

CONFIDENTIAL ITEMS 2003 – AUGUST 2024

#	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
182	1 August 2022	Recycled Water Strategy	Section 90 (3) (d) Order Pursuant to Section 90(3)(d) 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; Deputy Chief Executive Officer/General Manager Wastewater/Recycled Water; General Manager Infrastructure; Executive Manager to the Chief Executive Officer; General Manager Planning and Community; General Manager Corporate Services, Executive Officer to the SSRP Board and Minute Secretary be excluded from attendance at the meeting for Agenda Item 18.1 Recycled Water Strategy . 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 are is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to : - prejudice the commercial position of the person who supplied the information as recent consultation has been undertaken with potential recycled water customers; or - to confer a commercial advantage on a third party. 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 the continued non-disclosure of the 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 this information may result in a competitor receiving the information to the detriment of the developer / tender etc.	Council report, attachment and all minutes be retained in confidence	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 are is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to : - prejudice the commercial position of the person who supplied the information as recent consultation has been undertaken with potential recycled water customers; or - to confer a commercial advantage on a third party. 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 the	Retained in confidence until 12 months after the adoption at a council meeting of the Recycled Water Strategy or such lesser period as may be determined by the Chief Executive Officer and that this order be reviewed every 12 months.	3 Oct 23	Within 12 months	<i>Report and Minutes released on website 26 August 2024</i>

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#	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
			<u>Section 91(7) Order</u> <u>Pursuant to Section 91(7)</u> 2. That having considered Agenda Item 18.1 Recycled Water Strategy 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 Council report, attachment and all minutes be retained in confidence until 12 months after the adoption at a council meeting of the Recycled Water Strategy or such lesser period as may be determined by the Chief Executive Officer and that this order be reviewed every 12 months. <u>Order History</u> 5 Sep 22 - 3 Oct 23 3 Oct 23 -		continued non-disclosure of the 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 this information may result in a competitor receiving the information to the detriment of the developer / tender etc.				

18. CONFIDENTIAL REPORTS**18.1 REPORT TITLE: CONFIDENTIAL ITEM: RECYCLED WATER STRATEGY****DATE OF MEETING: 1 AUGUST 2022****FILE NUMBER: DOC/22/72827****ATTACHMENTS: 1. RECYCLED WATER CUSTOMER ENGAGEMENT FINAL REPORT DOC/22/41136****Key Contact** Helen Edmonds, Head of Wastewater**Manager/Sponsor** Brian Clancy, Deputy CEO/General Manager – Governance, Strategic Projects and Wastewater/Recycled Water**Community Plan 2020 – 2035:****Community Wellbeing****Goal 4****Safety and resilience****Objective 4.4**

Provide wastewater treatment services to deliver public health, environmental and economic outcomes and climate change adaptation solutions

Annual Business Plan:**Wastewater/recycled Water****Key Annual Objectives**

Provide an affordable, cost-effective and reliable service to our wastewater customers

Purpose:

To provide Council with an overview of the Chapman Capital Partners Customer Engagement Report in regards to the commercialisation of recycled water output, and the scope and timing of the recycled water strategy development.

Summary – Key Issues:

1. Chapman Capital Partners (CCP) were retained by Council to investigate possible geographical locations and assemble information on prospective recycled water customers and the associated implications as an input to decision making.
2. Chapman Capital Partners conducted interviews across 3 major potential customer regions, Hay Valley, Callington and Langhorne Creek and undertook a desktop assessment against Council's recycled water objectives.

3. The CCP report makes 14 findings and 5 recommendations, and proposes the optimal project configuration being supply to Hay Valley and Langhorne Creek to diversify customer base and leverage private investment.
4. A recycled water strategy, for adoption by council, outlining forecast investment, funding, staging and returns for the next ten years will be developed by the end of 2022, and will address 3 of the 5 CCP recommendations.
5. A role within council will shortly be advertised that will address the recommendation of a single point of contact with the role to be focused on business development for recycled water and customer relationship management for current and future recycled water customers.

Recommendations:

Section 90 (3) (d) Order

Pursuant to Section 90(3)(d)

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; Deputy Chief Executive Officer/General Manager Wastewater/Recycled Water; General Manager Infrastructure; Executive Manager to the CEO; General Manager Planning and Community; General Manager Corporate Services and Minute Secretary be excluded from attendance at the meeting for Agenda Item 18.1 Recycled Water Strategy.

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 are is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to:

- prejudice the commercial position of the person who supplied the information as recent consultation has been undertaken with potential recycled water customers; or
- to confer a commercial advantage on a third party.

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 the continued non-disclosure of the 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 this information may result in a competitor receiving the information to the detriment of the developer / tender etc.

2. That council Note the Chapman Capital Partners report titled “Recycled Water Customer Engagement” (attached) and the preparation of a recycled water strategy to come to Council in February 2023.

Section 91(7) Order

Pursuant to Section 91(7)

3. That having considered Agenda Item 18.1 Recycled Water Strategy 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 Council report, attachment and all minutes be retained in confidence until 12 months after the adoption at a council meeting of the Recycled Water Strategy or such lesser period as may be determined by the Chief Executive Officer and that this order be reviewed every 12 months.

Background:

1. Council endorsed the Recycled Water – Direction & Interim Strategy (DOC/21/81631) at the council meeting held 2 August 2021.
2. The endorsed interim strategy identifies 7 key council objectives for the wastewater/recycled water service to meet. Objectives relevant to the output of this report are:
 - a. To maximise the productive use of recycled water.
 - b. To use recycled water to facilitate the achievement of environmental, economic and social benefits to the community.
 - c. To continue to use recycled water to irrigate council parks and reserves.
 - d. To minimise the disposal of recycled water from the Mount Barker wastewater treatment plant via the Mount Barker Creek.
 - e. To seek to achieve a suitable return on investment, including through deriving revenue from the sale of recycled water to customers.
 - f. To complete the timely update of the EPA approved Environmental Improvement Plan (EIP) for the upgrading of the wastewater treatment plant and optimising recycled water use.
3. At the June 2022 council meeting, key project objectives for the Mount Barker wastewater treatment plant upgrade stage 1 were endorsed and included under the heading of Environmental:
 - a. *over time, seek to maximise the productive use of recycled water and to minimise the discharge of treated wastewater to Mount Barker Creek;*

4. To achieve the objectives the interim strategy outlines a direction to investigate supplying geographical areas including the supply along the routes which have been selected based on previous studies and information available.
5. The four areas listed in this direction are:
 - a. Callington
 - b. Hay Valley/Nairne
 - c. Langhorne Creek
 - d. Mount Barker – Council reserves and parks
6. The interim strategy states to pro-actively seek commitment from new customers for recycled water so as to secure future revenues and underpin capital investment.
7. A recycled water strategy is required to enable council to complete two outstanding actions for the EPA as part of the environmental improvement plan (EIP), and also support delivery of the recommendations made by Frontier Economics to improve wastewater service delivery.
8. CCP were engaged to:
 - a. Review the existing universe of potential customers identified through previous market demand studies
 - b. Propose additional potential customers operating in the key areas that may be known to CCP
 - c. Undertake in-person interviews with prospective customers in each of the three key regions, being Nairne/Hay Valley, Callington and Langhorne Creek, to validate key considerations including but not limited to:
 - i. Current and future expected demand (volume) for recycled water
 - ii. Key drivers of customer demand
 - iii. Pricing expectations
 - iv. Appetite and capacity to participate in capital contributions to any water infrastructure upgrades
9. CCP produced a Customer Engagement Report, provided as attachment 1.
10. A project brief has been prepared and is out to invited tender, for development of the full recycled water strategy with a target date for completion of December 2022.
11. The recycled water strategy will:
 - a. Develop a business case for each of the four identified geographical areas
 - b. Develop a recycled water strategy for adoption by council outlining forecast investment, funding, staging and returns for the next ten years.

- c. Identify other economic benefits that the district may receive through each option, for example improved productivity of horticulture, industry attraction, job creation etc.
 - d. Outline the impact to the wider community and the environment of not undertaking the investment in recycled water production and delivery.
 - e. Provide sufficient information on infrastructure required to support further development or refinement of the long term financial model for the wastewater service.
12. The recycled water strategy will also consider native water and the use recycled water could be put to in order to support first nations communities as well as the other benefits to be assessed.
13. At the council meeting held on 7 March 2022 a deputation on council's recycled water was made by Serena Williams in follow up to her engagement with CCP.
14. One of the prospective new customers who was engaged by CCP was Food and Beverage Australia Limited (FABAL).
15. As advised to council members previously, FABAL submitted an unsolicited proposal to council in March 2021. This remains live, as communicated to council members most recently within a confidential memo dated 26 May 2022.
16. The EPA will be informed, as part of the next update on EIP progress, of the development of the recycled water strategy, and this will also be communicated to key customers and other stakeholders with a plan for communication to be developed by the end of August 2022.

Discussion:

17. CCP's scope and methodology for producing the report and recommendations are as set out in paragraph 7.
18. 7 customers across the regions were interviewed.
19. The report makes 14 findings, they are:
- a. All potential customers interviewed in the Hay Valley region are experiencing water supply and quality issues which are having noticeable impacts on overall agricultural productivity.
 - b. All potential customers interviewed in the Hay Valley region reported increasing weather volatility and extreme weather events as the leading cause for changing behaviours in water usage and an overall increase in water demand through peak irrigating periods.
 - c. All potential customers interviewed in the Hay Valley region reported strong positive brand value associated with their local produce

- amongst the local community from an environmental (carbon footprint) perspective and from a local employment and economy perspective.
- d. The ability for potential customers to estimate and quantify the impact of water supply and quality issues is limited. Potential customers have estimated the impact based on crop yield measurements and visual environmental inspections.
 - e. All potential customers interviewed in the Hay Valley region estimate that their demand for recycled water would be in excess of the volumes that have been communicated to the Council in previous customer engagement exercises.
 - f. All potential customers interviewed in the Hay Valley region have identified inequity in the current draft recycled water pricing policy as a high barrier to collaborating with Council to jointly explore possible solutions.
 - g. 2 out of 4 potential customers in the Hay Valley region directly attribute lack of water security as the leading reason they are delaying or deferring further investment to grow their businesses.
 - h. All potential customers recognise the cost to access recycled water would be in addition to existing water allocations and are willing to incur those costs to offset decreasing productivity arising from low water quality and surety of supply.
 - i. All potential customers interviewed demonstrated a high level of in-principle support for the *Draft Pricing Guidelines* developed by workshop of industry consultants and experts on the 3rd of November, 2021 ("Draft Pricing Guidelines")
 - j. All potential customers interviewed reported having limited time and resources to conduct detailed analysis of current and expected water usage and on-site infrastructure upgrades.
 - k. Potential customers in the Callington and Langhorne Creek regions have existing access to water and storage, which, in some cases are significant and reduce the overall issues of scarcity faced in the Hay Valley.
 - l. Potential customers in the Callington and Langhorne Creek regions are highly sensitive to price due to access to existing water supply.
 - m. The Langhorne Creek region benefits from existing operations including established customers and supporting infrastructure.
 - n. The Callington region option is predicated on supplying water volumes and storage infrastructure for a new, greenfield project where the operator has no existing operating history.
20. From these findings the CCP report makes five recommendations:
- a. Develop a quantifiable option evaluation framework
 - b. Determine high-level financial feasibility for each project option
 - c. Estimate economic opportunity cost of each project option
 - d. Establish a central point of engagement for small individual and business customers

e. Formalise the Draft Recycled Water Pricing Policy

21. The CCP report concludes that an optimal project configuration would be to supply recycled water to the Hay Valley and Langhorne Creek simultaneously to meet water strategy objectives, maximise the value of recycled water, reduce risk through a diversified customer base across regions, and can be activated in a timely manner due to proximity of Hay Valley to existing infrastructure, and the ability to leverage the private sectors assets and expertise.
22. The recycled water strategy will build on the work previously done by council and by CCP and address the first three recommendations of the CCP report.
23. A role within council will shortly be advertised that will address the recommendation of a single point of contact with the role to be focused on business development for recycled water and customer relationship management for current and future recycled water customers.
24. The recycled water sale policy, adopted by Council, will be reviewed and can be adjusted as required following completion of the recycled water strategy.

Community Engagement:

Informing only	As per point 18 above
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Policy:

Recycled Water Sale Policy - Non Residential Customers.

Long Term Financial Plan:

The Long Term Financial Plan includes capacity for future capital expenditure (upgrading, expansion and renewal) and operating expenditure (operation and maintenance) and forecast revenue from both wastewater and recycled water infrastructure fees payable by developers and wastewater and recycled water annual service charges payable by ratepayers and recycled water customers.

Budget:

Adoption of the above recommendations will not have any direct budget impact. The 2022/23 budget includes an amount of \$50,000 for the purposes of the preparation of a recycled water strategy.

Statutory/Legal:

Local Government Act 1999

Section 7 - Functions of a council

to provide infrastructure for its community and for development within its area

Staff Resource Requirements:

Implementation of the above recommendations can occur within existing budgeted staffing arrangements.

Environmental:

The above recommendations don't have any direct implications for the environment. Council's wastewater and recycled water objectives continue to feature environmental goals.

Social:

The above recommendations don't have any direct social implications.

Risk Assessment:

A risk continues to be the need to find new customers for recycled water who are prepared to pay a reasonable price and to resolve storage issues to overcome the winter supply surplus capacity versus summer demand.

Asset Management:

The above recommendations don't have any direct implications for asset management. Currently as the owner and operator of the wastewater service,, including recycled water, asset management is a council responsibility, funded by the wastewater service.

Conclusion:

Chapman Capital Partners have provided a customer engagement report in relation to commercialising recycled water supply. The methodology involved interviewing potential customers across 3 regions and utilised Council's endorsed strategies to evaluate options. The report makes 14 findings and 5 recommendations, and concludes that the optimal project configuration is supply to Hay Valley and Langhorne Creek to diversify the customer base and leverage private investment A recycled water strategy, for adoption by council, outlining forecast investment, funding, staging and returns for the next ten years will be developed by the end of 2022.

Previous Decisions By/Information Reports to Council

Meeting Date	2/8/2021	CM Reference	DOC/21/111117
Title	RECYCLED WATER – DIRECTION AND INTERIM STRATEGY		
Purpose	To seek endorsement of the Recycled Water Direction and Interim Strategy (attachment 1).		

18. CONFIDENTIAL REPORTS

10.14pm Councillor Grosser rose and left the chamber

18.1	REPORT TITLE:	CONFIDENTIAL ITEM: RECYCLED WATER STRATEGY
	DATE OF MEETING:	1 AUGUST 2022
	FILE NUMBER:	DOC/22/72827
	ATTACHMENTS:	1. DOC/22/41136 - RECYCLED WATER CUSTOMER ENGAGEMENT FINAL REPORT

Moved Councillor Westwood that Council:

Section 90 (3) (d) Order

Pursuant to Section 90(3)(d)

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; Deputy Chief Executive Officer/General Manager Wastewater/Recycled Water; General Manager Infrastructure; Executive Manager to the CEO; General Manager Planning and Community; General Manager Corporate Services, Executive Officer to the SSRP Board and Minute Secretary be excluded from attendance at the meeting for Agenda Item 18.1 Recycled Water Strategy .

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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 the continued non-disclosure of the 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 this information may result in a competitor receiving the information to the detriment of the developer / tender etc.

Seconded Councillor Seager

CARRIED
OM20220801.17

Moved Councillor Westwood that Council:

2. note the Chapman Capital Partners report titled “Recycled Water Customer Engagement” (attached) and the preparation of a recycled water strategy to come to Council in February 2023.

10.17pm Councillor Grosser entered the chamber and took his chair

Seconded Councillor Minett

CARRIED
OM20220801.18

Moved Councillor Minett that Council:

Section 91(7) Order

Pursuant to Section 91(7)

3. That having considered Agenda Item 18.1 Recycled Water Strategy 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 Council report, attachment and all minutes be retained in confidence until 12 months after the adoption at a council meeting of the Recycled Water Strategy or such lesser period as may be determined by the Chief Executive Officer and that this order be reviewed every 12 months.

Seconded Councillor Westwood

CARRIED
OM20220801.19

MEETING DECLARED CLOSED AT 10.26 PM

MAYOR

DATE