

SUPPLEMENTARY ITEMS

COUNCIL MEETING ON 19 MAY 2022

14. **BUSINESS OUTSTANDING:**

14.2 Nicholas Street Precinct - Clarification of Commercial Terms
Associated with the lease for Metro B Tenancy 2B03 3

16. **OFFICERS' REPORTS:**

16.2 Monthly Financial Performance Report - April 2022 7

17. **NOTICES OF MOTION:**

17.1 Notice of Motion - Ripley Valley Library 21

17.2 Notice of Motion - Redbank Plains Library 23

17.3 Notice of Motion - Carmichaels Road 25

17.4 Notice of Motion - Spray Seal Road Maintenance Treatments 27

17.5 Notice of Motion - Council to Develop a Domestic Violence Strategy 29

Doc ID No: A8060232

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Council as a late item.

ITEM: 14.2

SUBJECT: NICHOLAS STREET PRECINCT - CLARIFICATION OF COMMERCIAL TERMS
ASSOCIATED WITH THE LEASE FOR METRO B TENANCY 2B03

AUTHOR: PROJECT MANAGER

DATE: 17 MAY 2022

EXECUTIVE SUMMARY

This is a report to clarify the commercial terms associated with the agreement for lease/lease for Metro B tenancy 2B03 which were the subject of a decision at its Special Meeting on 5 May 2022.

RECOMMENDATION/S

That Council note the report clarifying the commercial terms of the Agreement for Lease and Lease for Tenancy 2B03 in the Metro B Building (impacting part of Lot 1 on RP157021) ("Tenancy 2B03") within the Nicholas Street Precinct as detailed in the confidential report and attachments by the Project Manager dated 17 May 2022).

RELATED PARTIES

Ranbury Property Services - Retail Leasing Agent
Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal
Councillor Fechner may have a potential conflict of interest in relation to this matter
Councillor Madsen may have a potential conflict of interest in relation to this matter

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

A Special Meeting of Council was held 5 May 2022 to approve council entering into an agreement for lease for a food tenancy associated with the Nicholas Street Precinct redevelopment (Metro B tenancy 2B03). A delegation was approved to enable the Chief Executive Officer to execute the agreement for lease, lease and associated documentation for the tenancy.

In the closed session that formed part of the considerations on this tenancy, verbal advice provided on the commercial terms of the arrangement in part conflicted with information provided in the confidential reports that were attached. Confidential report (Attachment 1)

seeks to clarify the commercial terms contained in the confidential attachments to the report to council entitled Nicolas Street Precinct – Approval of an Agreement for Lease for Metro B Tenancy 2B03 dated 26 April 2022. The updated Lease Approval Form (LAF) is included as Confidential Attachment 2 and reflects an improved approach to the information flow and highlights any changes to the commercial deal in the negotiation period from the LAF/agreed terms through to the execution of agreement for lease/lease. Confidential Attachment 3 details changes to the format of the LAF template from the original LAF (Confidential Attachment 6 to the 5 May 2022 report).

LEGAL /POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:
Local Government Act 2009
Local Government Regulation 2012

RISK MANAGEMENT IMPLICATIONS

The medium to long-term success and viability of both the retail precinct and the overall Ipswich Central CBD Redevelopment is heavily dependent on the retail leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of further agreements for lease will send a positive signal to the retail leasing market around the precinct’s future success.

HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS	
OTHER DECISION	
(a) What is the Act/Decision being made?	Recommendation A relates to clarifications of the commercial terms associated with the agreement for lease and lease for Metro B 2B03 tenancy.
(b) What human rights are affected?	No human rights are affected by this decision. This is because the prospective lessee is a company (only individuals have human rights).
(c) How are the human rights limited?	Not applicable.
(d) Is there a good reason for limiting the relevant rights? Is the limitation fair and reasonable?	Not applicable.
(e) Conclusion	The decision is consistent with human rights.

FINANCIAL/RESOURCE IMPLICATIONS

The retail precinct's short-term commercial success remains dependent on identifying, attracting and securing a commercially viable tenancy mix through executed leases and sub-leases. Funding for the retail leasing agent's payments and any associated landlord contributions is incorporated into the project's budget.

COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation.

Council's Legal Services team have been consulted on the contents of this report and its attachments.

CONCLUSION

The clarifications detailed in the attached confidential report have confirmed that the commercial terms associated with Metro B tenancy 2B03, which underpin Recommendation A in the 5 May 2022 council report, are both correct and clear.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

	CONFIDENTIAL
1.	Metro B 2B03 - Clarification of Commercial Terms
2.	Metro B 2B03 - New Format LAF
3.	Metro B 2B03 - New Format LAF - With Change Explanations Annotations

Greg Thomas
PROJECT MANAGER

I concur with the recommendations contained in this report.

Sean Madigan
GENERAL MANAGER - INFRASTRUCTURE AND ENVIRONMENT

"Together, we proudly enhance the quality of life for our community"

Doc ID No: A8051263

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Council as a late item.

ITEM: 16.2

SUBJECT: MONTHLY FINANCIAL PERFORMANCE REPORT - APRIL 2022

AUTHOR: ACTING CHIEF FINANCIAL OFFICER

DATE: 10 MAY 2022

EXECUTIVE SUMMARY

This is a report concerning Council's financial performance for the period ending 30 April 2022, submitted in accordance with section 204 of the *Local Government Regulation 2012*.

RECOMMENDATION/S

That the report on Council's financial performance for the period ending 30 April 2022, submitted in accordance with section 204 of the *Local Government Regulation 2012*, be considered and noted by Council.

RELATED PARTIES

Not applicable.

IFUTURE THEME

A Trusted and Leading Organisation

PURPOSE OF REPORT/BACKGROUND

This report outlines the financial results for Ipswich City Council as at 30 April 2022. The actual results presented are compared against the amended budgeted which Council approved in April.

The total net result (including capital revenue) for Ipswich City Council as at 30 April 2022 is \$85 million compared to the year to date (YTD) budget of \$82.7 million.

Council's YTD operating surplus (excluding capital revenue) is approximately \$4.8 million compared to the YTD budget deficit of \$1.7 million.

Overall, capital expenditure including the Nicholas Street Redevelopment YTD is \$17.9 million under budget. Asset donations as at 30 April 2022 are \$228k below the YTD budget.

Revenue

The trends from throughout the financial year have continued in April with operating revenue approximately \$6 million (2.2%) over budget primarily due to additional fees and charges revenue, operational grants revenue and other revenue.

Rates and utilities revenue is continuing to track close to budget YTD April.

Fees and charges have continued to track above budget in April and are ahead of budget by \$1.2 million YTD. This primarily relates to Town Planning and Development Fees which are \$873k over budget and Waste Disposal Fees which are \$664k over budget. The reduction in the over budget amount for fees and charges in April is related to the budget amendment whereby an additional \$1.7 million of budget was included for this account category. The over budget amount is partially offset by reduced parking and compliance revenue which continues to be monitored.

Total grant revenue is over budget approximately \$1.5 million. Operating grants are \$4.5 million over budget which is partially offset by \$3 million under budget relating to capital grants. The operating grant variance relates to the unbudgeted Skilling Queenslanders for Work First Start Program Grant in Corporate Services (CS) and Infrastructure and Environment Department (IED), Disaster Relief Funding of \$1 million received in March and a greater amount of the 2022-23 Financial Assistance Grants received in advance. In recent years councils have received 50% of the following year's allocation prior to 30 June, this year the Federal Government have released 75% of the 2022-2023 allocation prior to 30 June. This is partially offset by capital grants not yet received due to timing.

As reported previously, other revenue continues to track above budget primarily relating to unbudgeted Queensland Local Government Workcare surplus distribution and workcover reimbursements, unbudgeted rent for the Hayden Centre building, Urban Utilities payment of land tax, reimbursement of legal costs by Council's insurers, rent for Council facilities used by a telecommunication company received earlier than budgeted and gain on disposal of vehicles. This is partially offset by the shortfall against budget in relation to the Nicholas St Precinct Eats rent and outgoings, which was phased to begin from October 2021 but has not yet commenced.

Donated asset and cash contributions revenue is approximately \$1.78 million above the YTD budget which is driven by higher than expected cash contribution and donated asset revenue.

Expenses

Overall operating expenses are approximately \$526k (0.2%) under the YTD budget.

Employee expenses (including labour contracts) were above budget again in April and are now \$4.2 million over budget YTD, an increase of \$784k from March. This includes the increased cost of overtime as part of the flood recovery efforts which will be recovered from the QRA. As mentioned in prior months, the YTD variance continues to be impacted by less annual leave taken than budgeted in phased projections, the use of contingent workers to

fill vacancies, additional overtime in Resource Recovery, termination payments and a 2020-2021 workers compensation insurance true-up payment. Council has also used internal crews and contingent staff to deliver mowing services instead of externally contracting the works. Finance is continuing to monitor employee expenditure, including the consumption of annual leave over the remainder of the financial year.

Materials and services (excluding labour contracts) are \$2.4 million below the YTD budget. Approximately \$381k of the underspend relates to timing for kerbside collection which was budgeted to commence in December, but did not commence until mid-January 2022 and will continue until 30 June 2022. There has also been lower maintenance expenditure in works and field services branch, which is partly due to Council employees performing the maintenance instead of external providers. Additionally, water usage is lower than expected and there have been delays in the commencement of Enviroplan projects compared to budget phasing. There have been lower maintenance costs relating to natural areas than expected including streetscape maintenance and mulching, riparian maintenance and arboriculture preventative maintenance. Further underspends relate to the timing of book purchases and programs for libraries, and savings related to major events such as CMC rocks.

The above underspends were offset by an additional spend on flood recovery in April of \$940k, bringing the YTD total materials and services spend on the flood disaster to \$2 million. The underspend is also offset by additional legal expenditure which is over budget by \$1.6 million YTD relating to the appeals of the waste development applications.

Other expenses are over budget, primarily due to the recognition of a loss on asset disposal of \$3.2 million YTD, which relates to decommissioned softfall, sealed roads surface assets and drainage assets.

Depreciation remains below budget YTD following an update to useful lives for road, bridges, and footpath assets in August as part of the revaluation process. The variance for depreciation is expected to decrease as further assets are capitalised before year end.

Flood recovery expenditure

The YTD spend on flood recovery is approximately \$3.8 million, including \$1.4 million incurred in April. Of this spend, \$1.3 million relates to employee expenses, however, only the portion relating to overtime and contract labour is a true additional spend, the remainder is ordinary time diverted from business-as-usual activities to flood recovery activities. As mentioned above, \$2 million has been spent on materials and services with a focus on community assistance and repairing roads and pathways. The remainder relates to other and internal expenses.

Council has received \$1 million counter disaster advance funding and has now submitted a first claim to QRA review. Additional recoupment is expected to continue for expenditure incurred and any future outgoings.

A further advance payment of \$300k was received related to Category D Local Recovery & Resilience which will fund the Local Resilience & Recovery Group and assist in undertaking relief, recovery and resilience activities across impacted communities. More Category D (special packages) are expected to be released and made available.

Capital Expenditure

The total YTD capital expenditure (including the Nicholas Street Redevelopment) is \$95.9 million compared to the YTD budget of \$113.8 million.

During April a budget amendment took place to reduce the overall capital budget for FY22 by \$17.25 million. The most significant impact relates to the Nicholas Street Redevelopment Program with an overall budget reduction of \$10.2 million, due to timing differences between expected and actual delivery dates and delays in fit out expenditure on the Eats buildings. As at the end of April 2022, after the budget amendment, the Nicholas Street Precinct Redevelopment is tracking close to budget.

IED YTD capital expenditure is \$64 million compared to a YTD budget of \$79 million. The underspend is primarily related to two key areas. Firstly, \$3.6 million underspend related to the resurfacing program due to contractor resourcing issues and poor weather. Secondly, \$3.2 million underspend as a result of delays related to illegal dumping on the site of the Whitwood Rd Nth Disturbed Land Management project. Other projects that are underbudget YTD due to delays in commencement, poor weather and relocation issues include; Pettigrew St drainage project (\$1.5 million underspent), Queen and Albert Streets Traffic Signal Project (\$1.2 million underspent), Springfield GBA road upgrade (\$1 million underspent) and Old One Mile Bridge (\$991k underspent). IED are currently forecasting full year capital expenditure to be approximately \$8.9 million below budget, excluding the Nicholas Street Redevelopment and Springfield Stadium.

Cash Balances

Council's cash and investment holdings continue to be above forecast relating to underspends in the capital program.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:
Local Government Regulation 2012

RISK MANAGEMENT IMPLICATIONS

The operational costs of the flood recovery remain an ongoing issue to be monitored and reported through June and into the next financial year. The impacts on the capital program will also be reported on as capital resources are redirected towards the flood recovery activities. It is noted that the first of the capital works repairs were performed in April with a focus on bin replacement and repairing natural areas.

Whilst rates overall revenue is on budget, we are continuing to see reduced growth in the number of new residential properties compared to forecast. This has been offset in revenue through a couple of new larger commercial properties. The growth in residential properties continues to be monitored and has been fed into preliminary assumptions that form part of our next year budget build.

Finance is continuing regular reporting, including annual leave taken against budget, to the Executive Leadership Team as part of continued monitoring of FTEs, vacancies, overtime and forecast employee expenses for the year.

As noted in the expenses section, labour is over budget by \$4.2 million. Whilst labour costs have continued to be monitored and managed against other budget underspends and additional revenue throughout the year, this does highlight the need for continued review through Council's budgeting. While the Executive Leadership Team and the Finance Branch have given consideration to the underlying issues related to labour through the 2022-2023 budget build, they will remain an area of ongoing focus through 2022-2023.

The Executive Leadership Team and Finance are also reviewing underspends and budget phasing of materials and services, again forecasting expenditure through to the financial year end to identify potential savings and any offsetting overspend.

The legal expenses for waste development appeals to date are over budget as discussed in previous months with Council.

Finance will work with the Nicholas Street Precinct Team and IED Management in relation to the forecast capital expenditure, budget phasing, project timings and grant funding as part of monitoring the budget to year end and setting the FY23 budget. Regular analysis of capital programs will continue to be undertaken to confirm project progress over the remainder of May and into June and track forecast costs.

HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS
RECEIVE AND NOTE REPORT
Recommendation A states that the report be received and the contents noted. The decision to receive and note the report does not limit human rights. Therefore, the decision is compatible with human rights.

FINANCIAL/RESOURCE IMPLICATIONS

There are no specific implications as a result of this report.


COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation. Analysis and explanations of the variances are undertaken in conjunction with the various departments.

CONCLUSION

Regular reporting and monitoring of expenditure will continue monthly as part of Council's regular governance and reporting process.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Monthly Performance Report - April 2022 ↓ 
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Paul Mollenhauer
ACTING CHIEF FINANCIAL OFFICER

I concur with the recommendations contained in this report.

Jeffrey Keech
ACTING GENERAL MANAGER (CORPORATE SERVICES)

“Together, we proudly enhance the quality of life for our community”



Ipswich City Council

Performance Report

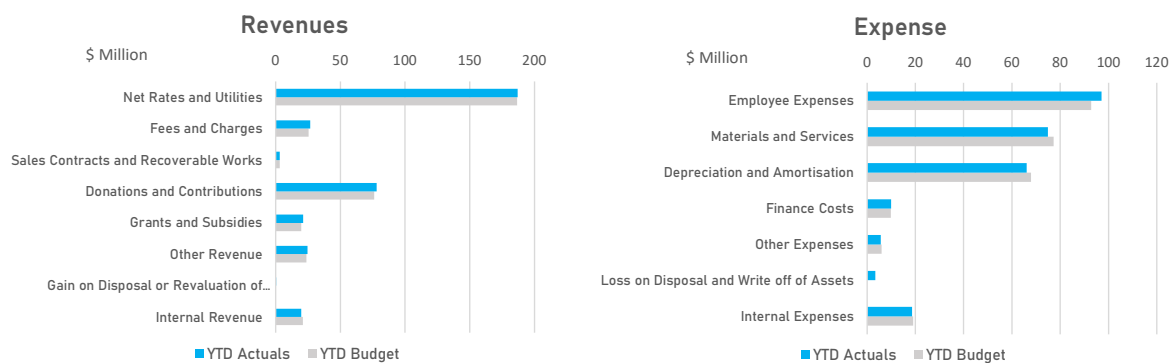
APRIL 2022

FINANCIAL EXECUTIVE SUMMARY

APRIL 2022

	YTD				Annual Current Budget \$'000s	Trend from MAR 2022
	Actuals	Current Budget	Variance	Variance		
	\$'000s	\$'000s	\$'000s	%		
Operating Revenue	277,225	271,212	6,013	2.2%	332,522	▼
Operating Expense	272,407	272,933	526	0.2%	333,569	▲
Operating Surplus/(Deficit)	4,818	(1,721)	6,539	(380.0%)	(1,047)	▼
Capital Revenue	83,131	84,452	(1,321)	(1.6%)	107,046	▲
Other Capital Income (Asset disposals)	160	0	160	N/A	0	▲
Capital Loss (Asset write-off)	3,100	0	(3,100)	N/A	0	▼
Net Result	85,009	82,731	2,278	2.8%	105,999	▲

Construction Program and Asset Purchase	76,325	93,388	17,063	18.3%	109,926	▼
CBD	19,564	20,438	874	4.3%	28,425	▼
Donated Assets	58,318	58,090	(228)	(0.4%)	69,716	▼
Total Capital Expenditure	154,207	171,916	17,710	10.3%	208,067	▼



Net Result

The total Net Result (including capital revenues) for Ipswich City Council as at 30 April 2022 is \$85 million compared to the YTD budget of \$82.7 million. Council's operating surplus (excluding capital revenue) is approximately \$4.818 million compared to the YTD budget deficit of \$1.7 million.

Operating revenue is \$6 million above the YTD budget

The \$6 million variance is made up of: net rates and utilities \$335k over budget, fees and charges \$1.2 million over budget, operational grant revenue \$4.5 million over budget, other revenue \$1.4 million over budget, sales contracts and recoverable works \$18k over budget, interest revenue \$393k over budget, and internal revenue \$1.1 million under budget. These items are discussed further in this report.

Operating expenses are \$526K below the YTD budget

The \$526K variance is made up of: employee expenses including labour contracts \$4.3 million over budget, materials and services \$2.4 million under budget, other expenses \$340k under budget, depreciation and amortisation \$1.7 million under budget, finance costs on budget, and internal expenses \$439k over budget. These items are discussed further in this report.

Capital Expenditure

Capital expenditure including CBD as at 30 April is \$17.9 million below the YTD budget. Approximately \$95.9 million has been expended to 30 April compared to the YTD capital expenditure budget of \$113.8 million.

- The Infrastructure Program actual expenditure was above the April budget by approximately \$2.1 million. Actual YTD costs are \$58.8 million compared to the current YTD budget of \$73.5 million.
- CBD redevelopment is approximately \$874k under budget. Actual YTD costs are \$19.6 million compared to the current YTD budget of \$20.4 million. The decrease in the YTD under budget amount is due to the reduction of the capital budget related to the CBD redevelopment of approximately \$12 million as part of the budget amendment undertaken in April 2022.

Asset donations as at 31 March are \$228k over the YTD budget. Approximately \$58.3 million has been recognised to 30 April compared to the YTD donated assets budget of \$58.1 million.

Doc ID No: A8031894

ITEM: 17.1
FROM: DEPUTY MAYOR JACOB MADSEN
RE: NOTICE OF MOTION - RIPLEY VALLEY LIBRARY
DATE: 28 APRIL 2022

This is a notice of motion submitted by Deputy Mayor Jacob Madsen concerning planning for an interim library to service the proposed Ripley Valley Library Catchment.

Deputy Mayor Jacob Madsen gave notice of his intention to move the following motion at the Council Meeting of 19 May 2022:

MOTION

- A. That Ipswich City Council commence planning for delivery of Library Services to the proposed Ripley Valley Library Catchment.**
- B. That council consider what options are available over the next few years to provide Library Services in the interim.**
- C. That a report be presented concerning the progress on A) and B) to a future Community, Culture, Arts and Sport (CCAS) Committee meeting.**

Doc ID No: A8032192

ITEM: 17.2
FROM: DEPUTY MAYOR JACOB MADSEN
RE: NOTICE OF MOTION - REDBANK PLAINS LIBRARY
DATE: 28 APRIL 2022

This is a notice of motion submitted by Deputy Mayor Jacob Madsen concerning the conversion of the former Mobile Library Garage at Redbank Plains Library.

Deputy Mayor Jacob Madsen gave notice of his intention to move the following motion at the Council Meeting of 19 May 2022:

MOTION

That a design be prepared and costed for conversion of the former Mobile Library Garage at Redbank Plains Library with said design to focus on delivery of:

- a. Community Meeting space with after-hours access**
- b. External landscaping to allow appropriate pathways to after-hours access and use by community on special occasions.**

Doc ID No: A8034935

ITEM: 17.3
FROM: COUNCILLOR SHEILA IRELAND
RE: NOTICE OF MOTION - CARMICHAELS ROAD
DATE: 29 APRIL 2022

This is a notice of motion submitted by Councillor Sheila Ireland concerning Carmichaels Road.

Hardings Paddock has recently been renovated and it is hoped that the works will encourage many more visitors. Carmichaels Road will need to be upgraded to accommodate for the additional vehicles expected to use this road.

Councillor Sheila Ireland gave notice of her intention to move the following motion at the Council Meeting of 19 May 2022:

MOTION

That Council commence planning for the upgrade of Carmichaels Road.

Doc ID No: A8052174

ITEM: 17.4
FROM: COUNCILLOR MARNIE DOYLE
RE: NOTICE OF MOTION - SPRAY SEAL ROAD MAINTENANCE TREATMENTS
DATE: 11 MAY 2022

This is a notice of motion submitted by Councillor Marnie Doyle concerning spray seal road maintenance treatments.

Councillor Marnie Doyle gave notice of her intention to move the following motion at the Council Meeting of 19 May 2022:

MOTION

- A. That a report be prepared which includes information on:**
- 1. The various road surface treatment options, including spray seals, available to local governments, and the relative cost and benefits of these treatments.**
 - 2. How council prioritises road maintenance projects.**
 - 3. How council determines when a spray seal is identified as the preferred treatment for a particular road.**
 - 4. The number of spray seals undertaken on council roads in the last three financial years, the number of complaints received about these treatments, and the number of complaints that required remediation.**
 - 5. Whether council's use of spray seals is consistent with their use by comparable local governments.**
- B. That the report be presented to a future meeting of the Growth, Infrastructure and Waste Committee, no later than the August 2022 meeting of that committee.**

BACKGROUND INFORMATION:

"Spray Seals" are a common maintenance treatment undertaken on Ipswich roads. Unfortunately, complaints about spray seals are frequently received from residents.

Complaints include that the treatment doesn't match the finish and colour of nearby roads, that unsettled spray seal aggregate damages and adheres to vehicles and driveways, and

that spray seals deliver a noticeably poorer driving experience in comparison with alternative treatments including asphalt.

While it is acknowledged that spray seals remain a cost effective road treatment, many residents remain dissatisfied with their widespread application.

Doc ID No: A8052240

ITEM: 17.5
FROM: COUNCILLOR MARNIE DOYLE
RE: NOTICE OF MOTION - COUNCIL TO DEVELOP A DOMESTIC VIOLENCE STRATEGY
DATE: 11 MAY 2022

This is a notice of motion submitted by Councillor Marnie Doyle concerning the development of a Domestic Violence Strategy.

Councillor Marnie Doyle gave notice of her intention to move the following motion at the Council Meeting of 19 May 2022:

MOTION

- A. That a report be prepared which includes information on:**
- 1. How council is taking action in the community and in the council workplace to tackle Domestic and Family Violence.**
 - 2. How council works in partnership with all levels of government to reduce Domestic and Family Violence.**
 - 3. Identify opportunities for council to increase the support and services provided to combat Domestic and Family violence.**
 - 4. Identify grants currently offered by council, that can be accessed by domestic violence shelters and domestic violence support organisations.**
 - 5. Advice on building a Domestic and Family Violence strategy within council, including resources required to complete this work and estimated timeline from development to adoption by council.**
 - 6. Consider developing a web page on council's internet site that outlines council's strategy to combat family and domestic violence and lists services and support available for victims, and relevant grants available for Domestic and Family violence support service providers.**
- B. That the report be presented to a future meeting of the Community, Culture, Arts and Sport Committee, no later than the August 2022 meeting.**