NOTICE OF
ORDINARY COUNCIL MEETING

Meeting #: 769
Date: 19 February, 2020
Time: 10:00 am
Location: Council Chambers
Level 3, Logan City Council Administration Centre
150 Wembley Road, Logan Central
10. Late Reports

10.1 Covering Report - Recyclables Waste Processing Services Contract

10.2 Future of the Divisional Infrastructure and Capital Improvements Program

14. Confidential Documentation

14.2 Confidential Report - Recyclables Waste Processing Services Contract
10.1 Refer to Confidential Agenda in accordance with Section 275 (1) (e) of the Local Government Regulation 2012 RECYCLABLES WASTE PROCESSING SERVICES CONTRACT

REPORT OF: Health, Environment & Waste Manager

REPORT OVERVIEW

PURPOSE OF REPORT

The purpose of this report is provide an update and seek Council direction on matters relating to its recyclables waste processing services contract.

Criteria: Direction

CORPORATE PLAN PRIORITY

Green and Renewable

Submitted under separate cover is confidential documentation relating to the above matter. This documentation is considered confidential due to the following reason: "This item contains commercial-in-confidence information regarding contract negotiations proposed by the local government."

For consideration.
10.2 FUTURE OF THE DIVISIONAL INFRASTRUCTURE AND CAPITAL IMPROVEMENTS PROGRAM

REPORT OF: Corporate Governance Manager

REPORT OVERVIEW

PURPOSE OF REPORT
To improve planning and efficiency in the delivery of minor infrastructure.

Criteria: Direction

CORPORATE PLAN PRIORITY
Quality Lifestyles

REPORT DETAILS

BACKGROUND
Shortly following Local Government Boundary reform in 2008, Council considered how it had been funding minor infrastructure categories such as footpath, minor road construction, park enhancements and other infrastructure items. Council at the time expressed a desire for there to be more flexibility around allocation of funding across the various categories and proposed that Councillors, given their ongoing engagement with the community, were well equipped to decide these funding allocations.

This review saw the creation of the "Divisional Infrastructure and Capital Improvement Program" (DICIP) with equal funding per division for all minor capital infrastructure provision. To fund this new program the existing programs like "Divisional Roads" and Divisional Parks" in Council's 10 year COMPES were ceased. Funding from these programs was allocated to the new operational funded DICIP, on an annual basis in the budget.

Operational funding in DICIP is subsequently allocated to specific branches of Council for capital infrastructure projects as a budget amendment process adopted by full Council, based on projects proposed by the relevant divisional councillor. Relevant Council branches are then charged with the project delivery.

This process has created some limitations not envisaged when DICIP was created. Being operationally funded, DICIP is an annual program tied to the annual budget cycle. Funding is committed to DICIP when the budget is bought down in early July each year. Divisional councillors then have until the subsequent March to allocate all of the DICIP funds in the Division. The allocation of infrastructure funding via an annual operational budget arrangement sees the following limitations.

- The operationally funded DICIP is administratively complex requiring reporting at every Council meeting for full Council approval. It then requires reconciling with each of the delivery branches after every report. Capital COMPES funding would see an annual program of work adopted which would be administratively simpler and managed by Branches directly. This would remove a considerable amount of administrative monitoring and reporting, by the Corporate Governance Branch.
Annual operational funding by division has a notably shorter term focus than planned 10 year Capital COMPES funding and does not support the same level of longer term planning functions or planning across divisional boundaries.

Commencing planning for infrastructure in the year in which the funding is allocated makes delivery difficult or not possible. Typically infrastructure provisions are planned, designed and delivered over a 2-3 year period. Having funding allocated as late as March in the funding year, means that delivery in the funding year is not possible for a lot of asset categories.

In demonstration of this as much as 40% of all DICIP funding is not delivered in the year of funding in the budget and is required to be carried forward into the next financial year in the COMPES program it is allocated to.

In late 2019 the State Government enacted amendments to the Local Government Regulation 2012 in relation to discretionary funding influenced by councillors, including a cap on funding that can be allocated as Councillor discretionary funding. The new legislation stipulates that a Local Government may budget for discretionary funds in a financial year for use by Councillors to support the community, however the budgeted amount must be no more than 0.1% of the Local Government’s revenue from general rates (excluding capital works) for the previous financial year. For the financial year 2020/2021, this amount will equate to a total budget of approximately $171,000.

During a review of discretionary funds, external advice was sought to determine whether funding allocated via DICIP was considered discretionary. Council received advice that funds allocated by Councillors through the DICIP process would be regarded as discretionary funds for capital purposes.

Since then, the Local Government Legislation (Implementing Stage 2 of Belcarra) Amendment Regulation 2019 has stipulated that discretionary capital funding is not caught in the $171,000 funding cap. Whilst not caught, greater transparency, accountability and proposed legislative reforms for Council to consult with the community in the preparation of the annual budget, would support a move to annual capital programs.

**DISCUSSION**

With Council's 2020/2021 budget process under way it is necessary for Council to consider the future of the DICIP for several reasons;

- planning limitation
- delivery constraints
- complexity of administration
- openness and Transparency of decision making
- promotion of proactive programming over reactive response.

It is proposed that the DICIP program be wound up in its current format, and instead form a part of the annual budget process. This will ensure good governance and allow Council and councillors to have an open and objective capital funding process which will instil confidence in the community in respect to infrastructure provisions.

It is the intent of this report to maintain Council’s funding commitment to minor infrastructure which supports the community. Based on budget parameters the 2020/21 allocation to minor infrastructure will be $11,640,000. Looking at recent years of DICIP it has typically facilitated delivery of infrastructure in the following asset classes:

- New Footpath Provision
• Park Infrastructure Enhancement
• Gravel Roads and Shoulder Sealing (GRASS) road widening to enhance safety and reduce maintenance
• Sport, Recreation and Community Infrastructure Improvements
• Minor Traffic Safety upgrades
• Public Art installations
• Community Services Infrastructure

These categories align with the intended purpose of the DICIP, which was the creation of minor infrastructure or assets of Council. On limited occasions Council resolved to fund some assets which did not vest with Council but typically they then resided with another tier of government or a community organisation.

It is appropriate for Council to have a new process to ensure the ongoing delivery of this minor infrastructure. Any new arrangements would also address identified limitations of the previous DICIP policy.

It is proposed that the above mentioned asset categories become funded as standalone programs in Council’s, Capital and Operational Major Projects and Enhancements Schedule (COMPES). Each program will be assigned to the most relevant branch and the branch will be responsible to develop prioritisation processes meeting the objectives of greater overall network planning, objective transparent prioritisation, proactive planning and being able to deliver infrastructure in the year it is funded. Divisional councillors along with the general public, Council officers and other tiers of government will remain important sources of potential projects which will be assessed against open and transparent infrastructure prioritisation processes.

Based on asset categories which have received funding from DICIP since the ceasing of the previous COMPES programs, the following table outlines the intended new capital funding programs and the branches responsible for the prioritisation and delivery of this infrastructure. The relevant branch managers will be responsible to develop the highlighted city wide prioritisation processes capable of achieving the specified objectives for the various capital programs.

Table 1

<table>
<thead>
<tr>
<th>Program</th>
<th>Branch</th>
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<tbody>
<tr>
<td>Footpath Program</td>
<td>Road Construction Maintenance</td>
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<tr>
<td>GRASS Gravel Roads</td>
<td>Road Construction Maintenance</td>
</tr>
<tr>
<td>Local Park Enhancements</td>
<td>Parks</td>
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<tr>
<td>Traffic Safety</td>
<td>Road Infrastructure Planning</td>
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<tr>
<td>Sport, Recreation and Community Infrastructure Improvements</td>
<td>Sport, Leisure and Facilities</td>
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<tr>
<td>Community Services Infrastructure</td>
<td>Community Services</td>
</tr>
<tr>
<td>Public Art</td>
<td>Libraries and Creative Industries</td>
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</tbody>
</table>

CONCLUSION

It is proposed that the Divisional Infrastructure and Capital Improvement Program (DICIP) not be continued from the 2020/2021 financial year to ensure achievement of the benefits as detailed in this report. Instead, the capital programs outlined in Table 1 will be established in COMPES for the relevant branches, with each Branch Manager being responsible to develop a prioritisation process which complies with legislative requirements and achieves the articulated objectives. A supplementary report on the allocation of the $11,640,000 denoted for the 2020/2021 financial year to the above programs will be considered during Council’s 2020/2021 budget deliberation.
RECOMMENDATIONS

IT IS RECOMMENDED:

1. That the policy titled 'Divisional Infrastructure and Capital Improvements Program', as attached to the report of the Corporate Governance Manager dated 19 February 2020, be repealed.

2. That the Guidelines for Divisional Infrastructure and Capital Improvements Program, as attached to the report of the Corporate Governance Manager dated 19 February 2020, be repealed.

3. That the Corporate Governance Manager be requested to update Council’s Policy Register in accordance with Clause 1 above.

4. That the Finance Manager create the capital programs in the Capital and Operational Major Projects and Enhancements Schedule (COMPES), as detailed in Table 1 of the report of the Corporate Governance Manager dated 19 February 2020.

5. That a supplementary report be prepared for Council’s Committee of the Whole to enable consideration of individual program funding levels during budget deliberations detailing the continuing the commitment to minor infrastructure by allocating the funding denoted for 2020/2021 financial year to the new programs.

6. That the managers of branches with new Capital Programs, as detailed in the report of the Corporate Governance Manager dated 19 February 2020, establish prioritisation processes and procedures for project delivery in their respective new capital programs compliant with the objectives around future overall network planning, proactive delivery, and transparent governance.
POLICY - TO BE REPEALED

Policy title: DIVISIONAL INFRASTRUCTURE AND CAPITAL IMPROVEMENTS PROGRAM (DICIP)

Directorate: ORGANISATIONAL SERVICES

Branch: CORPORATE GOVERNANCE

Policy objective: To guide the allocation of funds from the councillor's Divisional Infrastructure and Capital Improvements Program (DICIP).

Policy scope:
The purpose of this policy is to guide the allocation of funding provided by councillors to branches to assist in the completion of capital improvements within the city.

Policy statement:
The following procedure is to be undertaken for this policy:

1. Each year the Council may determine that an appropriation be set aside in each new budget for the purpose of meeting emergent requests for capital improvement programs as decided upon by the divisional councillors.

2. Separate expenditure accounts are established for each divisional councillor within the Corporate Governance branch budget for this purpose, and funds will be allocated to each expenditure account in accordance with the Council's annual budget.

3. In accordance with Council's 'Divisional Infrastructure and Capital Improvements Program Guidelines', each divisional councillor is authorised to recommend capital projects in their division under these conditions:
   (a) The project, or program, must be for capital improvements only;
       (A capital improvement is defined as expenditure of $1,000 and over. It does not include portable and attractive assets. Portable and attractive assets are those assets, which by their nature are easily transported or maybe subject to the temptation of theft or misappropriation.)
   (b) All projects, or programs, must be conducted in the Logan City Council local government area.
   (c) All projects must be either delivered or project managed by Logan City Council to ensure compliance with all accountability and probity requirements.
   (d) No direct funding will be provided to community organisations.
   (e) Funding must not be used for recurrent expenditure (for example, salaries or wages, telephones, electricity, debt payments, postage charges, insurance, etc).
The total amount of funds available per division is included in the annual Budget, however Councillors may use these funds on one project or a number of projects, provided they meet these guidelines.

Discretion must be exercised in the selection of projects in consideration of the extent to which they generate ongoing recurrent commitments, or ongoing maintenance other than ordinary asset maintenance which will impact on future Council Budgets.

Project designs and estimates must incorporate the first twelve (12) months maintenance of the completed work.

Each divisional allocation is required to be committed in the financial year in which it was allocated unless otherwise specially approved by Council resolution to be carried over to the next financial year.

Projects, or programs approved must comply with all Council policies, Local Laws, administrative and legal requirements.

4. Quadrennial Divisional Infrastructure and Capital Improvements Program (QDICIP)

QDICIP funding is available where large projects require DICIP funding across multiple years and require continuity of funding. QDICIP is subject to the same conditions as normal DICIP funding and allows a Councillor to commit to a project over multiple financial years (but not exceeding the current term of the quadrennium).

5. DICIP on State Owned Land for Local Sporting Clubs

In conjunction with the Department of Education, DICIP funding may be provided to sporting clubs that require funding for sporting infrastructure on state owned land. This process is managed through Council’s Sport, Leisure and Facilities branch and is subject to strict conditions.

6. All projects recommended by councillors are required to be considered by Council and are adopted by resolution.

7. A register of allocations under DICIP is kept by the Corporate Governance branch to ensure that the details of expenditure are recorded in Council’s finance system with enough detail to allow for auditing purposes.

8. The administration of this program is governed by the 'Guidelines for the Divisional Infrastructure and Capital Improvements Program'. All amendments to this document are required to be made by Council resolution.

Related policies/legislation/other documents:

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<thead>
<tr>
<th>DOC ID</th>
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<tbody>
<tr>
<td>6692406</td>
<td>Internal</td>
<td>Guidelines for the Divisional Infrastructure and Capital Improvements Program</td>
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</table>
TO BE REPEALED

Divisional Infrastructure and Capital Improvements Program Guidelines

Adopted 20 March 2018
Introduction


Funds have been allocated, via the Budget, to each Division of Council to be dispersed at the discretion of the Councillor for that Division in accordance with these guidelines and the following legislative instruments:

(a) Divisional Infrastructure and Capital Improvements Program (DICIP) Policy
(b) Grants to Community Organisations Policy
(c) Local Government Regulation 2012
(d) Local Government Act 2009.

Purpose

The purpose of the program is to provide Council with the ability to respond to and implement divisional based infrastructure and capital improvement programs within divisions so that councillors may recommend projects to council that prioritise capital expenditure in conjunction with the needs of each division.

These projects are those that are not currently listed as approved projects on the Whole of Council capital program.

All projects under this program are approved by resolution of Council.

Administration Requirements

The administration of the fund will be through the City Treasury Committee as an Annual Program with proposed projects to be coordinated into the Divisional Infrastructure and Capital Improvements Program fund to ensure effective and efficient planning and programming of these infrastructure projects.

The Corporate Governance Manager will take responsibility for coordinating the compilation of the program for approval. This may involve the Corporate Governance Manager:

(a) Consulting with each councillor to ascertain the broad details of their proposals.
(b) Liaising with relevant branch managers to compile any technical specifications relating to the proposal together with estimates of cost and any special considerations relating to the feasibility of the proposals, their compliance with Council policy, integration with other projects and programs and implementation and lead time details.
(c) Preparing reports for consideration and approval by Council via the City Treasury Committee which incorporates details of the project as recommended to Council.

General Guidelines

The following guidelines need to be followed in order to gain approval for projects or programs recommended by a councillor:

1. The project, or program, must be for capital improvements only.
   (A capital improvement is defined as expenditure of $1,000 and over. It does not include portable and attractive assets. Portable and attractive assets are those assets, which by their nature are easily transported or maybe subject to the temptation of theft or misappropriation.)

2. All projects, or programs, must be conducted in the Logan City Council local government area.
3. All projects must be either delivered or project managed by Logan City Council to ensure compliance with all accountability and probity requirements.

4. No direct funding will be provided to community organisations.

5. Funding must not be used for recurrent expenditure (for example, salaries or wages, telephones, electricity, debt payments, postage charges, insurance, etc).

6. The total amount of funds available per division is included in the annual Budget, however councillors may use these funds on one project or a number of projects, provided they meet these guidelines.

7. Discretion must be exercised in the selection of projects in consideration of the extent to which they generate ongoing recurrent commitments, or ongoing maintenance other than ordinary asset maintenance which will impact on future Council Budgets.

8. Project designs and estimates must incorporate the first twelve (12) months maintenance of the completed work.

9. Councillors will be required to determine all projects under this program by allocating the following respective percentages during the financial year:
   (a) 50% by 31 October
   (b) 85% by 28 February
   (c) 100% by 31 May.

If a councillor has failed to allocate their DICIP funds during the financial year as required by the foregoing dates, the councillor is required to complete a "DICIP Request for Exception" form Id: 8887946.

The form is to be submitted to the Corporate Governance Manager who will then submit the request to a City Treasury Committee meeting for Council's consideration.

Further, if DICIP funds have not been allocated by 31 May and no request for exception form has been received, then all unallocated funds will be transferred to the Finance branch to form part of the end of financial year surplus.

10. By 31 March of each year, councillors are to start determining eligible projects for funding during the next financial year. Councillors are required to allocate funds up to the previously adopted funding allocation provided for in the Council adopted Capital and Operational Major Projects and Enhancements Schedule (COMPES). Councillors should consult with the Corporate Governance branch or Finance branch for the adopted COMPES funding allocations for this program.

11. Each divisional allocation is required to be committed in the financial year in which it was allocated unless otherwise specially approved by Council resolution to be carried over to the next financial year. For large civil or park development projects, councillors are encouraged to consider funding these large scale projects over a longer term of two years or more, with, for example, project development and design funding in year 1, followed by construction funding in year 2.

Councillors may allocate funding to a Council branch for unspecified divisional works to enable the councillor to respond to urgent or unprogrammed capital and infrastructure projects during the financial year. The councillor, in conjunction with the responsible branch, should always aim in the first instance to identify a project or range of projects that will be funded by the DICIP allocation and have them expended, where possible, during the relevant financial year so that Council continues to meet the objectives of DICIP.
Where a branch receives DICIP funding for unspecified or various divisional projects, the branch is permitted to reconcile to the total allocated amount rather than each individual project.

12. However, if a councillor wishes to reallocate previously allocated funds to another purpose in another branch, the councillor will need to discuss with the relevant managers and Corporate Governance Manager and must seek a Council resolution approving this reallocation. Projects, or programs approved must comply with all Council policies, local laws, administrative and legal requirements.

**Accountability Requirements**

As all funds from this program are allocated internally for the delivery of capital works through Council’s branches, these funds will be accounted for as part of Council’s normal accounting, auditing and reporting requirements.

Funds will be available for the project upon endorsement by Council.

**Quadrennial Divisional Infrastructure and Capital Improvements program (QDICIP)**

Requests from councillors to undertake more significant capital or infrastructure projects may require DICIP funding across multiple years.

If councillors are proposing projects that require this continuity of funding, the councillor may request, in conjunction with the relevant manager and Corporate Governance Manager, the development of a Quadrennial Divisional Infrastructure and Capital Improvements Program (QDICIP).

The QDICIP will identify the amounts and number of years that the councillor is committing funding to the project ensuring that it does not exceed the current term of the quadrennium.

A QDICIP will be subject to the usual conditions contained in these guidelines and still requires approval by Council resolution.

**Minor Capital Allocations**

Councillors are permitted to fund minor capital items with direct funding allocations to various branches for minor assets such as traffic and street signs, bins in public places, bollards etc. Councillors can allocate DICIP funds to a branch in allocations of $5,000 during the course of the financial year.

**DICIP on State Owned Land for Local Sporting Clubs**

DICIP funding may be provided to local sporting clubs using state owned land.

Ultimately, a club and school must have an executed Joint Development Agreement (or similar legal document) with the Department of Education and Training and Council assuring the club (or another community club) a tenure with the school for a period of no less than 10 years in order to receive approved DICIP funding.

DICIP funding may be provided to local sporting clubs using state owned land under the following conditions:
1. If a Joint Development Agreement (or similar legal document) cannot be finalised prior to the divisional councillor seeking Council’s approval of the DICIP project, a councillor, club and school must have expressed a preparedness to enter into (as a condition of the funding being released by Council) a Joint Development Agreement (or similar legal document) with the Department of Education and Training and Council assuring the club (or another community club) a tenure with the school for a period of no less than 10 years. Funding will be released by Council only once a Joint Development Agreement (or similar legal document) has been executed.

2. Funding allocated to be spent on school property would be capped to an amount of $50,000 per division per year.

3. Funding will only be approved for sporting purposes.

4. The types of capital improvements would be limited to entry level sporting infrastructure with examples being goal posts, scoreboards, field lighting, covered reserve bench dugouts, field upgrades, shelter sheds and any other sporting infrastructure approved by Council resolution.

5. Any proposals for capital improvements will be decided on merit by the school principal and the Education Department’s Regional Infrastructure Manager. Whilst school P&C’s are not required to approve the works they will be informed of the proposal.

6. Funding will be provided either direct to the sporting club or the school depending on which party is required to coordinate the works (funding will be distributed by the Sport, Leisure and Facilities branch).

7. Ongoing asset maintenance would become the school and club’s joint responsibility.

8. Tri-party signage is to be installed at the school ground that acknowledges the Council’s, club’s and school’s contribution to the project with any proposed signage to be approved by the Department of Education before installation.

9. Funding will not be approved for school related ‘education and training materials’.

10. All details of the respective parties’ responsibilities and contributions will be reflected in a legal agreement based on the individual circumstances of the project (which may be in the form of a Joint Development Agreement between the Department of Education and Training, Council and the club).

The Sport, Leisure and Facilities branch is responsible for applying for DICIP funding through the relevant councillor, and will manage the distribution of funds to schools in adherence with the requirements.

Funding will be subject to the usual conditions contained in these guidelines and still requires approval by Council resolution.

**Special Consideration**

Any project proposals that do not comply with these Guidelines must be submitted to Council via the City Treasury Committee for special consideration at the request of the respective councillor.
### RELATED DOCUMENTS

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<tr>
<th>Document ID</th>
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<tbody>
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<td>10530965</td>
<td>DICIP Administrative Requirements</td>
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<tr>
<td>10326599</td>
<td>Divisional Infrastructure and Capital Improvements Program (DICIP) policy</td>
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<tr>
<td>1742203</td>
<td>Index to Policy Register</td>
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<td>8672262</td>
<td>Index to Delegations of Authority</td>
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<tr>
<td>6665468</td>
<td>Divisional Infrastructure &amp; Capital Improvement Fund Application Form</td>
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<tr>
<td>8887946</td>
<td>DICIP Request for Exception Form</td>
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<tr>
<td>10418888</td>
<td>Guidelines for the Direct Payment of DICIP Funds</td>
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<tr>
<td>10089522</td>
<td>Report - DICIP on State Owned Land For Sporting Clubs</td>
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