

CONFIDENTIAL ITEMS 2003 – SEPTEMBER 2016

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
90	4 August 2014	Monarto Quarry	<p>1.Section 90 (3) (d) Order Pursuant to Section 90(3)(d) Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except Chief Executive Officer, General Manager Corporate Services, General Manager Council Services, General Manager Infrastructure and Projects, General Manager Planning and Development and the Minute Secretary, be excluded from attendance at the meeting for Agenda Item 17.1 Confidential Item - Future of Monarto Quarries.</p> <p>The Council is satisfied that pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda item are is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information in that the details of negotiations will be provided and discussed.</p> <p>2.In addition, the disclosure of this information would, on balance, be contrary to the public interest. The</p>	Report	<p>The disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information in that the details of negotiations will be provided and discussed.</p> <p>2.In addition, the disclosure of this information would, on balance, be contrary to the public interest.</p>	Until the sale of the business or such lesser period as may be determined by the Chief Executive Officer, and that this order be reviewed every 12 months.	7 Sep 15		11 Aug 16

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			<p>public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in commercial information being disclosed.</p> <p>3.Authorise the Chief Executive Officer to proceed with the sale of Monarto Quarries on the open market with the sale period being for a maximum term of six (6) months.</p> <p>4.Should an offer be made a further agenda item will be prepared for consideration at a Council meeting.</p> <p>5.Section 91(7) Order Pursuant to Section 91(7) That having considered Agenda Item 17.1 Proposed Sale of Monarto Quarries. in confidence under 90(2) and 3(d) of the Local Government Act 1999, the Council pursuant to Section</p>						

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			91(7) of the Act orders that the Council report only be retained in confidence until the sale of the business or such lesser period as may be determined by the Chief Executive Officer, and that this order be reviewed every 12 months.						

17. CONFIDENTIAL REPORT**17.1 REPORT TITLE: CONFIDENTIAL REPORT - FUTURE OF
MONARTO QUARRIES****DATE OF MEETING: 4 AUGUST 2014****FILE NUMBER: 70/030/362 (14/067786)****Strategic Plan 2012-2017 Ref:**

Monarto Quarries Business Plan

Purpose:

To update Council's progress in relation to selling Monarto Quarries.

Summary – Key Issues:

- After a long period of time with negotiations no formal offers have been made to Council to purchase Monarto Quarries
- Monarto Quarries is not considered to be core business of Council
- Monarto Quarry business has incurred consistent net losses in recent years.

Recommendation:

That Council:

1. Section 90 (3) (d) Order**Pursuant to Section 90(3)(d)**

Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except Chief Executive Officer, General Manager Corporate Services, General Manager Council Services, General Manager Infrastructure and Projects, General Manager Planning and Development and the Minute Secretary, be excluded from attendance at the meeting for Agenda Item 17.1 Confidential Item - Future of Monarto Quarries.

The Council is satisfied that pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda item are is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information in that the details of negotiations will be provided and discussed.

2. In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large

resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in commercial information being disclosed.

3. Authorise the Chief Executive Officer to proceed with the sale of Monarto Quarries on the open market with the sale period being for a maximum term of six (6) months.
4. Should an offer be made a further agenda item will be prepared for consideration at a Council meeting.

5. Section 91(7) Order

Pursuant to Section 91(7)

That having considered Agenda Item 17.1 Proposed Sale of Monarto Quarries. in confidence under 90(2) and 3(d) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the Council report only be retained in confidence until the sale of the business or such lesser period as may be determined by the Chief Executive Officer, and that this order be reviewed every 12 months.

Background:

1. In February 2012 Council considered a report following an expression of interest ("EOI") process to attract either a purchaser or a third party manager for Monarto Quarries. Council received six (6) responses to the EOI.
2. In July 2012 Council issued a Request for Proposal ("RFP") to invite the 6 parties to submit proposals in relation to the future operation and ownership of Monarto Quarries. Of the 6 parties invited only two (2) submitted a proposal.
3. In October 2012 Council determined the following confidential motion:
 1. *"That the preferred outcome is for the sale of the Monarto Quarries business including the Council owned land being Section 297 (Hundred of Freeling);*
 2. *Authorise the General Manager Corporate Services to enter into negotiations with both Adelaide Resource Recovery and Southern Waste Resource Co Pty Ltd with the objective of getting the best possible offer for Monarto Quarries.*
 3. *Requires a further report by no later than February 2013 in respect of negotiations with both Adelaide Resource Recovery and Southern Waste Resource Co Pty Ltd; and*

4. *Authorise the General Manager Corporate Services to brief the remaining two Monarto Quarries staff in respect of the proposed process timing.*

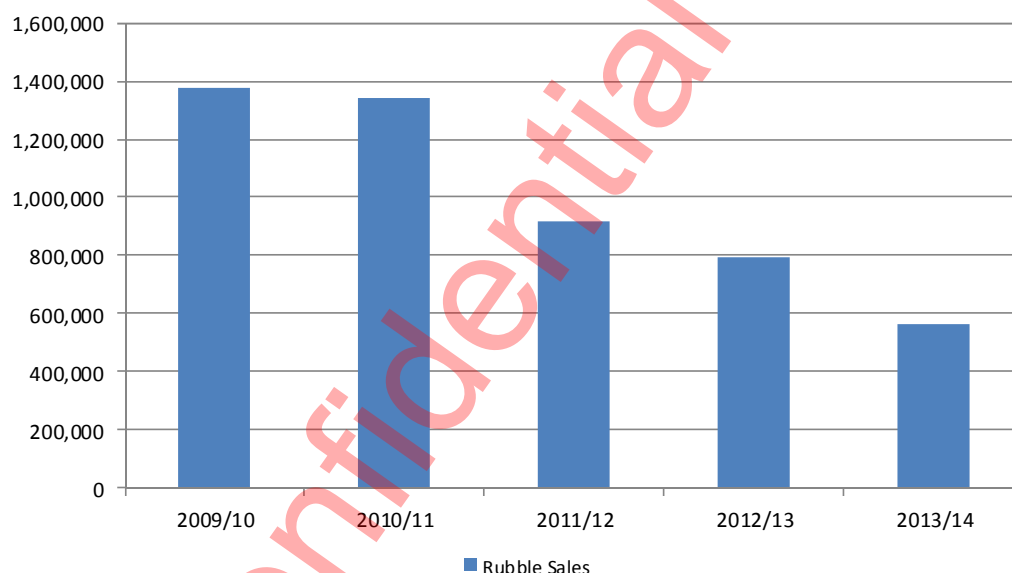
Discussion

5. After discussions with the Chief Executive Officer it was decided not to provide a further report to Council until there has been a change in status resulting from the negotiation process.
6. After a long period of time with negotiations no formal offers have been made to Council.
7. Southern Waste Resource Co Pty Ltd showed strong interest, however, never progressed beyond due diligence.
8. The General Manager Corporate Services has updated Monarto Quarries staff on the status of the process.
9. Regarding the “*preferred outcome*” in resolution 1 of 12 October 2012, Council administration are of the opinion that Council should proceed with the sale of the Monarto Quarries business on the open market. With the announcement of the new Freeway Interchange there may be a commercial opportunity to make the business more attractive for a potential buyer.
10. It is proposed that the sale of land (Section 297) will be via a separate disposal process as this will attract a different market which may result in a higher price, however this could be included as an option with the sale of the Quarry as well.
11. Council staff have been in discussions with a local business sales agent regarding options for the sale of the Quarry business. The agent has provided Council with a quotation for the amount of 6% of the sale price negotiated plus stock, or \$8,000, whichever is the greater.
12. The impending Bald Hills Road Interchange will require road construction materials and it is assumed that DPTI would invite tenders for this supply. The opportunity to supply materials could be attractive to a potential purchaser.
13. Should a sale of the Quarries not be realised, it is recommended by the Administration that the best option is to close the business of Monarto Quarries and work towards its obligations in regard to rehabilitation of the site.

14. Performance of the Quarries for the past 5 years is as follows:

Year	Surplus/(Deficit)	Tonnes Sold
2009/10	\$ (25,333)	1,377,682
2010/11	\$(107,964)	1,338,993
2011/12	\$(123,936)	920,210
2012/13	\$ 4,855	793,404
2013/14	\$ (63,351)	565,180

Monarto Quarries Annual Sales



Even though rubble sales have declined over time the net loss has reduced due to:

- Cost of production was reduced by 10% in 2012/13, and included
- Reduction in staffing levels including contractors and consultants
- Reduction in use of plant & equipment with a declining depreciation costs (Break even cash flow in the last two years)
- Other sources of revenue than rubble sales have returned higher net gains.

15. Irrespective of whether or not the Quarry is sold, Council has an obligation for rehabilitation of mined sites. It is considered unlikely that a purchaser would accept this liability. At this time the cost of rehabilitation is not known, however, Council staff are investigating this.

Community Engagement:

N/A

Policy:

Sale & Disposal of Council Land & Other Assets policy.

Budget:

Council may need to budget for site rehabilitation in future years should this not be factored in the sale.

Statutory/Legal:

Sale will be carried out in accordance with Council's policy. Formal sale agreement will be prepared.

Staff Resource Requirements:

Internal staff, business sales agent and legal advice where required.

Environmental:

Rehabilitation of the site is necessary.

Social:

N/A

Risk Assessment:

The business sales consultant has advised Council staff that, based on the Quarries financial performance and current business conditions that a sale will be difficult.

If the quarry is closed Council will need to undertake a tender process for the supply of rubble to Field Services. Field Services purchase 21,000 tonnes per year at market rate.

Asset Management:

Reduction in fixed assets with no future renewals required.

Conclusion:

A previous expression of interest process followed by a request for proposal process of selected companies failed to attract a formal offer for the sale of Monarto Quarry. By placing the business on the open market for a maximum period of six months other interested buyers have the opportunity to make an offer for this business.

Key Contact

Bill Graham, Contracts Coordinator

Manager or Sponsor of Project

David Peters, General Manager Corporate Services

Attachments

None