



GLADSTONE
REGIONAL COUNCIL

GENERAL MEETING AGENDA

**TO BE HELD AT THE GLADSTONE ENTERTAINMENT CONVENTION
CENTRE, 56 GOONDOON STREET, GLADSTONE**

On 16 June 2020

Commencing at 1.00pm

Notice *Section 277E Local Government Regulation 2012*: This meeting will be closed to the public, due to health and safety reasons associated with the public health emergency involving COVID-19.

Live streaming will be available on Council's website.

**Leisa Dowling
CHIEF EXECUTIVE OFFICER**

Table of Contents

ITEM	PAGE
G/1. MAYORAL STATEMENT OF CURRENT ISSUES.....	3
G/2. CONFIRMATION OF MINUTES	4
G/2.1. CONFIRMATION OF GENERAL MEETING MINUTES FOR 2 JUNE 2020.....	4
G/3. OFFICERS' REPORTS.....	5
G/3.1. MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 26 MAY 2020	5
G/3.2. APPLICATION FOR PERMANENT ROAD CLOSURE - PACIFIC CRESCENT, CURTIS ISLAND	19
G/3.3. REQUEST TO CONSIDER ADOPTED INFRASTRUCTURE CHARGE AND REBATE SCHEME CONSIDERATION FOR DEVELOPMENT APPLICATION 32.2019 FOR A MATERIAL CHANGE OF USE OF PREMISES FOR AN AGED PERSONS ACCOMMODATION (RESIDENTIAL CARE FACILITY AND RETIREMENT FACILITY).....	24
G/3.4. GATES AND GRIDS POLICY	32
G/3.5. LATROBE CITY COUNCIL - STATEMENT OF COMMITMENT - IMPENDING POWER STATION CLOSURES AND RELATED TRANSITION IMPACTS ON THE HOST MUNICIPALITIES	35
G/4. DEPUTATIONS	40
G/5. COUNCILLORS REPORT	40
G/6. URGENT BUSINESS.....	40
G/7. NOTICE OF MOTION	40
G/8. CONFIDENTIAL ITEMS	40

G/1. MAYORAL STATEMENT OF CURRENT ISSUES

Nil.

G/2. CONFIRMATION OF MINUTES

G/2.1. CONFIRMATION OF GENERAL MEETING MINUTES FOR 2 JUNE 2020

Responsible Officer: Chief Executive Officer

Council Meeting Date: 16 June 2020

File Ref: CM7.2

Purpose:

Confirmation of the minutes of the General Meeting held on 2 June 2020.

Officer's Recommendation:

That the minutes of the General Meeting of Council held on 2 June 2020 be confirmed.

Attachments:

1. Minutes of the General Meeting of Council held on 2 June 2020.

Tabled Items:

Nil.

Report Prepared by: Executive Secretary

G/3. OFFICERS' REPORTS

G/3.1. MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 26 MAY 2020

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 16 June 2020

File Ref: FM15.1

Purpose:

This report seeks Council adoption of the Monthly Financial Statements for the 2019-20 year to date, for the period ended 26 May 2020.

Officer's Recommendation:

That Council adopt the Monthly Financial Statements attached to the officer's report for the 2019-20 year to date, for the period ended 26 May 2020 as required under Section 204 *Local Government Regulation 2012*.

Background:

The percentage of year passed (pro-rata rate) as at 26 May 2020 is 90.68%.

On 11 March 2020 the World Health Organisation declared COVID-19 a worldwide pandemic. Council has responded swiftly to the changing requirements of operating in this current state, this has been reflected in the financial results since April and is expected to continue as Council works through the process of unwinding of restrictions.

Forecast

The 2019-20 budget was adopted on 17 July 2019. During the month of April 2020, the business undertook a forecasting process to establish an expected position at 30 June, taking into consideration the year to date results and the COVID-19 situation. Commentary will focus on variances between actuals and forecast, as movement from budget to forecast was addressed in the report presented in April.

Statement of Income and Expenditure

Income

Recurrent Revenue

Total recurrent revenue	2019-20	Actual as %
Actual	\$175.7m	
Budget	\$199.3m	88.17%
Forecast	\$193.9m	90.61%

Of note:

Net rates and utility charges	2019-20	Actual as %
Actual	\$141.6m	
Budget	\$152.0m	93.18%
Forecast	\$151.5m	93.51%

General rates and annual waste, water and sewerage charges have been levied as well as water consumption for the period July – December 2019. The remaining water consumption revenue for 2019-20 will be accrued upon completion of the water meter reading cycle for the second half of the financial year. Meter readings are scheduled to be conducted in June 2020.

Fees and charges	2019-20	Actual as %
Actual	\$12.5m	
Budget	\$18.6m	62.71%
Forecast	\$13.6m	91.55%

Tipping fees for commercial customers and internal use have not yet been raised for May. Based on the amounts received for the previous months, this could see the forecast exceeded by approximately \$0.9m by year end. Although June tipping fees for commercial customers and internal use will not be raised until July, they will be accrued back to the 2019-20 year.

Interest received from investments	2019-20	Actual as %
Actual	\$1.7m	
Budget	\$3.1m	55.59%
Forecast	\$2.3m	76.41%

Council will recognise interest earnings on term deposits as they mature in June, with additional interest entitlements accrued at year end.

As part of the COVID-19 support package approved by Council, there has been an effective freeze on interest on overdue rates and charges resulting in a loss of revenue totalling \$0.2m.

Sales revenue	2019-20	Actual as %
Actual	\$4.6m	
Budget	\$2.2m	207.05%
Forecast	\$4.0m	116.68%

The majority of sales revenue is received from the Queensland Government, through the RMPC program and other contract works, such as the Gladstone-Monto Road shoulder widening project.

Revenue of this nature has been receipted upon receipt; however, Council may be required to defer portions of this income, paid in advance, based on the relevant Australian Accounting Standards. Analysis of this revenue is in progress with completion expected in line with year-end Financial Statement preparation.

Income tax equivalents	2019-20	Actual as %
Actual	\$2.7m	
Budget	\$2.9m	94.74%
Forecast	\$2.8m	96.51%

Council has received a \$2.2m dividend from Queensland Treasury relating to the 50% share of dividends and tax equivalents from the Gladstone Area Water Board.

Gladstone Airport Corporation (GAC) is not expected to remit income tax equivalents this year, due to the impacts of COVID-19 on their business. Council will still receive a further \$0.1m in competitive neutrality fees from GAC as per their Statement of Corporate Intent.

Other recurrent revenue	2019-20	Actual as %
Actual	\$3.1m	
Budget	\$3.5m	88.73%
Forecast	\$3.2m	96.15%

This category includes revenue from the Gladstone Entertainment Convention Centre (GECC). Due to the COVID-19 situation, all events from April – June have been cancelled with most refunds now processed. It is not anticipated that GECC will receive any further trading income in the 2019-20 financial year.

Also included in this revenue stream is rental income. As part of the COVID-19 support package, Council has waived commercial rent on Council owned properties from 1 March to 30 June to the amount of \$0.1m.

General purpose grants	2019-20	Actual as %
Actual	\$3.9m	
Budget	\$7.8m	49.63%
Forecast	\$7.8m	49.58%

Since preparing this report, the final quarterly instalment for 2019-20 as well as the advance payment for 2020-21 have been received. The actuals for this year now total \$8.0, exceeding the forecast by \$0.2m. This increase over the expected amount is a result of Federal Government increasing the Financial Assistance Grant Pool to Local Governments, Council's allocation has increased 5.6% annually based on the prorata prepaid amount.

State grants and subsidies	2019-20	Actual as %
Actual	\$2.7m	
Budget	\$4.0m	66.84%
Forecast	\$4.0m	67.10%

An advance payment for the State Government Waste Levy was received in June 2019 to mitigate the effect on residential households. The revenue is recognised in 2019-20 as the expense is

occurred, with payment of the levy due within two months of month end. As such, the levy revenue has only been recognised up until February 2020, with four months of the year remaining at an estimated total of \$0.5m.

The forecast includes \$0.4m for the QCoast program and \$0.2m for the Boyne Burnett Rail Trail Design. The remainder of the forecast is split across various areas of the business.

Commonwealth grants and subsidies	2019-20	Actual as %
Actual	\$2.1m	
Budget	\$0.6m	350.29%
Forecast	\$2.2m	95.21%

Funding related to the National Disaster Relief & Recovery Arrangements (NDRRA) was received in 2019-20 that was not included in the original budget. The forecast was adjusted to account for these receipts.

Other grants, subsidies, contributions and donations	2019-20	Actual as %
Actual	\$0.0m	
Budget	\$3.8m	0.08%
Forecast	\$1.8m	0.17%

The forecast for other contributions relates to the Gladstone City Plaza Forecourt Upgrade. This revenue will be recognised upon the completion of the project and the debtor will be reduced as repayments are made in future years. Completion has been delayed and is now expected in August 2020. Revenue will only be recognised in 2019-20 to the value of expenses incurred prior to 30 June 2020. Current estimates indicate that \$0.3m will be carried over into 2020-21.

Capital Revenue

Total capital revenue	2019-20	Actual as %
Actual	\$6.4m	
Budget	\$7.0m	92.57%
Forecast	\$6.6m	97.50%

Of significance:

State government grants and subsidies	2019-20	Actual as %
Actual	\$2.7m	
Budget	\$4.4m	59.88%
Forecast	\$2.2m	122.47%

An additional \$0.6m has been received since the forecast was prepared, relating to:

- \$0.3m Queensland Reconstruction Authority (QRA) for the 2019 bushfire event.

- \$0.3m Department of Transport and Main Roads (DTMR) for Flinders Parade landslip remediation.

Commonwealth grants and subsidies	2019-20	Actual as %
Actual	\$3.2m	
Budget	\$2.5m	125.13%
Forecast	\$3.9m	80.72%

\$0.6m is forecast to be received for bridge replacement works on crossings at Baffle Creek and Hobble Creek.

A further \$0.3m is forecast for the Phillip Street Communities Precinct under the Regional Jobs and Investment Package.

Expenditure

Recurrent expenditure

Total recurrent expenditure	2019-20	Actual as %
Actual	\$166.0m	
Budget	\$197.5m	84.06%
Forecast	\$190.9m	86.96%

Of note:

Employee benefits	2019-20	Actual as %
Actual	\$54.4m	
Budget	\$57.2m	95.15%
Forecast	\$60.5m	89.92%

Employee benefits are the largest component of Councils recurrent expenditure. Wages look to exceed the forecast due to a decrease in the capitalisation rate of labour following delays in the capital works program. Further, a decrease in leave taken during the COVID-19 period reflects in unanticipated wages paid from the operating surplus as opposed to the leave provisions.

Contractors and consultants	2019-20	Actual as %
Actual	\$20.6m	
Budget	\$30.1m	68.58%
Forecast	\$25.9m	79.65%

The remaining forecast includes the following amounts, with the balance spread across the business:

- \$1.1m for kerbside waste collection

- \$0.7m for gravel pit environmental works
- \$0.5m for the Gladstone City Plaza forecourt upgrade
- \$0.3m for mowing and arboriculture services
- \$0.3m for waste water removal at the 1770/Agnes Water treatment plant

Donations and sponsorships	2019-20	Actual as %
Actual	\$2.0m	
Budget	\$3.4m	58.91%
Forecast	\$2.8m	71.20%

The forecast includes \$0.4m for financial support for sporting and community organisations under Council's COVID-19 support package.

An additional \$0.1m expenditure is expected before 30 June, as part of Council's contributions to the completion of the Calliope & District Multi-Purpose Facility under the Works 4 Queensland program.

Insurance	2019-20	Actual as %
Actual	\$2.1m	
Budget	\$2.0m	102.41%
Forecast	\$1.9m	112.49%

Insurance prepayments have been processed in May and were not considered correctly in the forecast. It is anticipated that insurance expenditure at 30 June will exceed forecast by \$0.3m.

Other materials and services	2019-20	Actual as %
Actual	\$7.0m	
Budget	\$9.2m	75.05%
Forecast	\$9.4m	73.29%

The major expenses included in this category are repairs and maintenance and the purchase of materials. It is not unusual for this account to track slightly below pro-rata at this time of year, as invoices received in July relating to 2019-20 will be accrued back into this current year. This means that the expenditure recognised in June will likely be higher than that of any other month in the year.

Property and utilities expenses	2019-20	Actual as %
Actual	\$6.0m	
Budget	\$7.2m	82.71%
Forecast	\$6.9m	86.01%

The forecast includes \$0.5m for electricity for May and June 2020. \$0.2m is also included for property repairs and maintenance.

Staff and Councillor expenses	2019-20	Actual as %
Actual	\$1.9m	
Budget	\$3.9m	48.36%
Forecast	\$3.3m	57.70%

The forecast includes an amount of \$0.4m for costs payable to the Electoral Commission Queensland relating to the local election. This expense will be incurred in the coming weeks.

While face to face training has decreased, Council has a number of training commitments that have moved to an online space, whilst the forecast is for \$0.2m for training in the remaining month of the year, our expenditure is currently \$0.25m below forecast and this gap is likely to widen in June.

Waste disposal and tipping fees	2019-20	Actual as %
Actual	\$7.0m	
Budget	\$10.1m	69.58%
Forecast	\$7.5m	93.42%

The remaining forecast allows for internal waste disposal charges for May and June. Payment of the QLD Waste Levy for April – June, which is due for payment 60 days following month end is expected to exceed forecast but will be offset by additional income recognised.

Water purchases	2019-20	Actual as %
Actual	\$15.5m	
Budget	\$18.1m	85.61%
Forecast	\$18.4m	84.00%

Bulk Water Purchases through to the end of April are up 5.2% YTD in volume, although usage through Council connections has been higher, the fixed nature of the Bulk Water bill has only seen total expenses increase by 1.6% for the same period.

Capital Expenditure

	Year to date actual expenditure	Budget	Actual as % of budget	Forecast	Actual as % of forecast
Year to date capital expenditure	\$32.8m	\$74.9m	43.74%	\$40.8m	80.42%
Including commitments (purchase orders)	\$35.6m		47.44%		87.22%

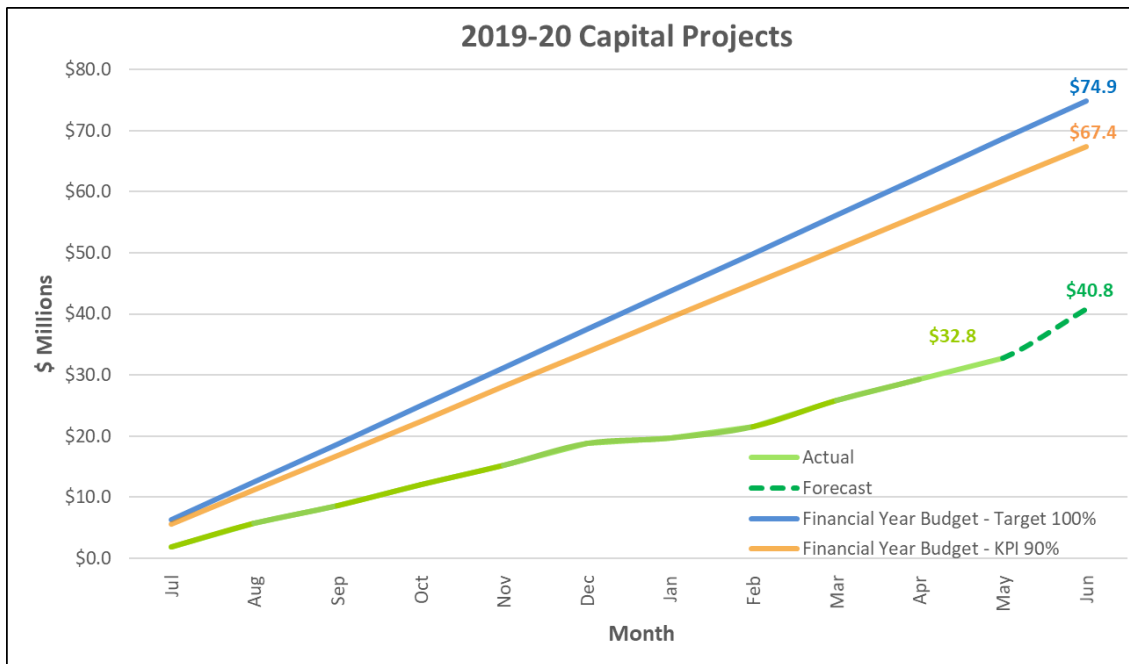
Capital expenditure (not including commitments) against groups with significant capital expenditure budgets is shown in the table below:

GLADSTONE REGIONAL COUNCIL - GENERAL MEETING AGENDA 16 JUNE 2020

Group	YTD Actual	Budget	Actual as % of Budget	Forecast	Actual as % of Forecast
Road Assets	\$12.258m	\$21.544m	57%	\$11.853m	103%
Major forecast movement remaining					
- RDC0784 - Goondoon Street Footpath & Pavement \$0.8m					
Sewerage Assets	\$9.752m	\$20.430m	48%	\$12.615m	77%
Major forecast movement remaining					
- SIC6002 - Yarwun Waste Water Treatment Plant \$0.5m					
- SCC6013 - Boyne Island Waste Water Treatment Plant \$0.3m					
- SGC1025 Gladstone Sewer Pipe Bridge Replacement \$0.3m					
- SGC5007 SCADA Network Upgrade - Gladstone \$0.3m					
Strategy & Transformation	\$2.796m	\$9.170m	30%	\$5.090m	55%
Major forecast movement remaining					
- BDC0113 - Philip Street Community Precinct \$2.6m					
Water Assets	\$2.132m	\$8.263m	26%	\$2.672m	80%
Delivery Support and Performance	\$2.107m	\$6.210m	34%	\$3.018m	70%
Major forecast movement remaining					
- GNC0135 - Fleet Replacement Program \$0.7m					
Waste Assets	\$2.405m	\$3.820m	63%	\$2.598m	93%
Property Assets	\$0.141m	\$2.145m	7%	\$0.162m	87%
Parks & Environment Assets	\$0.504m	\$1.906m	26%	\$0.639m	79%
Community Development & Events	\$0.465m	\$0.651m	71%	\$0.528m	88%
Other	\$0.219m	\$0.804m	27%	\$0.804m	27%
Total	\$32.778m	\$74.943m	44%	\$40.759m	80%

To account for the delays experienced year to date, as well as those anticipated during the COVID-19 pandemic, Council has completed an in depth forecast to arrive at a new expected capital position at 30 June 2020. Non-essential projects have been placed on hold or deferred. Details of the variance were provided in the Quarter 3 Capital Report.

The following graph illustrates the year to date capital expenditure as at 26 May 2020 and anticipated capital forecast for the full year as reflected in the April 2020 reforecast, compared to the adopted budget. The most recent estimate for 30 June is \$39.1m, which is based on realistic expectations of June expenditure, this new position has not been processed through the financial system and remains an informal estimate.



Statement of Financial Position

Year to date Assets	Current Value	Adopted Budget	Percentage of Adopted Budget
	\$2.28b	\$2.31b	98.68%

Council's cash remains high following the rates generation and reduced expenditure on capital projects. Property, plant and equipment is less than the budgeted amount for 30 June 2020 as there are still capital works to be completed as per the forecast detailed above.

Year to date Liabilities	Current Value	Adopted Budget	Percentage of Adopted Budget
	\$135.76m	\$133.05m	102.03%

The budget for liabilities is the expected position at 30 June 2020. As loan repayments are made throughout the year the balances will align closer to the budget.

Outstanding Rates

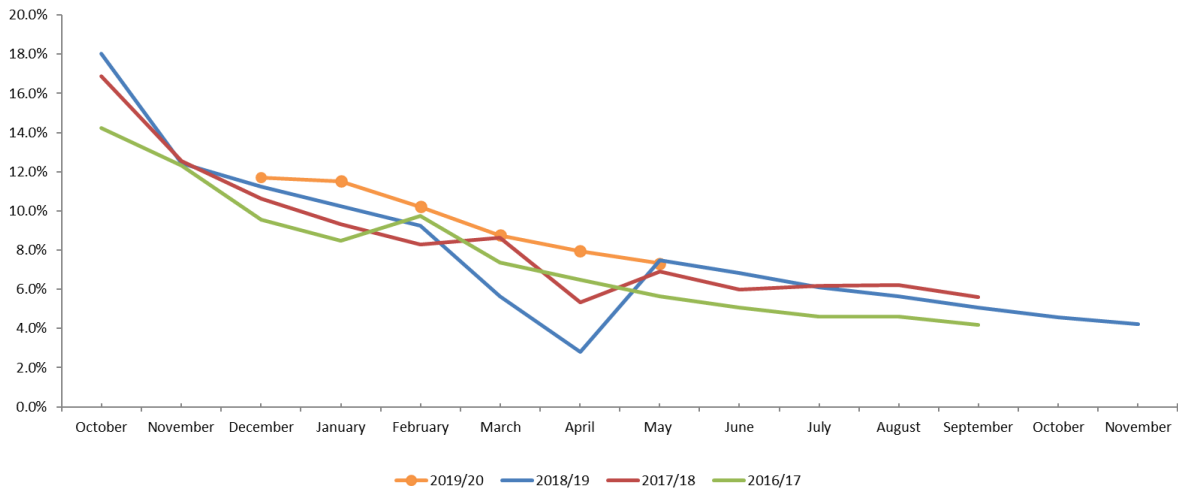
Outstanding rates as a percentage of gross rates levied and collectible for 2019-20, is at 7.32% at the end of May 2020 compared to 7.49% for the same period last year. Of the \$13.3m of outstanding rates, 15.40% relates to commercial/ industrial assessments and 84.60% represents residential assessments.

These figures include \$1.44m of rates that are currently being repaid under an authorised payment plan, for which there were 52 commercial/industrial assessments and 1,237 residential assessments. This is a total of 1,289 assessments – a decrease from 1,454 assessments in April.

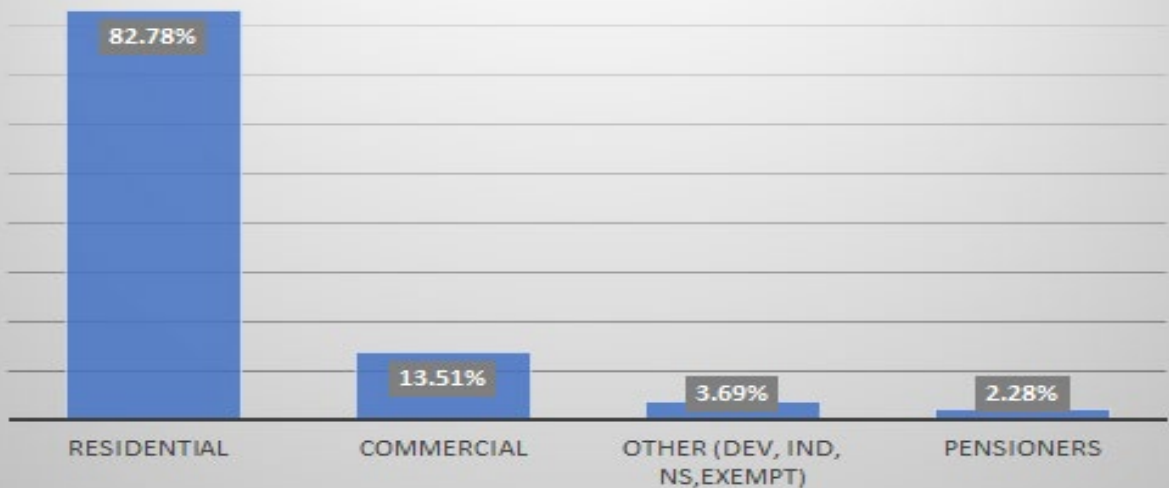
There were 5,364 ratepayers who had paid their rates in advance, in the amount of \$7.5m.

The extension to the due date for the 2019-20 rates is reflected in the higher outstanding rates percentage compared to this time in previous years. A similar effect is expected going forward, following the extension of the due date for July – December 2019 water consumption due to COVID-19.

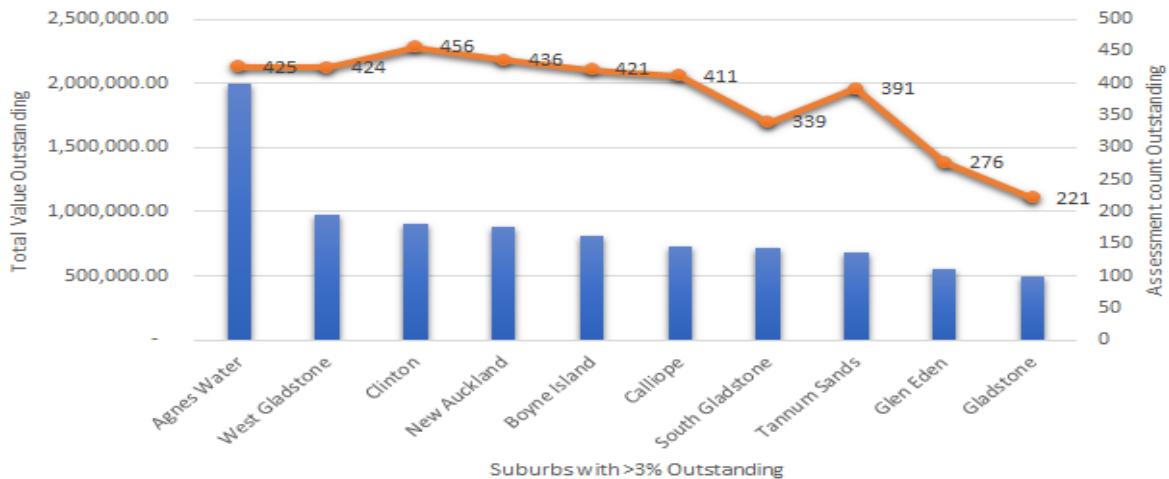
Outstanding Rates



Rates & Charges Outstanding Balances as at 03/06/2020



Residential Rates & Charges Outstanding > 3% per Suburb



Sustainability Ratios

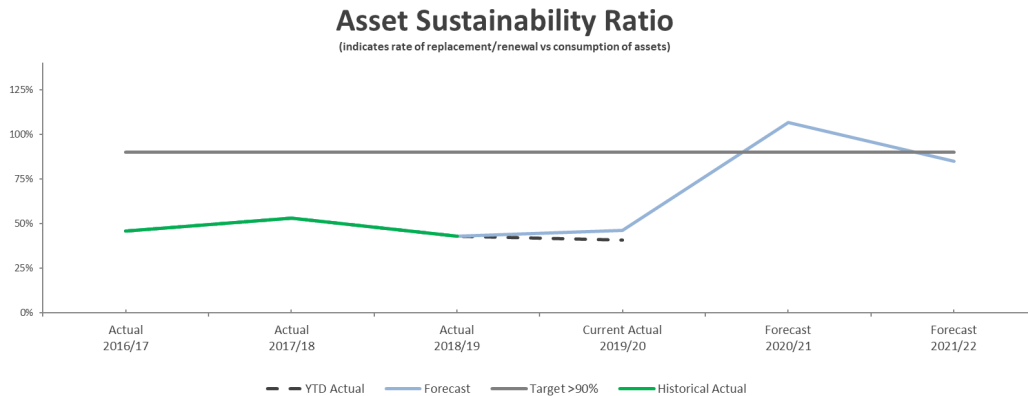
Council's Sustainability Ratios for the period are generally in line with expectations at this stage of the reporting year. Early in the financial year, ratios are typically distorted given that Council raises most of its yearly revenue early in the year but incurs expenses and delivers its capital program on an incremental basis throughout the year.

Financial ratios provide a useful snapshot of Council's financial status and emerging trends. Individual ratios do not provide enough information to form a comprehensive opinion of Council's financial position and performance, but when the right mix of ratios are considered together, they become an important tool in analysing Council's overall financial performance.

Asset Sustainability Ratio

This ratio compares Councils expenditure on capital renewal assets with the rate at which our assets are depreciating. As Council invests in the renewal of its asset base on a rolling cycle, the expected results can vary from year to year. The actual results for a single year are compared to the budget for that year are dependent on the delivery of renewal projects in the capital program. The information provided in the section above indicates the expectations of completion of the capital program as a whole.

Asset Sustainability Ratio				
CURRENT YTD	PRIOR YEAR RESULT	BUDGET	FORECAST	TARGET
40.68%	42.81%	79.39%	45.96%	>90%



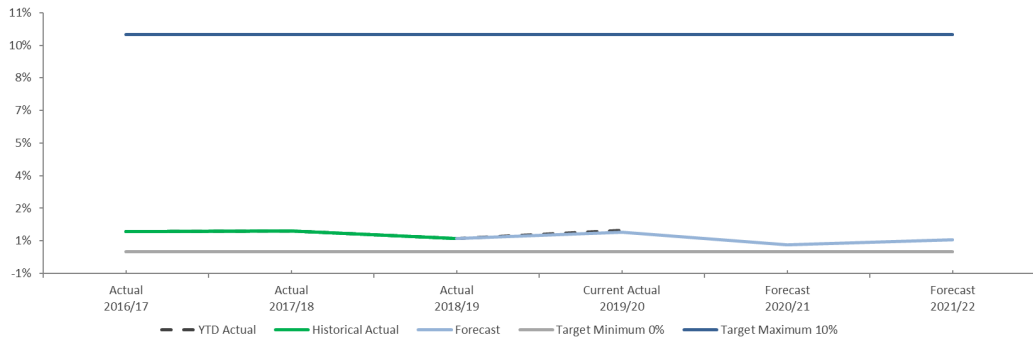
Interest Coverage Ratio

This ratio indicates the percentage operating revenue required to cover net interest costs. The results of this ratio are within the target range. The improvement from the previous year result is due to decreased interest costs in line with decreasing loan balances.

Interest Coverage Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
0.98%	2.05%	1.47%	0.90%	0 - 10%

Interest Coverage Ratio

(Indicates extent of commitment of revenue to interest payments)



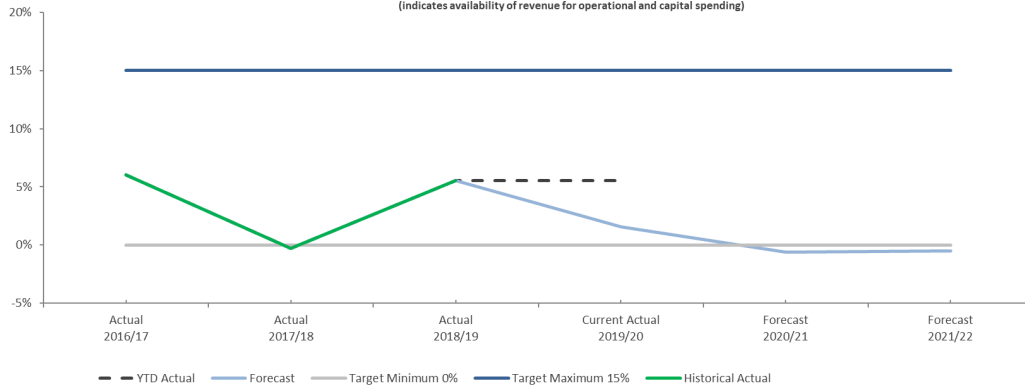
Operating Surplus Ratio

A positive result for this ratio indicates that operating revenue can be used to fund capital expenditure, on top of the operational costs of Council. The results of this ratio have decreased from the same period last year due to a higher amount of recurrent expenditure in the first 11 months of the year. The forecast changes shows an increase to the operating surplus that Council is expecting at year end compared to the adopted budget.

Operating Surplus Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
5.53%	10.10%	0.91%	1.57%	0 - 15%

Operating Surplus Ratio

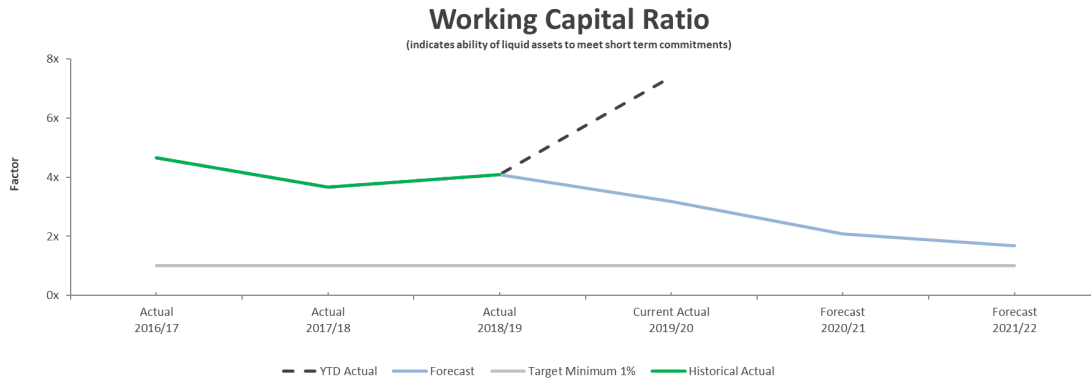
(Indicates availability of revenue for operational and capital spending)



Working Capital Ratio

The working capital ratio shows the ability of Councils current assets, to cover the commitments of its current liabilities. Due to delays in capital expenditure, Council has a large cash balance that increases the results of this ratio. The ratio is in excess of the target minimum, reflecting a healthy position for Council.

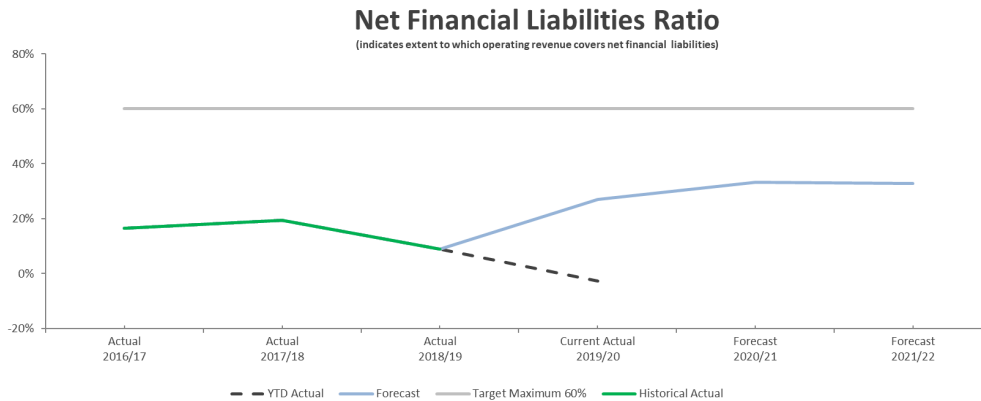
Working Capital Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
7.40x	7.58x	3.13x	3.17x	Greater than 1:1



Net Financial Liabilities Ratio

The ratio shows the extent to which operating revenue covers net financial liabilities. Where the current asset value exceeds the total liabilities, the ratio will return a negative value. The results of this ratio are negative due to the high value of cash and the operating surplus. This result is steadily aligning closer to budget as the year progresses.

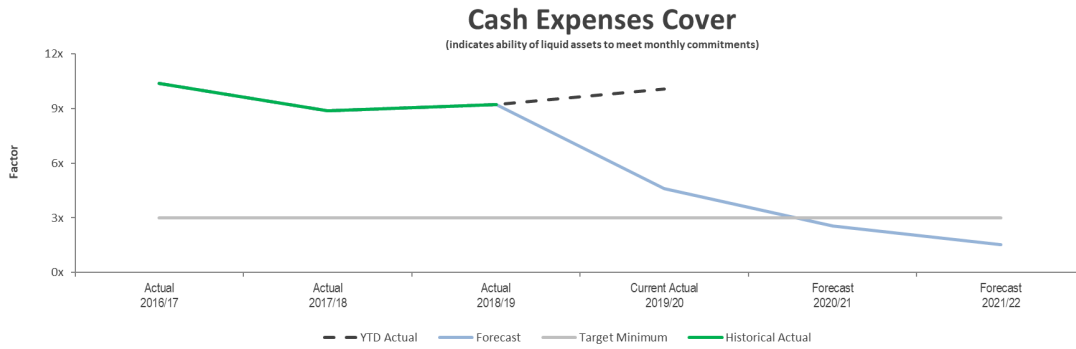
Net Financial Liabilities Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
(2.60%)	4.63%	26.70%	26.92%	< 60%



Cash Expenses Cover Ratio

This ratio indicated the number of months that Councils cash balance could cover its cash expenses. The current result reflects a continuing strong cash position proportional to operating costs. This result is well above the target ratio.

Cash Expenses Cover Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
10.08x	11.57x	4.32x	4.59x	> 3x



Options, Risk and Opportunity Analysis:

Nil.

Communication and Consultation:

The report seeks specialist input regarding budget and forecast from Systems Modelling and Metrics Specialist and Cost Analyst. Capital expenditure commentary is provided through Manager Works Planning and Scheduling and information relative to outstanding rates and prepaid rates is sought from Manager Revenue Services.

Legal Strategy and Policy Implications:

Council is required to receive an update at least monthly relative to its financial position, *Section 204 Local Government Regulation 2012*

Financial and Resource Implications:

Nil.

Summary:

Nil.

Anticipated Resolution Completion Date:

16 June 2020.

Attachments:

1. Monthly Financial Statements for period ending 26 May 2020
2. Operating Statements for month end May 2020

Tabled Items:

Nil.

Report Prepared by: Accountant

G/3.2. APPLICATION FOR PERMANENT ROAD CLOSURE - PACIFIC CRESCENT, CURTIS ISLAND

Responsible Officer: General Manager Strategic Asset Performance

Council Meeting Date: 16 June 2020

File Ref: RD7.3

Purpose:

The purpose of this report is to allow Council to consider whether to support an application for permanent road closure of an unformed road (currently used as a footpath) located at South End, Curtis Island.

Officer's Recommendation:

That Council advise the applicant and Department of Natural Resources, Mines and Energy that Council does not support the application for permanent closure of road situated between 12 and 14 Pacific Crescent, Curtis Island on the basis that the road is, or may be, used regularly by the public as a road.

Background:

The registered owner ("the Applicant") of 14 Pacific Crescent, Curtis Island otherwise described as Lot 7 on S7346 ("Lot 7") has requested Council's consent to an application for the permanent closure of road adjacent to Lot 7 (marked in yellow below).



The road, while unformed is used as a pathway between Endfield Crescent and Pacific Crescent. The applicant owns both Lot 7 and the adjacent 12 Pacific Crescent, Curtis Island otherwise described as Lot 6 on S7346 ("Lot 6") with the two lots separated only by the subject road/pathway. Lot 7 contains a house and septic system while Lot 6 is currently vacant.

If the application for permanent road closure is approved, the road will be closed and amalgamated with Lot 7 and the Applicant will have uninhibited access between their two properties. The Applicant has expressed interest in constructing a shed on Lot 6.

Council as road manager, does not own the land on which the subject road/pathway is situated and does not have the authority to permanently close a road. Applications for road closure must be submitted to, assessed and decided by the Minister for the Department Natural Resources Mines and Energy (“DNRME” (or delegate) in accordance with ss89 – 102 of the *Land Act 1994*.

In addition to the provisions of the *Land Act 1994*, section 68 of the *Local Government Act 2009* requires DNRME to provide notice of any proposed road closure or opening to the relevant local government. Under s68, the local government must fully state its reasons for the support or otherwise of a road closure or opening and the Minister will consider these reasons when determining whether or not to approve an application.

In order to fulfil their obligations under the *Local Government Act 2009*, DNRME as part of their application process require an applicant for a road closure to obtain the local government’s consent and submit a “*Statement in relation to an application under the Land Act 1994 over State land - Part C*” with the application.

Officers require a resolution of Council to complete the Applicant’s “*Statement in relation to an application under the Land Act 1994 over State land - Part C*” to accompany the Applicant’s application.

Options, Risk and Opportunity Analysis:

Three (3) options have been considered by officers:

1. Council support the permanent road closure application;
2. Council not support the permanent road closure application; or
3. Council support the permanent road closure and relocate the road/pathway.

Option 1 – Council support the permanent road closure application

In the event that Council supports the application, the application will be forwarded to DNRME for assessment. As part of the assessment process DNRME typically:

1. Assesses the application against relevant legislative requirements as well as DNRME policies, procedures and guidelines;
2. Seek input from other stakeholders; and
3. Inspect the land if required.

Notably, s100(1) of the *Land Act 1994* requires DNRME to:

- (a) give appropriate public notice of the application; and
- (b) make appropriate enquiries about the effect the closure would have.

If any objections are received as part of DNRME’s process they will be considered by DNRME providing that they are valid with respect to the road closure and genuinely about the need for the land as a road to continue.

If the application is successful, the land will be converted from state land to freehold and amalgamated with Lot 7. The applicant will be required to pay a purchase price for the land as well as any ancillary costs to DNRME.

The opportunities and risks associated with this Option 1 are summarised in the table below.

Opportunities	Risks
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<ul style="list-style-type: none"> • Allows the application to follow through the DNRME processes. • If approved by DNRME removes the footpath asset from Council's register and removes the need to inspect and maintain the pathway. 	<ul style="list-style-type: none"> • Supporting the application will be contrary to the feedback received by 27 community members. • Reduces pedestrian connectivity for the community as alternate pedestrian paths will increase travel time. • If approved, removes availability for future opportunities.
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Option 2 – Council do not support the permanent road closure application

In the event Council does not support the permanent road closure DNRME the Applicant will be entitled to submit their application to DNRME and DNRME will take into account Council's position with respect to the road closure.

Section 99(7) of the Land Act 1994 provides that DNRME can refuse an application where DNRME are satisfied that the road is, or may be, used regularly by the public as a road and Council's position would be supportive of this course of action.

Opportunities	Risk
<ul style="list-style-type: none"> • Community will feel listened to. • If not approved, the road corridor remains for future infrastructure. • Pedestrian access remains for the community. 	<ul style="list-style-type: none"> • Applicant is unsatisfied with decision.

Option 3 – Council apply to simultaneously close and open a road

To try and achieve an acceptable outcome for both the applicant and community, consideration was given to the re-location of the pathway between 10 and 12 Pacific Crescent, Curtis Island via a simultaneous closure and opening of the road.

This option has been discounted for the following reasons:

- Option 3 would require the support of 10 Pacific Crescent, Curtis Island.
- The pathway would be moved away from the general direction of the barge landing area.
- A simultaneous road opening and closure is not supported by DNRME as this option generally exists for public benefit scenarios and is not normally applied for this type of private benefit outcome (i.e. securing additional freehold land for a private resident).
- Council would incur costs to construct a new pedestrian pathway.

Communication and Consultation:

To better understand the impact of the proposed road closure on the local South End community, letters were sent to 13 landowners within the vicinity of the pathway (as shown below in the blue highlighted area).



In response to Council's letters 30 submissions were received from 10 of the landowners and the wider South End community. Three of the submissions were in support of the road closure. 27 submissions were not supportive of the road closure.

Internal consultation was undertaken with Engineering Asset Solutions and Asset Planning officers to understand if existing Council infrastructure is located in the road or if there were plans for future works in the road. This consultation confirmed that there is no Council owned infrastructure located in the area of the proposed closure and there is no infrastructure currently planned for this corridor.

The internal consultation also identified that closing this pedestrian pathway would have a low impact on existing and future road network infrastructure.

Legal Strategy and Policy Implications:

The land on which the road reserve (pathway) is located is State Land however in accordance with the *Local Government Act*, the road or pathway is under the control of Council.

Under Section 99 of the *Land Act 1994*, an entity may apply for the permanent closure of a road if the entity is an adjoining landowner. The adjoining landowner may also request for the land of the closed road to be amalgamated with their land.

The Minister for Natural Resources Mines and Energy (or delegate) is the decision maker for road closure applications.

The Minister may refuse a road closure application if the Minister is satisfied that:-

- (a) The road is the only dedicated access to a person's land; or
- (b) The road is, or may be, used regularly by the public as a road or stock route; or
- (c) The road provides continuity to a road network.

Council does not currently have a policy position on road closures and such matters are considered on a case by case basis. A policy position will be considered as part of the Property Acquisition and Disposal Policy currently that is currently being drafted.

Financial and Resource Implications:

If DNRME does approve the application, Council will no longer be responsible for managing this asset, this will result in an immaterial reduction of operating expenditure.

If DNRME does not approve the application, there will be no financial implications for Council.

Summary:

If Council prefers to support the application, an alternative resolution might be:-

That Council advise the applicant and Department of Natural Resources, Mines and Energy that Council supports the application for permanent closure of road situated between 12 and 14 Pacific Crescent, Curtis Island on the basis that there is limited impact to the road network on Curtis Island.

Anticipated Resolution Completion Date:

31 July 2020

Attachments:

1. Locality Map (red box subject of road closure application)
2. Summary of community feedback

Tabled Items:

Nil.

Report Prepared by: Property Acquisition & Disposal Specialist

G/3.3. REQUEST TO CONSIDER ADOPTED INFRASTRUCTURE CHARGE AND REBATE SCHEME CONSIDERATION FOR DEVELOPMENT APPLICATION 32.2019 FOR A MATERIAL CHANGE OF USE OF PREMISES FOR AN AGED PERSONS ACCOMMODATION (RESIDENTIAL CARE FACILITY AND RETIREMENT FACILITY)

Responsible Officer: General Manager Customer Experience

Council Meeting Date: 16 June 2020

File Ref: DA.32.2019 & FM7.2

Purpose:

The purpose of this report is to allow Council to consider entering into an Infrastructure Agreement to reduce the associated Adopted Infrastructure Charge for a Material Change of Use of Premises for an Aged Persons Accommodation (Residential Care Facility (84 units) and Retirement Facility (100 units)) located at 75 and 105 Tannum Sands Road, Tannum Sands QLD 4680 (Ref: DA/32/2019) and apply under the Infrastructure Charges Rebate Scheme (Policy Number P-2019-28).

Officer's Recommendation:

That the request to enter into an Infrastructure Agreement to reduce the Adopted Infrastructure Charge and request further exemptions outside the Infrastructure Charges Rebate Scheme for Development Application 32/2019 located at 75 and 105 Tannum Sands Road, Tannum Sands QLD 4680, be refused.

Background:

The subject sites are located at 75 and 105 Tannum Sands Road, Tannum Sands, on land more formally known as Lot 119 CTN 1807 and Lot 2 RP 616291. The lots have a total area of 5.3 hectares with approximately 463 metres of road frontage.

The site has steep topography which rises predominantly from Tannum Sands Road to a central portion of the site. The site ranges in height from RL 23m AHD to 5m AHD with several flat areas that accommodate two dams and the existing structures.

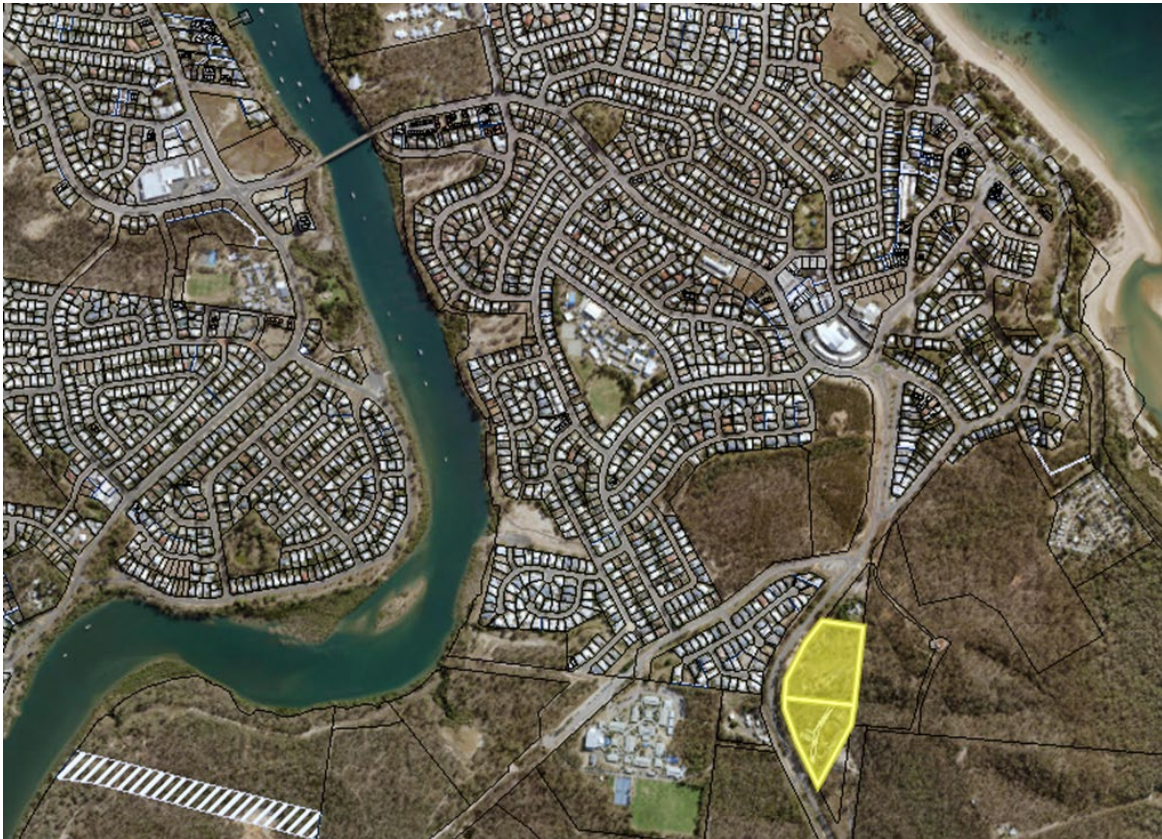


Figure One: Aerial Image of Subject Sites

Development Application 32/2019 was lodged with Council on 10 July 2019 and considered Properly Made on 24 July 2019. A Development Permit and Adopted Infrastructure Charge Notice for this application was issued on 19 December 2019 (Attachments 1 and 2). After receipt of the Development Permit, the Applicant suspended the Appeal Period on 14 January 2020 to make representations. On 21 January 2020, the Applicant lodged representations against several conditions and the Adopted Infrastructure Charge Notice (Attachment 3).

The development has been designed for retirement and aged care living which comprises a range of living options that respond to the occupants needs right through their later years. Specifically, the development proposes 100 retirement living villas (i.e. retirement village) spread across the site in a variety of dwelling types, and 84 residential aged care units (i.e. residential care facility) located within a centrally positioned multi-level building.

The Applicant has proposed to stage the development in seven stages which includes onsite facilities such as a community centre, function room and cafe. These community facilities will be constructed within Stage One and Two and are only available to the gated development (i.e. will not be available for hire by the general community).



Figure Two: Approved Staging Plan



Figure Three: Approved Site Plan

Adopted Infrastructure Charge Calculation

The infrastructure charge areas for Gladstone Regional Council have been identified based on the 'calculated cost' of servicing a 3 bedroom house with trunk infrastructure. This cost analysis aligns with the Local Government Infrastructure Plan (LGIP) to identify the relevant networks which enables a local government to estimate the cost of infrastructure provision to assist its long term financial planning.

The subject site is located within Charge Area 1 which is the urban area of Gladstone, Calliope, Boyne Island, Tannum Sands, Agnes Water, Seventeen Seventy that can be serviced with sewer, transport, water and parks trunk infrastructure. These areas contribute to both the existing and future trunk infrastructure.

As per the *Gladstone Regional Council Adopted Infrastructure Charges Resolution (No.1) – 2015 Version 2* (Resolution), a Retirement Facility and Residential Care Facility attract the following charge rate:

Use	Category	Rate
Retirement Facility	Accommodation (Long Term) (1 or 2 Bedroom)	\$20,222.30 per dwelling
	Accommodation (Long Term) (3+ Bedroom)	\$28,311.20 per dwelling
Residential Care Facility	Community Services	\$70.80/m2 GFA

In accordance with the Resolution the following breakdown for the development is provided below:

Existing Lawful Use		Proposed Use		
Planning Scheme Definition	GFA	Planning Scheme Definition	Amount	Stage
Dwelling House Vacant Lot	3 x Bedroom 1 x Vacant Lot	Retirement Facility <ul style="list-style-type: none"> • 9 Units @ 2 Bedroom • 2 Units @ 3 Bedroom Residential Care Facility <ul style="list-style-type: none"> • Wing 1 – 2,175m² GFA 	Total = \$392,613.10	Stage One
		Retirement Facility <ul style="list-style-type: none"> • 10 Units @ 2 Bedroom • 2 Units @ 3 Bedroom Residential Care Facility <ul style="list-style-type: none"> • Wing 2 – 2,175m² GFA 	Total = \$412,835.40	Stage Two
		Retirement Facility <ul style="list-style-type: none"> • 16 Units @ 2 Bedroom 	Total = \$323,556.80	Stage Three
		Retirement Facility <ul style="list-style-type: none"> • 9 Units @ 2 Bedroom 		Stage Four

		<ul style="list-style-type: none"> • 4 Units @ 3 Bedroom 	Total = \$295,245.50	
		Retirement Facility <ul style="list-style-type: none"> • 20 Units @ 2 Bedroom 	Total = \$404,446.00	Stage Five
		Retirement Facility <ul style="list-style-type: none"> • 20 Units @ 2 Bedroom 	Total = \$404,446.00	Stage Six
		Retirement Facility <ul style="list-style-type: none"> • 6 Units @ 2 Bedroom • 2 Units @ 3 Bedroom 	Total = \$177,956.20	Stage Seven

As part the Decision Notice, an Adopted Infrastructure Charge Notice (AICN) was issued in accordance with the Act. As per the AICN, the proposed development charge of \$2,411,099.00 minus the applicable credit of \$56,622.40 will receive a total charge of \$2,354,476.60. The notice was staged, noting it is payable upon completion of each stage.

Applicant's Request

The Applicant lodged the original request during the Applicant's Appeal Period dated 21 January 2020. As part of the negotiated assessment, Council Officers advised the Applicant that the request was outside the Resolution, therefore, Council must consider the proposal. As such, the request was refused under Delegated Authority on 20 February 2020.

To date, the Applicant and Council Officers have had various discussions regarding the Resolution, adjoining Local Government positions, and the Rebate Scheme. Following a recent Council Report, the Applicant has submitted a revised request dated 27 May 2020 (Attachment 6).

The request advises that although the Retirement Facility ILU provides a variety of configurations such as 2 and 3 bedroom ILUs, the occupation rate of all ILUs will remain consistent with a 1-bedroom ILU with a maximum occupation of two permanent residents. These arrangements will be formally documented within the lease arrangements of the development and will restrict each ILU to a maximum permanent occupation of 2 people, with additional bedrooms available for use by visitors only. The Applicant has stated that this arrangement is consistent with current industry standards which are reflected by the results of a 2019 National Retirement Census, conducted by the Property Institute of Australia. This Census identified that 68% of ILUs are occupied by a single resident, with 32% of ILUs being occupied by couples. As such, it is clear that the permanent occupation and use of ILUs reflect that of a 1-bedroom ILU, regardless of the number of bedrooms.

The Applicant has reviewed similar cases in which Rockhampton Regional Council (dated 2016) and Mackay Regional Council (dated 2015) have considered the suggested occupancy loading on networks in which they agreed to enter into an Infrastructure Agreement for the following reduced rates:

- ILU – 2 Bedrooms - \$13,000 per dwelling
- ILU – 3 Bedrooms - \$15,000 per dwelling

The Applicant has also advised that Council's Infrastructure Charges Rebate Scheme currently contains strict conditions in the form of time constraints, that do not consider the ongoing development and market factors associated with a project of this scale. The construction of this project and the number of stages, are largely driven by market demand which when in consideration of the current global pandemic, can result in markets changing quickly.

As a result of the above considerations, the Applicant seeks for Council to consider entering into an Infrastructure Agreement that will include the following:

1. Agree to a charge outside of the current resolution for both the 2-bedroom and 3-bedroom ILUs (reduced charge);
2. Apply the agreed reduced infrastructure charge for the 90 x 2-bedroom and 10 x 3-bedroom ILUs;
3. Apply Council's Infrastructure Charges Rebate Scheme, varied to apply greater flexibility and certainty surrounding the development's staging, construction timing and time horizon.

Options, Risk and Opportunity Analysis:

The following three (3) options exist in consideration of this request.

Option 1 – Refuse Applicant's Request

Officers have correctly applied the applicable charging rate based on the endorsed LGIP and associated Resolution and can progress the rebate with the Applicant in line with policy.

The development meets the eligible criteria under the Infrastructure Charges Rebate Scheme. Under Delegated Authority, Council Officers can progress the Infrastructure Agreement with the Applicant and stipulate the rebate conditions (timing of completion). The Adopted Infrastructure Charge with the \$500,000 cap applied would be reduced to \$1,854,476.60.

If this option is chosen by Council, the Infrastructure Charge can be paid in full (per stage) or negotiations can be undertaken to enter into an Infrastructure Agreement to pay the Infrastructure Charge in installments (plus interest).

Option 2 – Approve Applicant's Request and agree to a charge outside of the current resolution

The Infrastructure Charge for the Retirement Facility component be reconsidered to include a 1 bedroom and 2 bedroom 'calculated cost' based on the lease arrangements conducted by the developer/site manager.

Use	Calculation	Revised Charge Rate	Quantity	Total
Retirement Facility	ILU – 2 Bedrooms dwelling rated as 1 bedroom dwelling	\$13,000	90 dwellings	\$1,170,000
	ILU – 3 bedroom dwelling rated as 2 bedroom dwelling	\$15,000	10 dwellings	\$150,000
Residential Care Facility	Gross Floor Area	No Change	4,350m2 GFA	\$307,980
Existing Use Credit				\$56,622.40
Total Charge				\$1,571,357.60

The development is considered under the Rebate Scheme and receives the full maximum incentive of \$500,000 (capped as per policy). The relevant stages are completed as per the *Planning Act 2016* and not further restricted by the Rebate Scheme conditions.

As no provisions exist within the Resolution or Rebate Scheme to allow Officers to consider the request, the decision must be made by Council.

If Council choose to reduce the charge and apply the rebate incentive, the existing Adopted Infrastructure Charge Notice remains applicable and an Infrastructure Agreement must be entered into. As a result, the Infrastructure Agreement will outline the below breakdown of charges:

	Charge	Credit/Incentive	Total
Retirement Facility	\$1,320,000		
Residential Care Facility	\$307,980		
Vacant Lot & Dwelling House		\$56,622.40	
Incentive Policy (capped)		\$500,000	
			\$1,071,357.60

Option 3 – Apply Council’s Infrastructure Charges Rebate Scheme, varied to apply greater flexibility

The calculation was undertaken in accordance with the Resolution.

The development is considered under the Rebate Scheme and receives the full maximum incentive of \$500,000 (capped as per policy). The relevant stages are completed as per the *Planning Act 2016* and not further restricted by the Rebate Scheme conditions.

As no provisions exist within the Rebate Scheme to allow Officers to consider the request, the decision must be made by Council. If Council choose to allow the Applicant’s development timeframes to align with the Planning Act, the existing Adopted Infrastructure Charge Notice remains applicable and an Infrastructure Agreement must be entered into to reflect the Adopted Infrastructure Charge with the \$500,000 cap applied would total \$1,854,476.60.

Communication and Consultation:

The Applicant and Council Officer’s undertook various communications relating to the process of requesting a consideration for an alternative calculated cost charge and relaxed rebate scheme request.

Legal Strategy and Policy Implications:

If the Applicant’s request is agreed to, this will not be in accordance with the Resolution.

All other requests for Council consideration under the Rebate Scheme have been for a maximum rebate of 50% (inline with the Policy) albeit for developments that didn’t strictly meet the eligibility criteria.

The reporting and tracking of Infrastructure Charges and payment arrangements are publicly available in accordance with legislation.

Financial and Resource Implications:

Option 1 – Nil.

Option 2 & 3 – Should Council apply its discretion against Officer’s Recommendation and decide to consider one of these options, the calculation of additional demand placed upon trunk infrastructure that will be generated by the development will fall to Council (i.e. ratepayers) to cover.

Summary:

Option	Description	Outcome
Option 1	Refuse Applicant’s Request	AIC outlined in the Adopted Infrastructure Charge Notice for \$2,354,476.60 remains current and the Applicant can progress a request under the Rebate Scheme in accordance with requirements (time restriction and cap of \$500,000) which will be under Delegated Authority. This would reduce the AIC to \$1,854,476.60 .
Option 2	Approve Applicant’s Request and agree to a charge outside of the current resolution	Enter into an Infrastructure Agreement outlining that the revised charge applied reduces the AIC to \$1,571,357.60 and the capped Rebate is included to align with the Planning Act timeframes and further reduces the AIC to \$1,071,357.60 .
Option 3	Apply Council’s Infrastructure Charges Rebate Scheme, varied to apply greater flexibility	Enter into an Infrastructure Agreement outlining the capped rebate be applied with the associated timeframes to align with the Planning Act and not with the Rebate Scheme. The AIC would reflect \$1,854,476.60 .

Anticipated Resolution Completion Date:

If Option 1 is endorsed and the request is refused, the Applicant will be informed within 10 business days of the decision.

If Option 2 or 3 is endorsed, the Applicant must enter into an Infrastructure Agreement with Council.

Attachments:

1. DA/32/2019 - Decision Notice
2. DA/32/2019 - Adopted Infrastructure Charge Notice
3. DA/32/2019 - Lodged Representations
4. DA/32/2019 - Negotiated Decision Notice
5. DA/32/2019 - Refused Negotiated Adopted Infrastructure Charge Notice
6. Request for consideration against AIC Resolution and Rebate Scheme

Tabled Items:

Nil.

Report Prepared by: Development Services

G/3.4. GATES AND GRIDS POLICY

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 16 June 2020

File Ref: LE3.1

Purpose:

The purpose of this report is to seek Council adoption of a revised Gates and Grids Policy in accordance with Council Resolution G/19/3778.

Officer's Recommendation:

That Council:

1. Repeal P-2015-27 Gates and Grids Policy; and
2. Adopt P-2020-03 Gates and Grids Policy.

Background:

At a General Meeting on 21 May 2019, after taking into consideration feedback obtained from community engagement undertaken during the review of P-2015-27 Gates and Grids Policy, Council resolved (vide resolution G/19/3778):

That Council:

1. *Adopt an amended version of Option 2 as the position to be reflected in revised drafting of Local Law and Policy, whereby ownership of gates and grids transfers to Council and at the end of a gate or grid's useful life the structure is either replaced at the request and cost of the impacted landowner/s or removed by Council.*
2. *In recognition of the time it will take to amend the policy and local law, authorise the Chief Executive Officer to administer an amnesty period for the current fees and charges under the existing policy P-2015-27 Gates and Grids.*

A revised policy has now been drafted to achieve the outcomes required under resolution G/19/3778. The proposed policy will be supported by a revised Corporate Standard.

This report does not revisit the history of the review of the Gates and Grids Policy however this history of this matter can be found in the report titled "Gates and Grids" in the General Meeting Agenda for 21 May 2019.

Options, Risk and Opportunity Analysis:

The proposed policy has been developed collaboratively between Strategic Asset Performance, Governance and Operations in consultation with the wider business.

For maintained roads within the Gladstone Region, in line with the resolution G/19/3778, Council will be responsible for the maintenance and repair of gates and grids until the end of their useful life. Council will provide opportunity for the relevant Landholder to pay for the replacement of a gate or grid at the end of its useful life and any salvage right if removed.

Whilst developing the proposed policy in response to the Council resolution, officers were required to deal with a matter relating to infrastructure located on a road reserve outside of Council's maintained road network. As a result of this matter, officers considered how gates and grids on unmaintained roads within the region should be managed in the policy. After considering the road

hierarchy, road services levels of service, risks and costs, it is recommended that the proposed policy treats unmaintained roads differently to maintained roads in the region and this is reflected in the drafting of the proposed policy.

Unmaintained roads within the region include unformed and unmade roads, along with formed and made roads that extend beyond the maintained road network. Gates and grids on unmaintained roads represent lower risk to the general driving community as they are typically only trafficked by landholders and their agents.

Council does have the right to approve new structures and remove unapproved or unsafe structures on all Council roads and it is proposed that this should be maintained. Therefore the proposed policy position for unmaintained roads within the Gladstone Region, is that the Landholder deriving, or potentially deriving, the benefit from the gate or grid will be responsible for seeking approval to install, maintaining, repairing and renewing or disposing of gates and grids.

Communication and Consultation:

With the exception of advising landholders of Council's decision of 21 May 2019, there has been no further consultation with the community in the development of this policy.

In developing the proposed policy and corporate standard, collaboration occurred with subject matter experts across the business. Additionally, the wider business was provided with the opportunity to provide feedback on the policy.

Legal, Strategy and Policy Implications:

Supporting local laws have been amended to complement the revised policy position.

Legal advice obtained during the development of the policy has identified that Council must obtain written agreement from Landholders to transfer ownership of existing gates and grids to Council.

Financial and Resource Implications:

In response to Council resolution G/19/3778 a technical officer position has been created and filled.

A comprehensive inspection program has been undertaken to better understand the condition of grids within the road network. It is estimated that within Council's maintained road network there are:

- 72 grids in poor to fair condition and will require replacement or removal at a rate of 15 per year for the next five years.
- 219 grids in fair to acceptable condition and will require replacement or removal at a rate of 22 per year from 2025/26.
- 34 grids in acceptable to compliant condition and will require replacement or removal at a rate of 4 grids per year from 2035/36.

Following internal consultation, the Roads Program Delivery team will undertake the maintenance, renewal and removal works. Maintenance and removal works will be absorbed in to the Urban and Rural Roads budget.

Landholders will enter into Private Works Agreements with Council for gates and grids to be renewed on a cost recovery basis.

Summary:

Nil.

Anticipated Resolution Completion Date:

The adopted policy will be effective from 1 July 2020.

Attachments:

1. P-2015-27 Gates and Grids Policy
2. P-2020-03 Gates and Grids Policy (Proposed)

Tabled Items:

Nil.

Report Prepared by: Manager Governance

G/3.5. LATROBE CITY COUNCIL - STATEMENT OF COMMITMENT - IMPENDING POWER STATION CLOSURES AND RELATED TRANSITION IMPACTS ON THE HOST MUNICIPALITIES

Responsible Officer: General Manager Strategy and Transformation

Council Meeting Date: 16 June 2020

File Ref: ED6.2

Purpose:

To allow Council to consider signing the Latrobe City Council's Statement of Commitment.

Officer's Recommendation:

That Council sign Latrobe City Council's Statement of Commitment.

Background:

In Latrobe City Council's Policy "*Positioning Latrobe City for a Low Carbon Emission Future*" dated 6 April 2010, Latrobe City Council identified that international and Australian policies are being introduced to reduce greenhouse gas emissions in response to growing concern about climate change and sustainability. These policies, and the constraints on carbon-based emissions, have significant implications for the ongoing sustainability, vitality and wellbeing of not only the Latrobe City community but many other regional communities.

A Statement of Commitment ("the Statement") has been developed by Latrobe City Council to proactively partner with other Councils to develop and implement a comprehensive transition strategy which allows positioning to prosper in a low carbon emissions future.

The following key issues form the guiding principles for the Statement:

- Economic diversification and utilisation of carbon from coal;
- Secure and stable baseload power through low emission technologies; and
- Effective planning, engagement and consultation in support of transition.

Latrobe City currently supplies over 90% of Victoria's electricity through greenhouse gas heavy brown coal fired generation with extensive electricity distribution infrastructure linking to Melbourne. Electricity generation accounts for around 21% of Latrobe City Gross Regional Product (GRP).

Employment in Latrobe City is heavily reliant upon the income obtained from electricity generation and coal mining activities, with about 3,100 (or 11%) jobs linked directly to these sectors. Furthermore, an additional 8 jobs were found to be sustained in the local economy for every 10 jobs in the electricity sector. Therefore, there are approximately 2,500 additional jobs sustained due to electricity sector activities giving a total of 5,600 (approximately 20%) jobs related to the sector.

Like the Central Queensland region, the Latrobe Valley had 4 large brown Coal fired power stations near each other. On 3 November 2016, the owners of the Hazelwood Facility, Engie, announced that the entire Hazelwood plant would be closed at the end of March 2017 giving five months' notice of the closure, some 8 years ahead of schedule. The power station closed in March 2017 with the loss of 750 direct and 2000 indirect jobs and significant immediate and ongoing economic and social impacts on the Latrobe region and Victoria. The Latrobe City Council area unemployment rate remains consistently above 8.9% since the Hazelwood closure.

By comparison the generation of electricity in Gladstone employs some 500 workers directly with a payroll spend of around \$40M per annum. It is projected that an additional 1,100 indirect jobs are supported by electricity generation in Gladstone. Whilst not of the scale of Latrobe City, the Gladstone Power Station remains a significant economic driver in the Gladstone region and for the State of Queensland providing 15-20% of the State's peak dispatchable power.

Latrobe City Council is seeking to engage with neighbouring, and similarly threatened, municipalities as well as the State and Federal Governments to develop and implement a comprehensive transition strategy which allows positioning to prosper in a low carbon emissions future.

Latrobe City Council has identified three themes that underpin its planned approach:

1. Pursuing opportunities in the successful transition to a low carbon future;
2. Contingency planning to identify, avoid or manage detrimental impacts; and
3. Partnerships.

The following table outlines the currently operational coal-fired power stations in Australia, estimated closure dates, and their host municipalities: -

Generator - NSW	Council
Bayswater (scheduled for closure in 2035)	Muswellbrook LGA
Liddell (scheduled for closure in 2023)	
Eraring (scheduled for closure in 2034)	Lake Macquarie LGA
Mt Piper (scheduled for closure in 2043)	Lithgow LGA
Vales Point B (scheduled for closure in 2028)	Wyong LGA (Central Coast)
Generator – Queensland	Council
Kogan Creek	Western Downs LGA
Millmerran (scheduled for closure in 2020/30)	Toowoomba LGA
Tarong (scheduled for closure in 2036)	South Burnett LGA
Callide B (re-scheduled for closure from 2039 to 2028)	Banana LGA
Gladstone (scheduled for closure in 2035)	Gladstone LGA
Stanwell (scheduled for closure in 2046)	Rockhampton LGA
(Collinsville – site of Shine pre-feasibility proposal)	Whitsunday LGA

Generator - Victoria	Council
Loy Yang A (scheduled for closure in 2048)	Latrobe City Council
Loy Yang B (scheduled for closure in 2048)	
Yallourn (scheduled for closure in 2032)	
Generator – Western Australia	Council
Collie (state owned)	Shire of Collie
Muja A and B comprise units 1-4. They are scheduled for closure in 2022. Muja C and D comprise units 5-8. Units 5 and 6 are scheduled for closure in 2030, and units 7 and 8 are scheduled for closure in 2040.	
Bluewaters (privately owned; selling coal to industry)	

The 13 at risk municipalities have all been approached by Latrobe City Council to participate in the Statement of Commitment. At the time of writing this report, all municipalities are still considering the option and have not signed the Statement of Commitment.

Options, Risk and Opportunity Analysis:

Like the Gladstone region, Latrobe City Council views the transition from a carbon-based regional economy as an opportunity to innovate and diversify into renewables and to utilise the current power distribution networks and the production of biomass for the bio futures sector.

Given Gladstone is the home of several industries supported by carbon-based energy, this is a very timely discussion. The transition economy discussion is gaining momentum in the region and will be the focus of climate change advocacy from environmental and single interest groups like the Australian Conservation Foundation. This could be an opportunity for impacted Councils to lead the transition economy discussion and influence the planning and policy agenda to maximise the best outcome for their communities.

Option 1 – Sign the Statement of Commitment

In signing the Statement of Commitment, Council will signal that it supports the principles and objectives of the document and will have the opportunity to be an active participant in any future joint advocacy campaign to be developed and agreed. This could also be a catalyst for Council to lead the discussion and planning regionally on the future of a transition economy.

It is noted that there is potential for adverse public reaction by environmental and/or single interest groups advocating for the immediate closure of coal fired power stations and the coal industry in general. It is also unknown at this stage whether the inevitability of a transition economy is widely accepted in the Gladstone Community at this point.

There is also opportunity for Council to confirm its commitment to be a Green Energy Hub for Australia in the long term and display its long-term vision in this space.

The proposed advocacy program and campaign is unclear and unqualified at this stage and so Council's response to Latrobe would need to include expectations around joint development and

commitment to any advocacy programs with adequate planning to time to allow for any potential resource implications. Resource implications however are considered to be minimal at this stage.

Option 2 – Do not sign the Statement of Commitment

If Council were to enact Option 2, Latrobe City Council will be advised that Council will not sign the Statement of Commitment.

In not signing, Council may miss the opportunity to be a member of a regional advocacy movement looking to secure the future transition of impacted communities dealing with impending coal fired power station closures.

This may adversely affect Gladstone's positioning of itself to be a Green Energy Hub and could result in Council not being seen to be proactive in planning and advocating for the transitioning economy.

Council does not currently have a firm position on Transitioning Economy and Council may wish to consider its policy position on Transitioning Economy further before committing.

An alternate resolution should Council wish to adopt Option 2 would be:

That:

1. *Council declines the opportunity to sign the Latrobe City Council Statement of Commitment; and*
2. *A report be presented to Council considering Council's position on Transitioning Economy within 6 months.*

Communication and Consultation:

The Economic Development Specialist has met with Gladstone Industry Leadership Group (GILG) and NRG Energy (NRG) to gauge their response to the proposal. NRG advised there is a supply contract in place until 2030 and they have invested heavily in extending the life of the Gladstone Power Station (GPS) as a critical base load power supplier to Queensland. NRG indicated that they did not have concern with Council supporting the Latrobe City Council initiative.

Economic Development Specialist also discussed the initiative with Andre Bills, Chief Executive Officer (CEO), CS Energy who was supportive.

Transitioning Economy has been a recent topic of discussion in Central Queensland with the Queensland Government's Department of Employment, Small Business and Training contracting Amanda Cahill, CEO, The Next Economy to run two workshops in March 2020 with regional stakeholders and the community on energy transition, on related impacts and opportunities. Councillors and officers participated in both the closed stakeholder workshops and the community sessions. The outcomes of the subject workshops will be used by the Department for regional planning to mitigate impacts and develop employment and training transition packages.

At this time Council has not had any formal discussions with the other 5 Queensland regions that have coal fired power station assets. Local Government Association of Queensland (LGAQ) indicated it is not an initiative currently taken up by the LGAQ but there has no objections to regions working together on this to secure the future for the regions.

Legal, Strategy and Policy Implications:

Council does not currently have a Transition Economy policy and/or strategy.

A future Transition Economy policy and or strategy could incorporate:

- Comprehensive transition planning for the long-term resilience of the region.

- Coordination of regional transitioning with all levels of government, regulators, industry, unions, and community groups.
- Identification of possible transition timelines.
- Collaboration opportunities with other authorities and government agencies to ensure that the scale, type and pace of the transition enables the region to meet any future climate obligations.
- Creating a more stable policy environment to enable private investment flows and ensure that costs are shared equitably.
- Ensuring energy security through strong investment in renewable energy.
- Effective and long-term economic development and diversification planning.

This initiative is consistent with Operational Plan Goal 8 – Diversify – Grow the Region – advocate for future job creating industries and incentivise investment in the region.

Council's internal legal services have reviewed the Statement of Commitment noting no concerns and confirming this is a high-level advocacy proposition document.

Financial and Resource Implications:

Should Council sign the Statement of Commitment there is scope for an external communication campaign to support the advocacy program, which is anticipated to be accommodated through business as usual (BAU) channels and not have significant impact on internal resources.

Summary:

Latrobe City Council has requested that Council consider signing a Statement of Commitment calling on the Australian and State Governments to develop a policy agenda and commitment to supporting Australian municipalities hosting coal-fired power generation infrastructure facing closure, in the transition from a carbon-based economy. This is an opportunity for impacted Councils to lead the transition economy discussion and influence the planning and policy agenda to maximise the best outcome for their communities.

Anticipated Completion Date:

Signing of the Statement of Commitment by 30 July 2020.

Attachments:

1. Latrobe City Council – Statement of Commitment
2. Latrobe City Council *Positioning Latrobe City for a Low Carbon Emission Future*

Tabled Items:

Nil.

Report Prepared by: Economic Development Specialist

G/4. DEPUTATIONS

Nil.

G/5. COUNCILLORS REPORT

Nil.

G/6. URGENT BUSINESS

Nil.

G/7. NOTICE OF MOTION

Nil.

G/8. CONFIDENTIAL ITEMS

Nil.

ATTACHMENTS