



**GLADSTONE**  
REGIONAL COUNCIL

## **GENERAL MEETING AGENDA**

**TO BE HELD AT THE COUNCIL CHAMBERS - CIVIC CENTRE  
101 GOONDOON STREET, GLADSTONE**

**On 17 March 2020**

**Commencing at 9.00am**

**Leisa Dowling  
CHIEF EXECUTIVE OFFICER**

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**G/1. MAYORAL STATEMENT OF CURRENT ISSUES**

Nil.

**G/2. CONFIRMATION OF MINUTES**

**G/2.1. CONFIRMATION OF GENERAL MEETING MINUTES FOR 3 MARCH 2020**

**Responsible Officer:** Chief Executive Officer

**Council Meeting Date:** 17 March 2020

**File Ref:** CM7.2

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**Purpose:**

Confirmation of the minutes of the General Meeting held on 3 March 2020.

**Officer's Recommendation:**

That the minutes of the General Meeting of Council held on 3 March 2020 be confirmed.

**Attachments:**

1. Minutes of the General Meeting of Council held on 3 March 2020.

**Tabled Items:**

Nil.

**Report Prepared by:** Manager Governance

## G/3. OFFICERS' REPORTS

### G/3.1. OFFICER'S REPORTS

#### G/3.1.1. MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 25 FEBRUARY 2020

**Responsible Officer:** General Manager Finance Governance and Risk

**Council Meeting Date:** 17 March 2020

**File Ref:** FM15.1

#### **Purpose:**

This report seeks Council adoption of the Monthly Financial Statements for the 2019-20 year to date, for the period ended 25 February 2020.

#### **Officer's Recommendation:**

That Council adopt the Monthly Financial Statements attached to the officer's report for the 2019-20 year to date, for the period ended 25 February 2020 as required under Section 204 *Local Government Regulation 2012*.

#### **Background:**

The percentage of year passed (pro-rata rate) as at 25 February 2020 is 65.75%.

#### **Forecast**

The 2019-20 budget was adopted on 17 July 2019. The organisation is currently undertaking a forecasting process to establish an expected position at 30 June 2020.

#### **Statement of Income and Expenditure**

##### **Income**

##### Recurrent Revenue

|                         |                                  |
|-------------------------|----------------------------------|
| Total recurrent revenue | Actual as a percentage of budget |
|                         | <b>82.52%</b>                    |

Year to date recurrent revenue is at \$164.5m compared to a budget of \$199.3m. Revenue types that vary significantly from the pro-rata rate are as follows:

|                               |                                  |
|-------------------------------|----------------------------------|
| Net rates and utility charges | Actual as a percentage of budget |
|                               | <b>93.15%</b>                    |

General rates and annual waste, water and sewerage charges have been levied as well as water consumption for the period July – December 2019. The remaining water consumption revenue for 19-20 will be recognised following the water meter reading cycle in August 2020 and accrued back into June 2020

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|                  |                                  |
|------------------|----------------------------------|
| Fees and charges | Actual as a percentage of budget |
|                  | <b>48.51%</b>                    |

The most significant variance in this category is within tipping fees. Charges for internal and external customers are yet to be raised for February giving a year to date position of \$6.4m compared to a budget of \$14.8m.

|                                    |                                  |
|------------------------------------|----------------------------------|
| Interest received from investments | Actual as a percentage of budget |
|                                    | <b>34.13%</b>                    |

Year to date interest is \$1.1m compared to a budget of \$3.1m. Further interest will be recognised when large investments mature in March and May 2020.

|               |                                  |
|---------------|----------------------------------|
| Sales revenue | Actual as a percentage of budget |
|               | <b>105.23%</b>                   |

Sales revenue for the year to date is \$2.4m compared to a budget of \$2.2m. If recoverable works continue at the current rate, the budget will be exceeded.

|                        |                                  |
|------------------------|----------------------------------|
| Income tax equivalents | Actual as a percentage of budget |
|                        | <b>12.36%</b>                    |

The budget of \$2.9m includes \$1.7m estimated to be received from GAWB at the end of the 2019-20 financial year. The remaining budget relates to income tax equivalents from the Gladstone Airport Corporation.

|                        |                                  |
|------------------------|----------------------------------|
| General purpose grants | Actual as a percentage of budget |
|                        | <b>37.22%</b>                    |

The first three quarterly instalments of the Financial Assistance Grant have been received however, the largest instalment of this grant will not be received until June 2020.

|                                       |                                  |
|---------------------------------------|----------------------------------|
| State government grants and subsidies | Actual as a percentage of budget |
|                                       | <b>53.88%</b>                    |

Currently at \$2.2m compared to a budget of \$4.0m. The largest component of the budget is the Waste Levy offset payment. These funds were received in June 2019, and they will be recognised as income in the 2019-20 financial year as the costs associated with the Waste Levy are incurred. The payment of the waste levy is not due until two months after month end – thus the delay in recognising the income.

|                                   |                                  |
|-----------------------------------|----------------------------------|
| Commonwealth grants and subsidies | Actual as a percentage of budget |
|                                   | <b>340.21%</b>                   |

Funding related to the National Disaster Relief & Recovery Arrangements (NDRRA) has been received in 19-20 that was not included in the original budget.

|       |                                  |
|-------|----------------------------------|
| Other | Actual as a percentage of budget |
|       | <b>0.10%</b>                     |

The budget for other revenue includes \$1.8m relating to the Gladstone City Plaza Forecourt Upgrade. This revenue will be recognised upon the completion of the project and the debtor will be reduced as repayments are made in future years.

The budget also includes \$2.0m for interest contributions from the Gladstone Airport Corporation (GAC). These payments are used to offset Council's interest expense, rather than being recognised as revenue.

### Capital Revenue

|                       |                                  |
|-----------------------|----------------------------------|
| Total capital revenue | Actual as a percentage of budget |
|                       | <b>71.51%</b>                    |

Total capital revenue for the year to date is \$5.0m compared to the budget of \$7.0m. Revenue types that vary significantly from the pro-rata rate are as follows:

|                                       |                                  |
|---------------------------------------|----------------------------------|
| State government grants and subsidies | Actual as a percentage of budget |
|                                       | <b>37.52%</b>                    |

Currently at \$1.7m compared to a budget of \$4.4m. The budget comprises of funding for several major projects including the Auckland Hill land slide issues, Kirkwood Road/ Dixon Drive signalisation upgrade (design phase) and the Gladstone Waste Water Treatment Plant biosolids building. Funding will be received in line with project milestones.

|                                   |                                  |
|-----------------------------------|----------------------------------|
| Commonwealth grants and subsidies | Actual as a percentage of budget |
|                                   | <b>119.44%</b>                   |

Currently at \$3.0m compared to a budget of \$2.5m. Additional funding for NDRRA projects was received this year following the completion of these works in 2018-19.

### **Expenditure**

#### Recurrent expenditure

|                             |                                  |
|-----------------------------|----------------------------------|
| Total recurrent expenditure | Actual as a percentage of budget |
|                             | <b>59.46%</b>                    |

Total recurrent expenditure for the year to date is at \$117.4m compared to the budget of \$197.5m. Expenditure types that vary significantly from the pro-rata rate are as follows:

|                             |                                  |
|-----------------------------|----------------------------------|
| Contractors and consultants | Actual as a percentage of budget |
|                             | <b>47.13%</b>                    |

Actual expenditure for the month of February increased with a spend of \$2.6m compared to \$11.6m total for the 7 months prior – an average of \$1.7m per month.

There are multiple areas across Council with significant budgets for contracting and consulting expenses that are spending well below the pro-rata rate. These include Asset Governance, Asset Performance and Monitoring, Gravel Pits and Strategic Information Technology.

|                            |                                  |
|----------------------------|----------------------------------|
| Donations and sponsorships | Actual as a percentage of budget |
|                            | <b>43.24%</b>                    |

A large portion of the budget for donations within the Community Development and Partnership group remains unspent, however significant spending is expected to occur in the remainder of the year, including sponsorship of major community events.

|                                 |                                  |
|---------------------------------|----------------------------------|
| Equipment and software expenses | Actual as a percentage of budget |
|---------------------------------|----------------------------------|

|  |               |
|--|---------------|
|  | <b>83.76%</b> |
|--|---------------|

This account includes software maintenance fees that cover 12 months of service.

|                               |                                  |
|-------------------------------|----------------------------------|
| Staff and Councillor expenses | Actual as a percentage of budget |
|                               | <b>38.09%</b>                    |

This account includes costs related to staff and Councillors, excluding wages and superannuation. Staff training and development is currently below pro rata. Costs associated with the Council election will be incurred in the last quarter with \$0.4m being budgeted for this purpose.

|                                 |                                  |
|---------------------------------|----------------------------------|
| Waste disposal and tipping fees | Actual as a percentage of budget |
|                                 | <b>47.65%</b>                    |

The payment of the waste levy is not due until two months after month end. Therefore, payments relating to January and February will be made in the coming months.

|   |                                  |
|---|----------------------------------|
| Finance costs – Queensland Treasury Corporation | Actual as a percentage of budget |
|   | <b>44.47%</b>                    |

Interest contributions from the Gladstone Airport Corporation are used to offset Council's interest expenses, however the budget is held in other revenue. This results in a lower percentage spend compared to budget.

### Capital Expenditure

|   | Year to date actual expenditure | Budget  | Actual as a percentage of budget |
|---|---------------------------------|---------|----------------------------------|
| Year to date capital expenditure        | \$20.8m                         | \$74.9m | 27.80%                           |
| Including commitments (purchase orders) | \$37.1m                         |         | 49.55%                           |

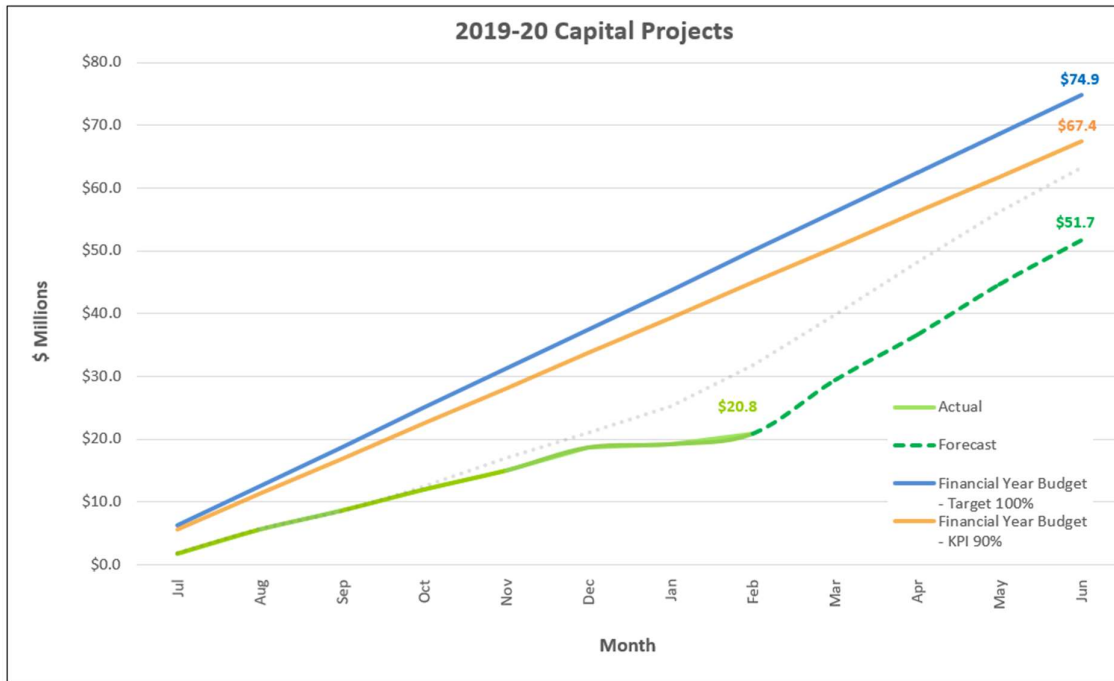
Capital expenditure (not including commitments) against groups with significant capital expenditure budgets is shown in the table below:



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| Group                            | YTD Actual       | Budget           | Actual as % of Budget | Significant Projects Related to Variance  |
|----------------------------------|------------------|------------------|-----------------------|---|
| Road Assets                      | \$8.519m         | \$21.544m        | 40%                   | - Gravel Road Resheeting<br>- Auckland Hill Landslide<br>- Goondoon Street Footpath & Pavement  |
| Sewerage Assets                  | \$6.367m         | \$20.430m        | 31%                   | - Yarwun Waste Water Treatment Plan<br>- Boyne Island Waste Water Treatment Plant - Belt Press and Shed<br>- Relining Boyne Island Treatment Ponds<br>- Odour Control Network Gladstone<br>- Communications SCADA Network Upgrade |
| Strategy & Transformation        | \$0.726m         | \$9.170m         | 8%                    | - Philip Street Community Precinct  |
| Water Assets                     | \$1.846m         | \$8.263m         | 22%                   | - Lake Awoonga Reservoir Upgrade<br>- Lake Awoonga Water Meter Replacements<br>- Agnes Water Treatment Plant Ultrafiltration  |
| Delivery Support and Performance | \$0.222m         | \$6.210m         | 4%                    | - Fleet Replacement Program   |
| Waste Assets                     | \$2.230m         | \$3.820m         | 58%                   | - Benaraby Landfill Cell 3A Development   |
| Property Assets                  | \$0.088m         | \$2.145m         | 4%                    | - Boyne Island Library Floor  |
| Parks & Environment Assets       | \$0.465m         | \$1.906m         | 24%                   |   |
| Community Development & Events   | \$0.264m         | \$0.651m         | 41%                   |   |
| Other                            | \$0.106m         | \$0.804m         | 13%                   |   |
| <b>Total</b>                     | <b>\$20.834m</b> | <b>\$74.943m</b> | <b>28%</b>            |   |

The following graph illustrates the year to date capital expenditure and anticipated capital forecast for year end as at 25 February 2020, compared to the adopted budget. The current forecast is \$51.7m, down \$7.4m from the estimates made in January. Council has an organisational KPI to complete 90% or greater of the value of the annual capital works program. The current forecast of \$51.7m is a variance of \$15.7m from the KPI target.



**Statement of Financial Position**

| Year to date Assets | Current Value  | Adopted Budget | Percentage of Adopted Budget |
|---------------------|----------------|----------------|------------------------------|
|                     | <b>\$2.31b</b> | <b>\$2.31b</b> | <b>99.89%</b>                |

Council's cash remains high following the rates generation. The cash balance is expected to decrease throughout the year as expenditure is incurred. Property, plant and equipment is less than the budgeted amount for 30 June 2020 as Council is still working through the 19-20 capital program.

| Year to date Liabilities | Current Value    | Adopted Budget   | Percentage of Adopted Budget |
|--------------------------|------------------|------------------|------------------------------|
|                          | <b>\$138.25m</b> | <b>\$133.05m</b> | <b>103.91%</b>               |

The budget for liabilities is the expected position at 30 June 2020. As loan repayments are made throughout the year the balances will align closer to the budget.

**Outstanding Rates**

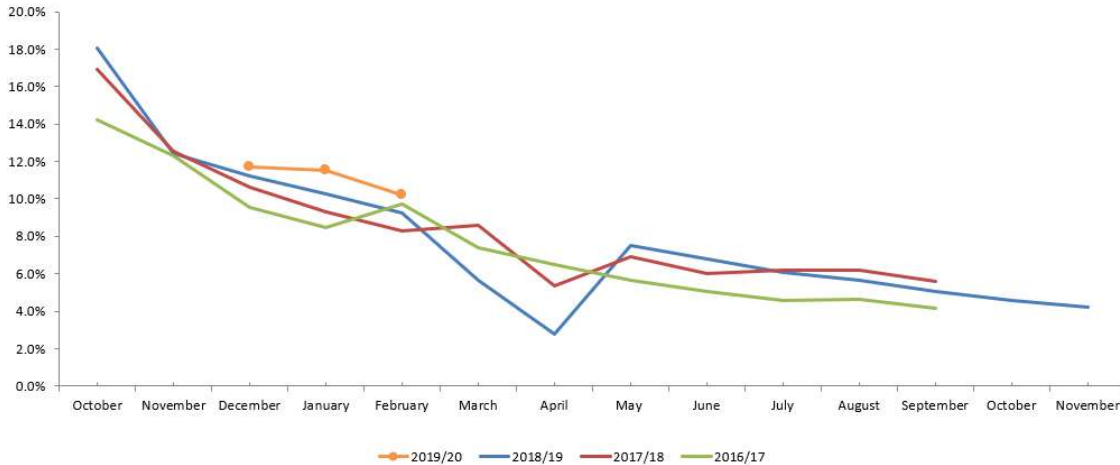
Outstanding rates as a percentage of gross rates levied and collectible for 2019-20, is at 10.22% at the end of February 2020 compared to 9.25% for the same period last year. Of the \$18.1m of outstanding rates, 14.6% relates to commercial/ industrial assessments and 85.4% represents residential assessments.

These figures include \$3.1m of rates that are currently being repaid under an authorised payment plan, for which there were 57 commercial/industrial assessments and 1,486 residential assessments. This is a total of 1,543 assessments - an increase from 1,501 assessments in January.

There were 4,357 ratepayers who had paid their rates in advance, in the amount of \$4.8m.

The extension to the due date for the 2019-20 rates is reflected in the later than previous period commencement of debt recovery action, and hence the comparatively higher outstanding rates percentage at the end of February.

### Outstanding Rates



### Sustainability Ratios

Council's Sustainability Ratios for the period are generally in line with expectations at this stage of the reporting year. Early in the financial year, ratios are typically distorted given that Council raises most of its yearly revenue early in the year but incurs expenses and delivers its capital program on an incremental basis throughout the year.

Financial ratios provide a useful snapshot of Council's financial status and emerging trends. Individual ratios do not provide enough information to form a comprehensive opinion of Council's financial position and performance, but when the right mix of ratios are considered together, they become an important tool in analysing Council's overall financial performance.

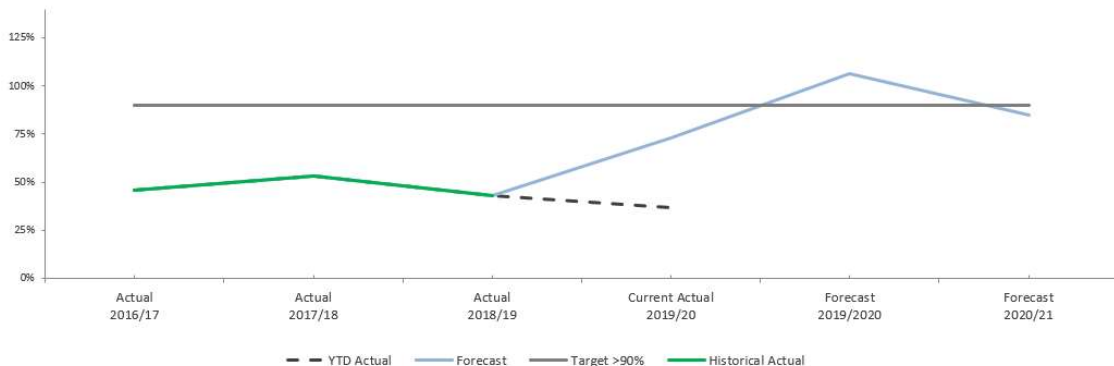
#### Asset Sustainability Ratio

This ratio compares Council's expenditure on capital renewal assets with the rate at which our assets are depreciating. A low result was achieved in 2018-19 due to delays in delivering Council's capital program following the organisational restructure in August 2018. The results of this ratio are expected to increase in 2020-21 following completion of the deferred asset replacement works, and in line with the projected cyclical investment in the renewal of Council's asset base. The results of this ratio are dependent on the delivery of renewal projects in the capital program. The information provided in the section above indicates the expectations of completion of the capital program as a whole.

| Asset Sustainability Ratio |                    |        |        |
|----------------------------|--------------------|--------|--------|
| CURRENT YEAR TO DATE       | PRIOR YEAR TO DATE | BUDGET | TARGET |
| 36.61%                     | 38.94%             | 79.39% | >90%   |

#### Asset Sustainability Ratio

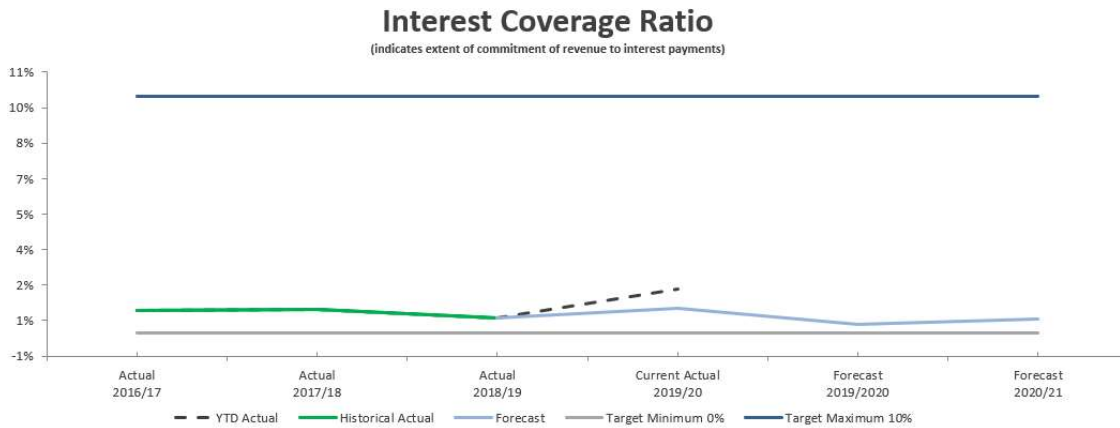
(indicates rate of replacement/renewal vs consumption of assets)



Interest Coverage Ratio

The results of this ratio are within the target range. The improvement from the previous year result is due to higher operating revenue following the return of annual water and sewerage charges, as well as decreased interest costs.

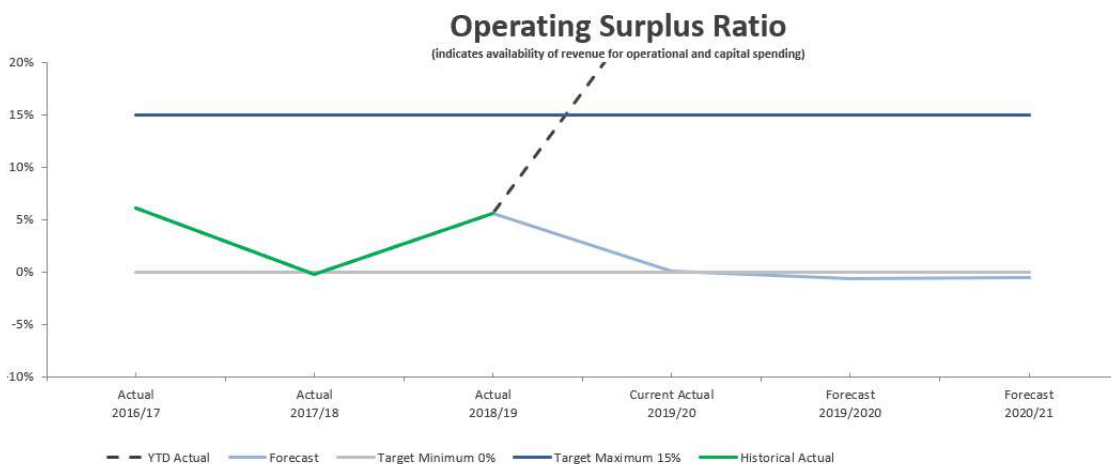
| <b>Interest Coverage Ratio</b> |                           |               |                |
|--------------------------------|---------------------------|---------------|----------------|
| <b>CURRENT YEAR TO DATE</b>    | <b>PRIOR YEAR TO DATE</b> | <b>BUDGET</b> | <b>TARGET</b>  |
| <b>1.82%</b>                   | <b>1.45%</b>              | <b>1.47%</b>  | <b>0 – 10%</b> |



Operating Surplus Ratio

The results of this ratio are affected by the rates generation early in the year. This result will change throughout the year as expenditure is incurred and the operating surplus decreases. The return of the annual water and sewerage charges has increased the operating result at this stage of the year, compared to 2018-19.

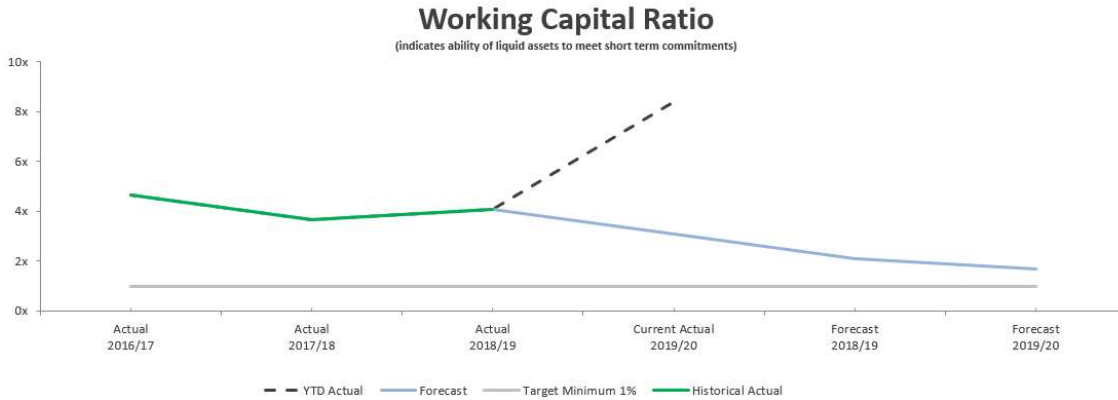
| <b>Operating Surplus Ratio</b> |                           |               |                |
|--------------------------------|---------------------------|---------------|----------------|
| <b>CURRENT YEAR TO DATE</b>    | <b>PRIOR YEAR TO DATE</b> | <b>BUDGET</b> | <b>TARGET</b>  |
| <b>28.61%</b>                  | <b>14.47%</b>             | <b>0.91%</b>  | <b>0 – 15%</b> |



Working Capital Ratio

Following the rates generation, Council has a large cash balance that increases the results of this ratio. The ratio is in excess of the target minimum, reflecting a healthy position for Council.

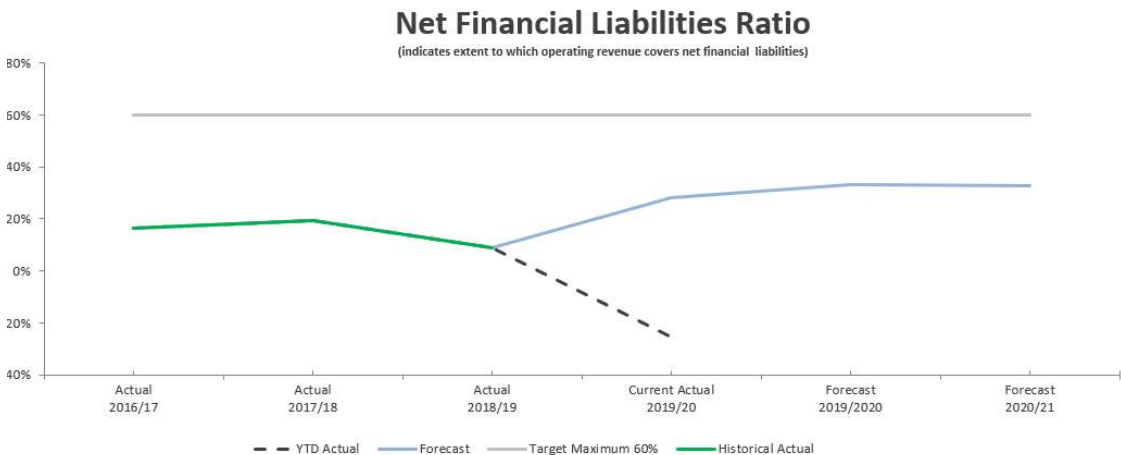
| <b>Operating Surplus Ratio</b> |                    |        |                  |
|--------------------------------|--------------------|--------|------------------|
| CURRENT YEAR TO DATE           | PRIOR YEAR TO DATE | BUDGET | TARGET           |
| 8.40x                          | 6.77x              | 3.13x  | Greater than 1:1 |



**Net Financial Liabilities Ratio**

Again, the results of this ratio are abnormal due to the high value of current assets and operating revenue following the rates generation. This result will align closer to budget as the year progresses.

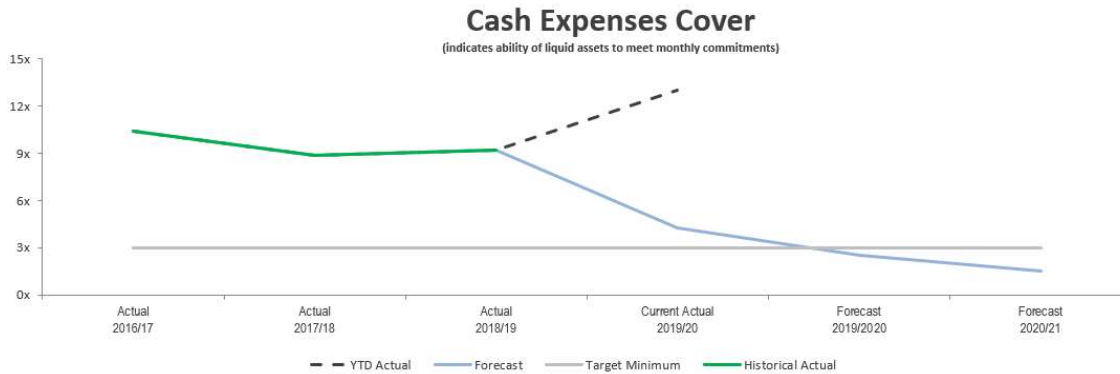
| <b>Net Financial Liabilities Ratio</b> |                    |        |        |
|--|--------------------|--------|--------|
| CURRENT YEAR TO DATE                   | PRIOR YEAR TO DATE | BUDGET | TARGET |
| (25.50%)                               | 7.53%              | 26.70% | < 60%  |



**Cash Expenses Cover Ratio**

The current result reflects a continuing strong cash position proportional to operating costs. This result is well above the target ratio.

| <b>Cash Expenses Cover Ratio</b> |                    |        |        |
|----------------------------------|--------------------|--------|--------|
| CURRENT YEAR TO DATE             | PRIOR YEAR TO DATE | BUDGET | TARGET |
| 13.02x                           | 11.80x             | 4.32x  | > 3x   |



**Options, Risk and Opportunity Analysis:**

Nil.

**Communication and Consultation:**

Input regarding budget and forecast sought from Systems Modelling and Metrics Specialist.  
 Input regarding capital expenditure sought from Manager Works Planning and Scheduling.  
 Input regarding outstanding rates and prepaid rates sought from Senior Rates Officer.

**Legal Strategy and Policy Implications:**

Nil.

**Financial and Resource Implications:**

Nil.

**Summary:**

Nil.

**Anticipated Resolution Completion Date:**

17 March 2020.

**Attachments:**

1. Monthly Financial Statements for period ending 25 February 2020
2. Operating Statements for month end February 2020

**Tabled Items:**

Nil.

**Report Prepared by:** Statutory Accountant

### G/3.1.2. REPEAL OF VACCINATION POLICY

**Responsible Officer: General Manager Finance Governance and Risk**

**Council Meeting Date: 17 March 2020**

**File Ref: CM28.2**

#### **Purpose:**

This report recommends that Council consider repealing its existing Vaccination Policy and manage this matter operationally through a Corporate Standard.

#### **Officer's Recommendation:**

That Council repeal P-2017-07 Vaccination Policy.

#### **Background:**

The Vaccination Policy and Immunisation Corporate Standard were both due for their three-yearly review on the 7 March 2020.

Council's Governance Team facilitated this review and carried out broad consultation within the organisation. During consultation it was agreed that the Vaccination Policy and Immunisation Corporate Standard could be combined given the operational nature of the activity.

The Executive Team considered a revision of the Immunisation Corporate Standard at its meeting on the 26 February 2020 and endorsed the suggestion that officers seek Council consideration on repealing the existing Vaccination Policy. As Members will be aware, the business is attempting to reduce the number of corporate documents that it maintains. This is an ideal opportunity to consolidate two corporate documents into a single source. This will not only reduce the number of corporate documents maintained by the business, but it will allow users to obtain all relevant information from one document and reduce the resourcing required for ongoing review.

#### **Options, Risk and Opportunity Analysis:**

##### Option 1 – Adopt the Recommendation

This option provides the business with the opportunity to consolidate the Vaccination Policy and Immunisation Corporate Standard into a single document and to manage the matter operationally. The benefits of this option are that users will be able to source all relevant information from one source and it will reduce the resources required for corporate document review on an ongoing basis.

##### Option 2 – Retain the existing Vaccination Policy

This option would see the organisation retain a public facing document. Should Council elect to retain the Vaccination Policy, there is no risk that the documents will conflict as the content in the policy is in line with the content in the revised corporate standard. It will however, require that the organisation review both documents on an ongoing basis. To give this option effect an alternative recommendation is suggested below:

*That Council retain P-2017-07 Vaccination Policy subject to minor amendments to the related documents section to reference the most current versions of the documents listed.*

**Communication and Consultation:**

The Governance Advisor initially reviewed the Vaccination Policy and Immunisation Corporate Standard. The major purpose of the existing Vaccination Policy was to publicly document Council's commitment to a Vaccination Program. In discussions with the subject matter experts, it was agreed that the policy and corporate standard could be consolidated into a single corporate standard provided that Council did not object to allowing this matter to be dealt with operationally.

The Governance Advisor drafted the existing content into a single corporate standard and after consulting with Work Health and Safety and the Environmental Health Team, circulated the revised document to the business's Work Health and Safety Representatives, the Joint Consultative Committee and all Leaders in the organisation with the request that employees be encouraged to review and provide feedback. Consultation commenced on the 3 January 2020 and closed on the 7 February 2020. Five submissions were received. All the suggestions have been incorporated into the revised corporate standard. The revised corporate standard maintains the current level of service in relation to vaccination.

**Legal Strategy and Policy Implications:**

The business has a general duty of care to its workers to ensure that the risks to health and safety are minimised through risk assessments, systems of work and other preventative controls such as immunisation. There is no legislative requirement for Council to have a public facing policy on staff/councillor vaccination.

**Financial and Resource Implications:**

The business funds its Immunisation Program from its operational budget at a cost of approximately \$7000 per annum. The revised corporate standard maintains the current level of service. If Council elects to maintain its Vaccination Policy, the business will need to resource the ongoing review of the Policy which is considered an additional requirement outside of considerations made through the budget process.

**Summary:**

Nil.

**Anticipated Resolution Completion Date:**

31 March 2020

**Attachments:**

1. P-2017-07 Vaccination Policy

**Tabled Items:**

Nil.

**Report Prepared by:** Governance Advisor



**G/4. DEPUTATIONS**

Nil.

**G/5. COUNCILLORS REPORT**

Nil.

**G/6. URGENT BUSINESS**

Nil.

**G/7. NOTICE OF MOTION**

Nil.

**G/8. CONFIDENTIAL ITEMS**

Nil.

**ATTACHMENTS**