



Redland
CITY COUNCIL

MINUTES

SPECIAL MEETING

**Wednesday, 3 August 2011
Friday, 5 August 2011 and
Monday, 8 August 2011**

The Council Chambers
1st Floor, Administration Building
35 Bloomfield Street
CLEVELAND QLD

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1 DECLARATION OF OPENING

The Mayor declared the meeting open at 3.01pm.

2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE

PRESENT

Members:

Cr M Hobson PSM	Mayor
Cr W Boglary	Councillor Division 1
Cr C Ogilvie	Councillor Division 2 – entered at 3.03pm
Cr D Henry	Councillor Division 3
Cr J Burns	Councillor Division 4
Cr B Townsend	Councillor Division 5
Cr T Bowler	Councillor Division 6
Cr M Elliott	Deputy Mayor and Councillor Division 7
Cr K Reimers	Councillor Division 8
Cr K Williams	Councillor Division 9
Cr H Murray	Councillor Division 10

Executive Leadership Group:

Mr G Stevenson PSM	Chief Executive Officer
Mr N Clarke	General Manager Governance
Mrs L Rusan	General Manager Customer Services
Mr M Drydale	General Manager Corporate Services
Mrs T Averay	General Manager Environment Planning & Development

Officers:

Mr G Holdway	Manager Financial Control
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Minutes:

Mrs J Parfitt	Corporate Meetings & Registers Team Leader
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3 MATERIAL PERSONAL INTEREST AND CONFLICT OF INTEREST

Nil

COUNCILLOR ABSENCES FROM MEETING

3 August 2011

Cr Boglary entered the meeting at 3.03pm during closed session.

8 August 2011

Cr Burns left the meeting at 2.45pm and returned at 2.46pm during closed session.

Cr Elliott left the meeting at 3.08pm and returned at 3.10pm during closed session.

4 CLOSED SESSION

MOTION TO CLOSE MEETING

Moved by: Cr T Bowler
Seconded by: Cr M Elliott

That the meeting be closed to the public pursuant to section 72(1) of the *Local Government (Operations) Regulation 2010* to discuss the following item:

4.1.1 Future of Allconnex Water

The reason that is applicable in this instance is as follows:

"(h) other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage."

CARRIED

DIVISION

FOR: Crs Burns, Reimers, Murray, Elliott, Bowler, Townsend, Henry, Ogilvie and Hobson

AGAINST: Cr Williams

Cr Boglary was not present when this motion was put.

MOTION TO REOPEN MEETING

Moved by: Cr C Ogilvie
Seconded by: Cr B Townsend

That the meeting be again opened to the public.

CARRIED

4.1 CORPORATE SERVICES

4.1.1 FUTURE OF ALLCONNEX WATER

Dataworks Filename: GOV Special Meetings 2011
GOV WRAD – Allconnex Water Pricing

Attachment: [Price Mitigation Plan \(POL-3121\)](#)

Responsible Officers: Gary Stevenson
Chief Executive Officer
Martin Drydale
General Manager Corporate Services

Authors: Gary Stevenson
Chief Executive Officer
Sue Sherrell
Service Manager Project Centre

EXECUTIVE SUMMARY

A confidential report from Chief Executive Officer and General Manager Corporate Services dated 3 August 2011 was discussed in closed session.

PROCEDURAL MOTION – MEETING ADJOURNMENT – 3 AUGUST 2011

Moved by: Cr C Ogilvie
Seconded by: Cr W Boglary

In view of the fact that information sought from State Government has not yet been provided, Council resolves that the meeting stands adjourned at 3.56pm until Friday, 5 August 2011 at 3.30pm.

CARRIED (unanimously)

PROCEDURAL MOTION – MEETING RESUMPTION – 5 AUGUST 2011 – 3.34PM

Moved by: Cr M Elliott
Seconded by: Cr K Reimers

That the proceedings of the meeting resume.

CARRIED

The meeting resumed with Crs Burns, Reimers, Elliott, Bowler, Williams, Townsend, Henry, Ogilvie, Boglary and Hobson present.

An apology was noted for Cr Murray.

PROCEDURAL MOTION – MEETING ADJOURNMENT – 5 AUGUST 2011

Moved by: Cr M Elliott
Seconded by: Cr T Bowler

That Council resolves that the meeting stands adjourned at 3.44pm until Monday, 8 August 2011 at 2.30pm.

CARRIED

PROCEDURAL MOTION – MEETING RESUMPTION – 8 AUGUST 2011 – 2.34PM

Moved by: Cr M Elliott
Seconded by: Cr D Henry

That the proceedings of the meeting resume.

CARRIED

The meeting resumed with Crs Burns, Reimers, Elliott, Bowler, Williams, Townsend, Henry, Ogilvie and Hobson present.

Apologies were noted for Crs Boglary and Murray.

MOTION TO CLOSE MEETING AT 2.36PM

Moved by: Cr M Elliott
Seconded by: Cr T Bowler

That the meeting be closed to the public pursuant to section 72(1) of the *Local Government (Operations) Regulation 2010* to continue discussion on the following item:

4.1.1 Future of Allconnex Water

The reason that is applicable in this instance is as follows:

"(h) other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage."

CARRIED

MOTION TO REOPEN MEETING AT 3.35PM

Moved by: Cr K Williams
Seconded by: Cr K Reimers

That the meeting be again opened to the public.

CARRIED

COUNCIL RESOLUTION

Moved by: Cr C Ogilvie
Seconded by: Cr T Bowler

That Council resolves as follows:

1. Council acknowledges the direction and information provided by the State Government in response to the questions posed by this Council in respect of the issues identified in making a decision with regard to the future management arrangements for the provision of the distribution and retail of water and wastewater services to the Redland community, including the specific advice of the Minister for Energy and Utilities in his letter dated 5 August 2011, that Council will be entitled to recover direct and consequential costs from Gold Coast City Council;
 2. Council acknowledges the decision of the Gold Coast City Council of 26 July 2011, to unilaterally withdraw from Allconnex Water and the implications that this decision has for the ongoing viability of the Distributor-Retailer business;
 3. Council acknowledges representations made by Gold Coast City Council in various communications leading to its decision and since, including its acknowledgement that it is responsible to meet direct and consequential costs of Redland City Council and Logan City Council;
 4. As a direct and unavoidable consequence of the decision by Gold Coast City Council to unilaterally withdraw from Allconnex Water, Council acknowledges that it has been placed in a position of having to make one of the following decisions;
 - (a) stay in Allconnex Water jointly with Logan City Council
 - (b) withdraw from Allconnex Water and restore Redland Water operations within Council;
 5. Council acknowledges that its analysis of the option of staying in Allconnex Water jointly with Logan City Council has been severely constrained by limited information, limited time and limited direction by State Government regarding future enabling legislation;
 6. Council acknowledges the financial and other analysis undertaken which indicates that the commercial risk of staying in Allconnex Water jointly with Logan City Council is significantly greater than the risk of withdrawing from Allconnex Water and restoring Redland Water operations;
 7. Council acknowledges that the option of withdrawing from Allconnex Water and restoring Redland Water operations offers greater advantages and lower risks for the Redlands community in relation to pricing, capital investment and employment;
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8. Council acknowledges the interests of former Redland Water employees and those of current Redland City Council employees in relation to employment rights and the need for ongoing support;
 9. Council withdraws from Allconnex Water and restores Redland Water operations within Council as a Type 2 business activity effective 1 July 2012, as a direct consequence of the risks and uncertainties of continuing to be a Participating Council in Allconnex Water arising from the decision to opt out by Gold Coast City Council,
 10. Council acknowledges the following likely influences on the transition:
 - a) The original Transfer Schedules approved by the Minister will form the basis for future transfer of assets, liabilities, employees etc.. and that further transfers of Redland District as constructed and work in progress assets will also accompany the return of assets under the original Transfer Schedules;
 - b) All Redland District working capital and outstanding debtors at the deemed transfer date to be transferred back;
 - c) All provisions for staff entitlements (financial and non-financial), related to Redland employees transferred under the original workforce framework, will be transferred back;
 - d) The transfer of employees is not subject of the existing Workforce Framework but may be subject to a new Industrial Agreement to be negotiated with relevant unions;
 - e) An independent arbitrator is to be appointed jointly by Redland, Gold Coast and Logan City Councils to determine the direct and consequential costs to be borne by Gold Coast City Council;
 - f) State Government legislation to be adopted late in 2011 will include dispute resolution provisions;
 - g) The Redland Water business activity will operate as a Type 2 activity under the Local Government Act 2009 with some provisions of the Water Act and the SEQ Water (Distributor and Retailer) Restructuring Act continuing to be applicable;
 - h) The business will continue to take an active role in regional planning for water and wastewater infrastructure and services and where possible will ensure that optimal sub-regional capital investments are achieved in accordance with regional planning;
 - i) Allconnex Water will take all practicable measures to mitigate risks and costs associated with the transition;
 - j) State Government enabling legislation will be adopted late in 2011 allowing the transfer to take place by 1 July 2012.
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11. Council adopts the attached Price Mitigation Plan in the form of Policy (POL 3121);
12. Council authorises the Chief Executive Officer to inform State Government, Allconnex Water, Gold Coast City Council, Logan City Council, relevant unions and other stakeholders regarding this resolution and its implications;
13. Council approves an initial budget of \$262,000 in 2011/12 in respect of reintegration project work, which in accordance with State Government direction will be recoverable from Gold Coast City Council;
14. Council seeks a further report regarding a further budget of approximately \$3.0 million in 2011/12 in respect of reintegration project work, which in accordance with State Government direction will be recoverable from Gold Coast City Council and Council seeks further information on the possible establishment of a trust controlled fund for administration of costs and claims for cost reimbursement;
15. Council issues delegated authority to the Chief Executive Officer to negotiate as required with Allconnex Water, Gold Coast City Council, Logan City Council, State Government and relevant unions; and
16. Council issues delegated authority to the Chief Executive Officer to execute all documents necessary to give effect to the implementation of this resolution with progressive and substantial milestone reports back to Council to ensure appropriate level of awareness and endorsement.
17. That this report remains confidential at this time.

CARRIED

DIVISION

FOR: Crs Burns, Reimers, Elliott, Bowler, Williams, Townsend, Henry, Ogilvie and Hobson

Crs Boglary and Murray were absent.

5 STATEMENT – CR BOGLARY

Mayor Hobson read the following statement submitted by Cr Boglary:

“That Cr Boglary would like it recorded that she has been in constant contact during the entire process since receiving the final paper on Sunday and acknowledge her support for the officer’s recommendation.”

6 MEETING CLOSURE

There being no further business, the Mayor declared meeting closed at 3.38pm.

Signature of Chairperson: _____

Confirmation date: _____

7 ATTACHMENT – PRICE MITIGATION PLAN (POL-3121)

Policy document



Corporate POL-3121

Water and Wastewater

Price Mitigation Plan 1 July 2013 to 30 June 2019

POLICY OBJECTIVE

The purpose of this Policy is to document the Price Mitigation Plan which will be adopted by Redland City Council (RCC) for the setting of water and wastewater pricing from 1 July 2013 for its local government area.

POLICY BACKGROUND

On 7 April 2011, the Queensland Premier announced that the State Government would cap water and wastewater prices for two years and that South East Queensland Councils could opt to no longer participate in a Distributor-Retailer entity and choose to return to operating a water and sewage utility within Council.

A letter from the Minister for Energy and Water Utilities on 7 April 2011 stated the following changes to the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*:

- *Councils no longer need to participate in a Distributor-Retail entity and they can return to operating their water and sewage utility within Council*
- *The price cap to be put in place for 1 July 2011. This cap will ensure that effective bill increases to customers cannot be greater than the amount required to pass through the State's bulk water charge and a Consumer Price Index (CPI) increase on non-bulk charges*
- *This price cap mechanism will apply for the next 2 years*

Queensland Water Commission advised on 19 May that:

'The timing of submission and publication of a price mitigation plan will differ. A council that advises the Government it intends to withdraw from its Distributor-Retailer must also provide a Price Mitigation Plan as part of that advice and publish the plan by 1 September 2011.'

Policy document



Corporate POL-3121

Under withdrawal, the head of power for water and wastewater pricing is Part 3 of the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010*.

POLICY STATEMENT

Council is committed to the following principles:

- **Transparency** – Council will be transparent in its pricing decisions and will endeavour to use pricing structures that are able to be understood by the community.
- **Accountability** – Council will be responsible and accountable to the community for its pricing decisions and will ensure those funds raised are applied efficiently and effectively to satisfy the objective for which the funds were raised. (e.g. maintenance of related infrastructure)
- **Representation** – Council will act in the interests of the whole community in making decisions regarding tariff structures and related prices.
- **Sustainability** – Council will make decisions in accordance with the sustainability principle prescribed in the Local Government Act 2009, ensuring that its capacity to provide and maintain infrastructure and to provide safe and acceptable services and products is not compromised by short-term or extraneous considerations.
- **Statutory Compliance** – Council will comply with legislative obligations.
- **National and State Water Pricing Principles** – Council will endeavour to act consistently with the National Water Pricing Principles adopted by COAG in 2010, and the Queensland State Government's Statement of Regulatory Pricing Principles for the Water Sector adopted in 2000.

1.0 INITIAL PRICE PATH

RCC will provide an initial price path for water and wastewater pricing for the Price Path period from 1 July 2013 to 30 June 2019, as required by the Queensland State Government. In applying this price path, RCC will undertake an annual review of water and wastewater pricing in accordance with its Policy Statement (above) and will also endeavour to avoid unacceptable price shocks for customers through the consideration of the following factors (which are not listed in any priority order):

- The quantum of Maximum Allowable Revenue, escalation factors, seasonal factors, and resultant water and wastewater prices applying during this Initial Price Path period under the regulatory framework will be determined and declared by 1 March 2013

Policy document



Corporate POL-3121

- Ensuring that the operational cost base is efficient
- Ensuring that capital programming is prudent and efficient
- Inflationary and other economic influences
- Community expectations

In relation to regulatory pricing, Council supports a five year glide path to Maximum Allowable Revenue unless unacceptable price shocks are evident in the glide path.

Council acknowledges that State Government's bulk water price path will ultimately reach regulatory pricing limits and to achieve this State Government has adopted a price path which for Redlands consumers will see an increase of approximately 300% over a seven year period. Council considers this to be an unacceptable and sustained price shock for its community.

2.0 FINAL PRICE PATH

By 31 May each year commencing 2014, RCC shall undertake the following;

- Adopt by resolution water and wastewater prices that will apply for the following financial year;
- Publish a notice, in a newspaper circulating in its local government area, about the prices to apply for the following financial year and how those prices align with the 2013 to 2019 declared price path; and
- Ensure a copy of the next year water and wastewater prices and any amendments to the 2013 – 2019 price path are given to the Minister, published on RCC's website and are available for inspection at its Council offices.

3.0 CUSTOMER HARDSHIP ASSISTANCE

RCC will annually review and apply a range of State and Local Government concessions (e.g. for pensioners and not for profit organisations) and will accommodate special circumstances where financial or other hardship can be demonstrated.

Policy document



Corporate POL-3121

4.0 APPLICATION OF DIVIDENDS AND TAX EQUIVALENTS

In accordance with its Policy regarding Application of Dividends and Tax Equivalents (POL – 3117) RCC will ensure any returns on investment in water and wastewater services are utilised for the benefit of the whole community, founded on sustainable strategic objectives which result in timely and optimal investment in identified priorities.

RCC will ensure that funds received from customers are applied efficiently and effectively to the maintenance, renewal and future growth of sustainable water and wastewater infrastructure and services.

Council does not intend to distribute rebates or subsidies to individual customers.

5.0 PRICING COMMUNICATION

Council is committed to effective communication with its community regarding pricing decisions for water and wastewater services and will undertake the following;

By 30 September 2011, RCC shall;

- Publish a copy of this Price Mitigation Plan on RCC's website; and
- Publish a notice about the Price Mitigation Plan in a newspaper circulating in its local government area; and
- Ensure a copy of the Plan is available for inspection at RCC offices.

By 1 March 2013, RCC shall:

- Adopt by resolution a written final price path for relevant charges in relation to the period from 1 July 2013 to 30 June 2019;
- Give the Minister a copy of the final price path;
- Publish a notice about the final price path in a newspaper circulating in its local government area;
- Publish a copy of the final price path on RCC's website; and
- Ensure a copy of the final price path is available for inspection at RCC offices.

Policy document



Corporate POL-3121



By 30 June each year commencing 2014, RCC shall;

- Adopt by Council resolution a tariff structure and accompanying water and wastewater prices that will apply for the following financial year period;
- Communicate through public notice to the Redland community how the following financial year tariff structure and prices align to the 2013 to 2019 declared price path; and
- Publish the following year pricing structure with any amendments to the 2013 to 2019 price path on Council's website and ensure that the information is available at Council offices.