

CONFIDENTIAL ITEMS 2003 – MARCH 2022

#	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
174	7 March 2022	Audit and Risk Committee – Nairne Township Wastewater Infrastructure Upgrade – Prudential Report	<p>Section 90 (3) (b) Order</p> <p><u>Pursuant to Section 90(3)(b)</u></p> <p>1. Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer; Deputy Chief Executive Officer General Manager – Governance, Strategic Projects and Wastewater/ Recycled Water; General Manager Corporate Services; General Manager, Infrastructure; General Manager, Planning and Development; Acting General Manager, Community Services; Risk and Governance Officer / Executive Assistant to the Mayor and the Minute Secretary be excluded from attendance at the meeting for Agenda Item 18.1 Nairne Township Wastewater Infrastructure Upgrade – Prudential Report.</p> <p>The Council is satisfied that pursuant to Section 90(3)(b) of the Act, some of the information to be received, discussed or considered in relation to this Agenda item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the position of the Council.</p> <p>In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. 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 disclosure of Council's commercial position may prejudice Council's ability to be able to negotiate a proposal for the benefit of the Council and the community in this matter.</p> <p><u>Section 91(7) Order</u></p> <p><u>Pursuant to Section 91(7)</u></p> <p>4. having considered Agenda Item 18.1 Nairne Township Wastewater Infrastructure Upgrade – Prudential Report in confidence under 90(2) and 3(b)</p>	Agenda item and all minutes	<p>pursuant to Section 90(3)(b) of the Act, some of the information to be received, discussed or considered in relation to this Agenda item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the position of the Council.</p> <p>In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. 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</p>	Retained in confidence until the council determines that this order should cease to apply.		Within 12 months	<i>Attachment released on website 8 March 2022</i>

CONFIDENTIAL ITEMS 2003 – FEBRUARY 2022

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommendation to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
			of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the agenda item and all minutes be retained in confidence until the council determines that this order should cease to apply.		because the disclosure of Council's commercial position may prejudice Council's ability to be able to negotiate a proposal for the benefit of the Council and the community in this matter.				

RELEASED



MOUNT BARKER DISTRICT COUNCIL

PRUDENTIAL REPORT

NAIRNE TOWNSHIP WASTEWATER INFRASTRUCTURE PROJECT \$6.5M

(Spine Infrastructure Capital Works Stage 1 2021-2022 (\$3.7M) and Stage 2 2031-32 (\$2.8M))

[Don Venn](#)
[Chartered Accountant](#)
[Dean Newbery Consulting](#)

[15 SEPTEMBER 2021](#)

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Report

1. Prescribed Requirements: Prudential Reviews

This report has been prepared in accordance with Section 48 of the South Australian *Local Government Act 1999* ("the **Act**") which requires a council to consider a report addressing the prudential issues set out in the Act before engaging in a project where the capital cost over the ensuing five years is likely to exceed \$4,000,000 (indexed from 1 January 2010).

The key purpose of a Prudential Review is to independently review and make an assessment whether the Elected Members have available all of the prescribed information necessary to make an informed decision regarding a particular project.

A Prudential Review is not an audit of the project under consideration and as such no due diligence work be it financial or technical has been undertaken by the reviewer.

This Prudential Review has been prepared solely on the information provided by Council's Administration, who have themselves conducted considerable due diligence work to date for the project.

It is not the purpose of a Prudential Review to provide advice to the Elected Members whether or not for the Council to proceed with a proposed project – that decision is ultimately made by the Elected Members. Notwithstanding, it is open for a Prudential Review to highlight issues and make recommendations for the attention of Council, before making a final decision on a project.

2. Proposed Overall Nairne Township Wastewater Infrastructure Works 2021-2056

The proposed overall Nairne Wastewater Infrastructure works comprises staged works spread over an estimated 35 year time frame (2021-2056), to address upgrading, renewal, extension and augmentation of the wastewater infrastructure in the Nairne Township for both existing connections and new connections expected from future local land development.

3. The 'Project' subject to this Prudential Review: 'Nairne Township Wastewater Infrastructure Project \$6.5M' (refer Table 4.1 of the Business Case dated 31 May 2021).

This Prudential Review is to address the 'Spine Infrastructure Capital Costs' projected to total \$6.5M.

As summarised below, the Project is proposed to be spread over the period 2021-2022 (Stage 1) and 2031-32 (Stage 2)(collectively being the 'Project' for the purposes of this Prudential Review).

Stage 2 is included in this review, notwithstanding the deferred time frame, because both stages are inherently interrelated. It is also possible that the Stage 2 works will be brought forward, noting that it was originally scheduled for 2025-2026.

Notwithstanding the Project subject to this Prudential Review is limited to the above Stages 1 and 2, comments have also been included in this Report to ensure Elected Members are fully informed on the overall proposed Nairne Township Wastewater Infrastructure works beyond the initial construction phase, given their long term interrelationships.

Currently, Council's adopted ten year Long term Financial Plan (LTFP) does not include the Project, for the (valid) reasons outlined by the Administration in a workshop held for Elected Members 27 April 2021 (Council's 2021/2022 annual budget and LTFP will be subsequently updated subject to approval of the Project by Council).

The proposed works applicable to this review are essentially for Wastewater Infrastructure upgrades/enhancements to address service demand from projected new housing developments located in the Nairne Township, which will also impact existing wastewater infrastructure.

Council is aware that the existing Wastewater Infrastructure in the Nairne Township is now at near full operating capacity, with very limited scope to service further growth service demands. Council's Administration have identified that there is now a pressing need for the infrastructure to be renewed/upgraded and propose to address this over a staged timeframe, to mitigate a range of issues with current service demand together with projected future demand from residential land developments.

The overall Nairne Township Wastewater upgrade infrastructure works comprises the following three interrelated asset renewal and new asset capital costs, projected to total \$15.6M over a 35 year timeframe (2021-2056):

- **Spine Infrastructure Capital Costs (being the Project for the purposes of the Prudential Review): Stage 1 2021-2022 and Stage 2 2031-2032: Total Projected Costs \$6,473,601 (\$6.5M):**

Stage 1: 2021-2022

- Saleyard Road Pump Station \$412,262
- Railway Terrace Rising Main \$1,339,851
- Railway Terrace Pumping Station \$257,664
- Saleyard Road Rising Main \$1,442,917
- Hogan Road Storage Upgrade \$206,131

Stage 2: 2031-2032

- Saleyard Road Rising Main \$2,814,776

- **Internal Network Upgrades Capital Costs: 2025-2037 and beyond: Total Projected Capital Costs \$7,931,616 (these costs are outside of the scope of the Prudential Review)**
- **Maintenance Asset Renewal Capital Costs: 2034-2056: Total Projected Capital Costs \$1,184,028 (notwithstanding the description sourced from the Business Case, these costs are all capital being asset renewal, not operating)(these costs are also outside of the scope of the Prudential Review)**

4. Categorisation of Capital Costs – Wastewater Infrastructure Costs

Capital costs are categorised by Council's Administration as being either:

- New and upgraded Wastewater Infrastructure Assets – to address growth from large scale housing estate developments in the Nairne Township. The funding source of such assets is from Council's Wastewater Infrastructure Reserve, subject to cash flow timing.

- Renewal of Existing Wastewater Infrastructure Assets on a 'like for like' basis – for the replacement and or upgrading to existing wastewater infrastructure assets in the Nairne Township, to address both current service needs and future demand by way of new connections as a result of land development (new connections will also over time impact existing assets). The funding source of such assets is also from Council's Wastewater Infrastructure Reserve, subject to cash flow timing.

Asset Maintenance Costs: to address lifecycle maintenance across all new and renewed wastewater infrastructure assets in the Nairne Township. Asset maintenance costs are entirely operating costs, not capital. The funding source of such costs are from Council's Wastewater Maintenance Reserve, subject to cash flow timing. That Reserve is funded from the Annual Service Charge to applicable ratepayers.

5. Importance/relevance of Categorisation by Council of Wastewater Infrastructure Capital Costs – the Regulatory Framework

The Water Industry Act 2012 prescribes the regulatory framework for the water and sewerage industry, encompassing economic regulation, technical regulation, water planning and customer complaint mechanisms.

The Essential Services Commission Act 2002 also encompasses water regulation – in South Australia, regulation is overseen by the Essential Services Commission of South Australia (ESCOSA). ESCOSA is responsible for industry licencing, consumer protection and retail pricing.

All of the wastewater services provided by the Council are subject to regulation by ESCOSA, including an annual requirement to provide a compliance return – being sewerage services and recycled/stormwater services (whilst there is stormwater intrusion to the wastewater treatment plant, Council use the descriptor 'recycled water', not 'stormwater' – Council does not harvest stormwater).

For wastewater service providers such as Council, ESCOSA does not regulate/set 'retail' pricing, rather it specifies 'principles' with which all pricing must comply. The 'principles' include requirements such as pricing is to cover full costs including capital expenditures – full cost recovery, inclusive of depreciation and an economic return on capital.

Essentially the basis for pricing is full 'user pays'.

In addition to the above regulatory environment, Section 155 of the Local Government Act 1999 also prescribes controls over service rates and charges by local governments for wastewater services. Section 155 also prohibits local governments from applying charges levied for wastewater services for other purposes/functions. In practice, that means that annual service charges must only be expended on wastewater infrastructure operational and capital requirements. Importantly, in that sense, wastewater surplus wastewater revenues are required to be quarantined.

As stated above, Council operates two wastewater reserve accounts, one for infrastructure (funded from connection fees paid by land developers), one for maintenance (funded from annual service charges to applicable ratepayers).

Under the prescribed regulations, charges by local governments to land developers must reflect the full capital cost in both new and existing assets required to service the applicable new development – where existing assets are upgraded as a result of new development, the connection fees paid by the land developer are also to reflect an appropriate proportion of that capital cost. If that was not the case, ratepayers would be unfairly funding such costs. Land developers will understandably want to

negotiate with Council to pay as little as possible for connection charges, so as to maximise their return on investment.

Relative to the Project, that proportion (of capital upgrading to existing assets) has been determined by the Administration, based on numbers of existing ratepayers and projected new connections. With regard to developer charges, ESCOSA are the regulatory authority in South Australia charged with overseeing compliance with the National Water Initiative (NWI) Pricing Principles.

In South Australia, ESCOSA apply NWI Principles in a 'Determination' that all service providers must adhere – including Council.

Council is the second largest wastewater service provider in South Australia – second only to SA Water.

Below is my summary overview of relevant parts of the ESCOSA Determination, as it applies to the Council.

- New Wastewater Infrastructure assets (including upgrading existing wastewater infrastructure assets to upsize capacity to service connection growth based on proportionate population increases) should be wholly funded/recouped by land owned by property developers by way of 'once off' connection fees paid to Council.
- Connection fees paid by land developers are therefore to recover the full capital cost of the related new Wastewater Infrastructure assets.
- Existing land owners (existing ratepayers) should therefore not fund or subsidise new assets required as a result of new land developments.
- New Wastewater Infrastructure assets are also often partly funded by government grants, where application by Council is successful.
- Asset Renewals/Asset Maintenance on existing assets are normally funded from annual service charges applied to existing applicable ratepayers.
- Surplus revenues from Service Charges are quarantined – cannot be applied to other Council functions
- Council maintain a Wastewater Infrastructure Reserve for accounting purposes – funded from connection fees paid by land owners and or property developers, depending on the contractual arrangements in place.
- Council also maintain a Wastewater Maintenance Reserve for accounting purposes – funded from revenues generated by the Annual Service Charge to ratepayers.
- Council does not separately financially account for each Wastewater Scheme in the townships across its area – as such there is only the one overall Wastewater Scheme for the purposes of all operational/capital revenues/expenditures.
- Council has 19,356 total assessments (including 677 non-rateable) of which 13,159 or 68% include Wastewater Service Charges (CMWS 10,711 and Sewer 2,448).
- Council has 6,157 assessments or 32% that do not incur annual Wastewater Service charges.
- Council ratepayers that do not include annual Wastewater Service charges should have no exposure to Wastewater Service operational or capital costs.

6. Determination of Categorisation of Capital Costs

Wallbridge Gilbert Aztec have provided the forecasted capital costs for both new and upgraded wastewater infrastructure assets to cater for growth from projected new land development. Council's Wastewater Team have determined the forecasted asset renewal (to existing Wastewater Infrastructure assets) and asset maintenance costs.

The percentage allocation of Wastewater Infrastructure capital costs as between asset renewal (existing assets) and new assets (for growth) has been determined by Council's Wastewater Team, with the involvement of external specialist consultants engaged to provide forecasted growth for the Nairne Township.

Council's Administration advise that the Wastewater Infrastructure asset renewal component is derived from the Nairne Wastewater Masterplan and that asset renewal is not always 'like for like'. This percentage allocation of capital costs is important in the context of Council's prescribed ability to fund all of the proposed capital works over the 35 year timeframe, given that existing ratepayers who pay annual service charges to Council must not be required to contribute to Wastewater Infrastructure capital costs for new land developments.

Connection fees paid by Developers should reflect full capital cost recovery – including for an appropriate proportion of existing asset upgrading required as a result of new land development.

Based on the Business Case dated 31 May 2021 titled 'Nairne Wastewater Masterplan Business Case', the apportioned cost of new assets over the period 2021-2037 and beyond is \$5.294M (refer pages 11/20 and 12/20 of the Business Case, whereas Wastewater Infrastructure connection fees is \$4.162M (refer page 6-1/20 of the Business Case).

The 'shortfall' of \$1.132M can be funded from Council's Wastewater Infrastructure Reserve, but not the Wastewater Maintenance Reserve.

The Business Case at Section 6.5 contains a table 'Project funding & sources' – 'Base Case Scenario' and 'Upside Scenario', the difference being applying project funding sources by either loan debt or from "Existing reserve accounts". Given the timing differences of capital expenditures and receipt of connection fees, Council will need to fund the net cash outflows for a period of time.

Loan funding from the Local Government Financing Authority (LGFA) for wastewater capital costs would be expected to be cognisant of the ESCOSA pricing principles – in particular that connection fees and annual service charges are to reflect full cost recovery. Council may be required to evidence to the LGFA that ESCOSA prescribed requirements have been addressed, assuming that funding from the LGFA will be at some stage sought for the purposes of providing cash flow support, as distinct from a stand-alone loan.

The Business Case projects on an overall basis that the total funding streams from all available sources will cover both the capital and operational costs over the same time frame.

In my assessment, the overall funding projection is realistic but the timing of cash flows in/out will require prudent treasury management. This is to ensure there is no cross subsidisation by existing ratepayers for new capital costs (new land development) as well as existing assets being renewed because of the new development (costs being apportioned based on the projected increased population growth).

That means that Council needs to be satisfied that land developers, and not the existing ratepayers, are fully funding new Wastewater Infrastructure works for new land developments.

Additional comments regarding the Business Case are detailed in 7 and 8 below.

7. Council's Consideration of the 'Nairne Wastewater Masterplan Business Case 31 May 2021'

At the Council meeting held 7 June 2021, Elected Members endorsed the formal Business Case dated 31 May 2021, noting that a final decision (by Council for the Project) would be subject to:

- Preparation/consideration of a formal Prudential Report.
- Securing binding commitments from major land owning developers in the Nairne Township to connect to Council's wastewater service/infrastructure.
- Undertake community consultation to enable declaration of separate rates – to secure future wastewater revenues.
- Updating Council's LTFP (both overall and wastewater) to fully include the Nairne Wastewater Project including for proposed capital expenditures (2021/2022/2023) and revenue from land developers (2022/2023).
- Project preparation, planning and procurement.

With regard to community consultation for the Project, Council's web site has very limited information. It also commits to *"Community engagement would occur in due course to raise awareness of the need and benefits. Targeted engagement would occur with key stakeholders to ensure that they are adequately informed regarding implementation implications."*

8. Prudential Review Comments: Business Case**8.1 The Business Case:**

- Addresses Spine infrastructure requirements – to address connections for new housing land developments in the Nairne Township.
- Addresses Nairne Township internal infrastructure upgrades – to address existing system capacity issues and assets with limited remaining useful lives.
- Total estimated Capital Costs is \$15.6M over 35 years 2021-2056.
- Once completed, the proposed works are intended to fully service a doubling of population in Nairne Township, from 5,000 today to 10,000 people.
- The Masterplan states that the estimated \$15.6M is inflation adjusted, includes 20% cost contingency and 10% project management allowances.
- Stage 1 of the 'Spine' works is scheduled for 2021-2023.
- Stage 2 of the 'Spine' works was originally scheduled for 2025-26 (I note that the briefing to Council by the Administration held 27 April 2021 and the Administration's report to Council for the meeting held 7 June 2021 projects Stage 2 to be undertaken over 2031-2032).

8.2 The Business Case was prepared by a team comprising Council's Wastewater and Finance teams, together with Eco Advisory Pty Ltd, who prepared the long term financial modelling (in conjunction with Council's Finance Team).

8.3 I have sighted formal commitment from the two major land owner developers in the Nairne Township to connecting to Council's Wastewater Infrastructure at a negotiated connection fee – formal Deeds between the parties to follow.

8.4 The Administration advise that the agreed connection fee is the result of commercial negotiations with the Land Developers, based on both the direct and indirect capital costs

involved. Council should be aware that technically it is possible that such a negotiated outcome may not strictly satisfy ESCOSA's Determination for service providers to demonstrate compliance with NWI principles, in particular if ESCOSA considered that cost recovery should be on a township by township basis. Council's one wastewater business model encompasses its entire district, not separate business models for each township's wastewater operations. Council's long term financial modelling included in the Business Case dated 31 May 2021 projects that fees payable by land developers will overall fund all capital requirements for the entire district. Those projections are based on agreed connection fees with 'modest' annual increases.

8.5 In my assessment, based on the information provided, the Business Case appropriately demonstrates:

- The technical issues with the existing Nairne Township Wastewater infrastructure.
- The projected population growth – Nairne Township.
- The Project benefits to the local community.
- The alignment of the Project with the Strategic Plans of Council.
- The engineering solutions to address existing wastewater infrastructure issues and growth from new housing land developments.
- Projected capital costs for the three components of the Project (Spine infrastructure capital costs/Internal network upgrades capital costs/Maintenance asset renewal capital costs).
- Funding and Financial Analysis (but subject to my comments in 6 above).
- Risks & Mitigation Strategies for the Project (which should be regularly reviewed/updated by Council).

The Business Case has yet to be made public.

8.6 Community Consultation for the Project

Section 48 of the Act requires the Prudential review to consider the level of community consultation undertaken by Council for the Project. To date, there has been consultation undertaken by the Administration for the Project with the State Government, SA Water, land owners and land developers. As stated above in 7, there is limited information available on Council's web site for the Project – given that prescribed requirement, it would be appropriate that the Nairne Wastewater Masterplan Business Case dated 31 May 2021 be communicated to the local community by way of media releases, Council's web site, and letters issued to relevant stakeholders such as the Nairne and Districts Residents Association.

9. Frontier Economics 'Wastewater Service Delivery Options' report dated 30 June 2021

Page 5 of the report by Frontier Economics states they were contracted to *"undertake an independent assessment of the service delivery options for wastewater/recycled water to serve the townships within the Mount Barker district that currently receive a wastewater service. Council is seeking an independent, balanced assessment of risks and opportunities intended to inform decision making on the future role of Council in the provision of wastewater/recycled water"*.

Many of the recommendations of Frontier Economics (FE) have relevance to the Project the subject of this Prudential Review.

FE on page 6 state that:

"In our view, to immediately progress any alternative service delivery options would create significant disruptions to the service delivery of the capital program currently being progressed to meet the future growth and service requirements of the region. This would potentially impact levels of service and the ability to service growth in the region. This may lead to developers pursuing alternative private service providers and a consequential loss in revenue."

FE throughout their report emphasise that Council is currently not "match fit" with regard to wastewater service delivery.

In their report, FE make 8 recommendations to Council – all of which were considered by Council's Audit and Risk Committee at its meeting held 15 July 2021 and subsequently adopted by Council at its meeting held 2 August 2021.

I note that Council also adopted additional recommendations made from its Audit and Risk Committee (additional to those by FE) with regard to funding arrangements, financial reporting, transparency, financial sustainability and resourcing with regard to the wastewater/recycled water service provided by Council.

The nature of the additional recommendations by the Audit and Risk Committee appropriately reinforce the need for Elected Members to be cognisant with the prescribed requirements of ESCOSA.

The importance of the recommendations by FE together with the additional recommendations by the Audit and Risk Committee for the Nairne Township Wastewater Infrastructure Project, all since adopted, is that by committing to the proposed capital works, Council is placing itself in a much stronger position to in time be in a 'match fit' position to viably pursue alternative service delivery options for its district at some future stage.

In my discussions with the Administration, from work plans underway, it is clear that they are committed to addressing all of the recommendations of the Audit and Risk Committee, subsequently adopted by the Council.

10. Summary

10.1 I have examined all reports provided by the Administration to Council, to make an assessment whether the Elected Members have all of the necessary information to make an informed decision for the Project, in accordance with the following prescribed prudential requirements:

- Relationship of the Project and relevant Strategic Management Plans
- Objectives of Council's Development Plan in the area where the works is to occur
- Contribution to Economic Development
- Community Consultation undertaken for the Project
- Revenue projections and potential financial risks
- Recurrent and whole-of-life costs for the Project
- Financial Viability of the Project and the short and longer term estimated net effect on the Project on the financial position of Council
- Risk issues associated with the Project

10.2 Prudential Review: Recommendations to Council

- 10.2.1 Given the limited information currently made public and at the appropriate time, Council needs to undertake further community consultation for the Project, including for the Master Plan/Business Case.
- 10.2.2 Council's Administration should now formally approach ESCOSA to seek early confirmation that its Wastewater Services model encompassing the one annual service charge across the entire Council area (applicable where there is access to a wastewater service) is appropriate – rather than separate annual service charges/separate wastewater service models for each township service. In making this recommendation, I would think it highly unlikely that ESCOSA would not accept Council's existing Wastewater Services model as being consistent with its 'Determination'. Notwithstanding, in my opinion it would be prudent for Council's Administration to now seek such confirmation, given that its wastewater operations are the second largest in South Australia outside of SA Water. I would not underestimate the possibility at some future time of some ratepayers not being supportive of Council for cross subsidisation of wastewater costs across all those townships in the district with access to a wastewater service.
- 10.2.3 In addition to 10.2.2, Council's Administration should now also formally approach ESCOSA to seek early confirmation that its commercial basis for charging Land Developers and having the one wastewater infrastructure reserve across all of the townships are both appropriate and as such consistent with its 'Determination'. In making this recommendation, I would think it highly unlikely that ESCOSA would not accept Council's existing Wastewater Services model (pertaining to connection fees payable by land developers and the one wastewater infrastructure reserve for all townships) as being consistent with its 'Determination'. As in 10.2.2, in my opinion it would be prudent for Council's Administration to seek early confirmation.
- 10.2.4 Council to periodically monitor the progress of addressing by the Administration all of the 8 recommendations by Frontier Economics (in this regard, I note that such resolutions of Council are already in place).
- 10.2.5 Council continue to be satisfied that revenues from its Wastewater Services not be applied to any other function/activity.
- 10.2.6 Annually, Council formally commit to the NWI principles when adopting Service Charges (annual rates and charges declaration).

11. Conclusion

Subject to addressing all of my recommendations in 10 above and the outstanding matters required by Council, I am satisfied that the seven prescribed requirements of Section 48 *Local Government Act* 1999 have been appropriately addressed by Council's Administration in information provided/to be provided to the Elected Members:

- Relationship of the Project with Council's Strategic Management Plans
- Consistency with Council's Development Plan
- The contribution of the Project to the Economic Development of the Council area
- The level of Community Consultation undertaken for the Project
- Financial Assessments undertaken for the Project
- Project Risk and Mitigation Strategies

- Project Delivery

It is also important to note that Council's Wastewater Services model and focus has and will continue to maximise economies of scale, which ultimately should in turn provide best value to ratepayers across its district.



DON VENN
Chartered Accountant
Principal: Dean Newbery Consulting

RELEASED

APPENDIX

1. Council Reports Supporting Prescribed Prudential Requirements of the Act

Section 48(2)(a)

The relationship between the Project and relevant Strategic Management Plans.

- MDPA 2010 & SA Strategic Plan 2011
- Mount Barker, Littlehampton & Nairne Strategic Infrastructure Plan
- Council's Community Plan 2020-2025
- Council's Development Plan
- Nairne Wastewater Master Plan Business Case
- Wastewater Service Delivery Options – Frontier Economics
- Council Workshop: Proposed Nairne Wastewater Network Upgrade

Section 48(2)(b)

The objectives of the Development Plan in the area where the Project is to occur.

- Council's Development Plan

Section 48(2)(c)

The expected contribution of the Project to the economic development of the local area, the impact that the Project may have on businesses carried on in the proximity and, if appropriate, how the Project should be established in a way that ensures fair competition in the market place.

- Nairne Wastewater Master Plan Business Case

Section 48(2)(d)

The level of consultation within the local community, including contact with persons who may be affected by the Project and the representations that have been made by them, and the means by which the community can influence or contribute to the Project or its outcomes.

- Council's website

Section 48(2)(e)

If the Project is intended to produce revenue, revenue projections and potential financial risks.

- Nairne Wastewater Master Plan Business Case

Section 48(2)(f)

The current and whole of life costs associated with the Project including any costs arising out of proposed financial arrangements.

- Nairne Wastewater Masterplan Business Case

Section 48(2)(g)

The financial viability of the Project, and the short and longer term estimated net effect of the Project on the financial position of Council.

- Nairne Wastewater Masterplan Business Case

Section 48(2)(h)

Any risks associated with the Project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to Council.

- Nairne Wastewater Masterplan and Business Case

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