

SUPPLEMENTARY ITEMS

COUNCIL MEETING ON 12 DECEMBER 2024

- 16. **OFFICERS' REPORTS:**
 - 16.3 Appointment of Urban Utilities Board Members 3

Doc ID No: A11010805

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: 16.3

SUBJECT: APPOINTMENT OF URBAN UTILITIES BOARD MEMBERS

AUTHOR: MANAGER, EXECUTIVE SERVICES

DATE: 6 DECEMBER 2024

EXECUTIVE SUMMARY

This is a report concerning the proposed reappointment of Urban Utilities Board members for the Urban Utilities Board.

RECOMMENDATION/S

- A. That Council endorse the reappointment of Lucia Cade as a Board Member of Urban Utilities, from 1 July 2025, for a period of four (4) years, to 30 June 2029.**
- B. That Council endorse the reappointment of Gerard Pender as a Board Member of Urban Utilities, from 1 July 2025, for a period of four (4) years, to 30 June 2029.**
- 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 9 October 2024 Council received correspondence from Paul Vincent, Chair of Urban Utilities seeking endorsement from participating councils for the re-appointment of Board members Lucia Cade and Gerard Pender. The initial terms for both Board members are set to expire on 1 July 2025.

Lucia Cade and Gerard Pender have served on the Board since 1 October 2021 and 1 July 2022 respectively. Both have in depth skills in areas of key expertise for the business as identified in the Board Skills Matrix. Lucia and Gerard have demonstrated strong commitment in their attendance and have contributed effectively to the functioning of the Board and its sub-committees.

Because of the contributions made by both Lucia and Gerard to the Urban Utilities Board during their initial terms, the Board strongly supports the reappointment of both Board members for the following further terms:

- Lucia Cade for further four year term as a Board member from 1 July 2025, expiring 1 July 2029; and
- Gerard Pender for further four year term as a Board member from 1 July 2025, expiring 1 July 2029.

The terms set out above are recommended to ensure that the Board maintains the right balance between continuity and renewal, particularly given that four of the eight Board members commenced their first terms in 2024. Should Lucia and Gerard not be reappointed, as at 1 July 2025, Urban Utilities will be left with only three Board members having a tenure of longer than 12 months and only two members with a tenure greater than two years.

The Board also wishes to avoid overlap between appointment and reappointment processes and the timing of local government elections (with the next due in March 2028), as these may impact Councils' capacity to consider re/appointments both in the period leading up to elections and in the transition period immediately after.

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.

CONCLUSION

A Special Majority of Participating Councils are required to support the Urban Utilities Board to reappoint Board members for a second term. With the contributions made by both Lucia Cade and Gerard Pender during their initial terms, the Board strongly supports the reappointment of both Board members for further terms.

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 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

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| | CONFIDENTIAL |
| 1. | Letter to Ipswich City Council - Proposed Board Reappointments |
| 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”