

General Council 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

Wednesday, 15 June 2022
At 9.00am

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

Sharon Houlihan
Chief Executive Officer

LATE AGENDA



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1. DECISION ACTION

1.1. Acceptance of term allocation - Nogoia Mackenzie Water Tender approx 20 mins

DECISION REPORT

Date: 15 June 2022 Presentation Duration: Approx. 20 minutes
To: General Council Meeting
Author: Amber Robinson, Manager Water Utilities
Authorising Officer: Jason Hoolihan, General Manager Infrastructure and Utilities
File Reference: ECM 1707480
Presented for: Decision

ATTACHMENTS:

1. Letter from CHRC - Nogoia Mackenzie Water Tender - 27 April 2022 [1.1.1 - 1 page]
2. General Information - Appendix B - Nogoia Mackenzie Water Tender [1.1.2 - 5 pages]
3. Binding Offer (Part B) Appendix D - Nogoia Mackenz Water Tender [1.1.3 - 1 page]
4. Letter to CHRC - Acceptance of term allocation for Nogoia Mackenzie Water Tender - Sunwater [1.1.4 - 1 page]

PURPOSE:

This report is presented for approval of purchase of 1,000 ML per annum of water following Sunwater's recent Nogoia Mackenzie Water Tender.

OFFICER RECOMMENDATION:

That Central Highlands Regional Council approve the acceptance of Sunwater's offer for a term allocation of 1,000 ML/annum from the Nogoia Mackenzie Scheme for a term allocation price of \$800/ML/annum and a contract term of 20 years.

REPORT:

Background

On 24 March 2022, Sunwater invited offers from interested tenderers to enter into a term allocation contract and a river supply contract for high priority water allocations from the Nogoia Mackenzie Water Supply Scheme. A nominal volume of 1,500 ML per annum of high priority water was available for a nominated term of between 5 and 20 years.

Charges associated with the potential allocation consisted of:

- Allocation charge
- Fixed charge
- Consumption charge

The reserve within the tender for the allocation charge was \$800 per ML per annum. The fixed and consumption charges change on a yearly basis, but as an example, for the 2021-22 water year the charges were:

- Fixed - \$456.47 per ML
- Consumption - \$1.36 per ML.

There is a mechanism within the contract for reviews of charges, including the term allocation charge, by Sunwater and periodic times throughout the term.

Central Highlands Regional Council (council) submitted a tender response, requesting 1,500 ML per annum for 20 years at the reserve price of \$800 per ML per annum. This submission was in response to ongoing concerns regarding water scarcity and to secure additional water for council's water supply purposes. While, at least initially, council will not require this additional water, there is the ability to sell part of our allocation on a yearly basis until the allocation is required for council use.

This allocation will also go towards securing water supply for the Yamala Enterprise Area which is currently forecast to require an ultimate water supply of 1,300 ML per annum.

Discussion/Current issue

On 13 June 2022, Sunwater made an offer to council for a term allocation volume of 1,000 ML per annum and the allocation price of \$800 per ML per annum for a term of 20 years. Sunwater requested a response to this offer by 9am 15 June 2022. Council was successful in requesting an extension to 5pm 16 June 2022, to allow for presentation to council for endorsement.

CONSIDERATIONS / IMPLICATIONS:

Corporate/Operational Plan Reference/Policy/Legislation:

- 2. Building and Maintaining Quality Infrastructure;
- 2.1 - Corporate Plan Strategy: Well planned and connect communities
- 2.1.4 - Plan and deliver essential infrastructure that supports a sustainable future.

Budget/Financial/Resourcing:

There are three charges associated with this allocation:

- Allocation charge: \$800 per ML per annum for the contract term of 20 years. This equates to \$800,000 per year and \$16,000,000 over 20 years
- Fixed charge: changes yearly however, as an example, the 2021-22 charge was \$456.47 per ML of nominal volume of allocation per annum
- Consumption charge: changes yearly however, as an example, the 2021-22 charge was \$1.36 per ML of volume of water ordered and/or taken per annum

If the full allocation is used, based on current fixed charges this would mean an additional operational cost of \$1257.83/ML per year or \$1,257,830 per year in total.

Council will have the ability to sell allocation surplus to our needs through an open tender process on a yearly basis.

These operational costs have not currently been considered in the development of the 2022-23 budget.

Communication/Engagement:

Community consultation/engagement was not undertaken for this specific tender response. However, extensive engagement is currently being undertaken around the development of council's water security strategy. This water allocation will be incorporated into this strategic document as it continues to be developed.

Risk Assessment:

The purchase of this water allocation is a risk reduction exercise – in the current and projected times of water scarcity, securing an additional water allocation will give council and the community of Emerald, Blackwater and Bluff additional security. And will also potentially allow for further economic development in areas such as Yamala and Capella to be explored.

Timings/Deadlines:

On 13 June 2022, Sunwater made an offer to council for a term allocation volume of 1,000 ML per annum and the allocation price of \$800 per ML per annum for a term of 20 years. Sunwater requested a response to this offer by 9am 15 June 2022. Council was successful in requesting an extension to 5pm 16 June 2022, to allow for presentation to council for endorsement.

Conflict of Interest Declaration:

Council officers contributing to the preparation and approval of this report have no conflicts of interest to declare.

Human Rights Impact:

No

Alternatives Considered:

	Description	Positives	Negatives
Option 2	Not accept the tender	No additional costs to Councils budget	Reduced water security. Reputational damage in the event of our current allocation being exhausted.

- END OF REPORT -



27 April 2022

Our ref: ECM #1697314
Your ref: ID NMT001
Contact name: Amber Robinson
Direct telephone: 07 4986 8418
Email: arobinson@chrc.qld.gov.au
Address: PO Box 21, Emerald QLD 4720

Mr Glen Stockton
Chief Executive Officer
Sunwater
Level 9 515 St Paul's Terrace
FORTITUDE VALLEY QLD 4006

Submitted via: <https://qtenders.hpw.qld.gov.au/qtenders>

Dear Sir/Madam

Nogoa Mackenzie water tender NMT001 – Commercial-in-Confidence

Central Highlands Regional Council hereby submits the tender for 1,500ML High Priority term allocation water for a period of 20 years.

Central Highlands Regional Council's (council) offer is based on the understanding that council can enter into a temporary transfer (TT) arrangement under the Water Plan (Fitzroy Basin) 2011 and associated licences. Council's intention would be to transfer allocation from Bingegang Weir to all other zones in the Nogoa Mackenzie Water Supply Scheme to supplement our high priority water supply in Central Highlands townships. This allocation will support population growth and the future Yamala Enterprise Area to the east of Emerald.

The following documents are attached to the offer:

- Appendix B – General information
- Appendix C – Response schedules
 - Organisational chart
 - Audited financial statements, profit and loss, balance sheet, cashflow statement for year to date.
 - Statement that council has never experienced bankruptcy.
 - Details of credit rating for past three years.
- Appendix D – Binding Offer

By submitting this offer, council confirms that we have the capability to fund the charges under the proposed agreement and have considered our current and future financial performance associated with COVID and other fiscal events.

Should you require further clarification of this offer, please contact council's Manager Water Utilities, Ms Amber Robinson on 4986 8418 or alternatively on arobinson@chrc.qld.gov.au.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Sharon Houlihan".

Sharon Houlihan
Chief Executive Officer

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65 Egerton Street, Emerald QLD 4720 T. 1300 242 686

centralhighlands.qld.gov.au

Appendix B – General Information – All Tenderers to complete

B.1 Tenderer details

Tenderers are required to provide the following details.

Required Information	Tenderer's details	
Tenderer (1):	Name:	Central Highlands Regional Council
	ABN / ACN:	ABN 79198223277
	Mailing address:	PO Box 21
	Street address:	Emerald QLD 4720
	Telephone numbers (mobile number and landline number, if any):	1300 242 686
	Email address:	enquiries@chrc.qld.gov.au
Tenderer (2):	Name:	N/A
	ABN / ACN:	N/A
	Mailing address:	N/A
	Street address:	N/A
	Telephone numbers (mobile number and landline number, if any):	N/A
	Email address:	N/A
Contact person (for Tenderer 1):	Name:	Mr Jason Hoolihan
	Position:	General Manager Infrastructure and Utilities
	Email address:	jhoolihan@chrc.qld.gov.au

	Phone number (mobile number and landline number (if any)):	07 4982 8334
Contact person (for Tenderer-2):	Name:	Ms Amber Robinson
Alternative Contact	Position:	Manager Water Utilities
	Email address:	arobinson@chrc.qld.gov.au
	Phone number (mobile number and landline number (if any)):	07 4986 8418

B.2 Tenderer offer and acknowledgement

The Tenderer's offer (**Offer Document**) is made up of those documents identified as such in the Tender Terms and Conditions.

In compliance with and subject to the Tender Terms and Conditions in Appendix A, the Tenderer offers to:

- license a nominal volume of water allocations pursuant to the Term Allocation Contract; and
- take water supply services pursuant to the River Supply Contract:

[Please tick relevant box]

- in accordance with, and accepting all of, the terms and conditions (with no amendment) the Term Allocation Contract and the River Supply Contract provided in Appendix E of this ITT;

OR

- subject to the amendments to the Term Allocation Contract and/or the River Supply Agreement Contract set out in the list of departures provided Appendix C with this Offer.

Tenderer's acknowledgement/warranties

By signing this Offer, you acknowledge and warrant that:

- you have read and understood the warning note below;
- you have read and understood each guidance note in Appendix C;
- you have received, read and understood this entire document comprising the ITT including:
 - Sections 1 to 4 and of this ITT – (together the **Information Package**);
 - Appendix A - Tender Terms and Conditions;
 - Appendices B, C and D – (together the **Offer Document**) (ranked equally);
 - Appendix E - Term Allocation Contract and River Supply Contract,

some parts of which may have been made separately available to download via the web based portal;

- you have provided all required material and warrant that the material is a true and accurate representation;
- the Tender Terms and Conditions in Appendix A are treated as forming part of the terms and conditions of this Offer; and
- you are making a binding offer, capable of acceptance by Sunwater.

All Tenderers are required to note the following:

WARNING NOTE - Non-Qualifying Conforming Tenders

You may make an Offer either:

- in accordance with, and accepting all of, the terms and conditions (with no amendment) of the Term Allocation Contract and River Supply Contract provided in Appendix E; or
- subject to amendments to the terms of the Term Allocation Contract and/or River Supply Contract provided in Appendix E, in which case a list of departures to those terms must be submitted with this Offer.

However, if you make an Offer subject to any amendment to the terms of the Term Allocation Contract and/or River Supply Contract provided in Appendix E, Sunwater will assess the requested amendments to determine whether the offer is a Qualifying Conforming Tender or a Non-Qualifying Conforming Tender.

If Sunwater determines that your requested amendment(s) to the Term Allocation Contract and/or the River Supply Contract is/are material, your Offer will be a Non-Qualifying Conforming Tender, your Non-Qualifying Conforming Tender will be (subject to the Tender Conditions) excluded from further evaluation and Sunwater will have no further obligations to you.

B.3 Conflicts of interest

By signing this offer you acknowledge and warrant that:

- you have no conflict of interest; or
- you have declared the following conflicts of interest and have obtained the required written approval from Sunwater in accordance with the Tender Terms and Conditions:

Item	Conflict	Details of approval obtained from Sunwater

B.4 Execution

Signing by Tenderer (Individual):

Tenderer (1)

Signature:	<u>J.H.O.</u>	Witness name:	<u>Lieso Pugh</u>
Name:	<u>Jason Hoolihan</u>	Signature:	<u>Pugh</u>
Date:	<u>27/4/2022</u>	Date:	<u>27/4/2022</u>

Tenderer (2)

Signature:	.....	Witness name:	.....
Name:	.....	Signature:	.....
Date:	.....	Date:	.....

Signing by Tenderer (Company 1):

Executed in accordance with section 127 of the Corporations Act 2001 (Cth)

Director Signature:	<u>[Signature]</u>	
Name:	<u>Sharon Hoolihan</u>	Date: <u>27/4/2022</u>

Director / Secretary Signature:	.....
Name:	..... Date:

Signing by Tenderer (Company 2):

Executed in accordance with section 127 of the Corporations Act 2001 (Cth)

Director Signature:	.....
Name:	..... Date:

Director / Secretary Signature:	.....
Name:	..... Date:

Appendix D – Binding Offer (Part B)

D.1 Binding offer

The Tenderer must provide all information in each of the following sections, as a binding offer.

D.2 Offer

The Tenderer must nominate a volume from 10 ML up to and including 1500 ML of water allocations they intend to make an offer on. A price per ML per annum for the allocations is to be provided, as is the total amount offered.

The Tenderer must also nominate a term to access the volumes, between 5 to 20 years, inclusive.

Item	Description	Returnable value	Guide
A	Offer price per ML per annum:	\$ 800 /ML/annum	Dollars and cents, must be at least \$800/ML/annum
B	Requested nominal volume of water allocations:	1,200 ML	10 to 1,500 ML
C	Nominal volume offer:	\$ 1,200,000/annum	A * B
D	Offer term:	20 years	5 to 20 years
E	Purpose:	Town water supply for Emerald and other townships within the Central Highlands using a temporary transfer process from Binegang Weir to all other zones within NMWSS	Refer to the “Intended Water Use” section of the Application Form as annexed in the Term Allocation Contract and specify the primary purpose for the use of water allocation (for example: “ Irrigation – cane irrigation ”).



Contact: Erika van 't Veld
Direct line: +61 7 3120 0238

13 June 2022

Jason Hoolihan
Central Highlands Regional Council
PO Box 21
Emerald, QLD 4720

Dear Jason,

Invitation to Tender - Nogoa Mackenzie Water Tender

I am pleased to advise that Sunwater has completed the assessment and evaluation of Tenders under the Nogoa Mackenzie Water Tender Invitation to Tender (ITT) Tender Conditions.

Following the assessment and evaluation under the processes contained in the ITT Tender Conditions, Sunwater invites you to accept a term allocation volume of 1,000 ML/annum in accordance with the ITT. All other components of your Tender are to remain unchanged including the term allocation price of \$800/ML/annum and the contract term of 20 years.

Please confirm acceptance of this invitation by no later than **9:00 AM on Wednesday, 15 June 2022**.

Following acceptance of the invitation, Sunwater will prepare and issue to you (subject to final internal Sunwater approvals) notice of award and the River Supply Contract and Term Allocation Contract for execution.

The proposed commencement date for both contracts is 1 July 2022, at the start of the new water year. The charges which will be specified in the contracts are outlined in the table below.

Tariff type	Current tariff
Allocation Charge (Fee)	\$800 per ML per annum
Fixed Charges (Part A)	\$456.47 per ML
Consumption Charges (Part B)	\$1.36 per ML

As outlined in the ITT, 30 June 2022 is a Review Date in the River Supply Contract. Sunwater has not yet completed the review of the Fixed and Consumption Charges. The outcome of the review and any changes to prices will be notified to the Council as outlined in clause 8.7 of the River Supply Contract and will take effect from the Review Date of 30 June 2022.

Until such time as a public announcement has been made by Sunwater in respect of the proposed future award please continue to maintain confidentiality of all matters related to your participation in the ITT and this letter.

Yours sincerely,

Sarah Parrish
Sunwater's Management Representative

address: Green Square North, Level 9, 515 St Pauls Terrace,
Fortitude Valley, Queensland 4006
post: PO Box 15536, City East, Queensland 4002
ACN: 131 034 985

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