



KEMPSEY  
Shire Council

## DIRECTOR SHIRE SERVICES REPORT

3<sup>rd</sup> February 2009

<b>DSS5</b>	<b>WEST KEMPSEY SEWAGE TREATMENT WORKS - PROGRESS UPDATE</b>
	<b>FILE: 645 AMB {Folio No. *} }</b>

### SUMMARY:

Reporting on the progress of the alternative options for provision of this Sewage Treatment Plant

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### DESCRIPTION:

A report was presented to the confidential portion of the October 2008 Council meeting detailing options for alternative provisions of the West Kempsey Sewage Treatment Plant. The recommendation of this report is detailed below.

- “1 That Council expresses support for progression of investigation and dialogue relating to potential public-private-partnerships in the area of sewerage infrastructure delivery at Kempsey.
2. That the matter be considered in detail at the October and November meetings of the inter-departmental “strategic planning group”.
3. That the conclusions and recommendations (including revised order of costs) arising from all deliberations and investigations be reported to the December 2008 meeting of Council.
4. That the matter remains highly confidential in view of the intellectual property involved and the need for Council to maintain a strong negotiating position.
5. That, subject to total interdepartmental support and satisfactory progress of investigations, a private service provider – departmental – Councillor workshop / presentation be held two weeks prior to the December 2008 meeting of Council.
6. That (as a fall-back position and under conventional processes), Council continue to support the development of a single or multiple satellite sewage treatment site(s) with a view to alleviating the load on the existing West Kempsey plant.”

In August 2008, a new Act was introduced, the Water Industry Competition Act (WICA Act). The WICA is a new licensing and access

regime for private sector entrants into the NSW water supply and wastewater industry. There is a potential impact for Council with the alternative funding partnerships currently being developed for water or sewer infrastructure under the WICA Act. The company with whom Council has been in discussions, has notified Council that it has sought clarification on various matters from Independent Pricing and Regulatory Tribunal (IPART) on the implications of the WICA, should Council and the company enter into negotiations for infrastructure provision.

Under the LGSA umbrella, IPART is holding an information session on February 29 in Ballina, to further explain the WICA Act. A Macleay Water staff member will attend this information session.

The Macleay Water Manager has discussed these matters with a senior DECC (EPA) representative and he was impressed with Council's endeavours in alternative infrastructure provision, to achieve better whole of water cycle and environmental outcomes. He was also understanding of the clarifications required and the uncertainty of the WICA, in such provisions. It is recommended that such advice be sought in writing to affirm Council's advice on this matter to DECC and justify the delayed provision of the new West Kempsey Sewage Treatment Plant.

In view of the above developments, the Management Plan outcome for the appointment of project management for the West Kempsey STP is not achievable and it is recommended that this timeframe be moved to June 30, 2009. Dependent upon negotiations, this Management Plan outcome may not be necessary at all. Council will receive further advice on this matter, as it becomes available.

#### **RECOMMENDATION IMPLICATIONS:**

- ***Environmental***

***Nil***

- ***Social***

***Nil***

- ***Economic (Financial)***

***Nil***

- ***Policy or Statutory***

***Nil***

- ***Director's Review***

***Nil***

#### **RECOMMENDATION:**

- 1 That Council receive a further report on the implications of the WICA Act for infrastructure provision and particularly for the West Kempsey project.**

- 2 That Council seek, in writing, from Department of Environment and Climate Change (EPA), their acknowledgement and support for the work being undertaken on the development of a new West Kempsey Sewage Treatment Plant.

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**Bruce Morris**  
**DIRECTOR SHIRE SERVICES**