



GLADSTONE REGIONAL COUNCIL

GENERAL MEETING NOTICE AND AGENDA

**TO BE HELD AT THE GLADSTONE ENTERTAINMENT CONVENTION CENTRE, 56
GOONDOON STREET, GLADSTONE**

On Tuesday 16 February 2021

Commencing at 9.00am

Notice Section 277E *Local Government Regulation 2012*: This meeting will be closed to the public, due to health and safety reasons associated with the public health emergency involving COVID-19. Live streaming will be available on Council's website.

**Leisa Dowling
CHIEF EXECUTIVE OFFICER**

Table of Contents

ITEM	PAGE
G/1. MAYORAL STATEMENT OF CURRENT ISSUES.....	3
G/2. CONFIRMATION OF MINUTES	4
G/2.1. CONFIRMATION OF GENERAL MEETING MINUTES FOR 2 FEBRUARY 2021	4
G/3. DEPUTATIONS	5
G/3.1. GLADSTONE AREA PROMOTION AND DEVELOPMENT LIMITED.....	5
G/4. OFFICERS' REPORTS	6
G/4.1. LOCAL GOVERNMENT DEBT REFINANCING INITIATIVE	6
G/4.2. MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 26 JANUARY 2021.....	13
G/4.3. OPERATIONAL PLAN - QUARTER TWO REPORT	26
G/4.4. PHILIP STREET COMMUNITIES AND FAMILIES PRECINCT - TERMS OF REFERENCE	29
G/4.5. BUSINESS CONTINUITY MANAGEMENT POLICY REVIEW	31
G/5. COUNCILLORS REPORT.....	33
G/6. URGENT BUSINESS.....	33
G/7. NOTICE OF MOTION	33
G/8. CONFIDENTIAL ITEMS	33

G/1. MAYORAL STATEMENT OF CURRENT ISSUES

G/2. CONFIRMATION OF MINUTES

G/2.1. CONFIRMATION OF GENERAL MEETING MINUTES FOR 2 FEBRUARY 2021

Responsible Officer: Chief Executive Officer

Council Meeting Date: 16 February 2021

File Ref: CM7.2

Purpose:

Confirmation of the minutes of the General Meeting held on 2 February 2021.

Officer's Recommendation:

That the minutes of the General Meeting of Council held on 2 February 2021 be confirmed.

Attachments:

1. Minutes of the General Meeting of Council held on 2 February 2021.

Tabled Items:

Nil.

Report Prepared by: Executive Secretary

G/3. DEPUTATIONS

G/3.1. GLADSTONE AREA PROMOTION AND DEVELOPMENT LIMITED

Responsible Officer: Chief Executive Officer

Council Meeting Date: 16 February 2021

File Ref: CM7.6

Purpose:

Gladstone Area Promotion Development Limited (GAPDL) will provide an update to Council including recent activities and Key Performance Indicators.

Officers Recommendation:

That the deputation from Gladstone Area Promotion Development Limited (GAPDL) be received.

Background:

Deputation details are as follows:

Time of Presentation	9.15am
Duration of Presentation plus question time	15 mins
Speakers to present	Gus Stedman, Chief Executive Officer Nicola Scurr, Tourism Manager Wendy Morris, Communities for Children Executive Officer
Is the matter currently or has previously been subject to legal proceedings?	No
Matter for information only	Yes

Attachments:

1. Gladstone Area Promotion Development Limited Quarterly report

Tabled Items:

Nil.

Reported Prepared by: Executive Secretary

G/4. OFFICERS' REPORTS

G/4.1. LOCAL GOVERNMENT DEBT REFINANCING INITIATIVE

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 16 February 2021

File Ref: FM9.3; CM28.2

Purpose:

That Council consider options available to it with respect to the management of its corporate debt, and the benefits of refinancing at lower interest rates, offered by Department of State Development, Infrastructure, Local Government and Planning as part of the State Government recovery initiatives associated with the impacts of COVID-19 pandemic.

Officer's Recommendation:

That Council:

1. Approve the submission of an application to the Department of State Development, Infrastructure, Local Government and Planning (DSDILGP) to refinance the existing loans as per Option 4, detailed below:

Loan	Account Number	Refinancing Term (Years)	Repayments	ERA
General	81147	20	Principal & Interest	Cash
Calliope Refuse Reuse	80766	20	Principal & Interest	Cash
Lake Awoonga Water	81049	20	Principal & Interest	Cash
Agnes/1770 Sewerage	81047	20	Principal & Interest	Cash
Regional Landfill	81052	20	Principal & Interest	Cash
BITS Sewerage	81048	20	Principal & Interest	Cash
Miriam Vale Water	81203	20	Principal & Interest	Cash
Airport – GRC Portion	81044	20	Principal & Interest	Cash
Airport – GAC Portion \$29,800,000	81044	20	Principal & Interest	Debt
Airport – GAC Portion \$13,670,156			Interest Only	Debt
Agnes/1770 Water	81050	20	Principal & Interest	Cash
Entertainment Centre	81046	20	Principal & Interest	Cash

2. Approve the submission of an application to DSDILGP to convert the Gladstone Airport Corporation (GAC) portion of the Airport loan in alignment with the Shareholder Loan Agreement as follows:
 - \$29,800,000 of shareholder loan to principal and interest; and
 - \$13,670,156 of shareholder loan to be interest only loan.
3. Delegate authority to the Chief Executive Officer to renegotiate the Shareholder Loan Agreement with the Gladstone Airport Corporation to reflect the refinancing arrangement.
4. Repeal P-2020-11 Debt Policy; and
5. Adopt P-2021-03 Debt Policy provided as Attachment 1.

Background:

On 07 September 2020, the Queensland Government announced an opportunity for regional Councils to refinance their existing fixed rate loans on more favourable terms. The initiative enables Council to refinance for up to an additional 20 years from refinancing date, with historically low interest rates, to assist with responding to the financial impacts of COVID-19. The intent of the offer is to unlock cash flow within Council through lower interest and principal repayments (due to longer timeline and lower rate) to enable opportunity to support job-creating and economy stimulating works.

Council's financial instruments are heavily regulated by DSDILGP and Queensland Treasury Corporation (QTC) in the role both as Council's lender and adviser, and also as key adviser to DSDILGP with respect to financial assessment and advice. Council therefore has worked closely with QTC to assess the opportunities and impacts of refinancing.

Council's debt sits solely with QTC with 11 separate loan accounts currently (the Industrial Sewerage loan was repaid in the first half of 20/21 and the Curtis Island Sewerage loan is not recommended for refinancing due to the underlying commercial agreements supporting the repayment of that debt) with separate terms and borrowing rates for each, depending on when the loan was drawn down, the approved loan term and the interest rate at the time, with existing interest rates between 5.01% to 7.63%.

Loans at 19 November 2020 – provided by Queensland Treasury Corporation

Loan	Market Value	Book Value	Early Repayment Adjustment	Book Rate (excl admin 0.115%)	Repayment Quarterly	Maturity Date
General	1,554,927	1,486,075	68,852	6.85%	259,758	15/03/2022
Calliope Refuse Reuse	811,678	779,658	32,019	5.06%	116,352	15/06/2022
Lake Awoonga Water	411,881	348,278	63,602	7.22%	19,870	15/12/2025
Agnes/1770 Sewer	4,607,976	3,833,528	774,448	5.81%	157,540	15/03/2028
Regional Landfill	1,578,430	1,227,739	350,691	7.63%	52,315	15/06/2028
BITS Sewerage	11,184,960	8,768,689	2,416,271	6.87%	339,887	15/03/2029
Miriam Vale Water	854,956	678,542	176,404	6.26%	24,634	15/09/2029
Airport	58,211,256	45,149,383	13,061,873	6.45%	1,558,136	15/06/2030
Agnes/1770 Water	11,156,783	8,861,404	2,295,379	5.29%	257,458	15/03/2032
Entertainment Centre	11,172,390	8,916,344	2,256,047	5.01%	243,931	15/12/2032
Total	101,545,237	80,049,640	21,495,586	6.25% Avg	3,029,881	

The interest rate advised by QTC in November 2020 of 1.60% per annum with a 0.115% per annum administration charge (total 1.715%) has been used for analysis purposes and would represent a substantial reduction in borrowing costs compared to the existing average interest rate of current loans of 6.14% or 6.25% per annum (excluding administration charge). It should be noted the actual interest rate to be set for any refinanced loans will be at the rate at refinancing date and is therefore subject to change from the aforementioned in addition to the modelling provided in this report.

Under the offer Councils may choose to refinance for up to 20 additional years from refinancing date, any number of existing loans, amalgamating loans if desired. An ERA which is the difference between the book and market value of the loans at the date of refinancing is required to be paid on refinanced loans. The adjustment may be funded by cash or adding to the loan value, or a combination thereof. The total ERA on all options presented is \$21,495,595, recognised as an expense in the year of refinancing regardless of whether it is funded by cash or debt.

The offer of refinancing and extending loan terms results in reduced loan repayments however the total cumulative interest cost over the extended loan term (as well as the term over which the debt sits on the balance sheet) will be higher. Additionally, refinancing over the current remaining loan term provides no economic benefit as the benefit comes from refinancing at current low rates over a longer term.

Options, Risk and Opportunity Analysis:

The following options for refinancing were considered:

Base case	No refinancing – includes Quarter 1 forecast position
Option 1:	Principal and Interest (P&I) for additional 20 years – ERA funded by debt
Option 2:	Principal and Interest for additional 20 years – ERA funded by cash
Option 3:	Loans refinanced as Principal and Interest for additional 20 years – ERA funded by cash for all except GAC portion of Airport loan where ERA is to be funded by debt
Option 4:*	GAC \$29.8M portion of Airport loan refinanced as Principal and Interest, GAC remaining portion of loan and ERA funded by debt and refinanced as Interest only (IO), all others including GRC portion of Airport loan refinanced at Principal and Interest, ERA funded by cash, all for additional 20 years

*Option 4 aligns the GAC portion of the Airport loan to the proposed repayment structure GAC have developed in consultation with GRC

Net Present Value (NPV)

The NPV represents the present value of future repayments i.e. the cost of the loan expressed in today's dollar value.

The lowest NPV is Option 4 due to the Airport loan being partially interest only, however the full loan value would not be paid off at the end of the 20 years, unlike all other options. The base case which includes no refinancing has the next lowest NPV as it is over a shorter timeframe with no ERA payments required. Highest NPV's are options 1, 2 and 3 which all involve P&I payments over the 20-year extended term and pay out the full loans over the term.

Although the base case (no refinancing) results in the lower NPV it is important to note that the opportunity presented is in relation to freeing up cash flow. The table below also outlines the annual cash payments for which each option is lower than the base case scenario, freeing up significant cash flow from 21/22 to 29/30 regardless of the option chosen.

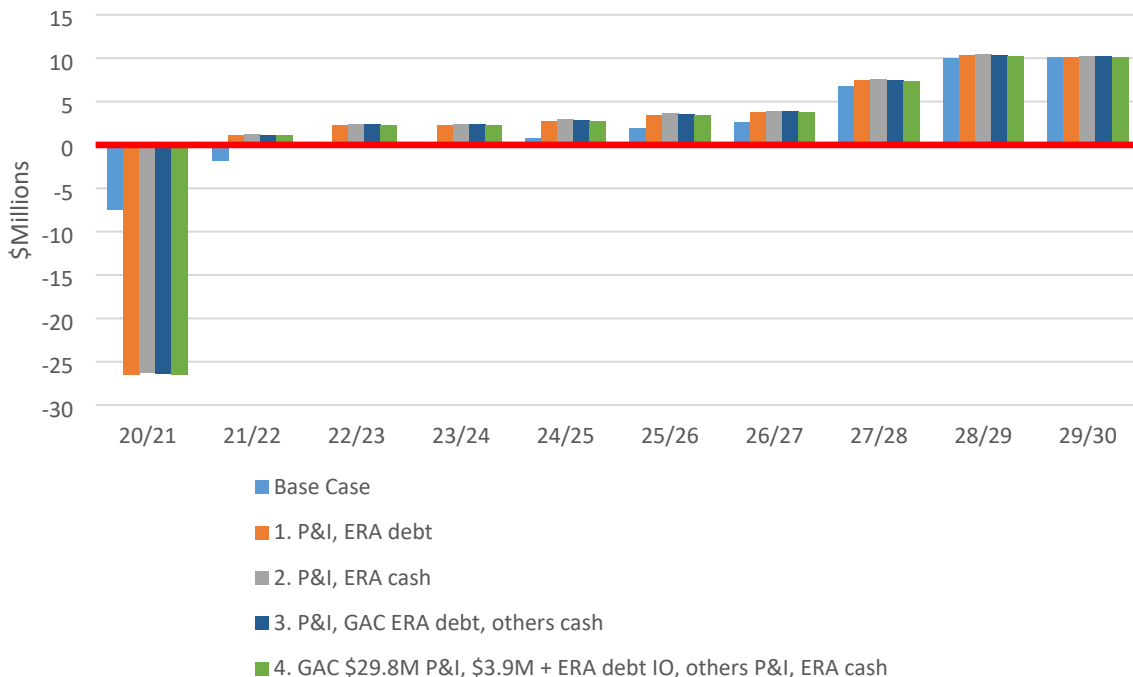
Year	Base	1. P&I ERA debt	2. P&I ERA cash	3. P&I, GAC ERA debt, others cash	4. GAC \$29.8M P&I, \$3.9M + ERA debt IO, others P&I, ERA cash
NPV* \$	96,163,740	99,429,295	99,490,908	99,462,950	91,269,314
20/21	9,190,844	4,506,348	25,048,017	15,726,728	15,355,375
21/22	11,927,232	6,008,464	4,736,562	5,313,719	4,818,582
22/23	10,615,080	6,008,464	4,736,562	5,313,719	4,818,582
23/24	10,615,080	6,008,464	4,736,562	5,313,719	4,818,582
24/25	10,615,080	6,008,464	4,736,562	5,313,719	4,818,582
25/26	10,575,340	6,008,464	4,736,562	5,313,719	4,818,582

26/27	10,535,599	6,008,464	4,736,562	5,313,719	4,818,582
27/28	10,378,059	6,008,464	4,736,562	5,313,719	4,818,582
28/29	9,356,295	6,008,464	4,736,562	5,313,719	4,818,582
29/30	8,262,733	6,008,464	4,736,562	5,313,719	4,818,582
30/31	2,005,556	6,008,464	4,736,562	5,313,719	4,818,582
31/32	1,748,098	6,008,464	4,736,562	5,313,719	4,818,582
32/33	487,862	6,008,464	4,736,562	5,313,719	4,818,582
33/34	0	6,008,464	4,736,562	5,313,719	4,818,582
34/35	0	6,008,464	4,736,562	5,313,719	4,818,582
35/36	0	6,008,464	4,736,562	5,313,719	4,818,582
36/37	0	6,008,464	4,736,562	5,313,719	4,818,582
37/38	0	6,008,464	4,736,562	5,313,719	4,818,582
38/39	0	6,008,464	4,736,562	5,313,719	4,818,582
39/40	0	6,008,464	4,736,562	5,313,719	4,818,582
40/41	0	1,502,116	1,184,141	1,328,430	1,204,645
Total	106,312,859	120,169,271	116,226,843	118,015,817	108,113,070

*Discount rate used is 1.83% per CPI used in the current Long-Term Financial Forecast.

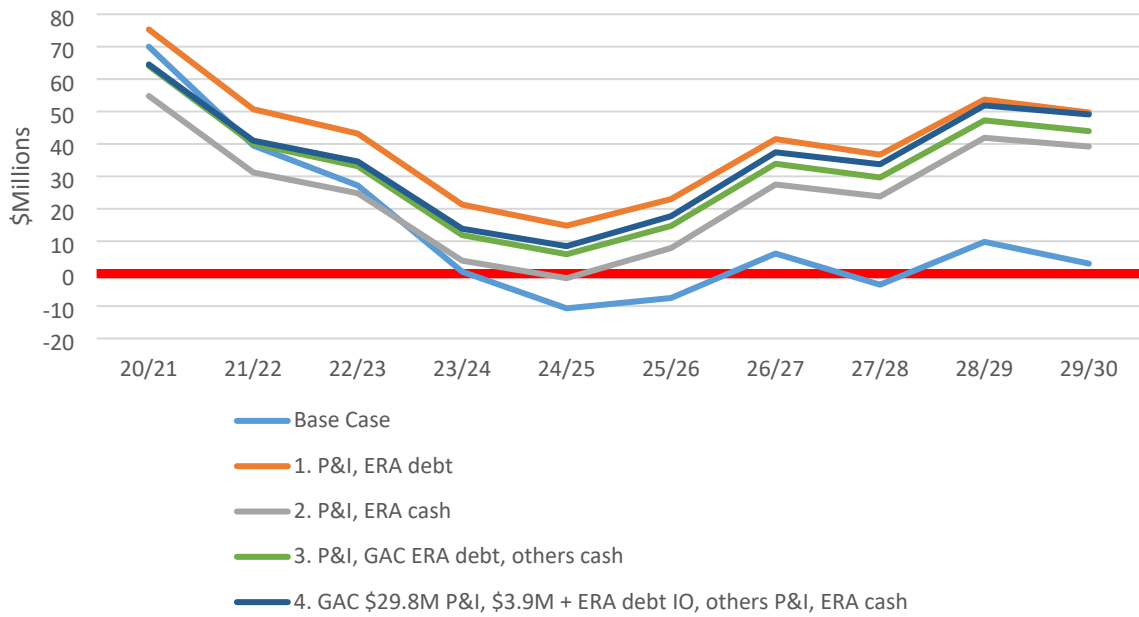
Operating Result

The base case returns the lowest deficit in 20/21 only as no ERA is required. Refinancing is forecast to take Council from a deficit of \$1.8M in 21/22, \$0.3M in 22/23 and a neutral position in 23/24 to a surplus position from 21/22 for the remaining LTFF.



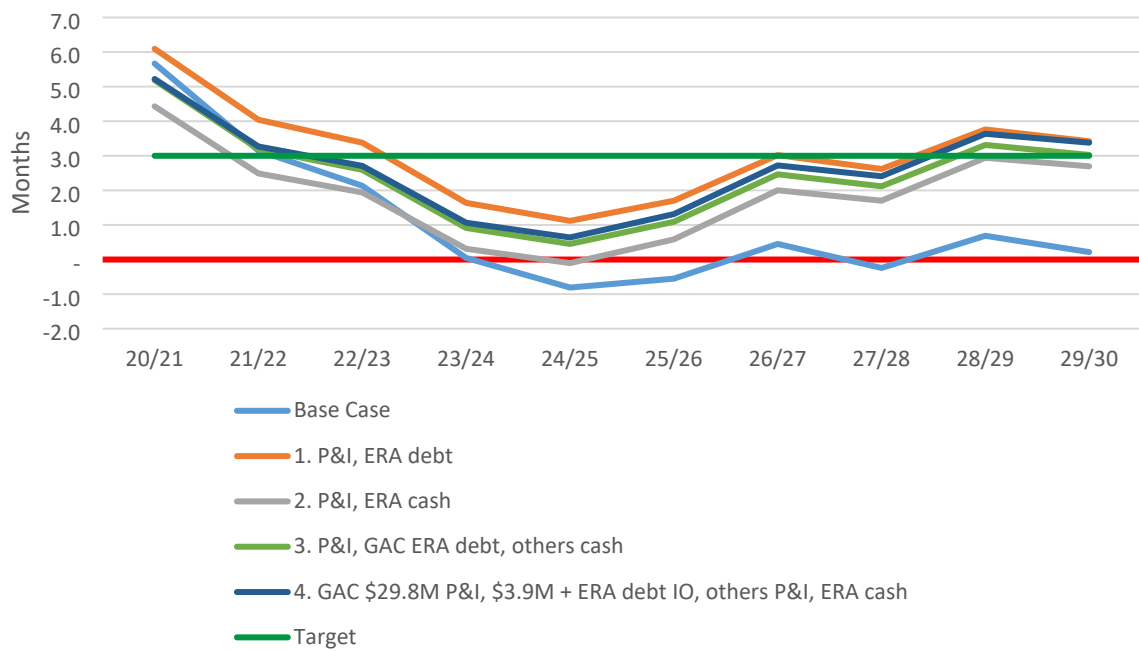
Cash Flow

All options show an improvement in cash flow from the base case scenario. With Option 1 most favourable, bringing closing cash from negative \$10.7M base case in 24/25 to almost \$15M, maintaining a healthy and increasing cash flow thereafter. Under the base case as cash flow is negative for several years a working capital facility would be required to support operations. A facility would also need to be considered for Option 2 around 23/24.



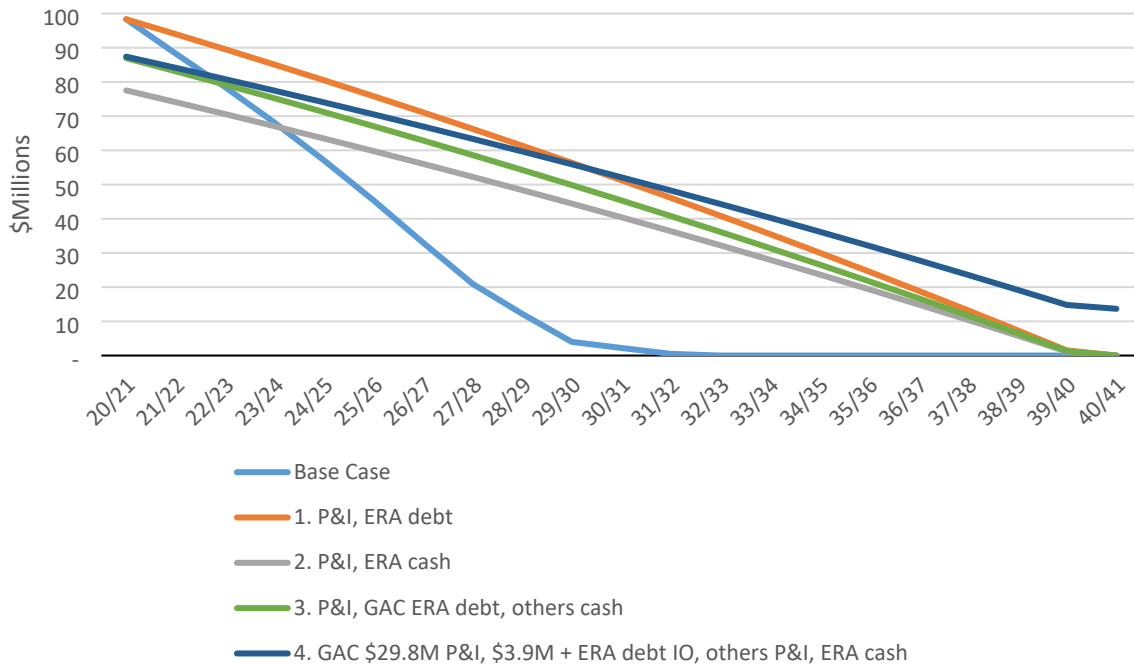
Cash Expense Cover Ratio

Council maintains a cash expenditure coverage ratio above zero in all options other than the base case and a minor deficit in Option 2. The target ratio considered optimal by QTC and the DSDILGP is > 3 months coverage. For all options, between 22/23 and 27/28, cash position would need to be closely monitored.



Debt Balance

This graph plots the loan balances over the 20-year period, with Option 4 with a GAC interest only component not being repaid in full over the term with a remaining balance of \$13,670,156 by 40/41.



Communication and Consultation:

Queensland Treasury Corporation.

Legal Strategy and Policy Implications:

No additional legislative or departmental approvals are required with respect to the early repayment of debt.

As part of the implementation of Option 4, an amendment is subsequently required to the Debt Policy (amendment to Graph 1). The proposed policy is attached for adoption.

However, should elected members adopt Option 1, 2, or 3, alternative amendments to the Debt Policy are required.

Alternative Recommendation:

That Council amend the Debt Policy to reflect the adopted refinancing option.

Financial and Resource Implications:

As all debt issued by Queensland Treasury Corporation is fixed debt there is an Early Repayment Adjustment incurred when the transaction is executed, with a total value for all loans proposed to be refinanced of \$21,495,595 as at 19 November 2020.

Currently under the current Shareholder Loan Arrangement and prior to any dividend return from GAC there is a net outlay of \$4.15m to service existing debt. Under the recommended refinancing (Option 4), the annual net outlay will reduce to \$0.68m.

The 20/21 budget will need to be amended to reflect the refinanced loans and any other relevant changes.

Summary:

Council has an opportunity to free up significant cash flow to enable investment in projects that stimulate the economy, of particular importance during present times when COVID-19 has impacted and continues to impact communities, including increasing rates of unemployment, a decline in tourism, negative effects on local businesses and impacts on general wellbeing.

If Council choose to accept the recommendation to refinance per Option 4 presented above, Council will free up approximately \$43 million in cash over the next 10 years. If the interest free option were not accepted by DSDILGP and the GAC portion of the Airport loan was refinanced as principle and interest, approximately \$38 million cash flow would be freed up over the base case.

Anticipated Resolution Completion Date:

The anticipated effective date of refinancing is 30 June 2021.

Attachments:

1. Draft P-2021-03 Debt Policy;
2. Draft P-2021-03 Debt Policy (Tracked Changes version);
3. Current P-2020-11 Debt Policy;
4. Refinancing Fixed Rate Loans – Queensland Treasury Corporation.

Tabled Items:

Nil.

Report Prepared by: General Manager Finance Governance and Risk

G/4.2. MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 26 JANUARY 2021

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 16 February 2021

File Ref: FM15.1

Purpose:

This report seeks Council adoption of the Monthly Financial Statements for the 2020-21 year to date, for the period ended 26 January 2021.

Officer's Recommendation:

That Council adopt the Monthly Financial Statements attached to the officer's report for the 2020-21 year to date, for the period ended 26 January 2021 as required under Section 204 *Local Government Regulation 2012*.

Background:

The percentage of year passed (pro-rata rate) as at 26 January 2021 is 57.81%.

Forecast

The 2020-21 budget was adopted on 7 July 2020. Following quarter one results, the business undertook a forecasting process to establish an expected position at 30 June 2021. This forecast resulted in an operating deficit of \$7.3m. A new forecasting process is being finalised and will be incorporated into the February reporting period.

The actual results for the year to date will be compared to the forecast position.

Statement of Income and Expenditure

Income

Recurrent Revenue

Total recurrent revenue	2020-21	Actual as %
Actual	\$160.0m	
Budget	\$189.3m	84.54%
Forecast	\$187.8m	85.21%

Items of interest:

Net rates and utility charges	2020-21	Actual as %
Actual	\$142.7m	
Budget	\$152.1m	93.88%
Forecast	\$153.7m	92.86%

General rates and annual waste, water and sewerage charges have been levied as well as water consumption for the period July – December 2020. The remaining water consumption revenue for 2020-21 will be accrued upon completion of the water meter reading cycle for the second half of the financial year. Meter readings are scheduled to be conducted in June 2021.

Discounts are applied when payments are received from customers, resulting in a decrease to net rates and utility charges. Discounts and concessions processed year to date are \$14.0m.

The Gladstone Area Water Board's (GAWB) bulk water price under the 2020 price review has resulted in an increase to the water consumption charge. This has been included in the current forecast.

Interest received from investments	2020-21	Actual as %
Actual	\$0.5m	
Budget	\$1.9m	24.56%
Forecast	\$1.4m	33.29%

A large sum of cash remains invested in the Queensland Treasury Corporation (QTC) cash fund. QTC interest rates remain currently higher than other investment options but are well below budgeted and modelled levels.

Recent amendments to the investment policy will allow for better investing opportunities once interest rates recover.

Sales revenue	2020-21	Actual as %
Actual	\$2.7m	
Budget	\$5.6m	47.91%
Forecast	\$4.3m	62.43%

Road Maintenance Performance Contract (RMPC) is the largest portion of sales revenue with \$2.0m received year to date.

Other recurrent income	2020-21	Actual as %
Actual	\$1.0m	
Budget	\$2.0m	49.77%
Forecast	\$2.3m	45.16%

The largest portion of the forecast is \$0.7m in revenue for the Gladstone Entertainment & Convention Centre. Receipts year to date remain minimal at \$0.1m.

This category includes receipts for rental income \$0.4m and commissions \$0.2m.

General purpose grants	2020-21	Actual as %
Actual	\$2.0m	
Budget	\$8.3m	23.66%
Forecast	\$8.3m	23.64%

The forecast consists of \$8.3m for the Federal assistance grant (FAG). Year to date \$2.0m has been received, with the next instalment of \$1.0m expected in February. The largest instalment is typically received towards the end of the financial year.

Capital Revenue

Total capital revenue	2020-21	Actual as %
Actual	\$8.7m	
Budget	\$27.3m	31.95%
Forecast	\$25.1m	34.65%

The forecast consists primarily of State and Federal funding. Projects with forecast funding greater than \$0.5m are listed in the table below:

State Funding

Description	Budget	Forecast	Actual
Gladstone Aquatic Centre - Rejuvenation & upgrade	\$1.3m	\$1.2m	\$0.6m
Toondoon Botanical Gardens Electrical upgrade of external lighting	\$1.6m	\$0.8m	\$0.8m
Tannum Sands State School Bus Bay	-	\$0.6m	\$0.3m
Toooloa Street, Gladstone - Pavement renewal (Derby - Agnes)	\$0.8m	\$0.8m	-
Agnes Street, Agnes Water - New carpark	\$0.7m	\$0.7m	\$0.4m
Gravel Road Resheeting	-	\$0.5m	-
Goondoon Street Footpath	\$0.7m	\$0.7m	\$0.1m
Gladstone Region Pedestrian and Cycle Strategy	\$0.5m	\$0.5m	\$0.2m
Upgrade to pump station SPS A06	\$1.8m	\$1.8m	\$0.9m
Gladstone WWTP Biosolids	-	\$0.6m	-
Other (Multiple Projects with Forecast <\$0.5m)	\$6.9m	\$4.8m	\$2.8m
	\$14.4m	\$13.1m	\$6.1m

Federal Funding

Description	Budget	Forecast	Actual
Philip Street Communities Precinct - Stage 1a	\$4.6m	\$5.0m	\$0.9m
Benaraby Landfill - Stage 3 Landfill Cell Development	\$3.2m	\$2.1m	-
Blackmans Gap Road, Miriam Vale - Safety improvements	\$0.9m	\$0.9m	\$0.4m
Gravel Road Resheeting - Various locations	\$1.6m	\$1.2m	\$0.0m
Dawson Highway, Gladstone	\$0.9m	\$0.7m	\$0.4m
Other (Multiple Projects with Forecast <\$0.5m)	\$1.4m	\$1.6m	\$0.6m
	\$12.4m	\$11.5m	\$2.3m

Expenditure

Year to date expenditure is tracking in line with expectations for this time of year.

Recurrent expenditure

Total recurrent expenditure	2020-21	Actual as %
Actual	\$114.2m	
Budget	\$193.7m	58.96%
Forecast	\$195.2m	58.49%

Of note:

Employee benefits	2020-21	Actual as %
Actual	\$39.2m	
Budget	\$61.7m	63.57%
Forecast	\$63.5m	61.75%

Employee benefits are the largest component of Councils recurrent expenditure.

The increase in forecast expenditure is primarily due to a vacancy rate of 4.5% within Council compared to the budgeted vacancy rate of 7.5% based on historical trend.

Contractors and consultants	2020-21	Actual as %
Actual	\$13.4m	
Budget	\$25.0m	53.40%
Forecast	\$26.8m	49.82%

The forecast includes \$7.2m for consultants, expenditure remains low with \$2.8m incurred year to date. The largest variances are in area of Asset Management.

Donations	2020-21	Actual as %
Actual	\$1.4m	
Budget	\$3.3m	42.39%
Forecast	\$3.1m	46.25%

Significant expenditure for donations is forecast to occur in the second half of the financial year including Rise Up Funding and community celebration events.

Motor vehicle expenses	2020-21	Actual as %
Actual	\$1.2m	
Budget	\$1.5m	80.47%
Forecast	\$1.5m	81.25%

Annual vehicle registration renewals were processed during November.

Staff and Councillor associated expenses	2020-21	Actual as %
Actual	\$0.8m	
Budget	\$2.5m	31.65%
Forecast	\$2.3m	34.47%

This category includes a forecast of \$0.8m for training and seminars / conferences. Year to date expenditure remains low at \$0.3m. Recruitment costs year to date are minimal at \$0.1m compared to forecast of \$0.5m as a result of the reduced vacancy rate.

Water purchases	2020-21	Actual as %
Actual	\$13.0m	
Budget	\$18.7m	69.53%
Forecast	\$21.0m	61.76%

The Gladstone Area Water Board's (GAWB) bulk water price under the 2020 price review has resulted in an increase to the forecast cost of water purchases. This increase is offset by the forecast increase in water consumption revenue.

Statement of Financial Position

	Current Value	Adopted Budget	Forecast	Percentage of Adopted Budget	Percentage of Forecast
Year to date Assets	\$2.5b	\$2.3b	\$2.5b	111.01%	99.62%
Year to date Liabilities	\$133.4m	\$123.3m	\$135.0m	108.16%	98.80%

The forecast represents the expected position at 30 June 2021.

Capital Expenditure

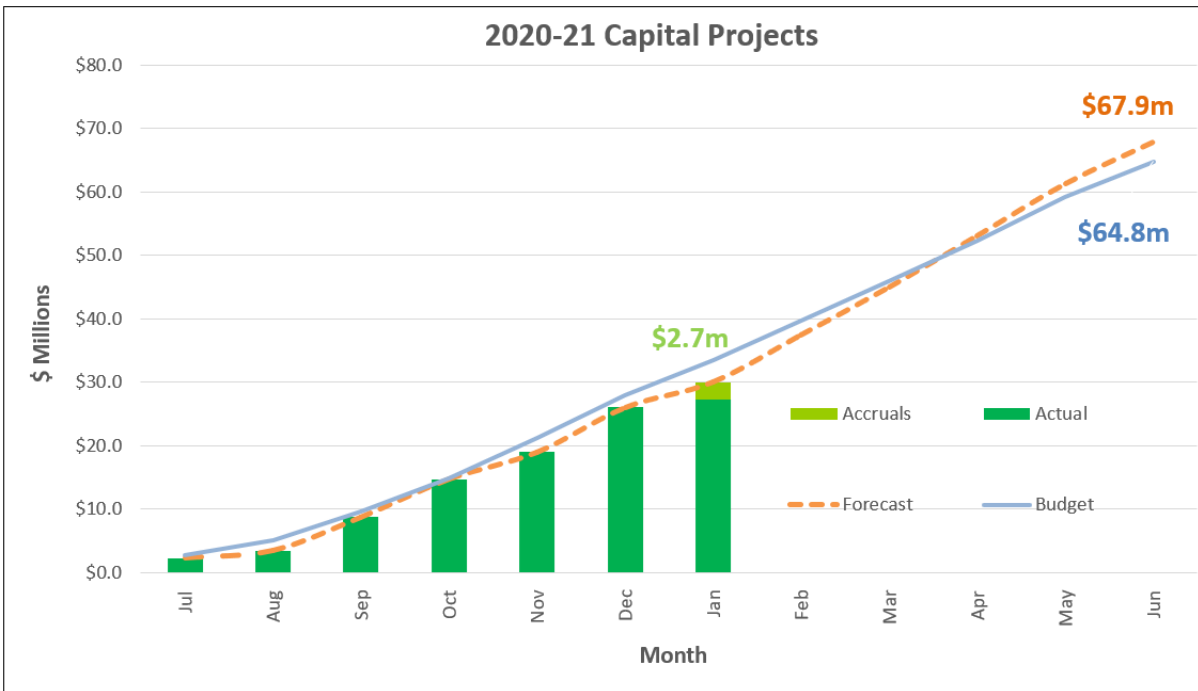
	Actual	Budget	Forecast	Actual as % of budget	Actual as % of forecast
Year to date capital expenditure	\$30.0m			46.27%	44.18%
Including commitments (open purchase orders)	\$42.8m	\$64.8m	\$67.9m	66.0%	63.02%

Of the \$42.8m committed, \$6.0m relates to the Philip Street Communities Precinct.

Accrual estimates of \$2.7m have been included in the actuals, to account for major claims relating to January work as at 26 January 2021.

Capital expenditure (excluding accruals) against groups with significant capital expenditure budgets is shown in the table below:

Group	YTD Actual	Budget	Actual as % of Budget	Forecast	Actual as % of Forecast
Road Assets	\$4.385m	\$16.922m	26%	\$18.328m	24%
Sewerage Assets	\$6.805m	\$11.689m	58%	\$11.852m	57%
Strategy & Transformation	\$8.373m	\$12.808m	65%	\$12.713m	66%
Water Assets	\$3.598m	\$6.200m	58%	\$6.214m	58%
Delivery Support and Performance	\$0.682m	\$5.070m	13%	\$6.508m	10%
Waste Assets	\$3.501m	\$4.382m	80%	\$4.749m	74%
Property Assets	\$1.423m	\$4.589m	31%	\$4.550m	31%
Parks & Environment Assets	\$0.511m	\$1.886m	27%	\$1.665m	31%
Community Development & Events	\$0.074m	\$0.455m	16%	\$0.437m	17%
Other	\$0.629m	\$0.800m	79%	\$0.846m	74%
Total	\$29.981m	\$64.801m	46%	\$67.862m	44%



Although the capital expenditure is currently in line with forecast, significant emphasis is still required on projects to achieve expenditure. Regular detailed updates are provided to the Elected Members by the project delivery team. The latest estimate of capital expenditure for the 2020-21 year is \$67.9m.

Outstanding Rates

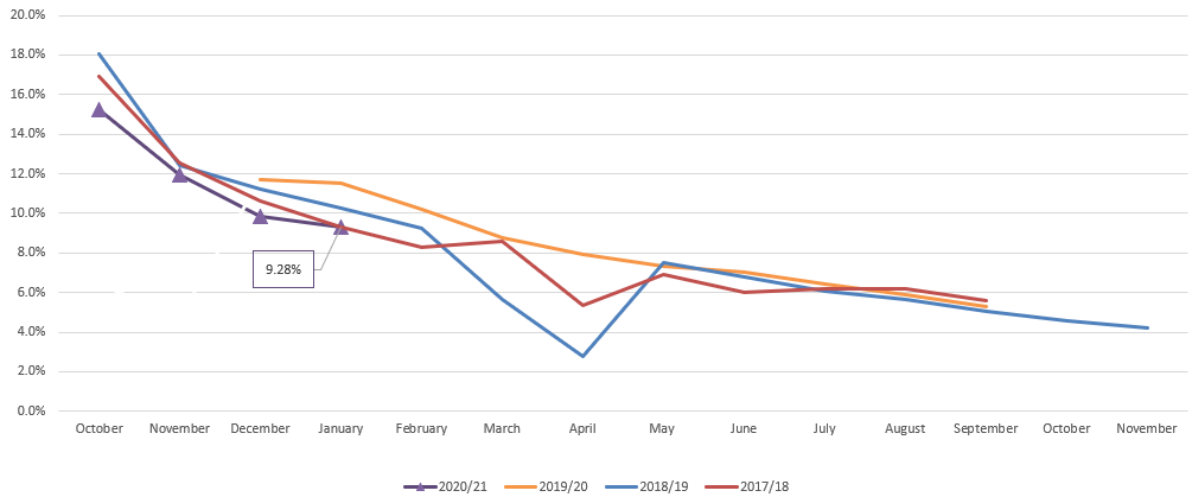
Outstanding rates, as a percentage of gross rates levied (2020/2021), and collectible, is at 9.28% at the end of January 2020, compared to 11.53% for the same period last year (2019/2020).

Of the \$16.5m of outstanding rates 15.53% relates to commercial / industrial assessments and 84.47% represents residential assessments.

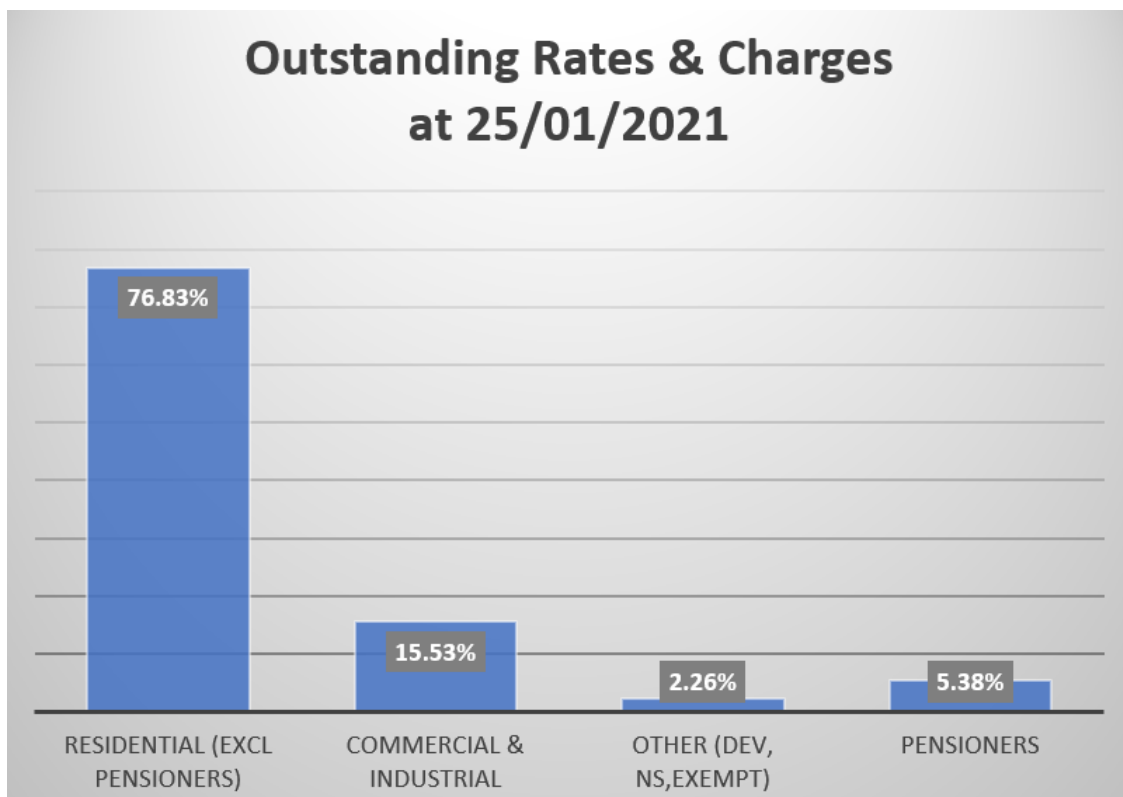
These figures include \$5.3m of rates that are currently being repaid under an authorised payment plan, for which there were 55 commercial/industrial assessments and 1,799 residential assessments. A total of 1,854 assessments, which is a decrease from 1,899 assessments in December 2020. This movement is a result of removal of arrangements on sold property, default arrangements and paid-up arrangements.

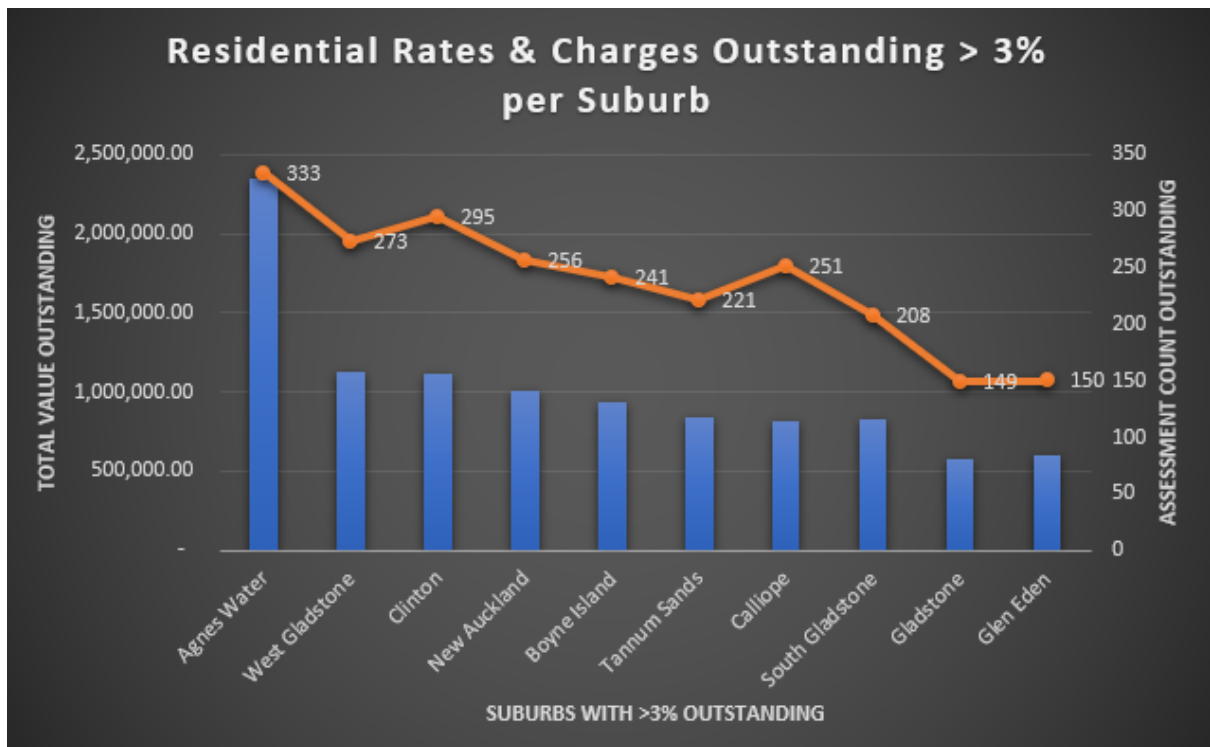
There were 4,054 ratepayers who had paid their rates in advance, in the amount of \$0.5m. The decrease from last month is due to advance payments applied to water consumption generated in January 2021.

Outstanding Rates



Outstanding Rates & Charges at 25/01/2021





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 in a lump sum 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.

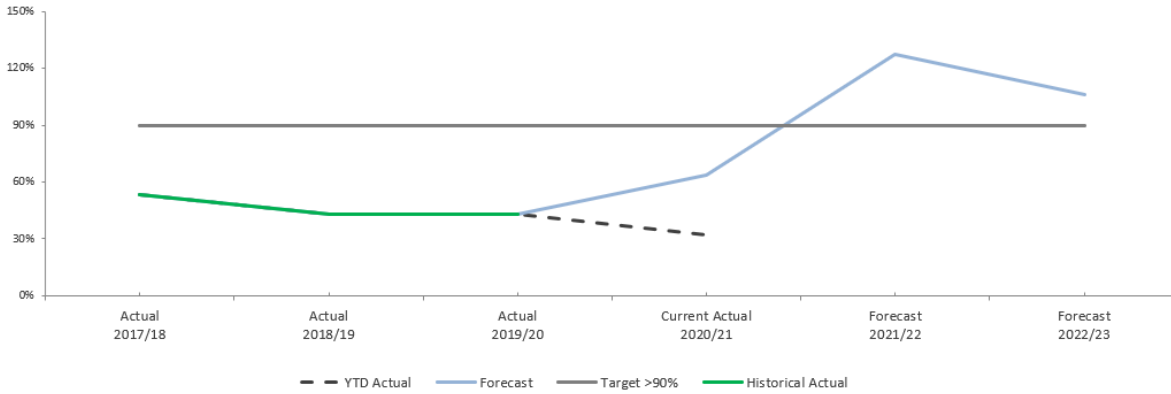
Asset Sustainability Ratio

This ratio compares Council's expenditure on capital renewal assets with the rate at which our assets are depreciating. As Council invests in the renewal of its asset base on a rolling cycle, the expected results can vary from year to year. The results for a single year are dependent on the delivery of renewal projects in the capital program. The information provided in the capital expenditure section above indicates the expectations of completion of the capital program as a whole in 2020-21. Focus for the year to date has been on new and upgrade capital projects, with only 25.91% of capital expenditure on renewals. Additional renewal projects are forecast to be undertaken later in the year.

Asset Sustainability Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
31.92%	44.38%	57.90%	63.43%	>90%

Asset Sustainability Ratio

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



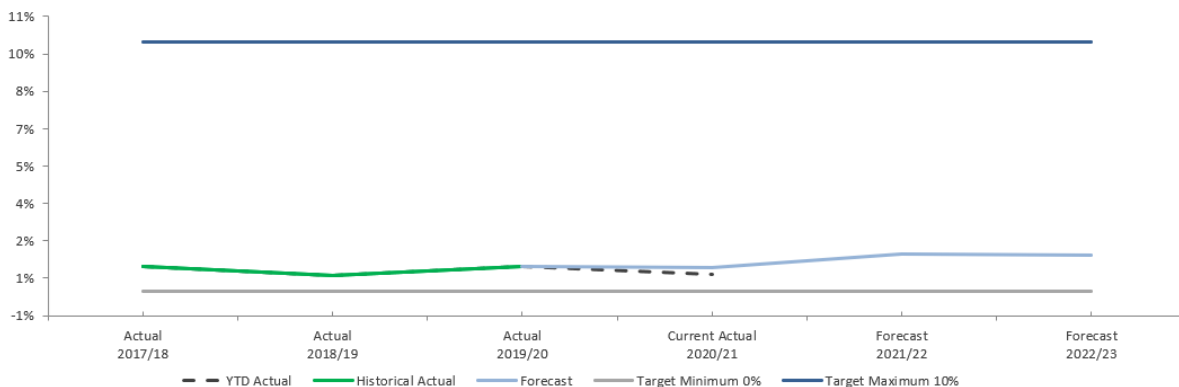
Interest Coverage Ratio

This ratio indicates the percentage of operating revenue required to cover net interest costs. The ratio is currently reflecting a positive result and is in line with budget for 2020/21. The ratio is lower in comparison to this time last year due to a reduction in interest costs.

Interest Coverage Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
0.64%	0.91%	0.69%	0.95%	0 - 10%

Interest Coverage Ratio

(indicates extent of commitment of revenue to interest payments)



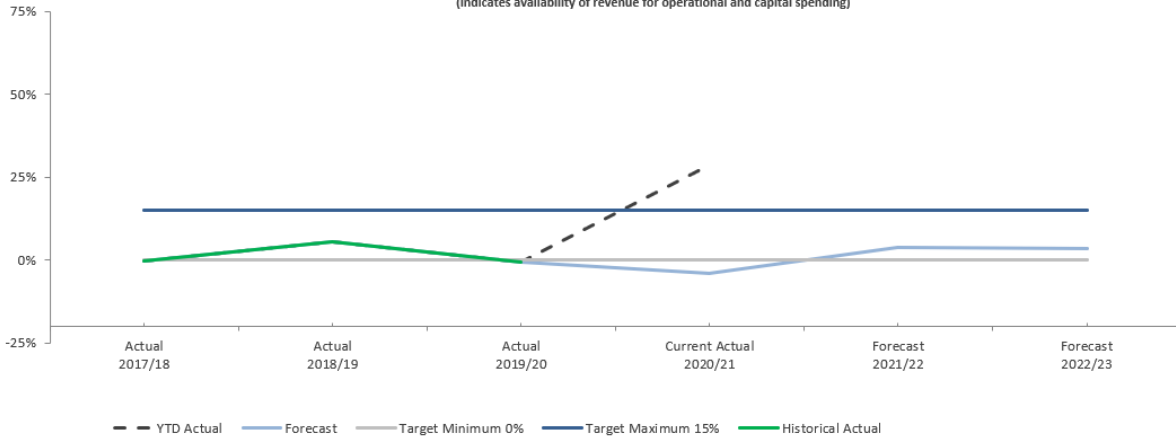
Operating Surplus Ratio

A positive result for this ratio indicates that operating revenue can be used to fund capital expenditure, on top of the operational costs of Council. The results of this ratio are more favorable in the beginning of the financial year due to the rates generation occurring in July. They will steadily trend closer to forecast as the year progresses.

Operating Surplus Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
28.66%	42.34%	(2.29%)	(3.92%)	0 - 15%

Operating Surplus Ratio

(indicates availability of revenue for operational and capital spending)



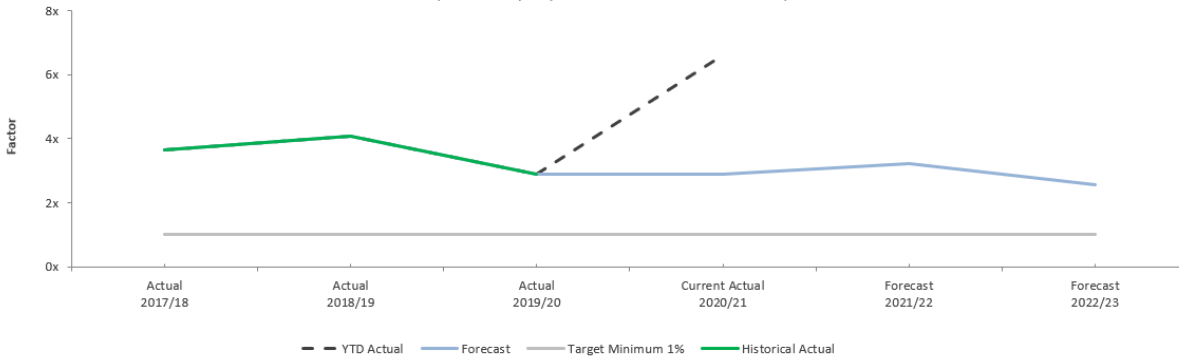
Working Capital Ratio

The working capital ratio shows the ability of Councils current assets, to cover the commitments of its current liabilities. Due to delays in capital expenditure from 2019-20, Council has a large cash balance, which increases the results of this ratio. The ratio is in excess of the target minimum, reflecting a healthy position for Council.

Working Capital Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
6.62x	8.22x	4.41x	2.90x	Greater than 1:1

Working Capital Ratio

(indicates ability of liquid assets to meet short term commitments)



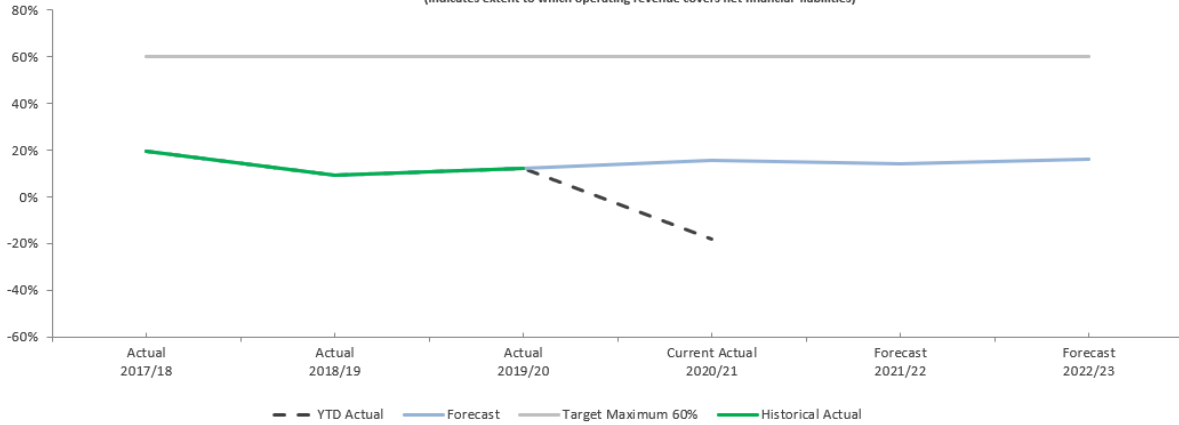
Net Financial Liabilities Ratio

The ratio shows the extent to which operating revenue covers net financial liabilities. The results of this ratio are negative due to the high value of cash and the operating surplus following the rates generation. The results are expecting to align closer to budget as the year progresses.

Net Financial Liabilities Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
(18.15%)	(35.33%)	3.45%	15.35%	< 60%

Net Financial Liabilities Ratio

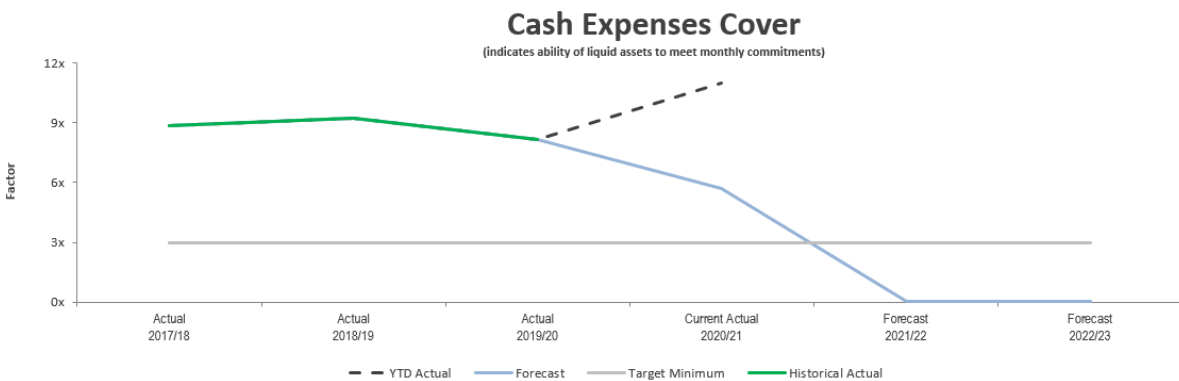
(indicates extent to which operating revenue covers net financial liabilities)



Cash Expenses Cover Ratio

This ratio indicates the number of months that Councils cash balance could cover its monthly cash expenses. The current result reflects a continuing strong cash position proportional to operating costs. This result is well above the target ratio.

Cash Expenses Cover Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
10.97x	15.01x	7.69x	5.68x	> 3x



Options, Risk and Opportunity Analysis:

Nil.

Communication and Consultation:

The report seeks specialist input regarding budget and forecast from Systems Modelling and Metrics Specialist and Cost Analyst. Capital expenditure commentary is provided through Manager Works Planning and Scheduling and information relative to outstanding rates and prepaid rates is sought from Manager Revenue Services.

Legal Strategy and Policy Implications:

Council is required to receive an update at least monthly relative to its financial position, *Section 204 Local Government Regulation 2012*.

Financial and Resource Implications:

Nil.

Summary:

Nil.

Anticipated Resolution Completion Date:

16 February 2021

Attachments:

1. Monthly Financial Statements for the period ending 26 January 2021
2. Operating Statement for month end January

Tabled Items:

Nil.

Report Prepared by: Accountant

G/4.3. OPERATIONAL PLAN - QUARTER TWO REPORT

Responsible Officer: General Manager Strategy and Transformation

Council Meeting Date: 16 February 2021

File Ref: CM 14.2

Purpose:

To present the quarterly progress toward implementation of Gladstone Regional Council's 2020/21 Operational Plan for Quarter two, ending 31 December 2020.

Officer's Recommendation:

That the 2020/21 Operational Plan – Quarter two report be noted.

Background:

Endorsed 07 July 2020, the Operational Plan 2020/21 shows what activity is necessary to deliver on the vision and objectives contained in the Gladstone Regional Council Corporate Plan 2018-2023, which was adopted on 3 July 2018.

In accordance with requirements under s. 174(3) of the *Local Government Regulation 2012*, the report for the quarter ending 31 December 2020 is presented for Council's information and provides an assessment of the organisation's progress toward the implementation of the action items.

For the 2020/21 year the intent is to incrementally improve our reporting each quarter towards a business summary report which highlights our overall performance, Key Performance Indicators (KPIs) and success stories which are tied to each strategic goal and the detailed performance of each Operational Plan action item.

In this quarter you will note improvements as follows:

- Explanation of the relationship between overall status and per cent progress
- KPI status markers
- Infographics for each of the nine strategic goals
- Comments on the 15 Operational Plan items
- A status key on each page
- A per cent complete column on each of the COVID recovery plan tables.

Options, Risk and Opportunity Analysis:

The 2020/21 Operational Plan has been specifically developed with the underperformance of the last two year's plans in mind. Significant work has been undertaken to understand the high priority, substantial risk and high impact activity needed to continue us towards our Vision and Objectives detailed in the Corporate Plan 2018-2023.

As well as prioritising our activity, resources have been reviewed and support services such as the Transformation Program team allocated where relevant to ensure the best chance of success.

Improved project management tools and support have also been provided to the business to ensure the scope is clear, the outcomes and value are transparent and measurable, and that projects are set up for success from the beginning.

Operational Plan items are reported monthly to the Executive Leadership team and a framework is in place for Project Managers to raise and rectify issues early. Items in the Operational Plan are communicated as the Council priorities and as such there is a clearer understanding of which projects our people should be spending their time on.

Communication and Consultation:

Relevant Subject Matter Experts and levels of management have supplied the content for the attached report, which has then been reviewed and approved by the Executive Leadership team.

Legal Strategy and Policy Implications:

Section 174(3) *Local Government Regulation 2012* (Preparation and adoption of annual operational plan) states that:

The Chief Executive Officer must present a written assessment of the local government's progress towards implementing the annual operational plan at meetings of the local government held at regular intervals of not more than 3 months.

Financial and Resource Implications:

There are currently no projects that are projecting a need for increased funding to complete the activity.

Over the second quarter some projects have found the need for increased resources at different periods of the project. With our prioritised workplan and this forward view of impacts, our leaders, supported by the Executive Leadership team have been able to pivot resources where necessary to ensure all projects are on track.

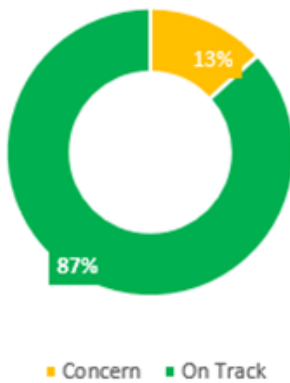
Summary:

Improvements in the planning of the 2020/21 Operational Plan including a prioritised workplan as well as a focus on capability enhancements in Project Management for business-lead projects have seen a marked improvement in our performance year to date.

Monthly Reporting will provide the Executive Leadership team with the opportunity to identify issues and concerns and resolve them quickly, to ensure that items remain on track throughout the year and the value and benefits from each project are realised for the Community.

The image below shows Quarter two – 31 December 2020 results. 13 out of 15 activities are currently 'On Track' to be delivered by 30 June 2020 as agreed.

Overall



Goal Overall - Summary

Goal	Action Needed	Concern	On Track	Complete	Total
Goal 1. Engaged, involved and proud communities.	0	0	2	0	2
Goal 2. Healthy environment, healthy community.	0	0	1	0	1
Goal 3. Our people, our values.	0	0	3	0	3
Goal 4. Ethical and responsible government.	0	1	0	0	1
Goal 5. Outstanding customer service.	0	0	1	0	1
Goal 6. Smart asset management.	0	1	0	0	1
Goal 7. Operational excellence.	0	0	2	0	2
Goal 8. Grow the region.	0	0	2	0	2
Goal 9. Smart investment.	0	0	2	0	2
Total	0	2	13	0	15

Activity 4.1 Making Compliance easier - has a concern status due to delays in User Acceptance Testing. These delays are not expected to impact the quality or completion of the activity by 30 June 2021.

Activity 6.1 Community focused asset management - has a concern status due to delays from the planned schedule. Discussions are currently underway with Officers and Executive Leadership team to address the schedule.

Anticipated Resolution Completion Date:

Not applicable – information report.

Attachments:

1. Operational Plan Quarterly report – Q2(5)

Tabled Items:

Nil.

Report Prepared by: Corporate Planning Business Partner

G/4.4. PHILIP STREET COMMUNITIES AND FAMILIES PRECINCT - TERMS OF REFERENCE

Responsible Officer: General Manager Community Development and Events

Council Meeting Date: 16 February 2021

File Ref: CC5.1, PRJ-076

Purpose:

The purpose of this report is to seek Council's endorsement to adopt the Philip Street Communities and Families Precinct Advisory Group Terms of Reference (TOR).

Officer's Recommendation:

That, in accordance with section 264 of the *Local Government Regulation 2012*, Council adopt the Philip Street Communities and Families Precinct Advisory Group Terms of Reference (TOR) as attachment 1.

Background:

This report seeks the adoption of the Philip Street Communities and Families Precinct Advisory Committee TOR. Council resolved the following at the Council Special Meeting held on the 2 November 2020:

That Council:

.....

2. Under s264 1(b) of the Local Government Regulation 2012, establish and appoint an Advisory Committee (of community members and key stakeholders) as a formal governing body to advise Council on strategic planning, management and service delivery regarding the Philip Street Communities and Families Precinct.

Prior to recruiting the Advisory Committee, the establishment of the TOR is required to guide the Advisory Committee's roles, responsibilities and advice provided to Council.

The TOR state that the role of the Advisory Committee is to advise Council on strategic planning, management and service delivery of the Philip Street Communities and Families Precinct and is aligned to the aforementioned resolution.

Once adopted, the process will commence recruitment to the Advisory Committee, which is anticipated will be in situ and hold its inaugural meeting no later than June 2021.

Options, Risk and Opportunity Analysis:

The structure and membership of the Philip Street Communities and Families Precinct Advisory Committee as outlined within the attached TOR will enable a community voice on the Advisory Committee. With four (4) positions specifically for key stakeholders and the remaining five (5) positions for community representatives.

Communication and Consultation:

The development of Philip Street Communities and Families Precinct Advisory Group TOR has been developed with input sought from the Philip Street Working Group, which is made up of representatives from the following groups; community, Gladstone Regional Council, GAPDL and Salvation Army.

Legal Strategy and Policy Implications:

The *Local Government Act 2009* and *Local Government Regulation 2012* sets out the legislative requirements of Advisory Committees formed under Section 264 of the Regulation.

Financial and Resource Implications:

Council will be required to resource Secretariat support for the committee which will be provided by the Engagement and Partnerships Team utilising existing resources.

Summary:

Nil.

Anticipated Resolution Completion Date:

26 February 2021

Attachments:

1. Philip Street Communities and Families Precinct Terms of Reference

Tabled Items:

Nil.

Report Prepared by: Manager Engagement and Partnerships

G/4.5. BUSINESS CONTINUITY MANAGEMENT POLICY REVIEW

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 16 February 2021

File Ref: CM28.2

Purpose:

To present a proposed revision to the Business Continuity Policy for consideration and approval.

Officer's Recommendation:

That Council:

1. Repeal P-2014/34 - Business Continuity Policy; and
2. Adopt P-2021-04 Business Continuity Management Policy as attachment 1.

Background:

The Business Continuity Policy has been reviewed with the proposed policy attached for consideration.

Options, Risk and Opportunity Analysis:

The proposed changes to the policy are summarised below with a tracked version of the proposed policy attached. Proposed changes include:

- Aligning terminology and definitions to those outlined in Australian Standards for business continuity management;
- Inclusion of reference and links to good governance and enterprise risk management framework;
- Updated policy commitments and statements to align operationally with other business continuity processes (eg disaster response, business continuity plans, etc).

Alternatively, Council may wish to consider additional amendments. Should Council consider further amendments are required, a possible resolution would be:

That Council:

1. *Repeal P-2014/34 - Business Continuity Policy; and*
2. *Adopt proposed P-2021-04 Business Continuity Management Policy as attachment 1, subject to the following amendments:*
 - a. *Insert amendment/s.*

Communication and Consultation:

Council's Disaster Response Specialist and Manager Governance undertook initial review of the policy and consulted with leaders within the business. Key subject matter experts within the business provided feedback which has been incorporated into the proposed draft.

Legal Strategy and Policy Implications:

There is no legal requirement to adopt a policy on business continuity management however adopting a policy provides Council the opportunity to set the strategic objectives to the business on its expectations for managing business disruption events.

Financial and Resource Implications:

There are no additional financial or resource implications of the proposed policy.

Summary:

Nil.

Anticipated Resolution Completion Date:

Within one month of resolution.

Attachments:

1. Proposed P-2021-04 Business Continuity Management Policy
2. Existing P-2014/34 Business Continuity Policy
3. Proposed P-2021-04 Business Continuity Management Policy – tracked changes

Tabled Items:

Nil.

Report Prepared by: Manager Governance

G/5. COUNCILLORS REPORT

Nil.

G/6. URGENT BUSINESS

Nil.

G/7. NOTICE OF MOTION

Nil.

G/8. CONFIDENTIAL ITEMS

Nil.

ATTACHMENTS