



**MINUTES OF A BUSINESS IMPROVEMENT
COMMITTEE MEETING OF
GLADSTONE REGIONAL COUNCIL**

**HELD AT THE GLADSTONE ADMINISTRATION
CENTRE BOARDROOM
101 GOONDOON STREET, GLADSTONE**

ON

9 DECEMBER 2019 COMMENCING AT 9:00 AM

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PRESENT

COMMITTEE MEMBERS

Kerry Phillips (Committee Chair & Business Improvement Committee External Appointee)
Stephen Coates (Business Improvement Committee External Appointee)
Sandra Collins (Business Improvement Committee External Appointee)
Cr Rick Hansen (Councillor)
Cr Kahn Goodluck (Councillor)

OFFICERS

Carly Quinn, Acting Chief Executive Officer
Mark Holmes, General Manager Finance Governance & Risk (GM FGR)
Brooke Saunders, Manager Governance
Rowena Smallcombe, Ethics Integrity and Audit Specialist
Theunis Mienie, General Manager People Culture and Safety (GM PCS)
John Tumbers, General Manager Operations
Mark Francis, General Manager Customer Experience (GM CS)
Stacey Hogarth, Acting General Manager Strategy and Transformation (GM S&T)
Kristie Wockner, Manager Contracts & Procurement – part of meeting
Anna Scott, General Manager Strategic Asset Performance (GM SAP)
Tania Brown, Manager Asset Governance – part of meeting
Nerrilynne Taylor, Team Leader Financial Operations – part of meeting
Mark Dowe, Internal Auditor
Tegan McDonald, Acting Strategic Project Specialist – part of meeting
Channa Jayasinha, Manager Strategic Information, Communications and Technology – part of meeting
Rob Huth, Acting Transformation Program Lead – part of meeting
Carly Daly, Executive Secretary (minutes)

OTHERS IN ATTENDANCE

Dale Hassell, Queensland Audit Office (by telephone link) – part of the meeting
John Skilling, PWC, External Audit (by telephone link) – part of the meeting
Adrienne Ward, Gladstone Airport Corporation Chairman of Board
Mark Cachia, Gladstone Airport Corporation Chief Executive Officer
Shelly Stormonth, Gladstone Airport Corporation Finance Manager
Desley O'Grady, Councillor – part of meeting
Mayor Matthew Burnett – part of the meeting – left at approximately 12.15pm

1.0 APOLOGIES

Leisa Dowling, Chief Executive Officer

4. DECLARATION OF CONFLICTS OF INTEREST

Councillor Rick Hansen declared a conflict of interest as he is a Council appointed board member of the Gladstone Airport Corporation.

5. CONFIRMATION OF MINUTES

5.1. CONFIRMATION OF BUSINESS IMPROVEMENT COMMITTEE MINUTES FOR 25 SEPTEMBER 2019

Officer's Recommendation to the Business Improvement Committee:

That the Committee confirm the Minutes of the Business Improvement Committee Meeting held on the 25 September 2019.

Decision: The Committee confirm the Minutes of the Business Improvement Committee Meeting held on the 25 September 2019

Moved Stephen Coates
Seconded Sandra Collins

6. BUSINESS ARISING FROM MINUTES

6.1. BUSINESS IMPROVEMENT COMMITTEE OPEN TASKS REPORT

Officer's Recommendation to the Business Improvement Committee:

That the Committee note and receive the report.

Decision:

The Committee endorsed the Officer's recommendation.

Moved Cr Hansen
Seconded Cr Goodluck

7. NOTING PAPERS

The noting papers listed were agreed as read with the below discussion on each item recorded. The following Decision was made for the collective of item 7. Noting papers.

Decision:

The Committee endorsed the Officer's recommendations for each report in item 7.

Moved Cr Hansen
Seconded Kerry Phillips

7.1. MONTHLY FINANCIAL REPORTS FOR PERIOD ENDING 28 OCTOBER 2019

Purpose:

To provide the Business Improvement Committee with the Monthly Financial Reports for Period ending 28 October 2019 that were presented to Council on 19 November 2019.

Discussion:

Stephen Coates raised his concerns about capital expenditure being behind track and the Acting Chief Executive Officer stated that it is a concern to management. The Committee was advised that the Operations team are reviewing the activity with potential to commence with a report to be presented to Executive's on 19 December 2019.

The General Manager Finance Governance and Risk advised that a body of work has been identified to address the gaps but the work is not yet approved. He further advised that Council should be looking at alternative ways of funding and bringing the works forward.

Cr Hansen advised that we should be able to predict capital works and our expectations this year have dropped. Sandra Collins questioned if there is a projection to track whether the reduced target will be achieved and General Manager Finance Governance and Risk referred to page 33 of report, wherein it was stated that the dotted green line is where Council is currently tracking. Stephen Coates questioned if it is known what makes the shortfall and was answered yes by the General Manager Finance Governance and Risk.

Officer's Recommendation to the Business Improvement Committee:

That the Business Improvement Committee note the Monthly Financial Reports for Period ending 28 October 2019.

7.2. INSURANCE RENEWAL UPDATE

Purpose:

This report has been prepared to provide the Committee with information about the types and level of insurance cover Council has in place.

Discussion:

Cyber insurance was discussed and the Committee was advised that Council does have Cyber insurance coverage, although there is more work to be done regarding Cyber to mitigate associated risks.

Officer's Recommendation to the Business Improvement Committee:

That the report be noted.

7.3. UPDATE ON QUEENSLAND GOVERNMENT GRANTS TO LOCAL GOVERNMENT REFORM

Purpose:

The purpose of this report is to provide background on the Queensland Government Grants to Local Government Reform and comment on the potential impacts to Gladstone Regional Council's grant seeking.

Discussion:

Kerry Phillips suggested that there appears to be an opportunity for a reduction in resourcing requirements and questioned what Council has in place to redirect the resource. The Acting Chief Executive Officer advised that the intent of the report was to provide an update on the Queensland Government Grants to Local Government Reform and that resourcing reductions have not been identified yet and will need to be assessed. Further she advised that there has been a lack of capacity to centralise grants activities in the business and the business will require a 12-month period of work to build up internal capabilities.

Officer's Recommendation to the Business Improvement Committee:

That the Business Improvement Committee receive the officers update on the Queensland Government Grants to Local Government Reform.

7.4. HEALTH SAFETY AND WELLBEING QUARTERLY REPORT

Purpose:

The purpose of this report is to provide the Business Improvement Committee with an update of the Health Safety and Wellbeing (HSW) KPIs and trends.

Discussion:

Lost time injuries were discussed and it was noted that there is a very high recordable injury rate and with a request that future reports to the Committee to provide information on how people are being injured rather than two trend figures.

Sandra Collins stated that incidents and hazards should be reported separately, and the discussion point was taken on board. The data trends are going in the right direction but requires sustainability to be understood.

It was noted that there is an error within the Lost Time Injury Frequency Rate graph as December 2019 should state December 2018. Take time for Safety Documents percentage statistics are not where they should be and behavior and culture work need to be undertaken to improve participation. Take time for Safety is relatively new and the tools are being pushed out by the safety team for the whole organisation to embrace and engage. The Safety unit has taken a business partner model in attempt to coach, support and get all staff involved.

Hazard inspections are being done internally with Leaders and Health Safety and Wellbeing Business Partners, going out in the business undertaking inspections. Hazard reporting is currently premature as it has not officially launched, it is a new initiative for the February 2020 Audit.

Officer's Recommendation to the Business Improvement Committee:

That the Health Safety and Wellbeing update report be received and noted.

7.5. ANNUAL STRATEGIC ICT REPORT

Purpose:

The purpose of the report is to provide the committee with an annual update (2019) on the work managed by Strategic ICT team.

Discussion:

Cr Rick Hansen commented on new system Veritas (email archiving) and it was noted that the system is great. The Gladstone Regional Council website shows potential but is now lacking information that was previously accessible.

Room upgrades were discussed, and preparation of Skype meeting rooms is currently taking place. A storage room located on the upper level Civic Centre is being converted to a meeting space, commencing January 2020 which will facilitate improved connectivity of people.

Kerry Phillips raised that the ICT Unit has had 7 new appointments into the team and observation needs to be factored into risk planning and mitigation with high level of recruitment in this area. Queensland Audit Office release Cyber Security Report and strategies were identified, it was discussed regarding where Council sits regarding maturity. In relation to cyber security, Manager Strategic ICT stated that Council are compliant in most areas, with known risks but more work is still to be done.

Cr Kahn Goodluck questioned if a plan was in place to monitor the effectiveness of the new website and how we can improve. General Manager Customer Experience advised that this is currently being reviewed.

Officer's Recommendation to the Business Improvement Committee:

Note the annual update provided.

8. COMPLIANCE AND ASSURANCE ACTIVITIES

8.1. PROGRESS REPORT ON COMPLIANCE AND AUDIT RECOMMENDATIONS

Purpose:

Progress report for internal audit including a summary of recommendations, a summary of actions taken, and a summary of actions not taken by Council in response to recommendations.

Discussion:

The committee was introduced to the new Internal Auditor, Mark Dowe

Sandra Collins referred to section 4.6 High Risk Audit Issues and suggested that the reports and graphs were not easy to read. The graphs are currently being changed and experimented with each time. Kerry Phillips noted that it is a step along the maturity path, however there is concerns about the age and multiple due dates for some actions. Kerry requested an agreed process for how dates move, as it is not acceptable in current state. She stated that Executive members need to take responsibility for actions.

Kerry Phillips requested an update on the status of the internal audit issue Compliance status of AS4801:200 – Occupational Health and Safety Management Systems and it was agreed that an update would be provided out of session.

Kerry Phillips requested an expected date for when the matter was to be addressed for item - The Occupational Health and Safety Management System, review of safety policies and corporate standards – given that it has been identified as high risk and is overdue. Manager Governance advised that the process would take up to a minimum of three months to be completed properly by subject matter experts. The Mayor questioned the hold up and Kerry advised that she is happy for the Chief Executive Office to take this item away on notice, ensure reporting is up to date and to place the accountability on managers.

Page 88 Compliance Matter, no progress report has been entered, Cr Kahn Goodluck queried if the issue relating to the Compliance matter - Emergency Storage Lagoon budget allocation had been completed. Ethics Integrity and Audit Specialist confirmed that the compliance matter had been finalised and can be closed out.

Position Description mandatory requirements (tickets and certificates) were discussed and Cr Goodluck raised concerns that there is no Verification of Competency listed - which is considered essential. It was discussed if people are being employed, then Council are paying for the mandatory qualifications and General Manager People Culture and Safety stated that plans are in place to review Position Descriptions and have been progressing through. In addition, supervisors are aware of licensing and verification of competency checks of their staff.

Kerry Phillips identified that audit actions relating to Occupational Health and Safety Management Systems have an expired due date and Kerry raised that both needed attention. General Manager People Culture and Safety advised that the team will be in a better position within a month to be across both actions. General Manager Operations was questioned on the actions relating to Compliance relating to the Boyne Island Treatment Plant and the Gladstone Wastewater Treatment Plant and he advised that both will be completed this month.

Officer's Recommendation to the Business Improvement Committee:

That the progress report for internal audit including a summary of recommendations, a summary of actions taken, and a summary of actions not taken by Council in response to recommendations be received and noted.

Decision:

That the progress report for internal audit including a summary of recommendations, a summary of actions taken, expired actions and a summary of actions not taken by Council in response to recommendations be received and noted. An update on overdue audit issues is to be received out of meeting.

Moved Kerry Phillips
Seconded Cr Hansen

8.2. WORK HEALTH AND SAFETY AUDIT PROGRESS REPORT

Purpose:

The purpose of this report is to provide the Business Improvement Committee with an update on the Work Health and Safety (WHS) Audit Progress Report.

Officer's Recommendation to the Business Improvement Committee:

That the Work Health and Safety Audit Progress report be received and noted.

Decision:

The Committee endorsed the Officer's recommendation.

Moved Sandra Collins
Seconded Cr Hansen

8.3. COMPLIANCE ACTIVITIES

Purpose:

Report on compliance activities, fraud and reportable/material losses.

Officer's Recommendation to the Business Improvement Committee:

That the report on compliance activities, fraud and reportable/material losses be received and noted.

Decision:

The Committee endorsed the Officer's recommendation.

Moved Cr Goodluck
Seconded Sandra Collins

9. EXTERNAL AUDIT

9.1. QUEENSLAND AUDIT OFFICE BRIEFING PAPER

Purpose:

Queensland Audit Office and External Service Provider update to the Committee

Officer's Recommendation to the Business Improvement Committee:

That the Queensland Audit Office December 2019 Business Improvement Committee Briefing Paper be received and noted.

Decision

The Committee endorsed the Officer's recommendation.

Moved Sandra Collins
Seconded Stephen Coates

10. FINANCE REPORTS

10.1. 2018/19 AUDITED FINANCIAL STATEMENTS

Purpose:

To provide the Business Improvement Committee the final audited 2018/19 financial statements, management representation letter, closing report and final management letter.

Discussion:

Kerry Phillips stated that Council need to stay on top of planning and “get on front foot” of asset valuation.

Officer’s Recommendation to the Business Improvement Committee:

That the Business Improvement Committee note the report.

Decision:

The Committee endorsed the Officer’s recommendation.

Moved Cr Goodluck
Seconded Cr Hansen

The meeting adjourned for morning tea at 11.05am

10.2. GLADSTONE AIRPORT CORPORATION PRESENTATION

Purpose:

A presentation to the Business Improvement Committee will be held by Gladstone Airport Corporation (GAC) presenting its shareholder presentation for the financial year 2020 for quarter 1 in accordance with the Statement of Corporate Intent.

Discussion:

On receiving a verbal report from the members of Gladstone Airport Corporation, it was noted that industrial relation issues have been cleaned up, relationships with tenants are positive and the airport is moving forward towards where they would like to be.

The Gladstone Airport Corporation discussed that they are seeking government funding for three projects: runway rejuvenation; drain works and an apron in the northern end. Cr Goodluck was happy to hear about the grants and queried the level of funding available. GAC CEO stated that 50% of the cost will be funded if successful. In addition, a 1.1% increase in passenger numbers have been recorded and currently ahead of budget for the quarter.

Sandra Collins enquired on what the top three risks for the airport are and the Chairman of GAC board answered that passenger numbers, tenancy within the airport and keeping ground assistance happy.

Cyber security within the airport was also discussed and the Committee was advised by GAC CEO that cyber security could be better, however there is not much information to get to and would go to external customers involved with the airport for information. Gladstone Airport Corporation is integrated with Gladstone Regional Council and utilises Council IT systems.

A car park fee increase has recently been implemented and Cr Goodluck discussed if this had any impacts on the tenants of the airport. Reassurance was given that no impacts had been put on tenants and the increase was generating good revenue.

Officer's Recommendation to the Business Improvement Committee:

That the presentation from Gladstone Airport Corporation be received.

Decision:

The Committee endorsed the Officer's recommendation.

Moved Stephen Coates
Seconded Sandra Collins

11. ASSET MANAGEMENT

11.1. ASSET MANAGEMENT

Purpose:

Provide the Business Improvement Committee with an update on Council's asset management activities including a summary of the current status of Council's asset data and future data improvement actions.

Discussion:

The Committee asked if the team are still concentrating on looking at valuations for Council assets or are working towards being ISO certified. General Manager Strategic Asset Performance advised that the team are looking for better ways to improve which included bringing the asset accountant within the team. Consultant John Singh has been engaged to identify more efficient asset valuation processes and ways to be in a better position for valuations. Advised that doing annual desktop re-valuations may not be beneficial as results in greater depreciation but also when paying for a full revaluation results in minor shift which may not result in question being asked if numbers are correct. By reducing internal work and relying more on full external valuation at greater interval, this should provide more accurate results.

Have also focused on tender for condition assessments on Roads to inform valuation process. Asset Accountant and Manager Asset Performance and Monitoring have worked closely to ensure when tender goes out, data goes out and comes back in same format so evaluations can be achieved more accurately. Council should now be able to be more accurate and putting in reasonable deadlines rather than being too optimistic or derailed.

Have a Strategic Asset Management Plan aligned with ISO standards to provide guidance to CEO and Executives that outlines principles and philosophies to be put in place and are to be updated every six months. Each asset class plan is a work in progress and currently being reviewed, with an implementation from January to June 2020 for all asset classes. Focus has been placed on asset planning and incorporating a community focused approach.

The recruitment of Tania Brown, Manager Asset Governance, has been good for the team however recruitment for the Asset Accountant vacant position is proving challenging.

Sandra Collins raised deadlines and whether they tie in with the Audit Office requirements, Manager Asset Governance advised that when meeting recently with PWC they did not appear alarmed at planned timelines but will check this. Sandra also discussed the phase two plan for December 2020 and questioned if the plan would cause any problems with financial statements if incomplete. Manager Asset Governance assured the Committee that there are no financial impacts of these tasks, the plan is more around getting the data integrity and doesn't believe will be audit impacted.

Kerry raised that in last meeting Junaide from William Buck had referred to the independent report that was received in respect to Jacobs review that was presented in December 2018 meeting and raised concerns if everything has been covered off and sought assurance if have reviewed this report as part of forward planning. Discussion that this is where phase 1 and 2 came from and when questioned last meeting, this was where this query came from. Manager Asset Governance that consultant has been involved in preparation of the reports and is providing advice and guidance by Jacobs on managing specific tasks. Kerry questioned if Council has assessed the report recommendations against actions and suggested that it is important to keep the thread of consistently through the process and believed that it was

important to review these reports. Discussion occurred on difference between maturity process and asset data project and that phase 2 is in respect to maturity process. General Manager Strategic Asset Performance advised that Jacobs are engaged to assist with achieving phase 2 of maturity process. Kerry requested to ensure that previous reports presented are considered and included as reference in future reports.

Kerry expressed an offer for General Manager Strategic Asset Performance to contact her out of session to discuss matters raised throughout the update and advised she consults to Rockhampton Regional Council regarding asset management matters (a skillset that benefits GRC) and she can be consulted at any time as her role along with other independent members of the committee is advisory in nature.

Officer's Recommendation to the Business Improvement Committee:

It is recommended that the update be noted.

Decision:

The Committee endorsed the Officer's recommendation.

Moved Sandra Collins
Seconded Stephen Coates

12. RISK MANAGEMENT

12.1. RISK MANAGEMENT REPORT

Purpose:

To provide an update to the Committee by way of a presentation in relation to the current status of Risk Management across the business.

Discussion:

Stephen Coates enquired where Council is at with closing out controls and Stacey Hogarth provided a response that controls have been sorted and the Corporate Risk Register now has 25 out of 30 listed. An annual review cycle and holding workshops has been proposed to assist with closing out risks and communicating to risk owners.

Further discussion was held around emerging environmental compliance at a business level and has indicated to be growing six monthly in all businesses.

Officer's Recommendation to the Business Improvement Committee:

That the update be noted.

Decision:

It is recommended that the update be noted and updated Corporate Risk Register to be circulated to committee prior to next meeting.

Moved Stephen Coates
Seconded Cr Goodluck

13. OFFICER'S REPORTS

13.1. TRANSFORMATION PROGRAM UPDATE

Purpose:

The purpose of the report is to inform the Business Improvement Committee of the status in establishing the Transformation Program office in accordance with Council's Operational Plan Strategic Goal 4, item 4.2c

Discussion:

The Committee discussed that the report was an informative, good document to start with and gave a very timely idea of where the transformation program is headed.

Officer's Recommendation to the Business Improvement Committee:

That the report be received for information

Decision:

The Committee endorsed the Officer's recommendation.

Moved Cr Hansen
Seconded Cr Goodluck

13.2. CONTRACTS AND PROCUREMENT REPORT

Purpose:

The purpose of this report is to update the committee on business improvement activities being completed by the Contracts and Procurement Group.

Discussion:

The Committee advised that the table within the report is very informative however, does indicate slow progress on some items. Sandra Collins enquired about open purchase order lines from 2018. Manager Contracts and Procurement stated that the team is more value driven on how they are spending money locally and acknowledged that further work can be done to improve processes. Kerry Phillips stated that it is encouraging to see that Contracts and Procurement are still striving to achieve a better place.

Officer's Recommendation to the Business Improvement Committee:

It is recommended that the Business Improvement Committee accept this Contracts and Procurement report as received and noted.

Decision:

The Committee endorsed the Officer's recommendation.

Moved Sandra Collins
Seconded Kerry Phillips

13.3. BUSINESS IMPROVEMENT COMMITTEE MEETING DATES 2020

Purpose:

To determine dates for the Business Improvement Committee meetings in 2020.

Discussion:

The Committee discussed the dates and agreed that the proposed dates were suitable. Manager Governance discussed September meeting being longer to account for Financial Statements with Committee recommending that all meetings be four hours in duration given the number of items to be discussed. Advice provided by Manager Governance that Council will need to endorse extending the Committee meeting time to four hours and will present this with the minutes to Council.

Officer's Recommendation to the Business Improvement Committee:

That the Business Improvement Committee:

1. Schedule ordinary business meetings for the following dates and times in 2020:
 - Wednesday 4 March 2020 from 9am to 12noon;
 - Wednesday 17 June 2020 from 9am to 12noon;
 - Wednesday 30 September 2020 from 9am to 1pm;
 - Wednesday 9 December 2020 from 9am to 12noon; and
2. Undertake an Information Briefing at a Councillor Information Session scheduled for the 10 March and 13 October 2020 (subject to Council meeting dates).

Decision:

The Committee endorsed the Officer's recommendation requesting each meeting to be four hours in duration (9am – 1pm) and that Council will need to endorse this change.

Moved Stephen Coates
Seconded Kerry Phillips

14. SELF-DEVELOPMENT

There was no self-development to report.

15. COUNCIL REFERRALS

There were no referrals from Council.

16. CLOSED SESSION - AUDIT REPRESENTATIVES

Nil.

17. GENERAL BUSINESS

There was no general business to report.

18. MEETING CLOSE

There being no further business the Chair closed the meeting.

THE MEETING CLOSED AT 12:47 pm.

CERTIFICATION

I hereby confirm that I have read the minutes and they are a true and correct record of the proceedings of the meeting. I certify that these 18 pages form the official copy of Gladstone Regional Council Business Improvement Committee Meeting Minutes of the 09 December 2019.

.....
Kerry Phillips (Chairperson)

...../...../.....
Date