

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
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54A	20 Sep 10	Mt Barker to Callington Pipeline Pipe Diameter	<p><b>Reason:</b></p> <p>S90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda item could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and</p> <p>(ii) would, on balance, be contrary to the public interest;</p>	Report, attachments and minutes		Orders that the report and attachments and minutes be retained in confidence until 31 December 2011 and that this order be reviewed every 12 months.			Release 27 Mar 12
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8.53pm Councillor Kuchel rose and left the Chamber.

**26.11** Moved Councillor Stokes that it be noted Councillors Gamble and Irvine each made a personal explanation regarding being a shareholder in Hillgrove Resources but do not believe this to be a conflict of interest and will remain in the room.

Seconded Councillor Wilksch and CARRIED

**26.12**      **REPORT TITLE:**      CONFIDENTIAL ITEM  
   **MT BARKER TO CALLINGTON PIPELINE –**  
   **PIPE DIAMETER**  
**DATE OF MEETING:** **20 SEPTEMBER 2010**  
**FILE NUMBER:**      **70/040/216**

Moved Councillor Stokes that Council:

**Section 90 (2) Order**

**Pursuant to Section 90(2)**

1. Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except Chief Executive Officer, General Manager Governance and Projects, General Manager Vision and Compliance, General Manager Council Services, Manager CWMS, Project Manager Civil, Manager Governance & Business Processes and the Minute Secretary be excluded from attendance at the meeting for this Agenda Item.

The Council is satisfied that pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda item could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and

- (ii) would, on balance, be contrary to the public interest;

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the information to be disclosed and discussed has the potential to impact adversely on each of the tenderers as competitive commercial information will be disclosed.

Seconded Councillor Brazher-Delaine and CARRIED

**26.13** Moved Councillor Brazher-Delaine that Council:

**Section 91(7) Order**

Pursuant to Section 91(7)

2. Authorise paying Hillgrove Copper Pty Ltd the difference in costs between that of a 150 mm diameter pipe required by Hillgrove and a 200 mm pipe, total estimated additional cost up to \$300,000 Ex GST (subject to the tenderer selected by Hillgrove) which includes the tendered construction costs of \$250,000 plus an allowance for rock excavation and project management costs and other legitimate variations (due to council) required under the contract (see attachment 1, Letter from Hillgrove).
3. That Council provide a supplementary 2010/11 budget allocation of \$300,000 (subject to the tenderer selected by Hillgrove) to increase the pipe size from a 150mm to a 200mm along the section from the dam to the mine.
4. That Council authorises the Chief Executive Officer or his delegate to execute the terms of the agreement with Hillgrove to fund the cost difference for the larger pipe. In accordance with the terms under the Kanmantoo Mine Water Supply Project, Design and Construction agreement.
5. That having considered this Agenda Item in confidence under 90(2) and 3(d) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the report (including attachments), and all minutes be retained in confidence until 31 December 2011 and that this order be reviewed every 12 months.

Seconded Councillor Stokes and CARRIED

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**12.9 REPORT TITLE: CONFIDENTIAL ITEM  
MT BARKER TO CALLINGTON PIPELINE –  
PIPE DIAMETER**

**DATE OF MEETING: 20 SEPTEMBER 2010**

**FILE NUMBER: 70/040/216**

**Strategic Plan Ref:**

Goal Area 2 Our Environment:

- 2.2 Water resources and eco systems are protected and restored. *Our Action Water conservation and reuse.*

Goal Area 3 Enterprise, Business and Industry:

- 3.1 A regional approach to enterprise and economic development that supports appropriate and sustainable business and commerce *Our Action• Work with Councils regionally, Regional Development Australia and other stakeholders to facilitate investment and enterprise in the region that is compatible with existing regional strengths and sympathetic with the character of the District*

**Purpose:**

To explore Council's options that when consideration is given to awarding Tender 2010.001 Callington Pipeline Extension (refer separate agenda item) that construction be a 200mm diameter pipeline in place of a 150 mm diameter pipeline and that Council fund the additional cost of a larger pipe diameter (200mm) for the section from the new dam to Hillgrove Mine.

**Summary – Key Issues:**

- Council have an opportunity to increase the capacity of the Mount Barker to Callington Pipeline from 900ML per annum to 1600ML per annum for a fraction of the initial construction cost.
- Council will need to make a supplementary budget allocations of up to \$404,000 (subject to the tenderer selected by Hillgrove) to allow the increase in the pipe size in 2010/11 financial year.
- The Ministerial Development Plan Amendment ("MDPA") is currently under discussion and will impact on residential infill development outside of the MDPA area that will still be serviced by CWMS and available waste water for reuse will increase in the short term.
- Council has requested that the MDPA area (excluding Nairne) be serviced by sewer and this could impact on available water for reuse and/or replace existing markets for reuse
- With a larger pipeline Council will have secured a long term disposal path for additional treated water.

**Recommendation:**

That Council:

**Section 90 (2) Order****Pursuant to Section 90(2)**

1. Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except Chief Executive Officer, General Manager Governance and Projects, General Manager Vision and Compliance, General Manager Council Services, Manager CWMS, Project Manager Civil and the Minute Secretary be excluded from attendance at the meeting for this Agenda Item.

The Council is satisfied that pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda item could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and

(ii) would, on balance, be contrary to the public interest;

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the information to be disclosed and discussed has the potential to impact adversely on each of the tenderers as competitive commercial information will be disclosed.

**Section 91(7) Order****Pursuant to Section 91(7)**

2. Authorise paying Hillgrove Copper Pty Ltd the difference in costs between that of a 150 mm diameter pipe required by Hillgrove and a 200 mm pipe, total estimated additional cost up to \$300,000 Ex GST (subject to the tenderer selected by Hillgrove) which includes the tendered construction costs of \$250,000 plus an allowance for rock excavation and project management costs and other legitimate variations (due to council) required under the contract (see attachment 1, Letter from Hillgrove).
3. That Council provide a supplementary 2010/11 budget allocation of \$300,000 (subject to the tenderer selected by Hillgrove) to increase the pipe size from a 150mm to a 200mm along the section from the dam to the mine.

4. That Council authorises the Chief Executive Officer or his delegate to execute the terms of the agreement with Hillgrove to fund the cost difference for the larger pipe. In accordance with the terms under the Kanmantoo Mine Water Supply Project, Design and Construction agreement .
5. That having considered this Agenda Item in confidence under 90(2) and 3(d) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the report (including attachments), and all minutes be retained in confidence until 31<sup>st</sup> December 2011 and that this order be reviewed every 12 months.

### **Background**

1. A joint tender was called with Hillgrove Resources for the construction of the pipeline in two portions. Portion 1 from Bald Hills Road to the Mine which is the responsibility of Hillgrove and Portion 2 from the mine to Callington which is the responsibility of Council. The tender included an option for two pipe sizes either a 150mm diameter pipe or a larger diameter pipe of 200mm which will increase the pipeline capacity. The tender for the section from the mine to Callington is subject of a separate agenda item.
2. Hillgrove Copper has not yet selected a preferred tenderer. Negotiations are continuing with the two lowest priced tenderers. Additional costs to Council for up-sizing of the pipeline between the new dam and the mine, as discussed with council at a recent workshop where based on the lowest priced tenderer being selected by Hillgrove. A subsequent letter from Hillgrove Copper Pty Ltd has indicated that there is a possibility the lowest price tenderer may not be selected and Council's subsequent costs may be higher than previously indicated.
3. Council has received a grant of \$500,000 to extend the pipeline from the mine site to Callington oval to allow surplus treated wastewater to be used for other purposes along this route.
4. PIRSA have undertaken soil mapping of the area, which indicates that agricultural activities may be implemented around Mount Barker and Callington using treated waste water for irrigation.
5. Murray Bridge Council and the Murraylands RDA have undertaken preliminary investigations into treated waste water reuse and stormwater harvesting opportunities. This indicates that there is also a possibility of utilising these additional water supplies.
6. Council has requested that all growth areas in the proposed MDPA (excluding Nairne) should it be approved are to have deep water sewer.

### Discussion

7. Early discussions with landholders along the Callington Pipeline route has shown that current demand will outstrip supply availability for a number of years, even with Hillgrove mine only requiring their minimum entitlement per annum.
8. Projections of availability of treated waste water from CWMS scheme are likely to exceed the pipelines capacity by 2015, limiting the possibility of selling water to potential users along the pipeline route. By up-sizing this pipeline to 200 mm diameter capacity will not be exceeded until after 2025 from CWMS allowing other waste water streams to be used if available.
9. The future quantity of waste water which may be available for reuse via CWMS has been forecast as per Attachment 2.
10. EPA requirements for disposal of treated waste water may become more severe, with disposal to a water course prohibited. Irrigation or industrial use would be considerably easier away from the main townships.
11. The MPDA outcomes are unknown at this time, but an increase in available treated waste water beyond early estimates, either through CWMS or as a by-product of SA Water deep sewer treatment is probable.
12. Early discussions with SA Water have indicated that a new treatment plant would be constructed on a area down stream from the development. One site discussed in confidence by SA Water with Council is the Samwell vegetable growing site (only part) with the remainder staying as rural land.
13. A likely outcome of this is that Samwell as an existing Council customer may take their waste water requirements from SA Water, instead of Mount Barker CWMS.
14. Demand for treated waste water along the pipeline route already exceeds supply availability, and when water actually flows further demand is likely to occur from adjacent landholders and future new users, with a possible extension to Murray Bridge (by others) feasible.
15. Discussions with Murray Bridge Council and the Murraylands RDA have shown a potential need in the long term for reclaimed water to be supplied to Monarto and/or Murray Bridge.
16. Murraylands RDA and Murray Bridge Council have undertaken a preliminary high level investigation and have applied for a grant to fund a feasibility study.



17. In order to set up the Kanmantoo Water Supply Agreement and (Pipeline) Design and Construction Agreement it was necessary to engage Lawyers to manage Council's interest. This work incurred costs which were un-budgeted in 2009/10 financial year. These costs have been carried forward to Financial year 2010/11 and now need to be brought to account. It is proposed that funds are transferred from CWMS Infrastructure Fee Reserve to cover this cost.

**Community Engagement:**

Informing only	Information on the project will be updated regularly on Council's web site. Letter dropping has been undertaken to all properties along the pipeline extension.
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**Policy:**

The process was undertaken against Council's Procurement policy.

**Budget:**

An additional budget allocations of up to \$404,000 (subject to the tenderer selected by Hillgrove) is required in 2010/11 to allow up-sizing of the pipeline for the full distance from the new dam to Callington Oval. This comprises \$300,000 contribution by Council to the Hillgrove section and \$104,000 to the Council section refer to separate agenda item. This includes the tender price, allowance for additional rock removal, contingency and project management costs.

The budget increase is to be funded by the CWMS Reserves and not from general rates. The reserve balances as at 30/06/10 was \$773,640 in the Infrastructure fee Reserve and \$7,428,423 in the maintenance reserve (pre 2009/10 Financial Audit) refer to separate agenda item.

**Statutory/Legal:**

Not applicable.

**Staff Resource Requirements:**

The tendering process has been completed by existing staff.

**Environmental:**

Soil erosion and drainage management will be managed in accordance with the relevant EPA codes of practice. Waste water disposal by industrial use or irrigation is preferable to discharge to water courses.

**Social:**

There will be positive social benefits derived from this project due to treated waste water being more readily available for both recreation purposes and agricultural purposes.

**Risk Assessment:**

Water is a scarce resource and needs to be harvested and reused where feasible. Remote country areas such as Callington have limited access to fresh water for stock and domestic use and virtually none for agriculture and recreational use.

Availability of treated waste water for agriculture and recreation will lower these area's reliance on bore water to some degree and also offer alternative agricultural pursuits in areas with reasonable soil profile but no water supply.

The customer charter associated with sale of waste water has a base price of \$1.61 per kilolitre at present, but allows considerable rebates.

There is potentially a minimum of 200 M/L available per annum along this pipeline route, which has a current value of \$322,000 PA. if sold at the base price (Less with available rebate for users based on waste water charter). This is potentially volume of treated waste water is much higher if further waste water is available at source.

There is an initial up-front construction cost associated with this pipeline upgrade of up to \$404,000 and an on-going depreciation and maintenance cost.

There is also a cost associated with treating the water and pumping it to remote locations.

There is also an unknown take up of this available water along the route and unknowns associated with present customers, the longevity of Hillgrove Mine and the outcome of the MDPA.

Upsizing the pipeline size will reduce the risk to council of not having a disposal path that is acceptable to the EPA for all CWMS treated waste water.

**Asset Management:**

These contract works will result in a net increase on the overall quantum of assets in Council's care and control and will therefore require the incremental and necessary increases in operating costs to maintain the asset. Upon completion of the work, a comprehensive handover will be made to Council's Asset Management professions such that Council's asset data and be accurately updated.

**Conclusion:**

Available treated waste water will increase in future years with increasing population of the area.

Council have an opportunity to increase capacity of the Mt Barker to Callington waste water pipeline from 900 ML per annum to 1600 ML per annum at a reasonable cost.

This would allow council to sell excess treated waste water to landowners adjacent to the pipeline into the future and allow a disposal path acceptable to the EPA.

There are some risks involved due to the changing nature and uncertainty surrounding the outcomes of the MDPA.

The increase in scheme capacity will allow council some flexibility in disposing of increased treated waste water in the future.

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**Key Contact**

Michael Blythe, Project Manager Civil, Governance and Projects

**Manager or Sponsor of Project**

Brian Clancey, General Manager, Governance and Projects

**Attachments**

1. Letter/ e-mail from Hillgrove
2. Treated Water Balance Calculations Scenario Implementation of MDPA moderate increase in population, SA water deep sewer

Attachment 1 to Item 12.9

**HILLGROVE  
COPPER**

15<sup>th</sup> September 2010  
The District Council of Mt Barker  
PO Box 54  
Mt Barker  
SA 5251  
Attn: Michael Blythe – Project Manager Civil

Dear Michael,

**Hillgrove Copper Pty Ltd – Pipeline Size Upgrade 150mm to 200mm**

Further to your recent request to advise the expected cost of upgrading the size of the treated water pipeline from 150mm to 200mm. I have now received advice from Wallbridge and Gilbert (letter attached) that subject to completion of these works and confirmation of actual costs a figure of \$300,000 should be allowed for this pipeline upsize.

I have attached Wallbridge and Gilberts letter to this letter which gives you the detail of how they have arrived at this figure.

Please feel free to discuss this matter with me, it may be appropriate to arrange a special meeting to review this with Wallbridge and Gilbert.

Yours sincerely

**ANDREW REEVES**

ENGINEERING MANAGER  
KANMANTOO COPPER MINES



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File : 100915 DCMB Pipeline Upsize



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**Treated Water Availability Predictions for the Mount Barker WWTP**  
**Servicing townships of Mount Barker, Nairne, Littlehampton and Brukunga**  
**Scenario 01**

The treated effluent water availability for the next 15 years is predicted and calculated as follows. The figures are subject to a number of assumptions listed below and prepared on the basis of known information at the present time and should be treated as preliminary draft estimates at best.

**Assumptions and clarifications**

**Supply**

1. The plant will continue in operation and service the townships of Mount Barker, Littlehampton, Nairne and Brukunga excluding the area designated in the Ministerial DPA for future growth.
2. The area designated in the Ministerial DPA will be serviced by deep sewer and any treated waste water from these areas will be unavailable to Council for reuse.
3. Current population of Mount Barker, Littlehampton and Nairne townships is estimated at 17000 (2010).
4. Water availability is based on the actual output in year 2007/08 at the Wetland pump station which is located next to the Laratinga wetland.
5. Future growth rate scenario is based on increase in population of 4000 by 2015 at a constant 4.3% p.a. to accommodate the available land within the existing growth boundary
6. Constant growth rate of 1.8% after 2015 as a result of increased density within existing growth boundary.
7. No additional growth beyond 2025
8. The difference between predicted inflows and water availability is the allowance made for evaporations and the Laratinga wetland operation, which is estimated in total at 165 M Litres per year.
9. Water availability is the total water available for reuse and includes current commitments of treated effluent water usages (both Council and private).
10. Assumes no stormwater water harvesting
11. Assumes a 10% reduction in stormwater intrusion by 2015

**Demand**

1. Hillgrove to take up to the available water from the balance after meeting other commitments
2. Uptake in the Callington pipeline is progressive to a maximum of 200 ML
3. No new reserves to be irrigated with reclaimed water.
4. Samwell to remain as horticulture and a long term customer.
5. Irrigation of existing areas at Callington oval to be maintained.
6. Development of Stephenson Sporting Grounds is staged over several years commencing 2013



## Water Balance Calculation Working Draft

## Scenario 01 refer attached assumptions

Daily inflow to the WWTP	2.5	ML
Wastewater generation per person per day	158	Litres
Wastewater generation per person per day (10% reduction in stormwater intrusion)	156	Litres
Annual inflow to the WWTP 2010	981	ML
Current population 2010 (estimated)	17000	
Population growth pa up to 2015	4.3%	
Population growth pa after 2015	1.8%	
Expected water loss due to evaporation & Laratinga Wetland operation (per annum)	165	ML

Calander Year	Expected population	Minimum predicted inflow	Water availability	Water requirement										Surplus or deficit of water	Total Usage
				Council Controlled				Others							
				Existing Reserves	Future Reserves	Bluestone	Devine	Stephenson Land	Callington Oval	Samwell	Callington pipeline take ups	Total Users excluding Hillgrove	Hillgrove		
2010	17000	981	816	60					0	250	0	310	0	506	310
2011	17731	1024	859	60		10	5		15	225	105	420	439	0	859
2012	18493	1068	903	60		20	10		15	225	125	455	448	0	903
2013	19289	1113	948	60		25	10	13	15	255	125	503	445	0	948
2014	20118	1161	996	60		25	10	13	15	255	165	543	453	0	996
2015	20983	1211	1046	60		35	10	21	15	255	165	561	485	0	1046
2016	21361	1220	1055	60		35	10	21	15	255	165	561	494	0	1055
2017	21745	1242	1077	60		35	10	50	15	255	175	600	477	0	1077
2018	22137	1264	1099	60		35	10	50	15	255	200	625	474	0	1099
2019	22535	1287	1122	60		35	10	50	15	255	200	625	497	0	1122
2020	22941	1310	1145	60		35	10	65	15	255	200	640	505	0	1145
2021	23354	1334	1169	60		35	10	65	15	255	200	640	529	0	1169
2022	23774	1358	1193	60		35	10	65	15	255	200	640	553	0	1193
2023	24202	1382	1217	60		35	10	65	15	255	200	640	577	0	1217
2024	24638	1407	1242	60		35	10	65	15	255	200	640	602	0	1242
2025	25081	1432	1267	60		35	10	65	15	255	200	640	627	0	1267