- Substantially differing Information Management infrastructure and support models
- Neither Councils or the Corporation currently have funding budgeted for delivery of this project in 2012-13

3.7 Critical Success Factors

- Commitment from all parties
- Value for all parties
- Maximisation of return on investment to Councils and the Corporation
- Regional approach for optimal solutions for the Central Coast Community
- Appropriate resources are available and allocated to the project when required
- The PCG, PMO and Working Groups demonstrate a commitment to achieving shared goals
- Clear and unambiguous delineation of the roles and responsibilities of stakeholders through the transition phase to the end state
- Project Working Group defined and empowered

3.8 Resources

Outline resources, internal and external, required to deliver the project. Identify any consultancies requires including broad scope and term of contract.

Resource	Time required	Required By
Bob Platt	50% + FTE	Now
Gregory Punshon	30% + FTE	Now
Various SMEs and Technology staff	50% + FTE	July 1 onwards

Internal resource costs during this period will be approximately \$145,000, based upon a fully loaded resource of 1.3 FTE for the period June through to October.

3.9 Procurement Strategy

Procurement Strategy is to leverage existing Panel suppliers where available based upon prior experience and performance

Contract Description	Estimated \$
Professional Services <ul style="list-style-type: none">▪ SOE technology guidance▪ Best practice Support▪ Asset Management Assessment & Analysis	\$15,000 \$30,000 \$7,500

4 Engagement & Communication Management

4.1 Stakeholders

Stakeholder	Interest	Influence	Engagement/Communication
PCG	Overall Direction for Project	Decision maker	PCG Meetings
Other Work Groups	Coordination and integration of activities	Planning and negotiation	Consultation, provision of briefs, planning activities,
PMO	Project communications and process coordination	Support role	Consultation, facilitation, coordination of overall Implementation Work Plan
Customers	Continuation, improvement of and cost of service	Input for business needs and requirements	Engage, consult and negotiate
Government Agencies	Approvals, licences	Regulator	Inform, consult, negotiate
Unions	Staff interests	Active participation	Inform, consult, negotiate
Councillors	Shareholder	As per Shareholder agreement	As per Shareholder agreement
CCWC Board	Business	Strategic direction	Board Meetings

4.2 Engagement

Stakeholder	Issue	Decision/Information Required	Required By
Councillors	Responsible for Councils interests	Brief as required on people issues.	As required
CCWC	Responsible for CCWC interests	Input into development of Service Level agreements for P&F services.	As required
JSB	Responsible for JSB interests	Input into development of Service Level agreements for P&F services.	As required
Council Managers	Support service delivery & impact on them individually	General input and interaction in the change process	Ongoing
Council staff	Impact of project on individuals	General input and interaction in the change process	Ongoing
Information Management Teams	Change makers and recipients of change impact	Intellectual property and buy in to the change processes	Ongoing
Unions/Associations	Protection of staff entitlements and employment conditions	General input and interaction in the change process	Ongoing

4.3 Communication

Stakeholder	Target Group	Timing & Frequency
As per 4.2	As per 4.2	As per 4.2

4.4 Engagement and Communication Strategy

An Engagement and Communications Strategy will be prepared for the delivery of this project management plan in the next stage of the project planning.

5 Risk Management

5.1 Risk Management Process

A risk management framework will be prepared for the delivery of the program holistically during the next stage of the project planning

5.2 Key Risks

Implementation Risk	Assessment of Risk	Mitigation Measures
Insufficient resources are allocated to the project as a result of competing priorities	Likelihood: Possible Impact: Important Rating: Low	Treatment: Prevention Implement good two way communications with all staff. Get staff 'buy in' and ownership through participation in workgroups. Appropriately manage resources to ensure delivery through appropriate project planning.
Costs and resourcing inputs differ significantly from estimates	Likelihood: Likely Impact: Important Rating: High	Treatment: Prevention Develop detailed project plans and business case to identify all appropriate costs, resources and timeframes. Ensure all work elements make sound business sense.
Loss of business continuity resulting from the application of resources to this project	Likelihood: Possible Impact: Important Rating: Low	Treatment: Prevention Develop detailed project plans and business case to identify all appropriate resources and timeframes. Map resourcing to organisational needs and where practical and appropriate hire in resources. Monitor and ensure business performance is in alignment with plan. Prioritise work and where appropriate defer non urgent work.

Implementation Risk	Assessment of Risk	Mitigation Measures
Increase in staff turnover	Likelihood: Possible Impact: Important Rating: Low	Treatment: Prevention Deploy good two way communication with all affected staff. Get staff 'buy in' and ownership through participation in workgroups. Work with Unions and staff to educate those affected by placing focus on end result of like employment conditions. Promotion of JSB set-up as an opportunity rather than an encumbrance Proactively manage those staff that are resistant to or have not experienced workplace change.
Impact on staff moral and organisation culture of misaligned employee entitlements and working conditions.	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Prevention Deploy good two way communication with all affected staff. Gain staff 'buy in' and ownership through their participation in respective workgroups. Work with Unions and staff to educate those affected by placing focus on end result of like employment conditions.
Differing customer demands	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Reduction Aim to seek commonality in service needs across all customer bases however have systems designed to cope with different customer demands.
Approval process to implement change drawn out	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Acceptance Forward planning as far ahead as practicable for critical tasks and develop contingency plans.
Service requirements of the entities are not aligned with fit for purpose objectives	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Prevention Determine as part of the customer scoping process the required level of 'value adding' required as part of service level agreements. Aim to seek commonality in service needs across all customer bases however have systems in place to cope with different customer demands where necessary.

6 References

Document	TRIM Ref.	Date	Author
Central Coast Water Corporation (CCWC) Cost benefit analysis study Final Report		17 April 2012	PricewaterhouseCoopers
Central Coast Water Corporation and Joint Services Business Implementation Work Plan		14 June 2012	PricewaterhouseCoopers
Information Management Working Spreadsheet (as attached)		15 June 2012	Bob Platt

Central Coast Joint Services

Plant & Fleet (P&F)

Project Management Plan

Version 1.1

Document control

Version History

Version	Date	Author	Comments
1.0	15 June 12	Peter Armour	Initial Draft
1.1	20 June 12	Peter Armour	Second Draft

Distribution

Version	Date	Distribution
1.0	15 June 2012	Central Coast Joint Services Program Control Group
1.1	21 June 12	CCROC

Approval

By signing this approval section of the document, the Project Sponsors approve the Strategic PMP for the CCWC Establishment

Name	Title	Signature/Ref	Date
Michael Whittaker	General Manager, WSC		
Stephen Glen	Acting General Manager, GCC		
Rod Williams	Senior Manager, CCWC		

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1 Project Overview

1.1 Purpose of document

1. This project management plan outlines the concept and feasibility for delivering Plant & Fleet functions to support the implementation of the Central Coast Water Corporation from 1 July 2014
2. This plan will address specifically
 - Project scope
 - Key milestones
 - Deliverables
 - Resource requirements
 - Project Organisation structure, roles and responsibilities
 - Interdependencies
 - Engagement and communication
3. This document will be updated, and should be referenced throughout the project
4. Changes to this document will be subject to change control following its initial sign-off (approval)

1.2 Context

1. Gosford City and Wyong Shire Councils ('the Councils') have agreed to proceed with the implementation of the Central Coast Water Corporation ('the Corporation')
2. As part of the Councils' agreement, a joint services business (JSB) will also be established to provide human resources (HR); information technology (IT); finance; and plant and fleet services on a commercial basis initially to the Corporation but later to the Councils as well
3. The Councils will transfer their water and sewerage businesses asset management and regulatory responsibilities and staff to the Corporation on 1 July 2014
4. The remaining water and sewerage functions, responsibilities and staff will be transferred to the Corporation by no later than 2017
5. The Councils will transfer their water and wastewater assets (infrastructure) to the Corporation under a long term lease under a commercial agreement
6. In preparing for the implementation of the Corporation, consideration must also be given to the services required by the legacy Council functions
7. Consideration is needed to be given with regard to a future operating state for all organisations with regard to plant and fleet services
8. The future state should prepare the organisations for operating in the future and be resilient to future challenges

1.3 Intended Audience

1. The audience for this plan are internal stakeholders

1.4 Project Scope

1. This project management plan has been prepared in consultation with the Integrated Program Management Plan that has been prepared for the progressive transfer of the Councils' water and sewerage function, responsibilities and staff to the Corporation from 1 July 2014 and the establishment of joint services business to provide support services to the Corporation and Councils.
2. The implementation of the Corporation and establishment of the JSB under the Integrated Program Management Plan will be delivered according to nine (9) stages.

Integrated Program Management Stages

Major Project Delivery Stages	Start Date	Finish Date
Stage 1 – Set the Course	July 2012	October 2012
Stage 2 – Design Interim State – CCWC Asset Management Only	November 2012	March 2013
Stage 3 – Build Interim State – CCWC Asset Manager	April 2013	July 2014
Stage 4 – Trial & Transition – CCWC Asset Manager Interim Operations	July 2013	June 2014
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Stage 8 - Trial & Transition to Future Stage – Integrated CCWC & JSB	July 2014	June 2017
Stage 9 – Cut Over & operate Integrated CCWC & JSB	July 2017	Onwards

3. This plan will address the P&F actions, tasks, milestones and deliverables required to support the commencement of the Corporation on 1 July 2014. . A level of flexibility must remain within the project management plan to cope with variations to business needs and requirements and the associated impacts on enabling functions.
4. This project management plan will be dynamic and updated as the project progresses through the various stages.
5. Each version of the plan will build on the previous and articulate the key milestones, deliverables and resources required

1.5 Project Goals & Strategic Alignment

1.5.1 Goals

- a. To establish an organisation that provides cost effective support services, including P&F, to Councils and the Corporation at a level of quality that reasonably meets the business needs of all clients.

1.5.2 Objectives

1. Efficient delivery of water and wastewater services to the community.
2. Maximise overall financial return to Councils resulting from the establishment of the Corporation.
3. Establish an organisation that can deliver efficient and effective support services to all three clients and self.
4. Identify and improve the overall management and delivery of P&F services by striving for best practice solutions.
5. Ensure continuity of appropriate interim services.
6. Develop capacity and maximise utilisation of existing Council staff, systems and resources.
7. Establish strategies and systems for the benefit of Councils, the Corporation, JSB and stakeholders.
8. Maintain job security and continuity of employment for all permanent Award Staff.
9. Collaborate with key stakeholders to increase value for related entities through innovation.
10. Build synergies across all entities to provide optimal outcomes.

1.5.3 Deliverables

1. Continued efficient delivery of existing services through to 1 July 2017
2. Support transition of asset management and regulatory services functions and staff from Councils to the Corporation from 1 July 2014
3. Functional JSB with P&F support services operating from 1 July 2017

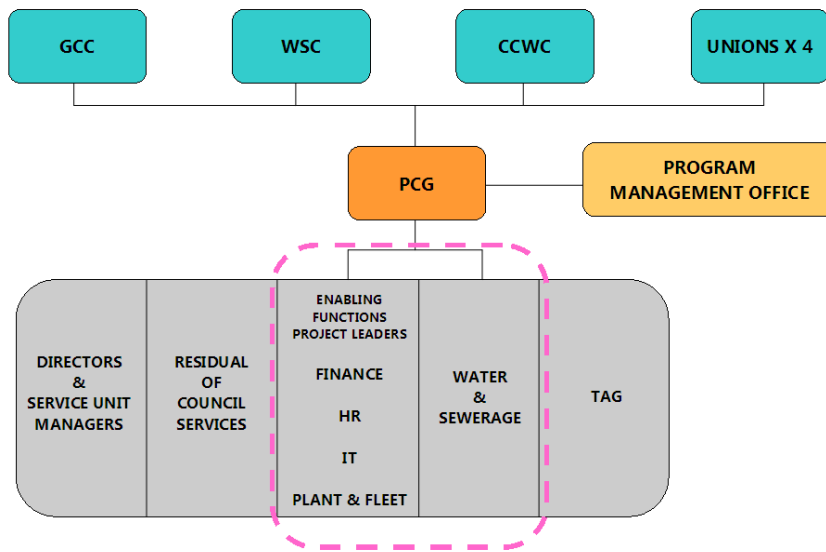
1.5.4 Pragmatic Framework

1. Value for Community and staff
2. Maximise overall financial outcomes (not necessarily profit)
3. Best Practice, efficient, fit for purpose, logical
4. Resource utilisation (engagement)
5. Innovate
6. Early wins where appropriate
7. Transparent
8. Shared goals and outcomes
9. Don't throw the baby out with the bathwater

2 Project Organisation

2.1 Project Governance

1. The project is jointly managed by Wyong Shire and Gosford City Councils under the Governance of a Project Control Group.
2. The Project Control Group comprises:
 - Gosford City Council X 3 representatives
 - Wyong Shire Council X 3 representatives
 - Unions X 2 representatives
 - Central Coast Water Corporation X 1 representatives
3. A Program Management Office has been established to provide day to day management and administration for the Project Control Group
4. Figure 2 below illustrates the relationships between the key internal parties



2.2 Roles and Responsibilities

Role	Responsibilities	Commitment Required
Program Control Group	<ul style="list-style-type: none"> ▪ Provide direction and vision ▪ Review deliverables and maintain program momentum ▪ Decision making and issue resolution escalating to Councils and the Corporation if necessary ▪ Stakeholder engagement ▪ Represent staff and end customer 	
Program Management	<ul style="list-style-type: none"> ▪ Program coordination and communication 	

Role	Responsibilities	Commitment Required
Office	<ul style="list-style-type: none"> ▪ Facilitate and support Working Groups ▪ Ensure consistency and delivery of documentation to PCG 	
Residual Council Directors/Service Unit Managers/ Supervisors/Staff	<ul style="list-style-type: none"> ▪ Provide expert advice in functional area ▪ Agree residual services for function 	
Workgroup Leader	<ul style="list-style-type: none"> ▪ Accountable for the workstream deliverables and achievement of desired outcomes and benefits ▪ Responsibility for delivering specific workstreams and coordinating work groups ▪ Decision making and resolution of issues within workstreams ▪ Preparation of detailed implementation plans and workstream deliverables for approval by the PCG ▪ Day to day routine liaison and reporting to the Program Manager and Office ▪ Day to day routine liaison with other Workgroup Leaders to ensure consistent approach to tasks and issues 	Estimate 40% - 50% of time
P&F Manager WSC	<ul style="list-style-type: none"> ▪ Assist the Work Group Leader as required. ▪ Accountable for the workstream deliverables and achievement of desired outcomes and benefits. ▪ Responsibility for delivering specific workstreams and coordinating work groups ▪ Decision making and resolution of issues within workstreams ▪ Preparation of detailed implementation plans and workstream deliverables for approval by the PCG 	Estimate 30% - 40% of time
Project Coordinators – WSC & GCC	<ul style="list-style-type: none"> ▪ Coordinate, drive and support workstream work groups ▪ Report to Workgroup Leader ▪ Accountable for the workstream deliverables and achievement of desired outcomes and benefits ▪ Day to day responsibility for delivering specific workstreams and coordinating work groups ▪ Decision making and resolution of issues within workstreams ▪ Preparation of detailed implementation plans and workstream deliverables for approval by the PCG 	Estimate 20% - 30% of time

Role	Responsibilities	Commitment Required
Section Teams (Various composition)	<ul style="list-style-type: none"> ▪ Report to Project Coordinators ▪ Preparation of detailed implementation plans and section team deliverables. ▪ Day to day responsibility for delivering specific section team projects and coordinating appropriate resources ▪ Decision making and issues resolution within the Section Teams 	Estimate 20% - 30% of time

3 Project Approach

3.1 Project Stages

1. The key stages under the Integrated Program Management Plan are outlined in the table below

Integrated Program Management Stages

Major Project Delivery Stages	Start Date	Finish Date
Stage 1 – Set the Course	July 2012	October 2012
Stage 2 – Design Interim State – CCWC Asset Management Only	November 2012	March 2013
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Stage 7 – Build Future State	July 2013	June 2016
Stage 8 - Trial & Transition to Future Stage – Integrated CCWC & JSB	July 2014	June 2017
Stage 9 – Cut Over & operate Integrated CCWC & JSB	July 2017	onwards

3.2 Project Milestones

1. The key milestones under the Integrated Program Management Plan are outlined in the table below:

Milestone	Due Date:
Detailed program implementation plan and business case for CCWC and JSB establishment	November 2012
Detailed interim state design (CCWC Asset Manager)	March 2013
CCWC Interim Asset Manager Function in place with asset management and regulation staff from Councils transferred across	July 2014
Integrated CCWC and JSB in place with Operations and Maintenance staff from Councils transferred across	July 2017
Long term lease of assets to the Corporation commences	July 2017

2. The key milestones under this project management plan are

Milestone	Due Date:
1. Set the course	November 2012
2. Design of P&F Interim State	March 2013
3. Build, trial and transition to interim P&F state	July 2014
4. Design of P&F final state	June 2014
5. Build, trial and transition / transformation to future P&F state	July 2017

3.3 Deliverables – Stage 1

- Determine detailed objectives and align with other Working Groups.
- Key P&F business processes identified and mapped.
- Baseline current state of service delivery.
- Commence review of inventory and scope of a P&F JSB Asset Management Plan.
- Optimal transition approach identified.
- Detailed transition plan developed including milestones and deliverables.

3.4 Interdependencies

Task	Input Required	Provider	Required By
Review position descriptions	Assistance	HR	November 2012
Staff transition	IR Instrument	HR Working Group	November 2012
Defining budget /customer billing structure / arrangements	Advice / assistance	Finance Working Group	November 2012
Structure and framework	JSB entity configuration	Governance Working Group	November 2012
Current systems configuration	Assistance	IT	November 2012
Stakeholder engagement	Customer feedback	Service Unit Managers	March 2013
P&F JSB enabling functions	Advice / assistance	Supply / Contracts Management	June 2013
Systems transition plan	IT Systems platform	IT Working Group	June 2013
Creation of JSB entity	Tax and legal advice	External Consultant	July 2014

CCWC Requirements	Assistance	PMO	June 2017
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3.5 Assumptions

Assumption	Impact if incorrect
The P&F Project Management Plan will be amended based on changes made to the Integrated Project Management Plan.	Project outcomes not met.
Enabling functions of the P&F JSB currently managed by the Council HR, IT and Finance Departments will continue to be managed by the respective Council Departments / JSB Working Groups	Duplication of actions to address issues.
Low priority P&F projects/tasks will be suspended as required during the term of the project	Project outcomes are delayed or not met.
A decision regarding ownership of mobile assets currently utilised by the W&S Operations will likely not need to be made prior to completion of Stage 4.	
P&F Assets and Services will be provided to customers under 'terms and conditions' including SLA's, policies including implementation associated with issue and use are the responsibility of the customer organisations.	
Core services currently provided by individual Council's P&F Departments will continue in the P&F JSB with capacity built in to grow the business in the future as opportunities arise.	
No additional resources or significant funding will be provided to the P&F units in the development of pre-interim state stages.	Levels of service associated with lower priority tasks will decline for the duration of any specified JSB tasking.
P&F JSB will continue to operate from Council Depots.	Additional cost to P&F JSB
Current 'overhead' fees structure (Fleet plus corporate) combined with any fee for use of depots does not rise for the JSB and ideally reduces through efficiency of delivery of services.	Lower profitability of JSB with outcomes not realised.
Both 'strategic' and 'transactional' elements of both Council P&F will be located within the Plant and Fleet JSB unit as of Stage 1.	
The above assumptions will be challenged through review and modelling and adapted to provide the best overall value to the community.	

3.6 Constraints

- Change activities will be restricted to those activities that will deliver the P&F JSB, i.e.: maintaining core or essential outputs only.
- To deliver superior cost effective service, forward planning by customers will also be essential.

- Lack of common systems across Councils for billing, payment of staff, asset management, plant and resource allocation etc will need to be resolved in order to deliver the full JSB cost benefit.
- Logistics (i.e.: Shape and length of combined LGA).
- Industrial relations (Above Award conditions – between the two Council’s Fleet bases e.g.: take home trucks and plant – WSC, travel allowance when driving to job in Council Assets).

3.7 Critical Success Factors

- Job security maintained for all affected staff.
- Value for all parties achieved.
- Regional approach and full alignment of practices to deliver optimal solutions for the Central Coast Community realised.
- Maturity and increased level of understanding of all business areas by first and second level supervisory staff.
- Optimised logistics associated with the size (length) of the LGA identified and implemented.
- Clear understanding of Customer needs and wants and services tailored to the demands of each organisation delivered.
- Customer satisfaction with the delivery of services (real, perceived, inequities) is achieved.

3.8 Resources

Outline resources, internal and external, required to deliver the project. Identify any consultancies requires including broad scope and term of contract.

Resource	Time required	Required By
Work Group Leader	40-50% of capacity	Now
Manager P&F WSC	30-40% of capacity	Now
Project Coordinators	20-30% of capacity	From now as required
Project Teams	20-30% of capacity	From now as required

3.9 Procurement Strategy

Contract Description	Estimated \$
Professional Services	
▪ Business process IT needs assessment	\$15,000
▪ Best practice Support / benchmarking consultancy	\$30,000
▪ Asset Management Assessment & Analysis	\$7,500

4 Engagement & Communication Management

4.1 Stakeholders

Stakeholder	Interest	Influence	Engagement/ Communication
Councillors	Responsible for councils interests	Key client	PCG
CCWC	Responsible for CCWC interests	Key client	PCG
JSB	Responsible for JSB interests	Service Provider	PCG
Council Managers	Support service delivery and impact on individuals	Enablers/possible inhibitors and subject matter experts	PCG, Internal Management Group meetings
Council staff	Impact of project on individuals	Enablers/possible inhibitors and subject matter experts	Internal consultative committees, Engagement forum, PCG
P&F Teams	Change makers and recipients of change impact	Enablers/possible inhibitors and subject matter experts	Timely, consistent, regular updates across P&F teams at all sites by P&F Managers, Engagement forum, PCG.
Unions/Associations	Protection of staff entitlements and employment conditions	Enablers/possible inhibitors and subject matter experts	Internal consultative committees, Engagement forum, PCG
External Government Agencies	Legislative	Governing bodies	As appropriate to ensure legislative compliance

4.2 Engagement

Stakeholder	Issue	Decision/Information Required	Required By
Councillors	Responsible for Councils interests	Brief as required on people issues.	As required
CCWC	Responsible for CCWC interests	Input into development of Service Level agreements for P&F services.	As required
JSB	Responsible for JSB interests	Input into development of Service Level agreements for P&F services.	As required

Council Managers	Support service delivery & impact on them individually	General input and interaction in the change process	Ongoing
Council staff	Impact of project on individuals	General input and interaction in the change process	Ongoing
P&F Teams	Change makers and recipients of change impact	Intellectual property and buy in to the change processes	Ongoing
Unions/Associations	Protection of staff entitlements and employment conditions	General input and interaction in the change process	Ongoing

4.3 Communication

Stakeholder	Target Group	Timing & Frequency
As above	As above	As above

4.4 Engagement and Communication Strategy

An Engagement and Communications Strategy will be prepared for the delivery of this project management plan in the next stage of the project planning

5. Risk Management

a. Risk Management Process

A risk management framework will be prepared for the delivery of the program holistically during the next stage of the project planning

b. Key Risks

Implementation Risk	Assessment of Risk	Mitigation Measures
Ageing workforce	Likelihood: Possible Impact: Important Rating: Low	Treatment: Acceptance Harness the knowledge and experience of older staff as much as possible, capturing key detail where practical. Encourage older staff to remain at work for longer. Encourage older staff to consider reduced hours per week instead of full retirement.
Increase in staff turnover	Likelihood: Possible Impact: Important Rating: Low	Treatment: Prevention Deploy good two way communication with all affected staff. Get staff 'buy in' and ownership through participation in workgroups. Work with Unions and staff to educate those affected by placing focus on end result of like employment conditions. Promotion of JSB set-up as an opportunity rather than an encumbrance Appropriately manage those staff that are resistant to or scared of change.
Impact on staff moral and organisation culture of misaligned employee entitlements and working conditions.	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Prevention Deploy good two way communication with all affected staff. Aim to gain staff 'buy in' and ownership through their participation in respective workgroups. Work with Unions and staff to educate those affected by placing focus on end result of like employment conditions.
Differing customer demands	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Reduction Aim to seek commonality in service needs across all customer bases however have systems designed to cope with different customer demands.
Approval process to implement change drawn out	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Acceptance Forward planning as far ahead as practicable for critical tasks.

Implementation Risk	Assessment of Risk	Mitigation Measures
Service requirements of the entities are not aligned with fit for purpose objectives	Likelihood: Possible Impact: Serious Rating: Moderate	Treatment: Prevention Determine as part of the customer scoping process the required level of 'value adding' required as part of service level agreements. Aim to seek commonality in service needs across all customer bases however have systems in place to cope with different customer demands.
Industrial Relations provisions not appropriate for optimal solution.	Likelihood: Possible Impact: Major Rating: High	Treatment: Contingency Establish a 'Plan B' based on present employment conditions and present occupant only arrangements.

6. References

Provide a list of all documents and other sources of information referenced in this document.

Document	TRIM / ECM Ref.	Date	Author
PWC Central Coast Water Corporate & Joint Services Business Transition Plan		08/06/12	Price Waterhouse Coopers
CCWC Project Strategic Project Management Plan (Stage 2-4) Business Case for Optimal Services Model for GCC, WSC and CCWC		19/03/12	CCWC PMO
PWC Transition Plan Gantt Chart		01/06/12	Price Waterhouse Coopers
PWC CBA		17/04/12	Price Waterhouse Coopers
CCWC/JSB Enabling Streams Project Plans		08/06/12	Bob Platt (Information Management JSB)

Central Coast Joint Services

Water and Wastewater

Project Management Plan

Version 1.1

Document control

Version History

Version	Date	Author	Comments
0.1	14/06/12	Pam McCann, Greg Cashin	Initial draft
1.0	15/06/12	Pam McCann, Greg Cashin	Initial plan
1.1	20/06/12	Greg Cashin	Minor amendments following PCG review

Distribution

Version	Date	Distribution
1.0	15/06/12	Central Coast Joint Services Program Control Group
1.1	20/6/12	CCROC

Approval

By signing this approval section of the document, the Project Sponsors approve the Water and Wastewater Project Management Plan for the Central Coast Water Corporation establishment.

Name	Title	Signature/Ref	Date
Michael Whittaker	General Manager, WSC		
Stephen Glen	A/General Manager, GCC		
Rod Williams	Senior Officer, CCWC		

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1 Project Overview

1.1 Purpose of document

1. This project management plan outlines the concept and feasibility for delivering Water and Wastewater (W&WW) functions to support the implementation of the Central Coast Water Corporation from 1 July 2014.
2. This plan will address specifically:
 - Project scope
 - Key milestones
 - Deliverables
 - Resource requirements
 - Project organisation structure, roles and responsibilities
 - Interdependencies
 - Engagement and communication.
3. This document will be updated, and will be referenced throughout the project.
4. Changes to this document will be subject to change control following its initial sign-off (approval).

1.2 Context

1. Gosford City and Wyong Shire Councils ('the Councils') have agreed to proceed with the implementation of the Central Coast Water Corporation ('the Corporation').
2. As part of the Councils' agreement, a joint services business (JSB) will also be established to provide human resources (HR), information technology (IT), financial, and plant & fleet services on a commercial basis to the Corporation and the Councils and be functional by 1 July 2017.
3. The Councils will transfer the water and wastewater business's asset management and regulatory staff to the Corporation on 1 July 2014.
4. The Corporation will provide the water and wastewater business's asset management and regulatory services to the Councils on a fee for service basis from 1 July 2014.
5. The remaining water and wastewater functions, responsibilities and staff will be transferred to the Corporation by no later than 2017.
6. The Councils will transfer their water and wastewater assets (infrastructure) to the Corporation under a long term lease agreement from 1 July 2017.
7. In preparing for the implementation of the Corporation, consideration must also be given to the services required by the legacy Council functions.

8. Consideration needs to be given to the existing Council structures, transitional arrangements and future operating state for all organisations with regard to IT, HR, finance and plant and fleet.
9. The future state should provide a coordinated regional approach for the delivery of services to the Central Coast community and allow the organisations to be resilient to challenges.

1.3 Intended Audience

1. The audience for this plan are internal stakeholders.

1.4 Project Scope

1. This project management plan has been prepared in consultation with the Implementation Workplan that has been prepared for the progressive transfer of the Councils' water and wastewater function, responsibilities and staff to the Corporation from 1 July 2014 and the establishment of a joint services business to provide support services to the Corporation and Councils.
2. The Implementation Work Plan is proposed to be delivered according to nine (9) stage:

Integrated Program Management Stages

Major Project Delivery Stages	Start Date	Finish Date
Stage 1 – Set the Course	July 2012	Nov 2012
Stage 2 – Design Interim State – CCWC Asset Management Only	Nov 2012	Mar 2013
Stage 3 – Build Interim State – CCWC Asset Manager	Apr 2013	Jul 2014
Stage 4 – Trial & Transition – CCWC Asset Manager Interim Operations	Jul 2013	Jun 2014
Stage 5 – Cut Over & Operate CCWC Asset Manager Interim State	Jul 2014	Jun 2017
Stage 6 – Design Final State – CCWC & JSB	Feb 2013	Jun 2014
Stage 7 – Build Future State	Jul 2013	Jun 2016
Stage 8 - Trial & Transition to Future Stage – Integrated CCWC & JSB	Jul 2014	Jun 2017

Stage 9 – Cut Over & operate Integrated CCWC & JSB	Jul 201 7	Onwards
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3. This plan will address the water and wastewater (W&WW) work stream actions, tasks, milestones and deliverables required to support the commencement of the Corporation on 1 July 2014. A level of flexibility must remain within the Project Plan to cope with variations to business needs and requirements and the associated impacts on enabling functions.
4. This plan will also consider the actions, tasks, milestones and deliverables required to give effect to the full transfer of the water and wastewater functions, responsibilities and staff between 2014 and 2017.
5. The project management plan will be updated as the project progresses through the various stages.
6. Each version of the plan will build on the previous and articulate the key milestones, deliverables and resources required.

1.5 Project Goals & Strategic Alignment

Goals

- The Central Coast Water Corporation is fully established and capable of providing water and wastewater services to the Central Coast community from 1 July 2017 with no disruption to customers, while continuing to meet regulatory service obligations.

Objectives

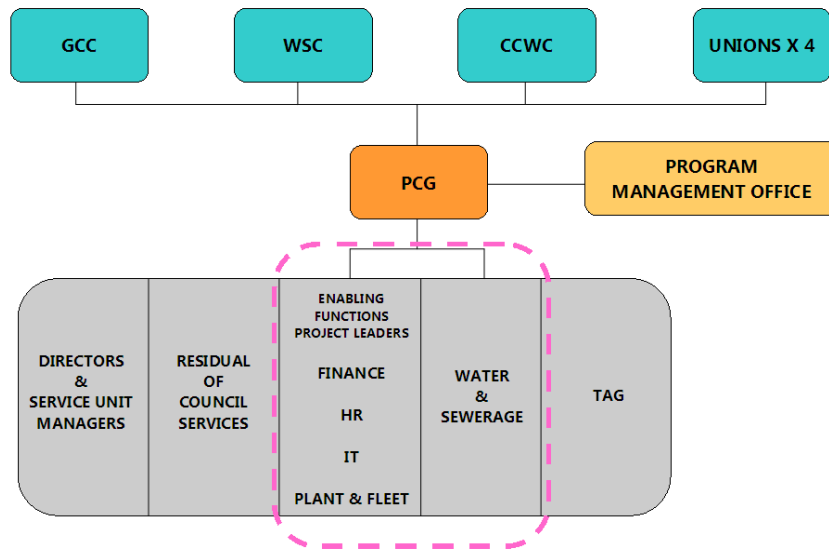
- Asset management and regulatory services staff and functions are in place in the Corporation by 1 July 2014.
- All operations and maintenance staff will have been transferred and will be operating in the Corporation from 1 July 2017.

2 Project Organisation

2.1 Project Governance

1. The project is jointly managed by Wyong Shire and Gosford City Councils under the Governance of a Project Control Group.
2. The Project Control Group comprises:
 - Gosford City Council X 3 representatives
 - Wyong Shire Council X 3 representatives
 - Unions X 2 representatives
 - Central Coast Water Corporation X 1 representatives
3. A Program Management Office has been established to provide day to day management and administration for the Project Control Group.

4. Figure 2 below illustrates the relationships between the key internal parties.



2.2 Roles and Responsibilities

Role	Responsibilities	Commitment Required
Program Control Group	<ul style="list-style-type: none"> • Provide direction and vision • Review deliverables and maintain program momentum • Decision making and issue resolution escalating to Councils and the Corporation if necessary • Stakeholder engagement • Represent staff and end customer 	
Work Group Lead	<ul style="list-style-type: none"> • Develop functional Project Management Plan • Ensure achievement of project deliverables • Decision making and issue resolution within Working Group • Provide expertise and leadership • Coordinate Working Group activities • Communicate openly and honestly with PCG and other Working Groups 	

	<ul style="list-style-type: none"> • Report to the PCG as required 	
Working Group	<ul style="list-style-type: none"> • Assist with development of Project Management Plan • Provide project delivery support for optimal outcomes • Provide expert advice in functional area 	
Program Management Office	<ul style="list-style-type: none"> • Program coordination and communication • Facilitate and support Working Groups • Ensure consistency and delivery of documentation to PCG 	
TAG	<ul style="list-style-type: none"> • Provide strategic management for the respective W&WW businesses during the transition phase to maintain business continuity • Align W&WW operating systems and procedures • Provide advice/decisions on implementation issues as they arise on the W&WW work stream 	
Board of Directors	<ul style="list-style-type: none"> • Responsible for activities as determined by the shareholders & articulated in the Service Level & Funding Agreement 	
Senior Manager	<ul style="list-style-type: none"> • Responsible for supporting the Board of Directors and liaising between the CCWC and Shareholders until the appointment of the CCWC CEO 	
CCWC CEO	<ul style="list-style-type: none"> • Direct and manage finalisation of CCWC establishment and CCWC operations from appointment • Reports to the CCWC Board 	

3 Project Approach

3.1 Project Stages

1. The key stages are outlined in the Implementation Workplan with key dates set out in section 1.4 of this plan.

3.2 Project Milestones

1. The key milestones included in the Implementation Workplan are as follows:

Milestone	Due Date:
Detailed program implementation plan and business case for CCWC and JSB establishment	November 2012
Detailed interim state design (CCWC Asset Manager)	March 2013
CCWC interim asset manager function in place with asset management and regulation staff from the 2 Councils transferred across	July 2014
Integrated CCWC and JSB in place with operations and maintenance staff from 2 councils transferred across	July 2017
Long term lease of assets to CCWC commences	July 2017

2. The key milestones under this project management plan are

Milestone	Due Date:
Decision on asset management system	July 2012
Asset data migration plan	September 2012
Asset and regulatory staff move to interim accommodation	September 2013
Appointment of CCWC CEO	January – June 2014
Service level agreements - CCWC to the Councils for provision of asset management and regulatory services.	June 2014
Asset manager and regulatory services provided by CCWC to the Councils	1 July 2014
Integrated CCWC and JSB in place	1 July 2017

3.3 Deliverables – Stage 1

- Detailed Implementation Plan for the W&WW work stream
- Document detailed operating model for CCWC (functional groups and management teams)
- Initial (2014-2017) temporary accommodation location strategy for the assets and regulatory staff
- Map key W&WW processes
- Identification of tools and processes for regulatory functions

- Performance specification for systems and services to be provided by other groups to asset management and regulatory services

3.4 Interdependencies

Preliminary assessment of interdependencies provided below. Will be further developed during Stage 1

Task	Input Required	Provider	Required By
Provide key W&WW process maps to other work streams	Service scope and requirements	W&WW	October 2012
Decide on asset management information systems for W&WW	Consultant review / report	IT	July 2012
<ul style="list-style-type: none"> • Develop organisational chart • Establish interim accommodation 	Model for support services (centralised or decentralised)	Various work streams	October 2012
Develop a process for conditioning private development assessments	Input to process	Development and Planning Directorates	July 2013
Provision of corporate processes and policies to be used during the trial period	Processes and policies	W&WW and various work streams	July 2013
Interim organisation	Assistance developing	HR	Feb 2013

structure			
Asset management and regulatory position descriptions	Assistance developing	HR	May 2013
Establish W&WW interim accommodation	Procure and fit out interim office accommodation	Property /Facilities	August 2013
Establish W&WW interim accommodation	Provide IT services and links to the corporate systems	IT	August 2013

3.5 Assumptions

- Preparation of governance documents (Code of Conduct, SLAs, etc) to be undertaken by the Legal and Governance work stream. Commercial principals to be provided by W&WW as required.
- All IT related costs except telemetry will be covered by the IT work stream.
- W&WW conditioning of private development assessments will be incorporated in the asset and regulatory staff transfer tranche.
- Policies procedures and systems other than those specific to W&WW will be developed by other work streams eg OHS System.
- Staff will be made available to resource the work plan.
- Low priority ('business as usual') works and internal business transformation initiatives will be suspended.
- The Central Coast water Corporation will become the Water Supply Authority under the Water Management Act on 1 July 2017.
- The Corporation will lease all necessary infrastructure and other required assets from 1 July 2017.
- The Corporation will hold all the necessary licences and approvals of a Water Supply Authority as at 1 July 2017 including:
 - Water licences
 - EPA licences
 - IPaRT Operating licence.

- The corporate services provided by the Councils/JSB meet the business needs of the Corporation as and when required.
- A unified award structure that meets the W&WW business needs will be in place by 1 July 2014.
- No provision for permanent accommodation (post July 2017) has been made in this plan.

3.6 Constraints

- Expiration of current Local Government Award Nov 2013
- The Councils' 4 year Delivery Plans
- WSC IT COL 2 contract ends Feb 2017
- Council Elections 2016
- IPaRT pricing period 1 July 2013 to 30 June 2017

3.7 Critical Success Factors

Factor	Measurement	Who Measures
Staff engagement and participation in establishing the Corporation	Quality and quantitative evaluation	Project Team Communications
Appropriate resources allocated to the project	Meeting project program	PCG
Commitment and cooperation to achieve shared project goals	Achieving project program	PCG
Uninterrupted provision of water and wastewater services during the project period (business continuity)	Meeting regulatory requirements	Regulatory officers of each council
Appropriate systems that support the delivery of water and wastewater services need to be in place at all times	Staff able to access necessary systems	PMO
Clear and unambiguous delineation of the roles and functions of Corporation and Councils through the transition phase to	Consolidated project plan maintained	PMO

Factor	Measurement	Who Measures
the end state		
All necessary legal instruments, licenses and approvals in place for the Water Corporation to undertake the functions of a Water Supply Authority	Approvals in place	PMO

3.8 Resources

Refer to the attached table for internal resourcing input from now until July 2017. These internal resources have an estimated staff cost (including overheads) of \$190,000 for stage 1 and \$4 M for the remaining stages. These estimates are preliminary and are subject to amendment as the detailed plan is further developed.

3.9 Procurement Strategy (stages 1 to 9)

Estimated costs for external resources are set out below. These estimates are preliminary and subject to amendment as the detailed plan is developed. A break down of the office accommodation estimate is also attached.

Contract Description	Timing	Estimated \$
External assistance documenting business processes	August 2012 onwards	\$150,000
Legislative compliance plan	November 2012	\$80,000
External assistance developing management systems specific to the W&WW business (water quality, emergency, etc.)	2013 onwards	\$300,000
Integration of the SCADA systems	2013 onwards	\$100,000
Interim asset management and regulatory services accommodation	2013 to 2017	\$2,000,000
Total		\$2,630,000

It should also be noted that if the internal resources identified in section 3.8 cannot be made available, it may be necessary to procure external resources at additional cost.

4 Engagement & Communication Management

4.1 Stakeholders

Stakeholder	Interest	Influence	Engagement/Communication
PCG	Overall direction for project	Decision maker	PCG Meetings
Other Work Groups	Coordination and integration of activities	Planning and negotiation	Consultation, provision of briefs, planning activities,
W&WW Staff	Affected stakeholders	Active participation in delivery of project	Communications and engagement strategy, participation in activities
PMO	Project communications and process coordination	Support role	Consultation, facilitation, coordination of overall Implementation Plan
External customers	Continuation of and cost of service	Passive	Inform where required
Government Agencies	Approvals, licences	Regulator	Inform, consult, negotiate
Unions	Staff interests	Active participation	Inform, consult, negotiate
Councillors	Shareholder	As per Shareholder Agreement	As per Shareholder Agreement
CCWC Board	Business	Strategic direction	Board Meetings

4.2 Engagement and Communication Strategy

An Engagement and Communications Strategy will be prepared for the delivery of this project management plan in the next stage of the project planning.

5 Risk Management

5.1 Risk Management Process

To be developed.

5.2 Key Risks

- Insufficient resources are allocated to the project as a result of competing priorities.
- Perception there is more time available than required for the transition, resulting in the project not being appropriately prioritised.
- Key decisions by the CCWC Board or PCG are not made in a timely manner.
- Difference of opinion between governing stakeholders.
- Inadequate scoping of requirements or briefing provided to other work streams by the W&WW stream.
- Interdependencies between other work streams are not adequately coordinated.
- Enabling systems are not delivered on time or do not meet requirements.
- Relocating staff results in loss of staff.
- Relocating staff results in loss of morale.
- Loss of coordination between interim CCWC organisation and remaining council water businesses once physically separated, resulting in operational risks of compliance, asset performance and delivery of capital works.
- Costs and resourcing inputs differ significantly from estimates.
- Loss of business continuity resulting from the application of resources to this project.

6 References

Document	TRIM Ref.	Date	Author
Central Coast Water Corporation (CCWC) Cost benefit analysis study Final Report		17 April 2012	PricewaterhouseCoopers
Central Coast Water Corporation and Joint Services Business Implementation Work Plan		6 June 2012	PricewaterhouseCoopers

2.3 Corporate Governance

TRIM REFERENCE: F2004/06390 - D03045996
MANAGER: Michael Whittaker, General Manager
AUTHOR: Brett Smith; Project Manager

SUMMARY

This report recommends that the Councils nominate Deputy Directors to the Central Coast Water Corporation Board of Directors.

RECOMMENDATION

That Council adopt the appointment of Mr Stephen Glen as Gosford City Council's Deputy Director and Mr Greg McDonald as Wyong Shire Council's Deputy Director to attend meetings of the Central Coast Water Corporation Board of Director's in the absence of the Councils' nominated Directors.

BACKGROUND

The *Central Coast Water Corporation Act 2006*, *Central Coast Water Corporation Constitution* and *Voting Shareholders' Agreement* provide for the appointment of Deputy Directors who would attend Board meetings as and when required by the absence of the nominated Directors (currently the respective General Managers until 30 September 2014).

It is proposed that Mr Stephen Glen be appointed as Gosford City Council's Deputy Director and Mr Greg McDonald be appointed as Wyong Shire Council's Deputy Director.

FINANCIAL IMPACT STATEMENT

The recommendation does not impact on Council's financial position.

ATTACHMENTS

Nil.

2.4 Implementation Of The Central Coast Water Corporation

TRIM REFERENCE: F2011/02670 - D03046036

AUTHOR: Brett Smith; Project Manager

SUMMARY

Councils at its meeting on 31 May 2012 resolved to consider amendments to the various documents and agreements to give effect to the adopted operating model. These amended documents are now submitted for Council's consideration.

RECOMMENDATION

- 1 That Council resolve, in relation to the Constitution of the Central Coast Water Corporation, as follows:**
 - a To revoke the current Constitution of Central Coast Water Corporation and replace it with the tabled Constitution of Central Water Corporation which shall be the constitution of the Corporation for the purposes of section 8 of the Central Coast Water Corporation Act 2006 (NSW).**
 - b To execute the Constitution under Council seal**
 - c To authorise the Mayor and General Manager sign the tabled written resolution**
 - d To request the General Manager to provide a copy of the adopted Constitution to the Minister for Primary Industry for tabling in Parliament within 14 days of its adoption**
- 2 That Council resolve, in relation to the Voting Shareholders' Agreement, as follows:**
 - a To approve the tabled Voting Shareholders' Agreement as the voting shareholders agreement for the Corporation for the purposes of section 10 of the Central Coast Water Corporation Act 2006 (NSW) and executed under Council seal**
- 3 That Council approve the tabled Service Level and Funding Agreement and authorise execution under Council seal**
- 4 That Council approve the tabled Joint Scheme Funding Agreement and authorise execution under Council seal**

- 5 ***That Council direct the GM to contact Minister for Primary Industry requesting amendment of the Central Coast Water Corporation Act 2006, Water Management Act 2000 and Local Government Act 1993 to***
- a ***enable the leasing of water and wastewater infrastructure assets from the Councils to the Corporation***
 - b ***increase the number of Council representative Board members from two (2) to four (4)***
 - c ***make other changes as outlined in the tabled Schedule of Legislative Amendments***

BACKGROUND

On 31 May 2012, the Councils adopted an operating model for the implementation of the Central Coast Water Corporation that included the leasing of the Councils' water and wastewater infrastructure assets under a long term commercial agreement and the establishment of a joint services business that would provide 'backroom' support functions to the Corporation and Councils. Various documents and agreements need to be amended and resolved by the Councils to give effect to the Council's adopted operating model.

The Councils at their meetings on 31 May 2012 resolved to consider amendments to the various documents and agreements to give effect to the adopted operating model.

Amendments to Corporate Documents and Agreement

The establishment of the Corporation was subject to the execution of a number of documents and agreements, namely:

- Central Coast Water Corporation Constitution
- Voting Shareholders' Agreement

A number of other agreements have also been developed to give effect to the establishment of the Corporation, namely:

- Service Level and Funding Agreement
- Joint Scheme Funding Agreement

On 31 May 2012, the Councils adopted an operating model for the implementation of the Central Coast Water Corporation that included the leasing of the Councils' water and wastewater infrastructure assets under a long term commercial agreement and the establishment of a joint services business that would provide 'backroom' support functions to the Corporation and Councils. Various documents and agreements need to be amended and resolved by the Councils to give effect to the Councils' adopted operating model.

Clayton Utz solicitors were engaged by the Councils to review the existing documents and agreements to determine the necessary changes to give effect to the Councils' adopted operating model. Attached are the following amended documents to be tabled at the meeting for the Councils' adoption and execution:

- Central Coast Water Corporation Constitution

2.4 Implementation Of The Central Coast Water Corporation (contd)

- Voting Shareholders' Agreement
- Service Level and Funding Agreement
- Joint Services Funding Agreement

Amendments to Legislation

The operation of the Central Coast Water Corporation is subject to the following legislation

- Central Coast Water Corporation Act 2006
- The Water Management Act 2000
- Local Government Act 1993

To give effect to the adopted operating model, amendment is required to these legislation.

The proposed amendments enable:

- changes to accommodate the leasing of water and wastewater infrastructure assets from the Councils to the Corporation
- changes to increase the number of Council representative Board members from two to four
- other changes to improve the effectiveness and efficiency of the operation of the Central Coast Water Corporation

(i) changes to accommodate the leasing of water and wastewater infrastructure assets from the Councils to the Corporation

The Act as currently written makes the Corporation the owner of any future water and wastewater work. An amendment is required to Section 28A of the Act to enable the Councils to own future assets.

(ii) changes to increase the number of Council representative Board members from 2 to four

Wyang Shire Council at its Ordinary meeting of 18 May 2012 resolved to seek an increase in the number of Council nominated Directors on the Board of the Central Coast Water Corporation from two to four thereby establishing a Board of 7 Directors made up of 4 Council nominated Directors and 3 independent Directors. The inclusion of the additional Council representative Directors would result in the Shareholders having the majority decision making power on the Board.

The *Central Coast Water Corporation Act 2006* restricts the number of Council nominated Directors to one (1) from each Council. These arrangements were negotiated between the Councils and NSW Government on the basis that the Councils have the power to decide on the timing of asset and staff transfers. The Councils also have the executive power to nominate and recommend removal of the independent directors at their discretion.

(iii) other changes to improve the effectiveness and efficiency of the operation of the Central Coast Water Corporation

2.4 Implementation Of The Central Coast Water Corporation (contd)

A number of other amendments have been proposed to:

- Clarify regulatory responsibilities
- Improve the autonomy of the Councils' decision making including in relation to the appointment of Directors
- Provide for the establishment of a joint services business under NSW legislation

A schedule of legislative amendments is attached and will be tabled at the meeting for the Councils'

FINANCIAL IMPACT STATEMENT

The recommendation does not impact on Council's financial position.

ATTACHMENTS

1	CCWC Constitution	D03046355
2	Voting Shareholders Agreement	D03046356
3	Service Level & Funding Agreement	D03046358
4	Joint Services Funding Agreement	D03046360
5	Schedule of Legislative Amendments	D03046361

**Central Coast Water Corporation Limited
(Corporation)**

**Written resolution of the Voting Shareholders pursuant to Article 6.11 of the
Corporation's Articles of Association**

Background

The Voting Shareholders wish to revoke the Constitution of the Corporation and replace it with the Constitution attached to this resolution.

Resolutions

We, being all the Voting Shareholders of the Corporation, are in favour of the following resolution:

1. **THAT the Constitution of the Corporation be revoked and replaced with the attached Constitution with immediate effect**

Attachments

Constitution

Voting Shareholder Signatories

Signature	Mr Laurie Maher Name of Signatory	Mayor of Gosford City Council Capacity	Date of signature
Signature	Mr Stephen Glen Name of Signatory	Acting General Manager of Gosford City Council Capacity	Date of signature
Signature	Mr Bob Graham Name of Signatory	Mayor of Wyong Shire Council Capacity	Date of signature
Signature	Mr Michael Whittaker Name of Signatory	General Manager of Wyong Shire Council Capacity	Date of signature

Attachments

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