



**muswellbrook
shire council**

Muswellbrook Shire Council

CORPORATE POLICY & PLANNING COMMITTEE MEETING

BUSINESS PAPER

26 APRIL 2017



CORPORATE POLICY & PLANNING COMMITTEE MEETING, 26 APRIL 2017

MUSWELLBROOK SHIRE COUNCIL

P.O Box 122
MUSWELLBROOK
21 April, 2017

Councillors,

You are hereby requested to attend the Corporate Policy & Planning Committee Meeting to be held in the COUNCILLORS ROOM, Administration Centre, Muswellbrook on **26 April, 2017** commencing at at the conclusion of the Infrastructure Committee.

Steve McDonald
GENERAL MANAGER

Order of Business

ITEM	SUBJECT	PAGE NO
1	APOLOGIES AND LEAVE OF ABSENCE	4
2	CONFIRMATION OF MINUTES OF PREVIOUS MEETING	4
3	DISCLOSURE OF ANY PECUNIARY AND NON-PECUNIARY INTEREST	8
4	BUSINESS ARISING	8
5	BUSINESS	9
5.1	CONTESTABLE AND STREET LIGHTING ENERGY CONTRACT RENEWAL	9
5.2	2017 WOOD SMOKE REDUCTION PROGRAM	12
6	DATE OF NEXT MEETING 31 May 2017	14
7	CLOSURE	14



**MUSWELLBROOK SHIRE COUNCIL
CORPORATE POLICY & PLANNING COMMITTEE MEETING**

AGENDA
WEDNESDAY 26 APRIL 2017

1 APOLOGIES AND LEAVE OF ABSENCE

Moved: _____ Seconded: _____

2 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RECOMMENDATION

That the Minutes of the Corporate Policy & Planning Committee held on **29 March 2017**, a copy of which has been distributed to all members, be taken as read and confirmed as a true record.

Moved: _____ Seconded: _____

MINUTES OF THE CORPORATE POLICY & PLANNING COMMITTEE MEETING OF THE MUSWELLBROOK SHIRE COUNCIL HELD IN THE COUNCILLORS ROOM, ADMINISTRATION CENTRE, MUSWELLBROOK ON WEDNESDAY 29 MARCH, 2017 COMMENCING AT THE CONCLUSION OF THE INFRASTRUCTURE COMMITTEE.

PRESENT: Cr J. Ledlin (Chair), Cr M. Bowditch, Cr J. Foy, Cr M. Green, Cr R. Scholes and Cr S. Ward.

IN ATTENDANCE: Mr S.J. McDonald (General Manager), Mr N.W. Pope (Director, Community Infrastructure), Ms F. Plesman (Acting Director, Planning, Community & Corporate Services), Mr P. Redan (Executive Manager, Water and Waste), Mr Finnigan (Manager, Muswellbrook Works) and Mrs M. Sandell-Hay (PA to General Manager).

1 APOLOGIES AND LEAVE OF ABSENCE

RECOMMENDED on the motion of Crs Rush and Scholes that:

The apologies for inability to attend the meeting submitted by Cr S. Bailey, Cr J. Eades, Cr. G. McNeill, Cr. S. Reynolds and Cr B. Woodruff be ACCEPTED and the necessary Leave of Absence be GRANTED.

2 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RECOMMENDED on the motion of Crs Rush and Scholes that:

The Minutes of the Corporate Policy & Planning Committee held on 21 December 2016, a copy of which has been distributed to all members, be taken as read and confirmed as a true record.

3 DISCLOSURE OF ANY PECUNIARY AND NON-PECUNIARY INTEREST

Cr M. Green declared a pecuniary interest in item 5.4. Cr Green advised that her husband is employed by Mt Arthur.

Cr M. Bowditch declared a pecuniary interest in Item. 5.4. Cr Bowditch advised that he is employed by a company that is utilised by Mt Pleasant and Bengalla.

4 BUSINESS ARISING

Nil

5 BUSINESS

5.1 PUBLIC ART - TERTIARY EDUCATION CENTRE FORECOURT

RECOMMENDED on the motion of Crs Rush and Green that:

The report be noted and reconsidered in 3 months' time and that some other options be considered.

5.2 INVESTMENT REPORT - FEBRUARY 2017

RECOMMENDED on the motion of Crs Ward and Rush that:

The information contained in this report be noted.

5.3 2016/2017 OPERATIONAL PLAN QUARTLEY REVIEW

RECOMMENDED on the motion of Crs Rush and Scholes that:

The information contained in this report be noted and that an update on the peer review of sporting grounds be provided.

5.4 COMMUNITY CONSULTATIVE COMMITTEE COUNCIL PARTICIPATION

Cr M. Green declared a pecuniary interest in this item. Cr Green advised that her husband is employed by Mt Arthur.

Cr M. Bowditch declared a pecuniary interest in this item. Cr Bowditch advised that he is employed by a company that is utilised by Mt Pleasant and Bengalla.

The two Councillors left the meeting during discussion of the relevant Mine CCC.

RECOMMENDED on the motion of Crs Rush and Scholes that:

1. Cr Scholes be nominated to Chair the Muswellbrook Coal Company CCC.
2. Cr Rush be nominated as Chairperson for the Dartbrook CCC.
3. The following Councillors be nominated to the following operating mines CCC's:
Liddell - Cr J. Ledlin
Drayton - Cr M. Bowditch
Mt Arthur - Cr M. Bowditch

Bengalla – Cr R. Scholes
Mangoola - Cr S. Ward and Cr M. Green
Mt Pleasant – Cr R. Scholes
4. Cr S. Ward be nominated to attend the Spur Hill project's CCC Chaired by Margaret McDonald – Hill.
5. The General Manager or his staff representative be authorised to attend the CCC meetings if Councillors are unable to attend.

5.5 SPONSORSHIP REQUESTS

RECOMMENDED on the motion of Crs Rush and Ward that:

Council approve requests for sponsorship from the sponsorship and donations budget for the following organisations and in the following amounts:

- a. Muswellbrook Mechanical Coursing Club Ltd of \$750; and
- b. St Heliers Heavy Horse Field Days Inc of \$985.47.

6 DATE OF NEXT MEETING

26 April 2017

7 CLOSURE

The meeting was declared closed at 5.00 pm.

.....
Mr S. McDonald
General Manager

.....
Cr J. Ledlin
Chairperson

3 DISCLOSURE OF ANY PECUNIARY AND NON-PECUNIARY INTEREST

Section 451 of the Local Government Act requires that if a councillor or member of a council or committee has a pecuniary interest in any matter before the council or committee, he/she must disclose the nature of the interest to the meeting as soon as practicable and must not be present at, or in sight of, the meeting, when the matter is being discussed, considered or voted on.

A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of financial gain or loss (see sections 442 and 443 of the Local Government Act).

A non-pecuniary interest can arise as a result of a private or personal interest which does not involve a financial gain or loss to the councillor or staff member (eg friendship, membership of an association, or involvement or interest in an activity). A councillor must disclose the nature of the interest to the meeting as soon as practicable.

Council's Model Code of Conduct now recognises two forms of non-pecuniary conflict of interests:

- Significant
- Less than significant

A Councillor must make an assessment of the circumstances and determine if the conflict is significant.

If a Councillor determines that a non-pecuniary conflict of interests is less than significant and does not require further action, they must provide an explanation of why it is considered that the conflict does not require further action in the circumstances.

If the Councillor has disclosed the existence of a significant non-pecuniary conflict of interests at a meeting they must not be present at, or in sight of, the meeting, when the matter is being discussed, considered or voted on.

4 BUSINESS ARISING

5 BUSINESS

5.1 CONTESTABLE AND STREET LIGHTING ENERGY CONTRACT RENEWAL

Attachments:	Nil
Responsible Officer:	Fiona Plesman - Acting Director - Planning, Community & Corporate Services
Author:	Tracy Ward - Sustainability Officer – Projects
Community Plan Issue:	<i>Progressive leadership</i>
Community Plan Goal:	<i>That Muswellbrook Shire is well led and managed</i>
Community Plan Strategy:	<i>Operational efficiency</i>

PURPOSE

Council is required to renew its contestable energy and street lighting contracts by 1 January, 2018. The value of this contract means that it must go to tender. The current volatility in the energy market means that any contract offered must be accepted quickly or risk even higher electricity rates.

OFFICER'S RECOMMENDATION

Council delegate authority to the General Manager to approve the energy contracts following the reverse auction for the contestable sites and street lighting.

Moved: _____ **Seconded:** _____

BACKGROUND

Council's energy contracts require renewing every two years. Council's current energy contracts for contestable sites and street lighting are expiring 31 December 2017. Energy contracts generally secure much lower rates per kilowatt hour than can be achieved on the open market. If the energy contracts were left to expire Council would be exposed to the much higher rates of the current energy market. Previously Council has engaged the Regional Procurement team from Hunter Councils to run the tender process and Energy Action was engaged to conduct a review of the tender applications and run the reverse auction for the energy contracts.

CONSULTATION

Finance Manager

Sustainability Coordinator

Waste Reuse and Environment Operations Manager

Regional Procurement Initiative – Manager

Energy Action – Account Manager

CONSULTATION WITH COUNCILLOR SPOKESPERSON

Nil.

REPORT

In previous years Council engaged the services of Regional Procurement Initiative and Energy Action to run and review the reverse auction and tender process for Council's contestable sites and street lighting energy contracts.

Contestable sites are those sites with high electricity usage (over 100 MWH per annum) and include sites such as the Aquatic Centre and the water and sewerage treatment plants. Council currently has nine contestable sites plus street lighting that will be included in the reverse auction.

Reverse auctions work by energy companies bidding for Council's energy accounts. The companies only keep bidding if they can provide a lower price to Council. The auction ends when no companies enter any further bids.

The reverse auction process has worked in Council's favour previously and has seen Council achieve very low rates for electricity usage charges.

Electricity prices have increased substantially over the past two years and estimates suggests that the price per kilowatt hour of electricity could almost triple from the 6 cents per kilowatt hour that was achieved at the last reverse auction to seventeen cents per kilowatt hour. Council also pays substantial network charges that are charged regardless of the electricity usage.

Council has been informed by Regional Procurement that energy companies have withdrawn their offers achieved at reverse auction after 48 hours of the auction which means the approval process for the energy contracts must be expedited quickly.

The energy auction will take place on Friday June 9 2017.

Due to time constraints it is recommended that the General Manager be given the delegation to approve the contracts.

OPTIONS

Option One – Delegate authority to the General Manager to approve the energy contracts after the reverse auction.

Option Two – Accept a late report from the Sustainability Unit for the June Ordinary Meeting and potentially miss securing the rates achieved at the auction.

CONCLUSION

The reverse auction process has in the past achieved very good rates for electricity usage however electricity rates are on the rise and the rates achieved are expected to almost triple this year. If Council misses the 48 hour window and has to go through the whole process a second time there is the very real potential that rates could increase even further.

SOCIAL IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The retail energy market has become quite aggressive over the past few weeks and it does not look like abating at any time soon. Regional Procurement have experienced retailers withdrawing their offer of pricing after 48 hours on two separate occasions which has resulted in the need to have a reprice option taken up by the two Councils involved. On both occasions there were increases to the rates originally offered.

If Council elects to accept a late report from the Sustainability Unit about the energy contracts, Council could be exposed to even higher rates for electricity usage than the tripling of rates currently expected.

POLICY IMPLICATIONS

Nil

STATUTORY IMPLICATIONS

Nil

LEGAL IMPLICATIONS

Nil

OPERATIONAL PLAN IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

If Council does not return the signed contract quickly there is the risk that the whole tender process will have to begin again as this can take many months, Council's electricity contract could expire before the finalisation of the tender process and Council will be subject to the open market rates which are approximately six times higher than the price Council is currently paying and at least double the rate that Council could expect to secure at the reverse auction.

5.2 2017 WOOD SMOKE REDUCTION PROGRAM

Attachments:	Nil
Responsible Officer:	Fiona Plesman - Acting Director - Planning, Community & Corporate Services
Author:	Tracy Ward - Sustainability Officer – Projects
Community Plan Issue:	<i>Plan liveable and sustainable urban areas</i>
Community Plan Goal:	<i>Protect our natural environment</i>
Community Plan Strategy:	<i>Protect and maintain the environment in a sustainable manner</i>

PURPOSE

Muswellbrook and Singleton Councils ran a joint wood smoke reduction campaign in 2016/17 with funding from the EPA. Muswellbrook's funding came from the EPA via a non-compliance fine issued to Mount Arthur Coal Mine for an uncontrolled blast that caused an air pollution incident. The fine funded an education and compliance campaign and a wood heater replacement scheme that involved residents receiving a \$1500 rebate if they removed their wood heater and replaced it with reverse cycle air conditioning. It also included flue cleaning rebates of \$50 to encourage cleaner burning. The EPA has committed funding so that the program can be run again in 2017/18. Singleton and Muswellbrook Councils will run the program together to share resources and advertising costs.

OFFICER'S RECOMMENDATION

The information contained in the report be noted.

Moved: _____ **Seconded:** _____

REPORT

Muswellbrook Shire Council implemented a Wood Smoke Reduction Program, funded by the EPA, in 2013 and 2014. The program focused on education about the proper use of wood heaters to reduce the smoke emitted from them. The EPA program gave \$500 rebates to residents who removed their wood heaters and replaced them with reverse cycle air conditioning. The program saw a total of 4 wood heaters replaced over the two years. A wood smoke reduction program was not run in 2015 in Muswellbrook due to the lack of uptake of the rebate. That year Singleton Council had a better uptake of the rebate and also offered a rebate for chimney flue cleaning which was highly successful.

In 2015, the EPA commissioned an Upper Hunter Wood Smoke Community Research Project. The purpose of this research was to provide insights into public attitudes about the impact of wood smoke understand households' heating choices and recommend measures to help the NSW EPA and Muswellbrook and Singleton Councils develop initiatives to reduce particle emissions from wood smoke.

The research identified that wood heater owners' attitudes about the impacts of wood smoke are very different from those relating to other forms of particle pollution in the Upper Hunter. Attitudes about wood smoke are characterised by lack of awareness of the risks and reluctance to change current methods of heating, while mining, power stations, diesel trucks and trains tend to be seen as the only real sources of air pollution in the area.

The research also highlighted that household heating choices in the Upper Hunter are influenced by a combination of rational and emotional factors. These factors are complex making it challenging to initiate behaviour change among wood heater owners, in particular to influence wood heater owners to change to a cleaner source of heating.

In 2016 the EPA approached both councils to again run the Wood Smoke Reduction Program as a joint project using the data obtained from the Upper Hunter Wood Smoke Community Research Project to address residents' beliefs and concerns with an education campaign. They provided funding of \$82,000 for the project and directed Mount Arthur Coal to contribute \$58,500 to Muswellbrook Shire Council for the purposes of running a wood smoke reduction campaign via a fine issued for a non-compliance related to air pollution. The budget available meant that the rebate for replacing wood heaters could be increased to \$1500 and more could be spent on education activities. The 2016 program was highly successful in Muswellbrook with seventeen wood heaters replaced.

Because of this success the EPA has again approached both councils to run the program in 2017/18 year. The EPA will contribute \$84,000 to the project, Singleton Council will contribute \$5000 while Muswellbrook Shire Council will contribute \$20,330 which are funds that remain from the 2016/17 financial year.

6 DATE OF NEXT MEETING

31 May 2017

7 CLOSURE