



Finance and Infrastructure Standing Committee Meeting

Notice is hereby given pursuant to the provisions of the *Local Government Regulation 2012*, that the next Meeting of the Central Highlands Regional Council will be held in the **Council Chambers, 65 Egerton Street, Emerald** on

Tuesday, 14 February 2017
At 8.30 am

For the purpose of considering the items included on the Agenda.

Michael Parker
Acting Chief Executive Officer

OUR VISION

Working today, growing tomorrow

OUR MISSION

We will provide services and assets responsibly

OUR VALUES

Leadership, Engagement and Fair Representation

Great Customer Service

Innovation

Honesty and Integrity

Teamwork

Respect for All

OUR PRIORITIES

Strong, vibrant communities

Building and maintaining quality infrastructure

Supporting our local economy

Protecting our people and our environment

Proactive, responsible leadership

Strong governance

A workplace of excellence

COUNCIL AGENDA



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1 PRESENT

2 APOLOGIES

3 LEAVE OF ABSENCE

4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

4.1 Minutes - Finance and Infrastructure Standing Committee Meeting - 24 January 2017

5 BUSINESS ARISING OUT OF MINUTES

6 REVIEW OF OUTSTANDING MEETING ACTIONS

6.1 Finance and Infrastructure Standing Committee Meeting - Outstanding Actions List

7 MATERIAL PERSONAL INTEREST, CONFLICT OF INTEREST, PERSONAL GIFTS AND BENEFITS

8 PETITION

9 COMMITTEE RECOMMENDATIONS / NOTES

10 INFRASTRUCTURE AND UTILITIES

10.1 Nogoia River Excavation Project

DECISION ACTION REPORT

Author / Authorising Officer: Gerhard Joubert, General Manager Infrastructure and Utilities

EXECUTIVE SUMMARY:

The report is to advise Council of the status of the Nogoia River Excavation project. The contract to excavate and stockpile spoil from the Nogoia River for sites 10, 11, 2 and 3 has reached practical completion, is currently expected to be delivered to the 2016-2017 budget of \$3,728,724 and with the remaining grant funding of \$142,500 fully acquitted by the 30 April 2017 deadline as granted through extension of time by the Department of Local Government and Infrastructure Planning (DLGIP).

OFFICER RECOMMENDATION

That Central Highlands Regional Council Finance and Standing Committee receive the report and ratify the actions taken to expedite the project to ensure timely completion and full acquittal of grant funding.

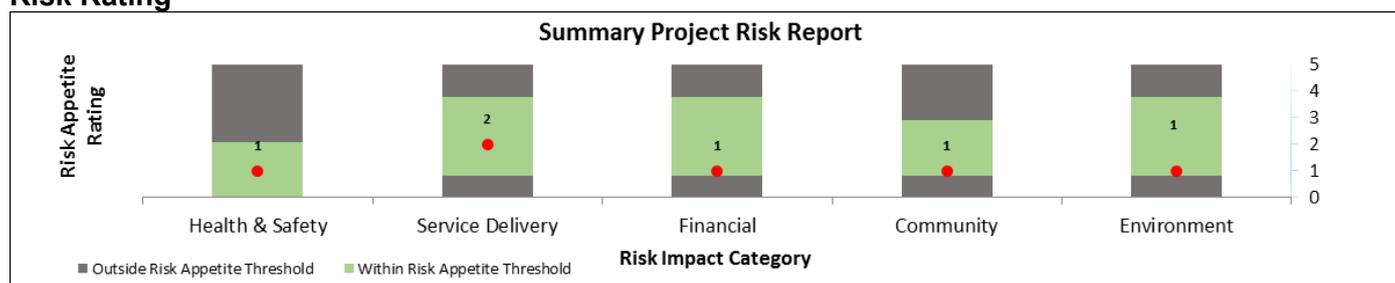
REPORT:

The project, *Enlarging Capacity and Harvesting Levee Material - Nogoia River* was originally committed to by Council under the Flood Mitigation Funding Program in the 2014-15 budget. These excavation works were to be completed as part of the overall flood solution for the Emerald community

This report refers to the update provided on the Nogoia River Excavation project at the Strategy and Briefing Meeting on 23 January 2017.

CONSIDERATIONS / IMPLICATIONS:

Risk Rating



Risk:

Nil

Corporate/Operational Plan Reference:

Strategy 2 – Building and Maintaining Quality Infrastructure

Financial:

The current 2016/17 capital works budget for the project is \$3,728,724 with expenditure (year to date as at 3 February 2017) \$3,113,018 with practical completion being reached on the Contract. Approved Grant Funding (DILGP) for the project is \$1,425,000 with \$1,282,500 claimed and only \$142,500 remaining to acquit.

Statutory/Policy/Delegations:

Budget Policy
Local Preference Policy
Procurement Policy

Communication/Engagement:

[Consultation with Infrastructure and Utilities officers directly involved in these projects and Communications staff to keep the community informed on the Nogoia River excavation project.
State Government – Monthly reporting updating progress of works and progress claims based on expenditure, including Final Close out report
Council media associated with works

ATTACHMENTS:

Nil

– *END OF REPORT* –

10.2 Tender Award - Blackwater Sewerage Treatment Plant Irrigation Upgrade

DECISION ACTION REPORT

Author: Peter Manning, Manager Water utilities

Authorising Officer: Gerhard Joubert, General Manager Infrastructure and Utilities

EXECUTIVE SUMMARY:

Additional areas of land are required for effluent disposal from the Blackwater Sewage Treatment Plant in addition to the sites currently used at the treatment plant and Blackwater Golf Course. Two of the areas identified as part of the first stage for this purpose, are the unused section of the Hunter Street sports complex and an additional area at the Sewerage Treatment Plant site. Tenders have been received for installing irrigation systems at these two sites.

OFFICER RECOMMENDATION

That Central Highlands Regional Council award tender 2016T108C “Blackwater Sewerage Treatment Plant Irrigation Upgrade” to NQ Water Services for \$845,370.00 (excl. GST)

And further;

That Central Highlands Regional Council approve the following budget allocations for the Blackwater STP – irrigation improvements project stage one:

	Current Year 2016/17	Budget Year 2017/18
Current Budget	\$610,596	
Budget increase for this contract	\$153,404	\$191,000

And refer the budget allocations to the 2016/17 Budget Review 2 and the 2017/18 capital budget for consideration.

REPORT:

The Blackwater Sewage Treatment Plant (STP) is currently operating under a Transitional Environmental Program (TEP) which includes the requirement to increase the area of land utilised for effluent disposal. Two of the areas identified for this purpose are the unused section of the Hunter Street sports complex and an additional area at the STP site.

The scope for the first stage of the project includes installation of irrigation systems at the STP and Hunter Street, storage tanks at Hunter Street and the electrical and control works including the Supervisory Control and Data Acquisition (SCADA) system to control effluent pumping to Hunter Street and the Blackwater golf course.

Stage two will involve the extension of irrigation on the golf course site in the 2017/18 financial year.

The tender for the first stage of the project was issued onto LG Tender Box on the 9th September 2016 and closed on the 14th October 2016. 107 prospective tenderers downloaded documents and tenders were submitted by the following seven companies.

Tenderer	Tender Submitted
NQ Water Services	\$845,370.00
Bellequip Pty Ltd	\$906,897.50
Dawsons Technical Services	\$1,165,678.46
AESTEC	\$1,038,409.34
Micrah	\$516,023.00
Mastertec	\$1,465,203.00
Activ Civil Constructions	\$1,174,987.60

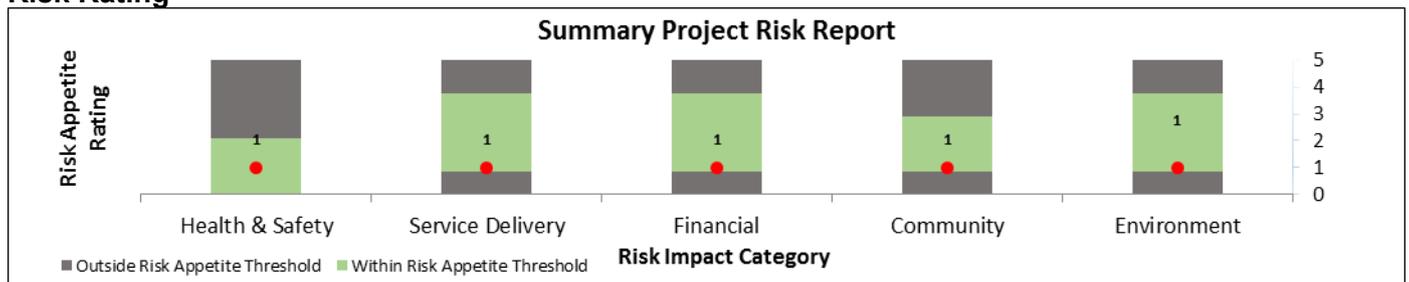
Tenders were evaluated on a weighting of Technical (35%), Commercial (45%), and Experience (20%). This rated the tenders as follows:

Tenderer	Technical (35%)	Commercial (45%)	Experience (20%)	Total	Ranking
NQ Water Services	27.5	17	19	63.5	1
Bellequip Pty Ltd	20	13	8	41	5
Dawsons Technical Services	17.5	13	12	50.5	3
AESTEC	17.5	13	15	45.5	4
Micrah	7.5	15	7	29.5	7
Mastertec	23	21	12	56	2
Activ Civil Constructions	15	15	10	40	6

The preferred tenderer from the weighted assessment is NQ Water Services who submitted the second lowest price.

CONSIDERATIONS / IMPLICATIONS:

Risk Rating



Risk:
Nil

Corporate/Operational Plan Reference:
Building and Maintaining Quality Infrastructure

Financial:

The construction works for this stage of the project will be completed in the 2017/18 financial year. The budget increase for this contract are as follows.

	Current Year 2016/17	Budget Year 2017/18
Current Budget	\$610,596	
Budget increase for this contract	\$153,404	\$191,000

The increase in budget for the 2016/17 financial year is to be funded from the Sewer Future Capital Sustainability Reserve which had a balance of \$12.9 million at 30 June 2016.

Additional funding will be required in the 2017/18 financial year for stage two including the further areas of land required for balance of the project.

Statutory/Policy/Delegations:

Statutory – extension of the areas of land irrigated is necessary for compliance with the Environmental Authority conditions and TEP for Blackwater Sewerage Treatment Plant. Procurement Policy

Communication/Engagement:

The sites for irrigation are under council authority. Regular progress reporting on progress under the TEP is required to the Department of Environment and Heritage Protection.

ATTACHMENTS:

Nil

– END OF REPORT –

10.3 Principal Cycle Network Priority Route Maps

DECISION ACTION REPORT

Author / Authorising Officer: Gerhard Joubert, General Manager Infrastructure and Utilities

EXECUTIVE SUMMARY:

The vision for cycling in Queensland from the *Queensland Cycle Strategy 2011 – 2021* is "More Cycling, More Often - on safe, direct and connected routes". Central Highland Regional Council is actively participating in the development of *Principal Cycle Network Plans*, prioritisations of routes and development of investment programs.

The Central Highlands Cycling Prioritisation Workshop was held 13 August 2016, facilitated by Department of Transport and Main Roads and Council is now requested to consider and endorse the recommended changes to our Priority Route Maps.

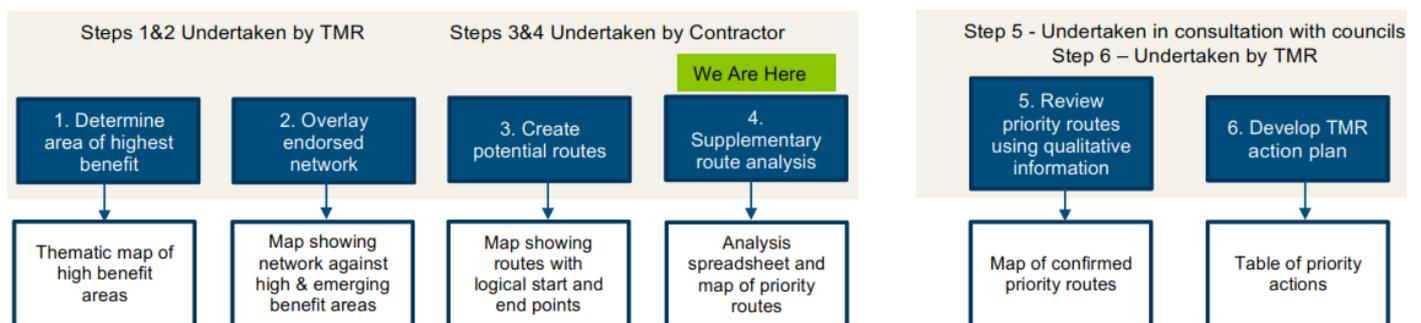
OFFICER RECOMMENDATION

That Central Highlands Regional Council endorse the Central Highlands Priority Route Maps to be submitted to the Department of Transport and Main Roads for inclusion in the Principal Cycle Network Plan.

REPORT:

The adoption of the *Queensland Cycle Strategy 2011 – 2021* was instrumental in leading on to the development of *Principal Cycle Network Plans (PCNP's)* facilitated by the Department of Transport and Main Roads (DTMR) - Cycling and Active Transport Unit. The next stages involve prioritisation of the PCN by local governments, developing both State and Local Investment Programs and finally leading to delivery of the network.

The figure below provides an overview of the entire process to prioritise Principal Cycle Networks. Each step is then further detailed in the subsequent sections. This process is a guide only and recognises that some local governments have already undertaken significant work to prioritise cycle networks in their respective local government areas.



In this instant on 13 August 2016 Mr Jason Akers and Mr Michael Zimmerle participated in a Cycling Prioritisation Workshop with DTMR staff from the Cycling and Active Transport Unit and recommended the additional prioritised routes (attachment A) to the existing network outlined in the change table of this document.

Following on from the workshop DTMR has developed a consultation summary report. This document details the process and outcomes of the workshop.

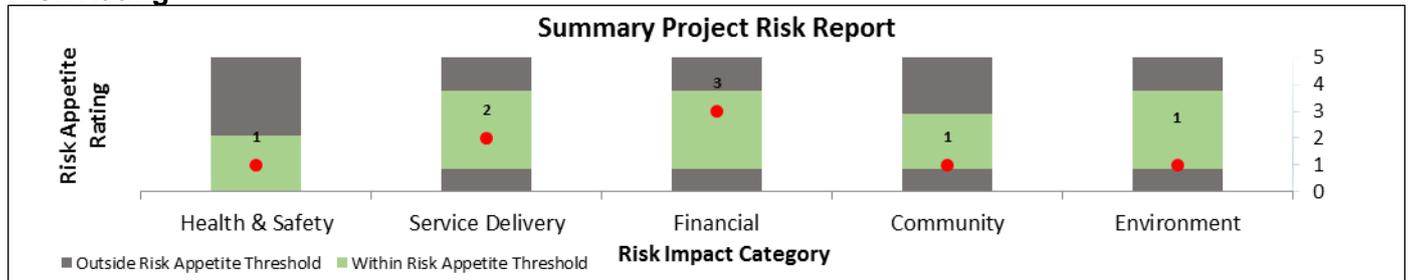
The following documents from the workshop are attached:

- Attachment A: Summary of route priority changes
- Attachment B: Priority Route Maps

The next step is updated map of prioritised routes will be included with the Action Plan, which is still under development.

CONSIDERATIONS / IMPLICATIONS:

Risk Rating



Risk:

No current risk identified.

Corporate/Operational Plan Reference:

1. Strong, Vibrant Communities
 - Provide and maintain accessible community services and facilities that meet the needs of our diverse communities and offer value for money for all stakeholders.
 - Encourage and promote community wellbeing, including healthy and active lifestyles.
2. Building and maintaining quality infrastructure
 - Plan and deliver infrastructure which aligns with the aspirations of the Central Highlands community as outlined in the CH2022 Community Plan, and other strategic plans for Council and key stakeholders including State and Federal governments.
 - Plan open spaces and streetscapes to improve civic pride and aesthetic appeal.
 - Continue to plan, manage and maintain transport infrastructure to improve quality and safety.
 - Provide and maintain well planned, sustainable community assets to meet the needs of our community.
4. Protecting our people and our environment
 - Support the region's growth through integrated, well-planned development.

Financial:

The development of cost estimates forms part of the Implementation Program to be developed as part of the next stage.

Statutory/Policy/Delegations:

Supports the Queensland Cycle Strategy 2011 – 2021

Communication/Engagement:

Department of Transport and Main Roads (DTMR) - Cycling and Active Transport Unit, facilitated workshops with Council officers.

ATTACHMENTS:

1. Summary of route priority changes [10.3.1]
2. Priority Route Maps [10.3.2]

– END OF REPORT –

12 CORPORATE SERVICES

12.1 Plant and Vehicle Capital Replacement Program 2016/17 and 10 Year Replacement Program Review

DECISION ACTION REPORT

Author: Margaret Gatt, Manager Asset Management

Authorising Officer: Jason Bradshaw, General Manager Corporate Services

EXECUTIVE SUMMARY:

The Asset Management unit have revised Councils Plant and Vehicle Asset Management Plan. In conjunction with the revision of the Asset Management Plan (AMP), a ten (10) year replacement strategy has been developed. Further and in support of both documents, a draft Plant and Vehicle Replacement Policy is presented for Council's consideration.

Approval of the updated asset management plan is sought to confirm principles and direction for plant and vehicle management. The policy and plan have been developed to ensure there is balanced decision making in relation to replacement of plant and vehicles exceeding their useful life, currently unsafe to operate and/or are operating at a higher than optimal cost.

The replacement program has been developed to provide a near even flow of expenditure across the ten (10) year program with the assumption that all items are replaced like for like. Desktop analysis indicates that total replacement of current plant and vehicles identified is estimated at \$5.7M per annum over a 10 year period.

A focus on utilisation to confirm true replacement needs in consultation with the business is currently underway and this may reduce the future funding requirements.

Additional funding required for the remainder of this financial year is \$2.2M. Budgetary requirements for this year, the 17/18 and subsequent years in the 10 year replacement program will be funded from net cash flow generated from the plant and vehicle business.

Items for replacement will be identified in accordance with the Plant and Vehicle Asset Management Plan and the approved 2016/17 Ten (10) Year Plant and Vehicle Capital Replacement Strategy.

OFFICER RECOMMENDATION

That Central Highlands Regional Council:

1. approve the amended 2016/17 Plant and Vehicle Asset Management Plan; and
 2. endorse, in principle, the Plant and Vehicle Replacement Policy; and
 3. approve the additional budget of \$2.2M for the 16/17 financial year.
-

REPORT:

The purpose of this report is to present to Council recommendations relating to the replacement of plant and vehicle assets across a revised ten (10) year cycle. Subsequent allocation of funds required for the 2016/17 year will be sought as part of the Budget Review Process.

Council's Plant and Vehicle Asset Management Plan and supporting Plant and Vehicle Replacement Policy determine the parameters required to be addressed in the development of Council's ten (10) year plant and vehicle replacement program.

The 2016/17 Plant and Vehicle Asset Management Plan has been prepared to guide the management of Council's plant and vehicles. Recommendations made in the plan are based on research of industry best practice as well as an analysis of Council's operations. Sources researched included the industry guidelines for the local government sector (Institute of Public Works Engineers Plant and Vehicle Maintenance Manual), surrounding local governments and results of research of 22 local governments Australia wide recently undertaken by Brisbane City Council.

Replacement Policy

The timing of plant replacement, when undertaken optimally, will balance replacement cost against the increasing cost of operation and maintenance, which tends to significantly increase after the optimum age or usage of each asset has been reached. With the correct timing of replacement and focus on other efficiency objectives such as maximising utilisation and appropriate outsourcing of plant, the minimum cost to operate equipment is achieved by Council. As a result, Council's plant and vehicle operations can not only be self-funding, but can also provide a required return on Council's investment in the equipment. This can be done while maximising the advantages of Council owned plant and vehicles in meeting the service levels to the community adopted by Council.

The policy presented for adoption as an attachment to this report sets appropriate guidelines for replacement of Council's assets, utilising both Industry Guidelines presented in the Institute of Public Works Engineering Plant and Vehicle Management Manual and contemporary local government practice.

The replacement program has been specially developed to provide a near even flow of expenditure across the ten (10) year program with the Plant and Vehicle Constrained Reserve Fund used to allow the operations of Council's plant and vehicles to fully fund its capital replacement across the ten (10) year period, while providing a 5% return on investment in Council's plant and vehicles.

Management of Council's Plant and Fleet Assets

Due to the size and complexity of Council's plant and vehicle operations, it is important that all aspects are well planned with active ongoing management. Within Council's Plant and Vehicle Asset Management Plan, a full description of the processes involved with management of this important asset class is provided. Within this revised Asset Management Plan, which is presented for Council's endorsement, there is an updated analysis of Council's capital and financial status. Key achievements in the area of asset management of this class are identified and management processes including collaboration between key stakeholders within Council's staff are planned. Necessary standards of inspection and maintenance processes are reviewed and reference is made to renewal and replacement criteria which is also presented to Council for consideration and approval. Appropriate asset funding levels have been analysed and the sustainability of Council's operation is measured.

This Asset Management Plan updates that formerly adopted by Council, with the latest operational metrics and proposed action plan for future efficiency objectives.

Ten (10) Year Replacement Program

A rigorous application of the established criteria for replacement will commonly lead to an uneven flow of capital requirements across the ten (10) year period. However, a more business-like approach would see a more uniform capital funding requirement. By careful selection of items for replacement within each financial year, based on condition assessment, usage and criticality to Council's operations, a much more uniform funding requirement has been achieved in the proposed ten (10) year capital replacement program. Additionally, through the use of the Plant and Vehicle Constrained Reserve annual funding requirements drawn from the operation of plant and vehicles assets can be achieved. The funding program, by category, forming the ten (10) year plan is presented for Council's endorsement. The program identifies that annual funding of \$4.9M in addition to funding provided by traded or disposed items is required to be provided from the net operations of Council's plant and vehicle assets.

Funding Considerations

Council's plant and vehicles are a significant undertaking within Council's operational budget, with operational income in excess of \$17M annually. Income is required to meet the operation and maintenance of Council's fleet and vehicles, as well as provide for depreciation and replacement of the asset. Depreciation is determined on the written down value (WDV) on each asset, which at 30 June 2016 had a total value of \$31.4M. Annual depreciation for the 2015/16 year was \$3.84M.

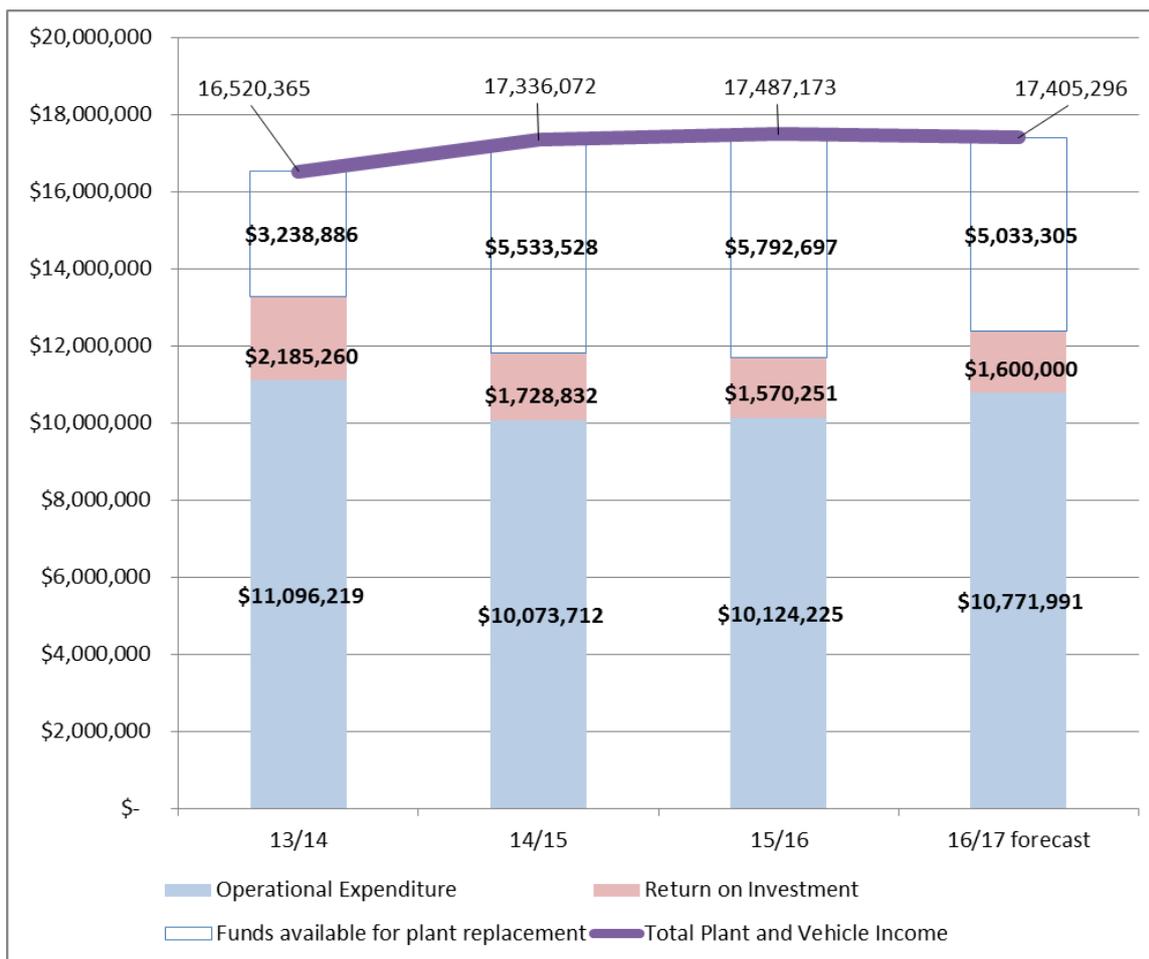
Depreciation and net operational funds are available to fund renewals along with funds returned from trade or auction of replaced items. In addition, operations must provide a return on Council's investment. Return on investment is proposed to be included as an item to be budgeted in future budgets and provided on an annual basis at a rate of return of 5% of the WDV. Any remaining funds at the end of each year's operational and capital funding requirements should be returned to the Plant and Vehicle Constrained Reserves Fund to assist to meet anticipated funding requirements and carry-over of committed funds on items with long procurement lead times.

Based on the recent financial years and under current plant and vehicle operations, additional funds are available beyond those to fund replacements, giving the opportunity for some level of fine tuning of internal hire rates to ensure that Council's competing priorities are met.

The financial snapshot provided below shows capability to meet not only the plant and vehicle replacement needs of Council currently identified as \$4.9M annually net of recoveries from trades and disposals, as detailed further in this report, but also gives significant scope for review of internal rates over time mentioned above.

Year	Written Down Value at end of year	Operational Income	Operational Expenditure	Net Surplus	Annual Depreciation	Return to Council (5% of WDV)
13/14	\$43,705,206	\$16,520,365	\$11,096,219	\$5,424,146	\$4,451,299	\$2.1M
14/15	\$34,576,637	\$15,853,574	\$7,884,919	\$7,968,655	\$4,303,747	\$1.73M
15/16	\$31,405,028	\$17,487,173	\$10,124,225	\$7,362,948	\$3,835,013	\$1.57M
16/17 Budget	Est \$32M	\$17,405,296	\$10,102,342	\$7,302,954	\$3,958,000	\$1.60M

Funds available from operational activities for plant replacement over recent years is shown in the graph below (balance of funds).



Projected Capital Funding Requirements

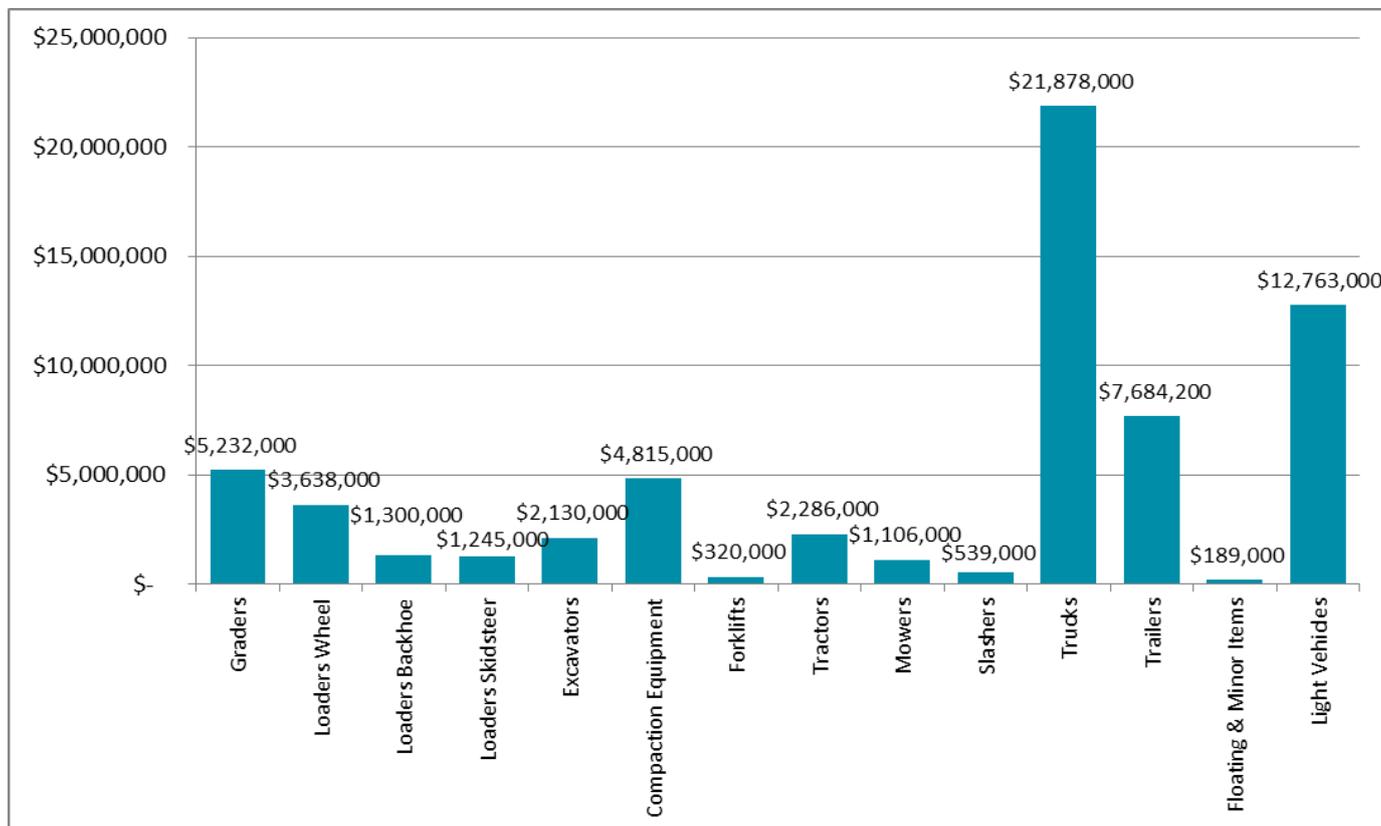
Based on the 10 Year Plant and Vehicle Replacement Program, the following funding levels are required to replace Council’s plant and fleet as per the Replacement Policy, over the next ten (10) years. Nett of Trade Values, total estimated expenditure of \$50.56M for the ten (10) years compares favourably to Council’s Ten (10) Year Capital Plan allocation of \$55.28M.

Year	Committed Funds (\$)	Plant (\$)	Vehicles (\$)	Total (\$)	Anticipated Trade Value (\$)	Nett Funds Required (\$)	10 Year Capital Plan Funds
2016/17	1,525,864	4,760,000	960,000	5,720,000	1,382,000	5,863,864	1,071,857
2017/18		5,514,000	1,308,000	6,822,000	1,705,500	5,116,500	3,928,958
2018/19		4,575,000	2,662,000	7,237,000	1,809,250	5,427,750	7,234,958
2019/20		6,636,000	602,000	7,238,000	1,809,500	5,428,500	7,089,000
2020/21		5,931,000	669,000	6,600,000	1,650,000	4,950,000	5,445,218
2021/22		5,729,500	807,000	6,536,500	1,634,125	4,902,375	5,864,000
2022/23		4,530,500	1,270,000	5,800,500	1,450,125	4,350,375	6,248,000
2023/24		5,299,000	1,343,000	6,642,000	1,660,500	4,981,500	5,915,958
2024/25		4,085,000	2,540,000	6,625,000	1,656,250	4,968,750	4,882,000
2025/26		5,494,200	602,000	6,096,200	1,524,050	4,572,150	7,600,000
Total		52,554,200	12,763,000	65,317,200	16,281,300	50,561,764	55,279,949

In undertaking funding at the recommended level across the ten (10) year program, the following plant ages and utilisations are projected at time of plant and vehicle disposal of each item by asset class.

	Number of assets	Average Replacement Cost (\$)	Target Disposal Age	Average Anticipated Disposal Age	Target Disposal Utilisation	Average Anticipated Disposal Utilisation
Graders	16	402,462	10	9.85	8000	9976
Loaders Wheel	11	330,727	10	11.73	8000	10286
Loaders Backhoe	8	162,500	8	9.00	8000	4989
Loaders Skidsteer	8	155,625	5	10.00	5000	2890
Excavators	11	193,636	9	9.45	7182	6408
Compaction Equipment	20	253,421	9	10.90	5300	5868
Forklifts	8	40,000	10	13.63	6000	1917
Tractors	20	134,471	7	8.40	5000	3073
Mowers	46	29,105	5	6.23	2000	1096
Slashers	23	24,500	7	9.35	5000	5000
Trucks	96	225,546	8	9.55	293515	208636
Trailers	186	54,498	12	15.82	-	-
Floating & Minor Items	3	63,000	10	10.00	-	-
Light Vehicles	162	75,076	5	5.98	140581	93960

Funding requirements by asset class (excluding the value of traded assets and current commitments) across the ten (10) year program are presented graphically below:



Utilising industry standards for replacement age and utilisation as target, the replacement program presented achieves close alignment with targets while falling within Councils Ten (10) Year Capital Plan funding limitations. Further, consistent return on investment in this asset class is anticipated based on both past performance and projections.

Additional budget is required in the 2016/17 financial year to meet the requirements of the 10 Year Plant and Vehicle Replacement Program presented and to ensure the aim to maintain optimum operation of Council's Plant and Vehicles is achieved.

CONSIDERATIONS / IMPLICATIONS:

Risk Rating



Risk:

Operational:

Delivery of road works projects on time and within budget.
 Ability to maintain road reserves and grassed areas in parks and gardens at Tieri.
 Increased workload on workshops due to higher number of breakdowns.

Strategic:

Council's Plant and Fleet assets significantly contribute to both capital works and operational commitments of Council.

Reputation:

Delays in service or reduced quality of work will impact the perception of Council. The utilisation, size and currency of the fleet will often be subject to public comment and through a revised approach, there will be a sustained focus on the productivity and efficiency of the fleet.

Project:

Project risk is managed within each activity and across the existing work and safety frameworks.

Political:

The productivity and efficiency of the Council fleet is often a matter for critique and a focussed and sustained approach through a more commercial approach will provide a level of assurance that the fleet and its productivity are being optimised in providing value for money service delivery.

Environmental:

The fleet continues to be managed and monitored to ensure its ongoing compliance with Council's broader environmental obligations.

Corporate/Operational Plan Reference:

Building and Maintaining Quality Infrastructure – Council's ability to maintain road infrastructure and parks and gardens
 Strong, Vibrant Communities – The condition of roads, parks and gardens has an impact on community satisfaction.

Financial:

Operation of Council's Plant and Vehicles will ensure a return on investment on the current Written Down Valuation of the Asset and fall with Council's funding provided within Council's 10 Year Capital Budget. Specific financial elements have been provided throughout the report including the forecast budget amendment for BR2 discussion.

Statutory/Policy/Delegations

Statutory:

Workplace Health and Safety Act 2011, Division 2, Section 19 – Primary duty of care

(3) Without limiting subsections (1) and (2), a person conducting a business or undertaking must ensure, so far as is reasonably practicable—

- (a) the provision and maintenance of a work environment without risks to health and safety; and
- (b) the provision and maintenance of safe plant and structures; and

Policy:

CH0043 – Asset Disposal Policy

Section 1.0 – Purpose and Scope

Where possible assets will be sold via local auctions to show transparency, equal competition and support local community organisations on the condition this method also demonstrates value for money.

CH009 – Procurement Policy

Section 4.1 – Sound Contracting Principles

Replacement assets will be procured in way that supports Council's objectives. Local businesses will be used where possible and in accordance with the other values listed in the procurement policy.

Communication/Engagement:

Specifications for replacement assets will be drafted in consultation with Infrastructure and Communities, Parks and Gardens staff with suitable change over arrangements scheduled in line with the requirements of the Plant and Vehicle Asset Management Plan.

ATTACHMENTS:

1. Plant and Vehicle Asset Management Plan V 1.1 - Amended **[12.1.1]**
2. Plant and Vehicle Replacement Policy - Draft **[12.1.2]**

– END OF REPORT –

14 COMMERCIAL SERVICES

14.1 Regional Airport Development 2017 Conference

DECISION ACTION REPORT

Author: Aimee Carson, Executive Assistant Commercial Services

Authorising Officer: Michelle Webster, General Manager Commercial Services

EXECUTIVE SUMMARY:

Registrations are currently open for the Regional Airport Development 2017 conference and workshops being held in Sydney from 20 to 22 March 2017. This event will focus on improving airport performance through infrastructure development and strategic asset management.

OFFICER RECOMMENDATION

That the Finance and Infrastructure Standing Committee authorises Councillor David Lacey to attend the Regional Airport Development 2017 conference being held in Sydney from 20 to 22 March 2017.

REPORT:

Registrations are currently open for the Regional Airport Development 2017 conference and workshops being held in Sydney from 20 to 22 March 2017. This event will focus on improving airport performance through infrastructure development and strategic asset management.

This event is wholly dedicated to regional airports and will focus on strategies for managing reserve funds, retro-fitting facilities to remain commercially competitive and within Civil Aviation Safety Authority (CASA) regulations and land-side development solutions.

Challenges to be addressed include:

- Sustaining a prolonged period of growth through route development and maintaining this trajectory through infrastructure development;
- Solidifying long-term relations between airports and airlines to improve development and operational outcomes.

There are three interactive pre-conference workshop sessions being held on 20 March 2017. The two day conference scheduled for 21 to 22 March will include eight case studies, two panel discussions and presentations from other industry professionals.

Council's General Manager Commercial Services has been authorised to attend the conference..

CONSIDERATIONS / IMPLICATIONS:

Risk Rating



Risk:
Nil

Corporate/Operational Plan Reference:

6. Strong Governance;
6.1.0 - Corporate Plan Strategy: Ensure Council's commercial activities are managed well and provide benefits to our community.

Financial:

Conference Registration	\$5,333.90
Flights – Emerald to Sydney return (based on flexi rate at the date of the report, red e-deals are available)	\$1,100.00
Accommodation (4 nights may be required) @ approx. \$370.00 per night / per person	\$1,480.00
<hr/>	
Total approximate cost	\$7,913.90

+ meals and transfers

Elected Members Expenses - Year to date (as at 31 January 2017)

	Budget	Year to Date
Conference Registrations	\$39,350	\$20,052
Accommodation and Meals	\$28,480	\$17,699
Travel Expenses	\$37,200	\$7,770

Statutory/Policy/Delegations:

Code of Conduct for Councillors Policy

Communication/Engagement:

Not applicable.

ATTACHMENTS:

1. Regional Airport Development 2017 - Conference Brochure [14.1.1]

– END OF REPORT –

14.2 Saleyards Fees and Charges (Tick Inspection and Advertising Signs)

DECISION ACTION REPORT

Author / Authorising Officer: Michelle Webster, General Manager Commercial Services

EXECUTIVE SUMMARY:

In accordance with the Local Government Act 2009, Council can establish fees and charges for services provided. The Emerald Saleyards is a commercial activity of Council and it is appropriate that fees and charges are established for the services provided to ensure ongoing financial sustainability. New fees are proposed for inclusion within Council's 2016/2017 Fees and Charges Schedule for Tick Inspection activities by third party operators and Council labourers, as well as, determining an annual rental for third party advertising (fixed) at the facility.

OFFICER RECOMMENDATION

That the Finance and Infrastructure Standing Committee adopt the following fees (inclusive of GST) for the Emerald Saleyards in its 2016/2017 Fees and Charges Schedule:

1. Tick Inspection Fees

Third Party Inspector – Annual Fee \$200 per annum

Council Tick Inspection -

Monday to Friday (7am to 4pm) 1-100 head - \$86.06 per hour or part thereof + \$0.55 per head

Monday to Friday (7am to 4pm) 100+ head - \$129.10 per hour or part thereof + \$0.55 per head

Monday to Friday after 4pm (out of hours) 1–100 head - \$129.10 per hour or part thereof + \$0.55 per head

Monday to Friday after 4pm (out of hours) 100+ head - \$193.64 per hour or part thereof + \$0.55 per head

Saturday (7am to Noon) minimum 3 hour charge 1-20 head \$193.64 per hour or part thereof + \$0.55 per head (beyond Noon Sunday rates apply)

Saturday (7am to Noon) minimum 3 hour charge 21-100 head \$387.29 per hour or part thereof + \$0.55 per head (beyond Noon Sunday rates apply)

Saturday (7am to Noon) minimum 3 hour charge 100+ head \$580.93 per hour or part thereof + \$0.55 per head (beyond Noon Sunday rates apply)

Sunday minimum 3 hour charge 1-20 head \$258.19 per hour or part thereof + \$0.55 per head

Sunday minimum 3 hour charge 21-100 head \$516.38 per hour or part thereof + \$0.55 per head

Sunday minimum 3 hour charge 100+ head \$774.58 per hour or part thereof + \$0.55 per head

2. Advertising (Fixed)

Above 4.0 m² - Price on Application

4.0m² to 3.1m² - \$495 per annum

3.0m² to 2.7m² - \$440 per annum

2.6m² to 2.1m² - \$415 per annum

2.0m² to 1.7m² - \$330 per annum

1.6m² to 1.1m² - \$220 per annum

1.0m² to 0.5m² - \$110 per annum

REPORT:

This report seeks the Finance and Infrastructure Standing Committee's consideration in regard to the adoption of two new fees for the Emerald Saleyards relating to tick inspection and advertising (fixed).

It should be noted that fees associated with services at the Emerald Saleyards are commercial in nature not regulatory and therefore not limited to cost recovery only. However, Council has historically been mindful in setting fees associated with Emerald Saleyards activities due to the service the facility provides

to our rural communities. It should also be noted that all profits from saleyards operations are placed in reserve and used for improvements and capital upgrades.

Tick Inspection

Changes to the Biosecurity Act 2014 effective from 1 July 2016 provided opportunity for Emerald Saleyards to conduct tick inspection services from its facility, due to changes in the tick lines. Officers from the Department of Primary Industries (DPI), as well as, saleyard stakeholders approached Council to seek establishment of tick inspection services from the Emerald Saleyards.

Relevant matters:

- Emerald Saleyards Coordination Committee endorsed tick inspection services - 11 July 2016;
- Intent was to meet vendors needs, allow existing business/s to operate from Council facility, Council staff to be certified to provide inspection service for vendors if required, although not from an aspect to compete commercially (at that time) against existing operator based at Rolleston;
- Tick inspection certifiers must undertake training and assessment by DPI;
- Third party inspectors are operating from the Emerald Saleyards – need for fee consideration for facility usage (Selling Agents pay an annual fee);
- Council staff (2) nearing certification – need for fee for tick inspection services;
- Council will benefit from increased cattle dipping volumes (up to December 2016 on average around an additional 2,000 head of cattle per month);
- Proposed tick inspection fees provides for labour on Monday to Friday at 1 – 100 head (2 operators), 100+ head (3 operators) and weekends 1 – 20 head (1 operator), 21 – 100 head (2 operators) and 100+ head (3 operators);
- Comparison of proposed tick inspection fees - labour recovery costs only versus recommended fee for labour recovery costs plus facility recovery component (refer Attachment); and
- Comparison of fees for other Saleyards (refer Attachment).

Fee proposed:

- **Third Party Inspector – Annual Fee** - it is proposed that a nominal annual fee be implemented for the use of Council's facility proposed at \$200 per annum (n.b. fees for dipping associated with inspection is collected by Council);
- **Council Inspector** – Fee proposed (inclusive of GST) is based on labour recovery costs plus facility recovery component as follows:
 - Monday to Friday (7am to 4pm) 1-100 head - \$86.06 per hour or part thereof + \$0.55 per head
 - Monday to Friday (7am to 4pm) 100+ head - \$129.10 per hour or part thereof + \$0.55 per head
 - Monday to Friday after 4pm (out of hours) 1-100 head - \$129.10 per hour or part thereof + \$0.55 per head
 - Monday to Friday after 4pm (out of hours) 100+ head - \$193.64 per hour or part thereof + \$0.55 per head
 - Saturday (7am to Noon) minimum 3 hour charge 1-20 head \$193.64 per hour or part thereof + \$0.55 per head
 - Saturday (7am to Noon) minimum 3 hour charge 21-100 head \$387.29 per hour or part thereof + \$0.55 per head (beyond Noon Sunday rates apply)
 - Saturday (7am to Noon) minimum 3 hour charge 100+ head \$580.93 per hour or part thereof + \$0.55 per head (beyond Noon Sunday rates apply)
 - Sunday minimum 3 hour charge 1-20 head \$258.19 per hour or part thereof + \$0.55 per head
 - Sunday minimum 3 hour charge 21-100 head \$516.38 per hour or part thereof + \$0.55 per head
 - Sunday minimum 3 hour charge 100+ head \$774.58 per hour or part thereof + \$0.55 per head

Advertising (Fixed)

There are a number of fixed advertising signs at the Emerald Saleyards facility advertising third party businesses. There appears to be some history where an annual fee was charged to certain advertisers, but over the past number of years no rental has been collected or fee determined. To ensure an equitable

approach and to provide an additional revenue opportunity (although minimal) it is proposed to implement annual rental fees for third party advertisers placing fixed advertising at the Emerald Saleyards facility.

Relevant matters:

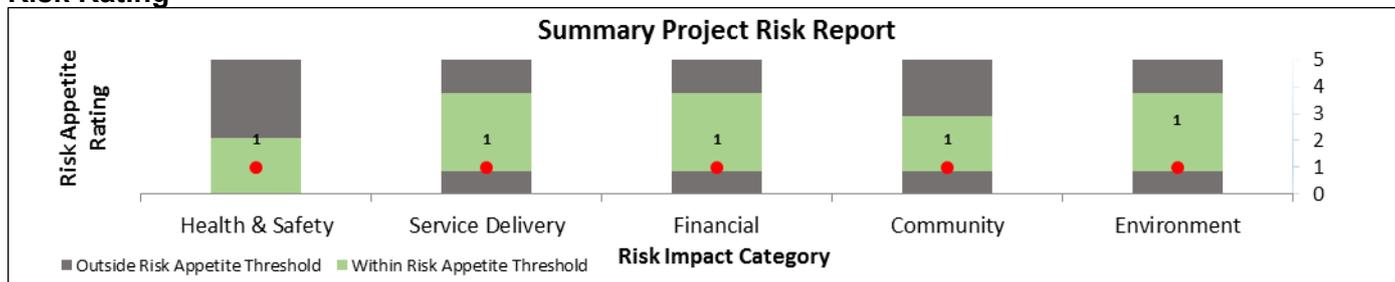
- Emerald Saleyards Advertising Strategy supports advertising by third party businesses – endorsed by Emerald Saleyards Coordination Committee – 11 July 2016;
- Independent valuation provided by Taylor Byrne (January 2016) in regard to rentals for advertising signage has been used as basis for proposed annual fees;
- Businesses have approached Council to place fixed advertising at the Emerald Saleyards (namely Mobbs Engineering and Specsavers); and
- Existing signage – businesses that no longer exist will have signs removed; existing businesses with signs in place will be corresponded with for option to have signage remain subject to payment of annual fee.

Fees proposed (annual rental inclusive of GST):

- Above 4.0 m² - Price on Application
- 4.0m² to 3.1m² - \$495 per annum
- 3.0m² to 2.7m² - \$440 per annum
- 2.6m² to 2.1m² - \$415 per annum
- 2.0m² to 1.7m² - \$330 per annum
- 1.6m² to 1.1m² - \$220 per annum
- 1.0m² to 0.5m² - \$110 per annum

CONSIDERATIONS / IMPLICATIONS:

Risk Rating



Risk:

Tick Certification fees – risks are associated with impact to local business dependent upon fees determined by Council; and Advertising (Fixed) - no apparent risks are associated with Council adopting fees for advertising at the Emerald Saleyards.

Corporate/Operational Plan Reference:

6. Strong Governance
 6.1.0 - Corporate Plan Strategy: Ensure Council's commercial activities are managed well and provide benefits to our community.

Financial:

Tick Clearing Certification – fees proposed will provide for additional revenue opportunity. Increase in cattle volumes processed for tick clearing certification will increase revenue associated with dipping volumes. Since clearing activities commenced an approximate increase of 2,000 cattle per month in dipping volumes has occurred.
 Advertising (Fixed) - will provide for minimal increase in Emerald Saleyards revenue through the collection of annual rental, estimated at around \$2,500 per annum currently.

Statutory/Policy/Delegations:

Local Government Act 2009

Communication/Engagement:

Matters pertaining to Tick Clearing Certification and Advertising have been discussed with the Emerald Saleyards Coordination Committee on 11 July 2016.

ATTACHMENTS:

1. Emerald Saleyard Proposed Tick Inspection Fees **[14.2.1]**
2. Comparative Fees List – Other Saleyard Operators **[14.2.2]**

– END OF REPORT –

17 GENERAL BUSINESS

20 CLOSURE OF MEETING