

SUPPLEMENTARY ITEMS

COUNCIL MEETING ON 20 JUNE 2024

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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 supplementary item.

ITEM: 16.4

SUBJECT: APPOINTMENT OF URBAN UTILITIES BOARD MEMBERS

AUTHOR: MANAGER, EXECUTIVE SERVICES

DATE: 13 JUNE 2024

EXECUTIVE SUMMARY

This is a report concerning the proposed appointments of a new Chairperson and Board members to fill the current vacancies on the Urban Utilities Board.

RECOMMENDATION/S

- A. That Council endorse the appointment of Paul Vincent as a Board Chair of Urban Utilities from 1 July 2024, for a term of three (3) years, to 30 June 2027.**
- B. That Council endorse the appointment of Peter Hyland and Andrea Kenafake as Board Members of Urban Utilities, effective from 1 July 2024, for a term of three (3) years, to 30 June 2027.**
- C. That the Chief Executive Officer be authorised to sign an Instrument of Appointment of Board Members to Urban Utilities and to do any other acts necessary to implement Council's decision in accordance with section 13(3) of the *Local Government Act 2009*.**

RELATED PARTIES

The Central South-East Queensland Distributor-Retailer Authority trading as Urban Utilities and its five Participating Local Governments:

- Brisbane City Council
- Ipswich City Council
- Lockyer Valley Regional Council
- Scenic Rim Regional Council
- Somerset Regional Council

IFUTURE THEME

A Trusted and Leading Organisation

PURPOSE OF REPORT/BACKGROUND

The *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* required the Central SEQ Distributor-Retailer Authority now trading as Urban Utilities to enter into a Participation Agreement (the Agreement) with its five shareholding local governments (the Participants). The Agreement outlines the responsibilities and obligations of Urban Utilities and its Participants and includes, but is not limited to, the rights of each Participant, decision-making and dispute resolution, the Board's role, composition, appointment, remuneration and powers, corporate planning, reporting and profit distribution.

Urban Utilities is governed by an independent Board with eight independent directors appointed by the Participants.

Prior to 1 July 2010, the five local government areas (which Urban Utilities now serves) received water and sewerage services through either a council owned commercial business unit (e.g. Ipswich Water) or a department. The Participation rights (upon which dividends/tax equivalents are calculated) were determined on each Participant's contributed regulatory asset base at the time of Urban Utilities creation and are detailed below:

| Participant | Participation Right % | Participation Type # |
|---------------------------------|-----------------------|----------------------|
| Brisbane City Council | 85.007% | Majority |
| Ipswich City Council | 12.222% | Minority |
| Scenic Rim Regional Council | 1.042% | Minority |
| Lockyer Valley Regional Council | 0.903% | Minority |
| Somerset Regional Council | 0.826% | Minority |

Majority Participant means a Participant holding more than 50% of Participation Rights and a Minority Participant means a Participant other than a Majority Participant.

Under the Agreement, a Special Majority of Participants in favour of a decision is defined as:

- a) if there is a Majority Participant:
 - i. The Majority Participant; and
 - ii. 50% of the Minority Participants; or
- b) If there is no Majority Participant, 75% of the Minority Participants.

A Special Majority of Participants is required for a director's appointment, reappointment for a second term or appointment for more than two consecutive terms.

The Board Appointment Process has been in place since 2016 and states that the Urban Utilities Chair will make recommendations for Board appointments after undertaking an appropriate merit-based search process that has regard to the Board Skills Matrix (Annex 2 within Confidential Attachment 2) to ensure an effective and balanced Board.

On 10 July 2023 Council received a general Board update noting the sudden passing of Board Member Graham Thomsen on 8 June 2023. On 14 July 2023 the Board Chair provided Council with an update on the proposed recruitment activities for a number of new or replacement Board members with their terms scheduled to commence in 2024.

Council was again provided an update by letter of 29 September 2023 with a number of suitable candidates identified to fill both the current and upcoming vacancies. It was noted that the timing of the process set out in the Board Appointment Process conflicted with the timing of the 2024 Quadrennial Local Government Elections.

Urban Utilities provided an update by letter of 7 November 2023 and further proposed to finalise only one appointment (Carmel Krogh OAM) before the end of the calendar year by circular appointment and defer the remaining appointments until following the 2024 Quadrennial Local Government Elections.

This appointment was approved by all participating councils and Carmel joined the Urban Utilities Board from 1 January 2024.

Since the local government elections, Urban Utilities has been in contact with representatives of the Majority Participant, Brisbane City Council, regarding nominations including for the role of Board Chair with a formal update provided to council in a letter dated 7 June 2024 (Confidential Attachment 1).

The term for Board Chair Bronwyn Morris, and the term of Board Member Julie-Anne Schafer, expire on 30 June 2024. In addition, Amanda Cooper resigned from the Board on 28 January 2024, resulting in an additional vacancy on the Board.

The below candidates have been presented to Participating Councils for appointment with the rationale for appointment of each candidate set out in the Information Pack (Confidential Attachment 2), which includes a curriculum vitae for each candidate:

- Paul Vincent, as Board Chair from 1 July 2024, for a period of 3 years;
- Peter Hyland as a new Board Member from 1 July 2024, for a period of 3 years; and
- Andrea Kenafake as a new Board Member from 1 July 2024, for a period of 3 years.

The draft Instrument of Appointment is attached as Confidential Attachment 3.

LEGAL IMPLICATIONS

This report and its recommendations are consistent with the following legislative provisions: *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009 (Qld)*

POLICY IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

FINANCIAL/RESOURCE IMPLICATIONS

There are no financial or resource implications associated with this report.

COMMUNITY AND OTHER CONSULTATION

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

The Urban Utilities Board Chair has written on this matter to the Mayor of Ipswich as the shareholder representative and the Urban Utilities Chief Executive Officer (CEO) has also discussed the recommendations with the Ipswich City Council CEO.

CONCLUSIONND

To permit Urban Utilities to fill the Board vacancies, a Special Majority of Participating Councils are required to support the appointment of the replacement Board members.

HUMAN RIGHTS IMPLICATIONS

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| HUMAN RIGHTS IMPACTS | |
| OTHER DECISION | |
| (a) What is the Act/Decision being made? | The appointment of new Board Members to fill a vacancies on the Urban Utilities Board. |
| (b) What human rights are affected? | No human rights are affected by this decision. |
| (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. |

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

| | |
|----|--|
| | CONFIDENTIAL |
| 1. | Letter to Ipswich City Council - Proposed Board Appointments |
| 2. | Board Appointment Information Pack |

3. Instrument of Appointment

Wade Wilson
MANAGER, EXECUTIVE SERVICES

I concur with the recommendations contained in this report.

Sonia Cooper
CHIEF EXECUTIVE OFFICER

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

Doc ID No: A10293642

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 supplementary item.

ITEM: 16.5

SUBJECT: PROCUREMENT - RENEWABLE ENERGY POWER PURCHASE AGREEMENT

AUTHOR: CATEGORY SPECIALIST

DATE: 14 JUNE 2024

EXECUTIVE SUMMARY

This is a report concerning the procurement and recommendation to negotiate and enter into a Renewable Energy Power Purchase Agreement (PPA) for the supply of Council's large market and streetlighting electricity portfolios.

RECOMMENDATION

- A. That pursuant to Section 228 of the *Local Government Regulation 2012* (Regulation), Council award Tender No. 240102-000318 for the provision of Renewable Energy Power Purchase Agreement (PPA) to Tenderer A (Supplier).**
- B. That Council enter into a contractual arrangement with the Supplier for a term of seven (7) years and three (3) months, with no options for extension.**
- C. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take "*contractual action*" pursuant to section 238 of the Regulation, in order to implement Council's decision.**

RELATED PARTIES

The related party, being Tenderer A, is detailed in Confidential Attachment 1.

There were conflicts of interest declared during the tender process, these are outlined in Confidential Attachment 1.

IFUTURE THEME

Natural and Sustainable

PURPOSE OF REPORT/BACKGROUND

In November 2021 Council adopted the Sustainability Strategy 2021-2026. The strategy presents five key sustainability Action Areas. Within these Action Areas are two Priority

Action Areas whereby council is either creating a new strategic direction or strengthening existing efforts. The two Priority Action Areas are:-

1. Sustainable Council
2. Climate Adaptation

The Priority Action Areas present an opportunity to build capacity as an organisation in corporate sustainability and as a community in climate adaptation. Priority Action Area 1. Sustainable Council commits Council to a goal of reducing organisational carbon emissions by 50% by 2026. In accordance with the Sustainability Strategy Implementation Plan the sourcing of councils electricity requirements with renewable energy via a Power Purchase Agreement is action item 1.15 in achieving Councils emission target.

Council has undertaken a procurement process and Tenderer A has been recommended as the preferred Supplier for the supply of renewable energy via a Power Purchase Agreement. Tenderer A ranked highest from both the price and non-price perspective. Tenderer A's offer was backed by two Queensland renewable projects and provided fixed price electricity and LGC rates, subject to annual CPI adjustments, which will provide budget certainty over the 7 year and 3 month contract term.

Confidential Attachment 1 outlines the procurement and evaluation process.

LEGAL IMPLICATIONS

This report and its recommendations are consistent with the following legislative provisions:

Local Government Act 2009

Local Government Regulation 2012

POLICY IMPLICATIONS

This report and its recommendation are consistent with Council's Procurement Procedure.

The Contractual Arrangement resulting from this procurement activity is and is consistent with Councils Sustainability Strategy 2021-2026 and Councils iFuture Corporate theme 'Natural and Sustainable'.

RISK MANAGEMENT IMPLICATIONS

The risk management implications have been considered in Confidential Attachment 1.

FINANCIAL/RESOURCE IMPLICATIONS

The financial / resource implications have been considered in Confidential Attachment 1.

COMMUNITY AND OTHER CONSULTATION

There was no community consultation undertaken during the preparation of this report or the procurement process.

There was community consultation during the development of the Sustainability Strategy 2021-2026, which specifically nominated the goal to power Council's electricity requirements with renewable energy via a Power Purchase Agreement.

CONCLUSION

It is recommended Council enter into a PPA with Tenderer A, as Tenderer A provided the most competitive renewable energy PPA.

Further, entering into a renewable energy PPA will provide Council with the opportunity to build capacity as an organisation in corporate sustainability by reducing carbon emissions, and is consistent with Councils iFuture Corporate theme ‘Natural and Sustainable’.

HUMAN RIGHTS IMPLICATIONS

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| HUMAN RIGHTS IMPACTS | |
| OTHER DECISION | |
| | 240102-000318 - Human Rights Impact assessment checklist (A10296944) |
| (a) What is the Act/Decision being made? | The decision is to award Tender No. 240102-000318 for the provision of Renewable Energy Power Purchase Agreement (PPA) to Tenderer A (Supplier) and enter into a contractual arrangement with the Supplier for a term of seven (7) years and three (3) months, with no options for extension. |
| (b) What human rights are affected? | There are no human rights impacted by this decision. This is because the tenderers are all companies (only individuals have human rights). Further, the subject matter of the contract will not impact on the human rights of any third parties. |
| (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. |

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

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| 1. | CONFIDENTIAL Recommendation to Award |
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Shyanne Ward
CATEGORY SPECIALIST

I concur with the recommendations contained in this report.

Brodie Smith
ACTING SUSTAINABILITY AND CLIMATE CHANGE COORDINATOR

I concur with the recommendations contained in this report.

Ross Muller
ACTING MANAGER, PROCUREMENT

I concur with the recommendations contained in this report.

Matt Smith
GENERAL MANAGER (CORPORATE SERVICES)

I concur with the recommendations contained in this report.

Kaye Cavanagh
GENERAL MANAGER (ENVIRONMENT AND SUSTAINABILITY)

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