

**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
65	19 March 2012	Monarto Quarries – Expression of Interest	<p><u>Section 90 (3) (d) and (k) Order Pursuant to Section 90(3)(d) and (k)</u></p> <p>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 Infrastructure and Projects, General Manager Council Services and the Minute Secretary be excluded from attendance at the meeting for Agenda Item 16.1 Monarto Quarries Expression of Interest.</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.</p> <p>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</p>	Report, attachment and all minutes (other than as detailed below) be retained in confidence		Until the Expressions of Interest process is concluded and that this order be reviewed every 12 months.	7 Sep 15		11 Aug 16

**CONFIDENTIAL ITEMS 2003 – SEPTEMBER 2016**

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			<p>public has been outweighed in the circumstances because the disclosure of this information may result in a competitor receiving the information to the detriment of the respondents to the Expressions of Interest invitation and the potential to impact adversely on each of the respondents as competitive commercial information would be disclosed.</p> <p><u>Section 91(7) Order Pursuant to Section 91(7)</u></p> <p>That having considered Agenda Item 16.1 Monarto Quarries Expression of Interest in confidence under 90(2) and 3(d) and (k) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the Council report, attachment and all minutes (other than as detailed below) be retained in confidence until the Expressions of Interest process is concluded and that this order be reviewed every 12 months.</p>						

**16. CONFIDENTIAL REPORTS**

**16.1 REPORT TITLE: CONFIDENTIAL ITEM: MONARTO  
QUARRIES EXPRESSIONS OF INTEREST**

**DATE OF MEETING: 19 MARCH 2012**

**FILE NUMBER: 12/010118**

**Strategic Plan Ref:**

Monarto Quarries Business Plan

**Purpose:**

To seek authority to proceed to the next stage of the Monarto Quarries Expressions of Interest process.

**Summary – Key Issues:**

- Interviews of the six short listed respondents have been completed.
- Authority is now sought to proceed to the next stage of the process.

**Recommendation:**

That Council:

**Section 90 (3) (d) and (k) Order Pursuant to Section 90(3)(d) and (k)**

1. 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 Infrastructure and Projects, General Manager Corporate Services and the Minutes Secretary be excluded from attendance at the meeting for Agenda Item 16.1 Monarto Quarries Expression of Interest.

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 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 a competitor receiving the information to the detriment of the respondents to the Expressions of Interest invitation and

the potential to impact adversely on each of the respondents as competitive commercial information would be disclosed.

2. Endorse the recommendation of the evaluation panel for stage 2 that all of the six short listed respondents be invited to participate in a Request for Proposal (RFP) being stage 3 of the process.
3. Authorise the General Manager, Infrastructure and Projects to arrange and finalise the preparation of an RFP document for stage 3 of the process and to issue same under tender conditions to the six short listed respondents.
4. Note that following the evaluation of the proposals received via the RFP process, a further agenda item will be prepared for consideration at a council meeting.
5. Authorise the General Manager, Infrastructure and Projects to provide a verbal update on the process to the land owner (the Harvey family) and the staff of Monarto Quarries.

#### Section 91(7) Order Pursuant to Section 91(7)

6. That having considered Agenda Item 16.1 Monarto Quarries Expression of Interest in confidence under 90(2) and 3(d) and (k) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the Council report, attachment and all minutes (other than as detailed below) be retained in confidence until the Expressions of Interest process is concluded and that this order be reviewed every 12 months.

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#### **Background:**

7. At the council meeting held on 20 February 2012 authority was provided to a panel to undertake negotiations with the six short listed respondents from the Monarto Quarries Expressions of Interest (EOI) process.
8. The panel (comprising Trevor Hockley, Terry Bruun and Brian Clancey) interviewed the six short listed respondents on 5 and 6 March 2012.

#### **Discussion:**

9. The interview process didn't provide any surprises.
10. Positives to emerge from the interview process are:
  - A. Some of the respondents have not had any prior dealings with council and it provided an opportunity to demonstrate the professionalism of council and deliver a greater attraction/incentive for respondents to proceed further through knowing more about who they are dealing with;

- B. Some respondents indicated a willingness to consider a range of scenarios/options including the possibility of a joint venture with council with the objective of securing an ongoing revenue stream for council as distinct from a possible one-off sale;
  - C. Clarity as to the information needs of respondents before they would be in a position to put forward what can be termed an offer (to either operate/manage and/or purchase);
  - D. Confirmation that there is a significant level of interest from the private sector;
  - E. Some respondents are looking at value adding to the existing quarrying activity through a variety of mechanisms including waste related initiatives.
11. The report of the panel on the interview process (stage 2) is contained in attachment 1.
  12. The panel sees no reason to eliminate any of the six short listed respondents prior to conducting the next phase of the process.
  13. The recommended next phases of the process (stages 3 and 4) and the associated target timing is contained in attachment 2.
  14. The objective is to get firm offers submitted in writing (stage 3).
  15. This would be achieved through the forwarding of an RFP to all of the six short listed respondents under tender conditions.
  16. The RFP would detail what information is being sought by council and make clear that now is the time for everyone to put their cards on the table.
  17. This would provide a suitable information base on which council could then make decisions including to reduce down the current six short listed respondents.
  18. In turn detailed negotiations could then occur with one or more respondents (stage 4) prior to council making a final decision.
  19. The anticipated need for stage 4 is predicated on the expectation that some of the offers received (stage 3) will be subject to various matters (for example gaining development approval for a proposed new activity from the Alexandrina Council) and will require further communication.
  20. The total target timing to complete stages and 3 and 4 is estimated to be around 24 – 26 weeks (broken down by steps see attachment 2).

21. The largest single period of time allowed is 7 weeks for the respondents to lodge their proposals. This is considered reasonable as it will not be a simple desk top exercise but site visits (including to assess rehabilitation requirements) and possible soil testing being undertaken by some as part of their due diligence.
22. This target timing is considered to be optimistic given the nature of the beast.
23. It also needs to be kept in mind that there are some potential complexities such as the relationship to the Adelaide Hills Region Waste Management Authority (AHRWMA) and the approach to the council owned land (lot 297).
24. Lot 297 contains significant reserves of calcrete that can be ripped and crushed in the future but it also serves as a buffer for the existing landfill operated by the AHRWMA. There are a few options that could be considered for this land in order to achieve both of these objectives without seeking to compromise the value of the land if sold.
25. For stage 3 of the process it is not proposed to continue with the services of Trevor Hockley and Terry Bruun given the involvement of Trevor with a number of clients who are active in the waste and related industries and some of his client base may be considered to be commercial competitors with some of the six short listed respondents.
26. A new consultant is proposed to be retained to assist in the preparation of the RFP and the subsequent evaluation of proposals received.

**Community Engagement:**

Informing only	Not applicable at this time
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**Policy:**

Not applicable.

**Budget:**

The budget for Monarto Quarries for 2011/12 is an operating deficit of \$72,508.

The cost of the consultants to manage the EOI process (including responding to requests), participate in interviewing the six respondents and the subsequent preparation of the panel's report is \$4,477 including GST.

**Statutory/Legal:**

It is proposed that Mellor Olsson Lawyers review a draft RFP to provide input prior to it being finalised.

**Staff Resource Requirements:**

Management of the next stage of the process will have implications for some existing council staff with the associated opportunity cost.

Staff of Monarto Quarries have been verbally briefed on the overall process to keep them informed.

**Environmental:**

Not applicable to this item.

**Social:**

Not applicable to this item.

**Risk Assessment:**

Risks to council are the nature of the business undertaken on site and the declining financial performance of the business.

**Asset Management:**

Assets associated with Monarto Quarries include buildings, plant and equipment and a parcel of land (lot 297).

**Conclusion:**

Authority is sought to proceed to stage 3 of the process in order to receive offers from the private sector and the information required to enable further decision making by council.

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**Key Contact**

Brian Clancey  
General Manager  
Infrastructure & Projects

**Sponsor of Project**

Andrew Stuart

**Attachments**

1. Evaluation Panel Report – Stage 2
2. Proposed Program for Stages 3 and 4

**DISTRICT COUNCIL OF MOUNT BARKER**

**REPORT FROM THE MONARTO  
QUARRIES EVALUATION PANEL**

**Prepared by**

**Brian Clancey (General Manager Infrastructure and Projects)**

**Trevor Hockley (Director, *TJH Management Services Pty Ltd*)**

**Terry Bruun (Principal Consultant, Sustainable Outcomes)**

**13 March 2012**



## **INTRODUCTION**

The Evaluation Panel interviewed the six shortlisted respondents to the Monarto Quarries Expression of Interest on 5 and 6 March 2012 at the District Council of Mount Barker.

The summary of the interviews and the resulting conclusion and recommendations are presented on the following pages.

## SUMMARY OF INTERVIEWS

<i><b>EOI Respondent</b></i>	<i><b>OPTION 1 Purchase of MQ Business</b></i>	<i><b>OPTION 2 Manage &amp; Operate MQ Business</b></i>	<i><b>OPTION to Purchase Lot 297</b></i>	<i><b>Future of MQ Staff</b></i>	<i><b>General Comments/ Conclusions</b></i>	<i><b>Recommended for Request for Proposal</b></i>
Contract Mining Services Pty Ltd (CMS)	This option was not strongly presented at interview.	CMS presented a comprehensive plan to manage the MQ operation providing a royalty and competitive gate rate for Council.	Main interest for quarrying the reserves.	Would be considered.	Well thought out business case for the operation of MQ integrated into their existing quarrying and concrete business.  Indicative royalty and gate rates provided in the submission but no provision for site rehabilitation.	Yes.
Integrated Waste Services (IWS)	Very interested in purchasing MQ business on the basis that it can be integrated with its existing recycling and waste management activities. Not very interested if this integration into waste activities is not possible.	Also interested in the manage and operate option on the same basis as expressed in Option 1.	This would be considered with Option 1.	Would be considered.	IWS identified the synergies between quarry operations and construction and demolition waste processing. The MQ site also provides a strategic location for waste management activities that include processing and waste transfer recycling operations.  No actual quarry industry experience.  No actual value nominated for Council and this would be subject to a due diligence to be undertaken by IWS.	Yes.

<b>EOI Respondent</b>	<b>OPTION 1 Purchase of MQ Business</b>	<b>OPTION 2 Manage &amp; Operate MQ Business</b>	<b>OPTION to Purchase Lot 297</b>	<b>Future of MQ Staff</b>	<b>General Comments/ Conclusions</b>	<b>Recommended for Request for Proposal</b>
Adelaide Resource Recovery Pty Ltd (ARR)	Very interested in purchasing MQ business on the basis that it can be integrated with its existing recycling and waste management activities. ARR mainly operates as a construction & demolition waste processor.	Also interested in the manage and operate option on the same basis as expressed in Option 1.	This would be included with Option 1.	Would be considered.	ARR also identified the synergies between quarry operations and construction and demolition waste processing. The MQ site also provides a strategic location for waste management activities that include processing and waste transfer recycling operations.  No actual quarry industry experience.  No actual value nominated for Council and this would be subject to a due diligence to be undertaken by ARR.	Yes.
Southern Waste Resourceco (SWR)	This is their preferred option. SWR has extensive experience in marketing quarry products produced from construction & demolition waste. The MQ business would be integrated with their existing quarrying and concrete activities. SWR would also pursue waste management opportunities on the site.	This option is also available to Council and would be based on a royalty payment.	This would be included with Option 1.	MQ staff would not be employed under either option.	The EOI submission was professionally prepared and the presentation well made with an explanation of how the MQ business would be integrated into their existing business activities.  The EOI submission also included an indicative price range for purchase of MQ as well as the manage and operate option. However final pricing is subject to a thorough due diligence process.	Yes.

<b>EOI Respondent</b>	<b>OPTION 1 Purchase of MQ Business</b>	<b>OPTION 2 Manage &amp; Operate MQ Business</b>	<b>OPTION to Purchase Lot 297</b>	<b>Future of MQ Staff</b>	<b>General Comments/ Conclusions</b>	<b>Recommended for Request for Proposal</b>
Hunter Bros Earthmovers Pty Ltd (HB)	<p>HB, subject to a due diligence process, would be interested in purchasing MQ. HB submission included a letter of support from the Adelaide Hills Region Waste Management Authority.</p> <p>There was no financial information provided by HB in the submission or at interview.</p>	<p>HB indicated at interview that this option was not viable for their company.</p>	<p>Yes, would consider with Option 1.</p>	<p>HB expressed the view that one existing employee would be considered for employment with Option 1.</p>	<p>HB's existing business concentrates on earthmoving and drainage in the Adelaide Hills area with many Local Government clients. They believe the MQ business would add value to their existing business activities.</p> <p>HB would work harmoniously with the Adelaide Hills Region Waste Management Authority landfill operation.</p>	Yes.
Adelaide Hills Region Waste Management Authority (AHRWMA)	<p>AHRWMA did not offer this purchase option.</p>	<p>AHRWMA offered to operate the MQ business on the basis that any profit made by the business would be paid to Council and any loss would be payable by Council to AHRWMA. The commercial risk remains with Council. This model is used by AHRWMA to operate transfer stations for other Member Councils.</p>	<p>AHRWMA wished to purchase Lot 297 as a buffer for the landfill operation, regardless of the outcome of the EOI.</p> <p>They offered to purchase Lot 297 at valuation and on the condition that the calccrete reserves could be used by the new owner or operator of the MQ business.</p>	<p>Would be considered with Option 2.</p>	<p>Mt Barker Council is a Constituent Council of AHRWMA.</p> <p>The interview and submission prepared by AHRWMA clearly indicated the synergies between the existing landfill operation and the MQ business.</p> <p>The Council will need to give careful consideration to the request by AHRWMA to purchase Lot 297 as a buffer zone for the existing landfill operation. Care will also need to be exercised in evaluating their RFP submission.</p>	Yes.

## **CONCLUSION AND RECOMMENDATION**

All six respondents at interview confirmed that they have the business acumen and background to purchase or manage Monarto Quarries.

The EOI process has identified the synergies between the processing of construction & demolition waste with quarrying operations and the strategic location of Monarto Quarries. It would appear that it has regional significance to waste operators and provides a link to the metropolitan market in both quarrying and waste activities.

The EOI process to date has not allowed for the due diligence required to quantify respondents' submissions. It seems appropriate that all respondents should be given an opportunity to determine the value of their offer and any other value-add opportunities for Council to make an informed decision.

The Evaluation Panel recommends that all of the six shortlisted respondents be invited to participate in a Request for Proposal.

**Monarto Quarries: Expressions of Interest – Proposed Program as at 15/03/2012 (subject to change)**

<b>Task</b>	<b>Target Timing</b>	<b>Comment</b>
<b>Stage 3 - RFP</b>		
Determine short list for next stage of the process and authority to proceed with Request For Proposal (RFP) process	1 week	<b>Council meeting decision</b>
Engage suitable consultant to assist council with RFP preparation and subsequent evaluation of proposals received	2 weeks	
Prepare draft RFP	2 weeks	Consultant and council officers
Legal review of Draft RFP	1 week	Mellor Olsson Lawyers
Finalise and issue RFP to those on short list	1 week	RFP conducted as a tender process
Proposal preparation by those on the short list	7 weeks	Allows for due diligence to be undertaken, site visits etc
Receive proposals		Actual tender close time to be specified
Evaluate proposals	3 weeks	Likely to comprise significant volume of information and require some clarification from respondents
Report on proposals and council agenda item to be prepared	1 week	
Determine short list for detailed negotiations	1 week	<b>Council meeting decision</b>
<b>Stage 4 – Detailed Negotiations</b>		
Detailed negotiations with those short listed for stage 4	4 – 6 weeks	Negotiations may not be able to be completed quickly depending on complexity of the issues involved
Recommendation for final decision	1 week	<b>Council meeting decision</b>
<b>Total</b>	<b>Around 24 – 26 weeks</b>	<b>Followed by implementation with required lead times</b>

**QUESTIONS ARISING FROM COUNCIL MEETING**

Mr Nathan Rogers asked questions 12.4 – Proposal to Revoke the Classification of Community Land, Allotments 498 & 499 Dutton Road, Mount Barker.

Mr Brian Clancey General Manager provided a response at the meeting.

Ms Cyd Fenwick regarding Big Green land.

Mr Greg Parker, General Manager Council Services provided a response at the meeting.

Mr Laurie Gellon on behalf of Mt Barker & Districts Residents' Association regarding Big Green land.

Mr Andrew Stuart, Chief Executive Officer, provided a response at the meeting, and took a question on notice.

**86****CONFIDENTIAL REPORTS****86.1**

**REPORT TITLE: CONFIDENTIAL ITEM: MONARTO  
QUARRIES EXPRESSIONS OF INTEREST  
DATE OF MEETING: 19 MARCH 2012  
FILE NUMBER: 12/010118**

8.30pm Councillor Westwood, Councillor Stokes and Mr David Peters, General Manager Corporate Services, rose and left the Chamber.

Moved Councillor Irvine that Council:

That Council:

**Section 90 (3) (d) and (k) Order Pursuant to Section 90(3)(d) and (k)**

1. 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 Infrastructure and Projects, General Manager Council Services and the Minute Secretary be excluded from attendance at the meeting for Agenda Item 16.1 Monarto Quarries Expression of Interest.

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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 a competitor receiving the information to the detriment of the respondents to the Expressions of Interest invitation and the potential to impact adversely on each of the respondents as competitive commercial information would be disclosed.

Seconded Councillor Gamble and CARRIED

Moved Councillor Irvine that Council:

2. Endorse the recommendation of the evaluation panel for stage 2 that all of the six short listed respondents be invited to participate in a Request for Proposal (RFP) being stage 3 of the process.
3. Authorise the General Manager, Infrastructure and Projects to arrange and finalise the preparation of an RFP document for stage 3 of the process and to issue same under tender conditions to the six short listed respondents.
4. Note that following the evaluation of the proposals received via the RFP process, a further agenda item will be prepared for consideration at a council meeting.
5. Authorise the General Manager, Infrastructure and Projects to provide a verbal update on the process to the land owner (the Harvey family) and the staff of Monarto Quarries.


Section 91(7) Order Pursuant to Section 91(7)

6. That having considered Agenda Item 16.1 Monarto Quarries Expression of Interest in confidence under 90(2) and 3(d) and (k) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the Council report, attachment and all minutes (other than as detailed below) be retained in confidence until the Expressions of Interest process is concluded and that this order be reviewed every 12 months.

Seconded Councillor Gamble and CARRIED

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MEETING DECLARED CLOSED AT 8.41PM

  
MAYOR

  
DATE