



Roadworks are underway in Lorraine Ave, Berkeley Vale to replace the asphalt in two sections to create a smoother bus route and improve the road.

# Business Paper

EXTRAORDINARY COUNCIL MEETING

31 May 2012



*This page is intentionally blank*

# MEETING NOTICE

The **EXTRAORDINARY COUNCIL MEETING**  
of **Wyong Shire Council**  
will be held in the **Council Chamber,**  
**Wyong Civic Centre, Hely Street, Wyong** on  
**THURSDAY 31 MAY 2012** at **7.00 pm,**  
for the transaction of the business listed below:

**OPENING PRAYER**

**ACKNOWLEDGEMENT OF COUNTRY**

**RECEIPT OF APOLOGIES**

## **1 PROCEDURAL ITEMS**

- 1.1 Disclosures of Interest ..... 4
- 1.2 Notice of Intention to Deal with Matters in Confidential Session..... 5

## **2 GENERAL REPORTS**

- 2.1 Implementation of the Central Coast Water Corporation under the Preferred Model ..... 6
- 2.2 Project Governance - Central Coast Water Corporation ..... 9

## **3 CONFIDENTIAL ITEMS**

- 3.1 Implementation of the Central Coast Water Corporation

Michael Whittaker  
**GENERAL MANAGER**

## 1.1 Disclosures of Interest

---

TRIM REFERENCE: F2004/06390 - D03014928

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.***

## **1.2 Notice of Intention to Deal with Matters in Confidential Session**

---

TRIM REFERENCE: F2004/06390 - D03014938

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:**

**3.1 Implementation of the Central Coast Water Corporation**

**2 That Council note its reason for considering Report No 3.1 in confidential session is the report requires commercial discussion and agreement with another party (Gosford City Council) before it can be presented for Wyong Shire Council's endorsement.**

**3 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, in part,:

*"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,...."*

## **2.1 Implementation of the Central Coast Water Corporation under the Preferred Model**

---

TRIM REFERENCE: F2004/08792-02 - D03015103

MANAGER: Michael Whittaker, General Manager

AUTHOR: Brett Smith; Project Manager

### **SUMMARY**

In accordance with the Memorandum of Understanding, the Councils are required to develop, in consultation with the Central Coast Water Corporation, an implementation workplan and provide this to the Corporation and Minister within 60 days of the completion of the cost benefit analysis.

Various documents and agreements will need to be amended and resolved by the Councils to give effect to the decision on the preferred operation model for the Corporation.

A meeting of the Central Coast Regional Organisation of Councils is recommended to be convened on 28 June 2012 to consider any consequential actions arising from the decision to adopt the preferred operating model for the implementation of the Corporation.

### **RECOMMENDATION**

- 1 That Council convene a meeting of the Central Coast Regional Organisation of Councils to be held on 28 June 2012.**
- 2 That Council note that the CCROC meeting of 28 June 2012 will consider the following:**
  - a An implementation workplan to be referred to the Corporation and the Minister for Water in accordance with the Memorandum of Understanding (MoU).**
  - b Any necessary changes/amendments/definitions/inclusions to the CCWC Act be presented to the Minister for Water. Other consequential changes to the Constitution, Shareholders Agreement and Funding and Services Agreement be implemented to support the recommended operating model.**
  - c A proposal by Wyong Shire Council to seek an amendment to the CCWC Act to allow Gosford City Council and Wyong Shire Council to nominate 2 Directors each for appointment to the Corporation's Board thereby establishing a Board of 7 Directors made up of 4 Council nominated Directors and 3 independent Directors be enclosed.**

## **BACKGROUND**

### *Implementation Plan*

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'). Report RO.001 responds to the obligation of the Councils to undertake a cost benefit analysis and includes a copy of the MoU as an attachment.

The MoU also 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 will be developed to implement the Councils' adopted operating model for the Corporation.

### *Amendments to Documentation*

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

- Memorandum of Understanding between the Councils and the [then] Minister for Water
- 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

An assessment of these documents has indicated that some amendments are required to give effect to the Councils' decision on the preferred operating model. Following the Councils' decision on an operating model for the Corporation, a due diligence assessment will be undertaken to determine the extent of changes required and bring these to the Councils for resolution.

The CCWC Act may also require minor amendment to give effect to the Councils' decision. For example, the Act will need to be amended to accommodate the long term lease of assets. This amendment would not change the intent of the Act and it is not intended to seek any further amendments that would change the intent. Following the Councils' decision on an operating model, a due diligence assessment will be undertaken to determine the extent of changes required to the Act and bring these to the Councils for resolution.

### *Board of Directors*

Wyong Shire Council 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 CCWC Act (2006) and amendments currently restricts the number of Council nominated Directors to one from each Council. The Councils have previously agreed in the discussion with the NSW Government to their nominees being restricted to one from each Council on

## **2.1 Implementation of the Central Coast Water Corporation under the Preferred Model (contd)**

---

the basis that the Councils have the power to decide on the timing and terms of any asset and staff transfers.

A change to this agreement will require a change to the Memorandum of Understanding (MoU) and an amendment to the CCWC Act.

**Attachments:** Nil

**Tabled Items:** Nil

### **FINANCIAL IMPACT STATEMENT**

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

### **ATTACHMENTS**

*Nil.*



## **2.2 Project Governance - Central Coast Water Corporation**

---

TRIM REFERENCE: F2004/08792-02 - D03015095

MANAGER: Michael Whittaker, General Manager

AUTHOR: Brett Smith; Project Manager, Establishment Central Coast Water Corporation

### **SUMMARY**

The implementation project for the Central Coast Water Corporation requires new project governance arrangements to reflect the emphasis from investigation to implementation. A key part of the new arrangements is the formal inclusion of representatives from the Central Coast Water Corporation and unions.

### **RECOMMENDATION**

- 1 That Council adopt the project governance framework outlined in the attached report.**
- 2 That Council note the following key characteristics of the new project governance arrangements;**
  - a The current arrangements comprising a Project Control Group - Councils and Project Control Group – Corporation to be replaced by a single Project Control Group responsible for overseeing the implementation of the Councils' adopted operating model for the Central Coast Water Corporation and the Joint Services Business.**
  - b The Project Control Group to include 3 representatives from each of the Councils including specifically the General Managers, a representative of the Corporation and 1 union representative.**
  - c The Central Coast Water Corporation Project Establishment office to be replaced by a Program Management Office supporting the new governance arrangements.**

### **BACKGROUND**

The CCROC at its meeting of 30 June 2011 adopted and recommended to the Councils a strategic project management plan (SPMP). The Councils subsequently resolved the recommendation. The SPMP outlined a project governance arrangement for the investigation of an operating model for the Central Coast Water Corporation ('the Corporation'). That phase of the project has now been completed with the finalisation of the cost benefit analysis.

## **2.2 Project Governance - Central Coast Water Corporation (contd)**

---

The project governance framework outlined in the attached report has been developed with regard to the operating models recommended for the Councils' consideration in Report RO:001.

The objectives of the proposed project governance framework are:

1. Enable clear, timely and pragmatic decision making
2. Remove barriers to progress in establishing the future arrangements
3. Establish clear 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

Stakeholder participation will be enhanced with representatives from the Corporation and unions invited to be part of the Project Control Group.

The Central Coast Water Corporation Project Establishment Office will be replaced by a Program Management Office supporting the new governance arrangements. The officers currently in the office will continue in their respective roles under the new arrangements.

**Tabled Items:** Nil

### **FINANCIAL IMPACT STATEMENT**

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

### **ATTACHMENTS**

- 1 Central Coast Water Corporation Governance Proposal (PwC) - Confidential Attachment D03016624 distributed to Councillors with CCROC Agenda.



