



# GLADSTONE REGIONAL COUNCIL

## **GENERAL MEETING NOTICE AND AGENDA**

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

**On Tuesday 20 April 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**

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

## **G/2. CONFIRMATION OF MINUTES**

### **G/2.1. CONFIRMATION OF GENERAL MEETING MINUTES FOR 6 APRIL 2021**

**Responsible Officer:** Chief Executive Officer

**Council Meeting Date:** 20 April 2021

**File Ref:** CM7.2

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#### **Purpose:**

Confirmation of the minutes of the General Meeting held on 6 April 2021.

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

That the minutes of the General Meeting of Council held on 6 April 2021 be confirmed.

#### **Attachments:**

1. Minutes of the General Meeting of Council held on 6 April 2021.

#### **Tabled Items:**

Nil.

**Report Prepared by:** Executive Secretary

## G/3. OFFICERS' REPORTS

### G/3.1. MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 28 MARCH 2021

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

**Council Meeting Date:** 20 April 2021

**File Ref:** FM15.1

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#### **Purpose:**

This report seeks Council adoption of the Monthly Financial Statements for the 2020-21 year to date, for the period ended 28 March 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 28 March 2021 as required under Section 204 *Local Government Regulation 2012*.

#### **Background:**

The percentage of year passed (pro-rata rate) as at 28 March 2021 is 74.52%.

#### **Forecast**

The 2020-21 budget was adopted on 7 July 2020. The business has since undertaken a forecasting process to establish an expected position at 30 June 2021. The most recent forecast indicates a deficit of \$26.7m comprised of a deficit of \$5.2m relating to ordinary operations and \$21.5m relating to the early repayment adjustment resulting from Queensland Treasury Corporation loan restructuring. This restructure adjustment charge represents a timing variance locking in current low interest rates providing future cashflow benefits.

The deficit of \$5.2m for Q2 Forecast excluding the early repayment adjustment is a \$2.2m improvement on the Q1 Forecast deficit of \$7.4m.

This variance is attributable to significant increases in revenue most notably:

- A \$1.4m increase in contract and recoverable works income (RMPC works, assuming a 5% profit – deemed a conservative estimate)
- Receipt of a \$2.0m dividend from Gladstone Area Water Board (not originally forecast as GAWB did not anticipate distribution of dividends)

Expenditure items that have increased on Q1 forecast are predominantly salaries and wages increase of \$2.5m mostly due to the continued lower vacancy rate (now around 5% average for the year). This has been partially offset by decreases in expected consultancy work to be completed in 2020-21 in multiple areas, and staff and councillor associated expenses including training, seminars & conferences due to COVID-19 and resulting reduced or alternative offerings, travel and restrictions.

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

## Statement of Income and Expenditure

### Income

#### Recurrent Revenue

<b>Total recurrent revenue</b>	2020-21	Actual as %
Actual	<b>\$169.1m</b>	
Budget	<b>\$189.3m</b>	<b>89.30%</b>
Forecast	<b>\$193.4m</b>	<b>87.41%</b>

Items of interest:

<b>Net rates and utility charges</b>	2020-21	Actual as %
Actual	<b>\$142.6m</b>	
Budget	<b>\$152.1m</b>	<b>93.75%</b>
Forecast	<b>\$154.3m</b>	<b>92.42%</b>

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.

<b>Income Tax Equivalents</b>	2020-21	Actual as %
Actual	<b>\$2.1m</b>	
Budget	<b>\$0.5m</b>	<b>420.67%</b>
Forecast	<b>\$2.2m</b>	<b>95.61%</b>

A payment comprising the 2019-20 dividend and income tax equivalents was received from the Gladstone Area Water Board in February. No significant change is expected for the remainder of the year.

<b>General purpose grants</b>	2020-21	Actual as %
Actual	<b>\$2.9m</b>	
Budget	<b>\$8.3m</b>	<b>35.49%</b>
Forecast	<b>\$8.3m</b>	<b>35.43%</b>

The forecast consists of \$8.3m for the Federal assistance grant (FAG). Year to date \$3.0m has been received, with the balance typically received towards the end of the financial year.

#### Capital Revenue

<b>Total capital revenue</b>	2020-21	Actual as %
Actual	<b>\$12.7m</b>	
Budget	<b>\$27.3m</b>	<b>46.49%</b>
Forecast	<b>\$23.9m</b>	<b>52.95%</b>

The forecast consists primarily of State and Federal funding. Projects with significant forecast funding are listed in the table below:

#### **State Funding**

<b>Description</b>	<b>Budget</b>	<b>Forecast</b>	<b>Actual</b>
Gladstone Aquatic Centre - Rejuvenation & upgrade	\$1.3m	\$1.1m	\$0.6m
Toondoon Botanical Gardens Electrical upgrade of external lighting	\$1.6m	\$0.6m	\$0.8m
Tannum Sands State School Bus Bay	-	\$0.6m	\$0.3m
Goondoon Street Footpath	\$0.7m	\$0.6m	\$0.1m
Upgrade to pump station SPS A06	\$1.8m	\$1.6m	\$0.9m
Gladstone WWTP Biosolids	-	\$0.6m	\$0.6m
Other (Multiple Projects with Forecast <\$0.5m)	\$9.0m	\$7.4m	\$3.5m
	<b>\$14.4m</b>	<b>\$12.6m</b>	<b>\$6.8m</b>

#### **Federal Funding**

<b>Description</b>	<b>Budget</b>	<b>Forecast</b>	<b>Actual</b>
Philip Street Communities Precinct - Stage 1a	\$4.6m	\$1.7m	\$1.6m
Benaraby Landfill - Stage 3 Landfill Cell Development	\$3.2m	\$2.1m	-
Blackmans Gap Road, Miriam Vale - Safety improvements	\$0.9m	\$0.9m	\$0.4m
Blain Drive, Gladstone - Pavement Renewal	-	\$0.8m	-
Gravel Road Resheeting - Various locations	\$1.6m	\$1.2m	\$0.9m
Dawson Highway, Gladstone	\$0.9m	\$0.7m	\$0.4m
Other (Multiple Projects with Forecast <\$0.5m)	\$1.4m	\$1.9m	\$0.7m
	<b>\$12.4m</b>	<b>\$9.3m</b>	<b>\$4.0m</b>

<b>Other capital revenue</b>	2020-21	Actual as %
Actual	<b>\$1.9m</b>	
Budget	<b>\$0.4m</b>	<b>461.39%</b>
Forecast	<b>\$2.0m</b>	<b>92.91%</b>

Other capital revenue primarily relates to a contribution of \$1.3m from the Salvation Army for the Philip Street Communities Precinct, with the remaining income received for developer contributions and water connections.

## Expenditure

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

### Recurrent expenditure

<b>Total recurrent expenditure</b>	2020-21	Actual as %
Actual	<b>\$146.7m</b>	
Budget	<b>\$193.7m</b>	<b>75.77%</b>
Forecast	<b>\$220.1m</b>	<b>66.66%</b>

Of note:

<b>Employee benefits</b>	2020-21	Actual as %
Actual	<b>\$49.2m</b>	
Budget	<b>\$61.7m</b>	<b>79.84%</b>
Forecast	<b>\$66.0m</b>	<b>74.65%</b>

Employee benefits are the largest component of Councils recurrent expenditure.

The increase in forecast expenditure is primarily due to a vacancy rate of 5.1% within Council compared to the budgeted vacancy rate of 7.5% based on historical trend.

<b>Donations</b>	2020-21	Actual as %
Actual	<b>\$1.8m</b>	
Budget	<b>\$3.3m</b>	<b>54.45%</b>
Forecast	<b>\$3.1m</b>	<b>58.63%</b>

Significant expenditure for donations is planned to occur in the final quarter of the financial year.

<b>Staff and Councillor associated expenses</b>	2020-21	Actual as %
Actual	<b>\$1.1m</b>	
Budget	<b>\$2.5m</b>	<b>42.57%</b>
Forecast	<b>\$1.6m</b>	<b>64.91%</b>

Recruitment and staff medical costs are currently \$0.2m below forecast however the vacancy rate is trending upwards which should be reflected in next quarter expenditure. Training and seminars are currently \$0.1m below the reduced forecast.



<b>Finance costs (total)</b>	2020-21	Actual as %
Actual	<b>\$3.3m</b>	
Budget	<b>\$4.3m</b>	<b>76.87%</b>
Forecast	<b>\$25.8m</b>	<b>12.84%</b>

The forecast for finance costs includes the aforementioned early repayment adjustment. This is expected to be realised in June 2021.

#### Statement of Financial Position

	<b>Current Value</b>	<b>Adopted Budget</b>	<b>Forecast</b>	<b>Percentage of Adopted Budget</b>	<b>Percentage of Forecast</b>
Year to date Assets	<b>\$2.5b</b>	<b>\$2.3b</b>	<b>\$2.5b</b>	<b>110.03%</b>	<b>99.33%</b>
Year to date Liabilities	<b>\$130.6m</b>	<b>\$123.3m</b>	<b>\$136.3m</b>	<b>105.90%</b>	<b>95.80%</b>

The forecast represents the expected position at 30 June 2021.

#### Capital Expenditure

	<b>Actual</b>	<b>Budget</b>	<b>Forecast</b>	<b>Actual as % of budget</b>	<b>Actual as % of forecast</b>
Year to date capital expenditure	\$38.5m	\$64.8m	\$65.1m	59.36%	59.13%
Including commitments (open purchase orders)	\$53.6m			82.69%	82.37%

Of the \$15.1m in commitments, \$2.7m relates to the Philip Street Communities Precinct and \$6.2m relates to the fleet replacement program.

Accrual estimates of \$1.9m have been included in the actuals, to account for major claims relating to March work as at 28 March 2021. Regular forecasting is undertaken by the project delivery team. The latest estimate of capital expenditure for the 2020-21 year is \$65.1m.

Capital expenditure against groups with significant capital expenditure budgets is shown in the table below:

Group	YTD Actual	Commitments	Budget	Actual as % of Budget	Forecast	Actual as % of Forecast
Road Assets	\$6.4m	\$2.6m	\$16.9m	38%	\$14.2m	45%
Sewerage Assets	\$9.0m	\$3.1m	\$11.7m	77%	\$12.7m	71%
Strategy & Transformation	\$9.7m	\$2.7m	\$12.8m	76%	\$12.4m	78%
Water Assets	\$4.5m	\$0.1m	\$6.2m	73%	\$6.6m	69%
Delivery Support and Performance	\$0.8m	\$6.2m	\$5.1m	16%	\$6.5m	12%
Waste Assets	\$4.1m		\$4.4m	93%	\$4.5m	91%
Property Assets	\$1.0m	\$0.1m	\$4.6m	23%	\$4.3m	24%
Parks & Environment Assets	\$0.6m	\$0.4m	\$1.9m	34%	\$1.7m	37%
Community Development & Events	\$1.4m		\$0.5m	298%	\$0.3m	497%
Other	\$0.9m		\$0.8m	119%	\$1.9m	51%
<b>Total</b>	<b>\$38.5m</b>	<b>\$15.1m</b>	<b>\$64.8m</b>	<b>59%</b>	<b>\$65.1m</b>	<b>59%</b>



Although 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.

### Outstanding Rates

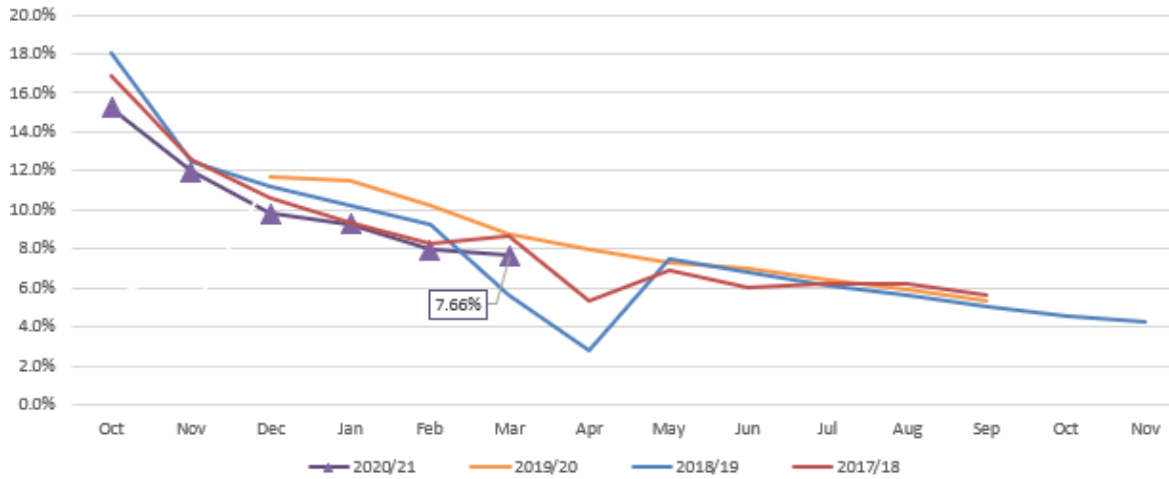
Outstanding rates, as a percentage of gross rates levied for 2020-21, and collectible, is at 7.66% at the end of March 2021, compared to 8.77% for the same period last year.

Of the \$14.1m of outstanding rates 16.76% relates to commercial / industrial assessments and 83.24% represents residential assessments.

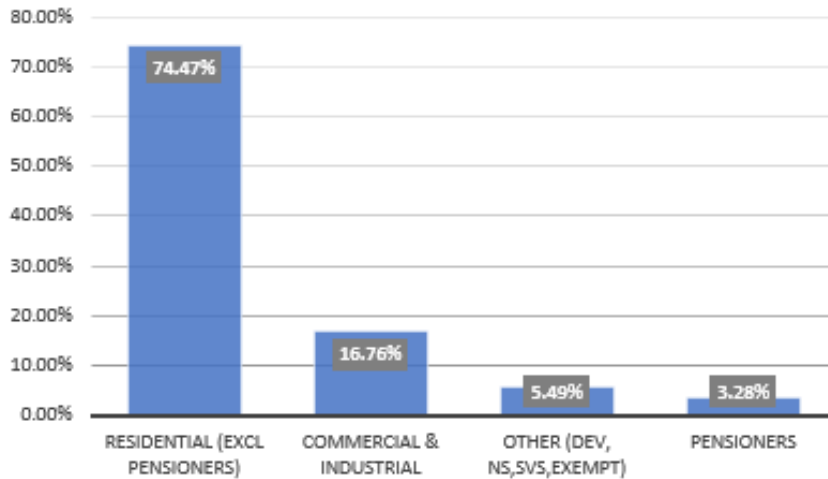
These figures include \$3.7m of rates that are currently being repaid under an authorised payment plan, for which there were 51 commercial/industrial assessments and 1,646 residential assessments. A total of 1,697 assessments, which is a decrease from 1,842 assessments in February 2021. This movement is a result of removal of arrangements on sold property, default arrangements and paid-up arrangements.

There were 4,989 ratepayers who had paid their rates in advance, in the amount of \$6.9m.

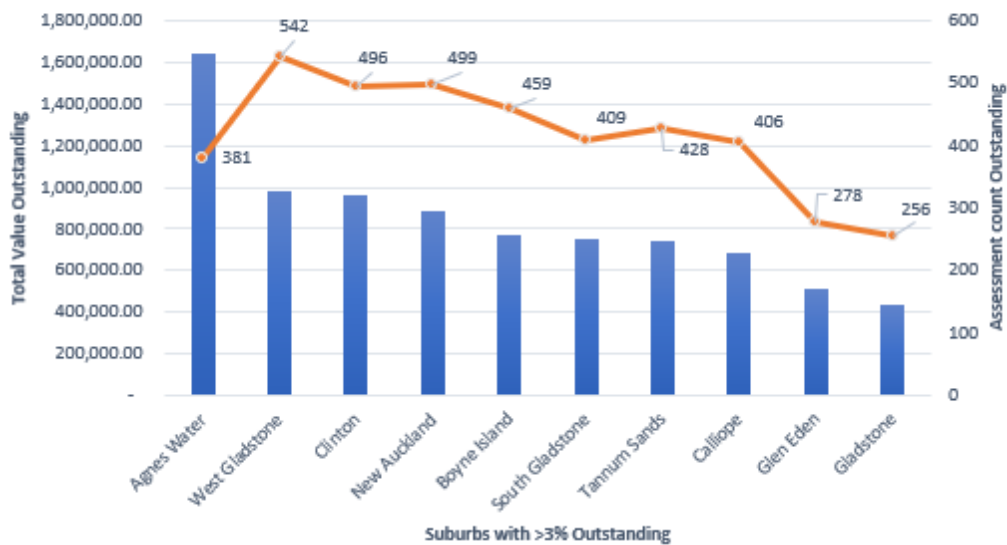
### Outstanding Rates



### Outstanding Rates & Charges at 30/03/2021



### Residential Rates & Charges Outstanding > 3% per Suburb



## Sustainability Ratios

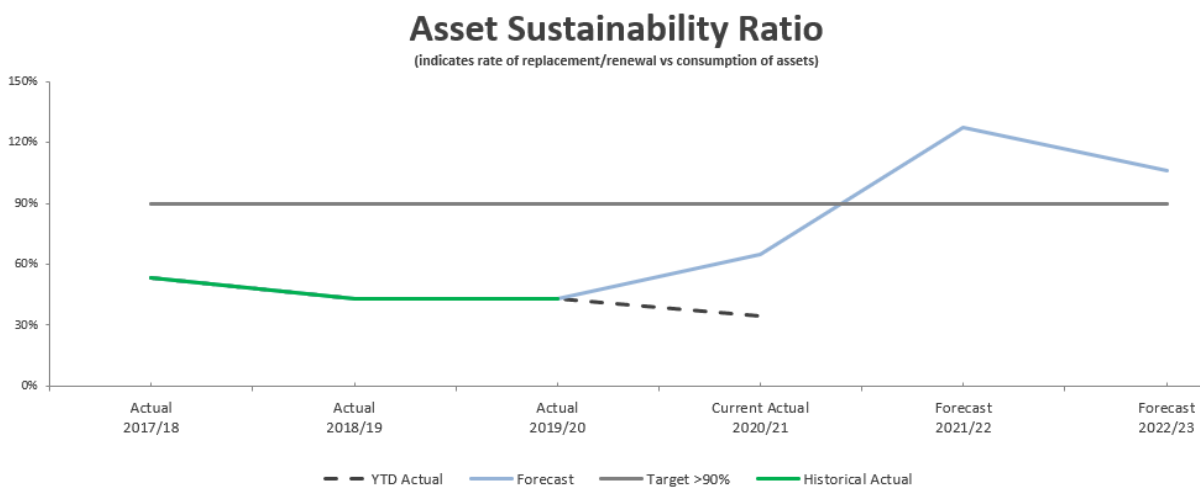
Council’s Sustainability Ratios for the period are generally in line with expectations at this stage of the reporting year. Early in the financial year, ratios are typically distorted given that Council raises most of its yearly revenue in a lump sum but incurs expenses and delivers its capital program 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 29.26% of capital expenditure on renewals. Additional renewal projects are forecast to be undertaken in the remaining months of the year.

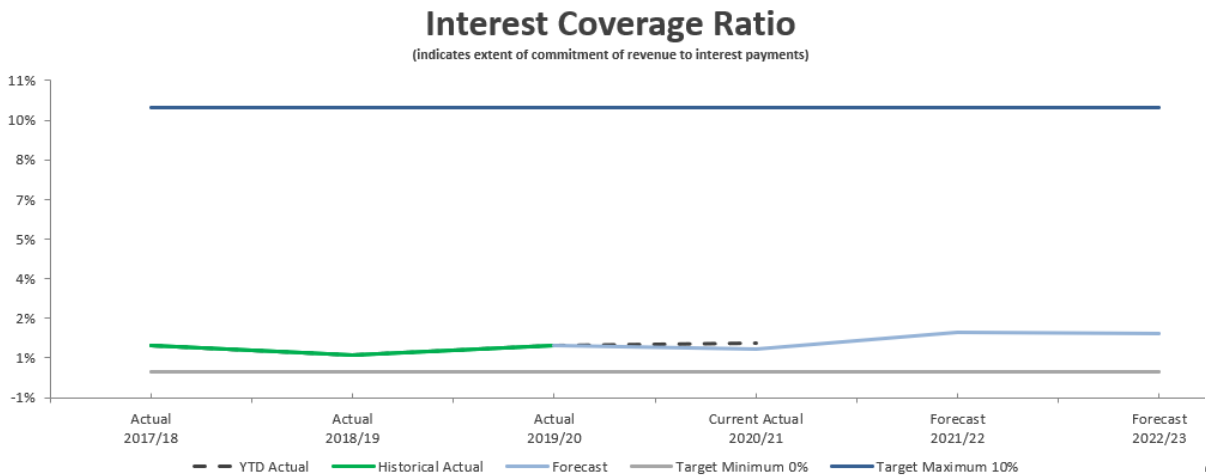
<b>Asset Sustainability Ratio</b>				
<b>CURRENT YTD</b>	<b>PRIOR YTD</b>	<b>BUDGET</b>	<b>FORECAST</b>	<b>TARGET</b>
<b>34.73%</b>	<b>41.60%</b>	<b>57.90%</b>	<b>64.82%</b>	<b>&gt;90%</b>



## 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 higher in comparison to this time last year due to a reduction in interest revenue.

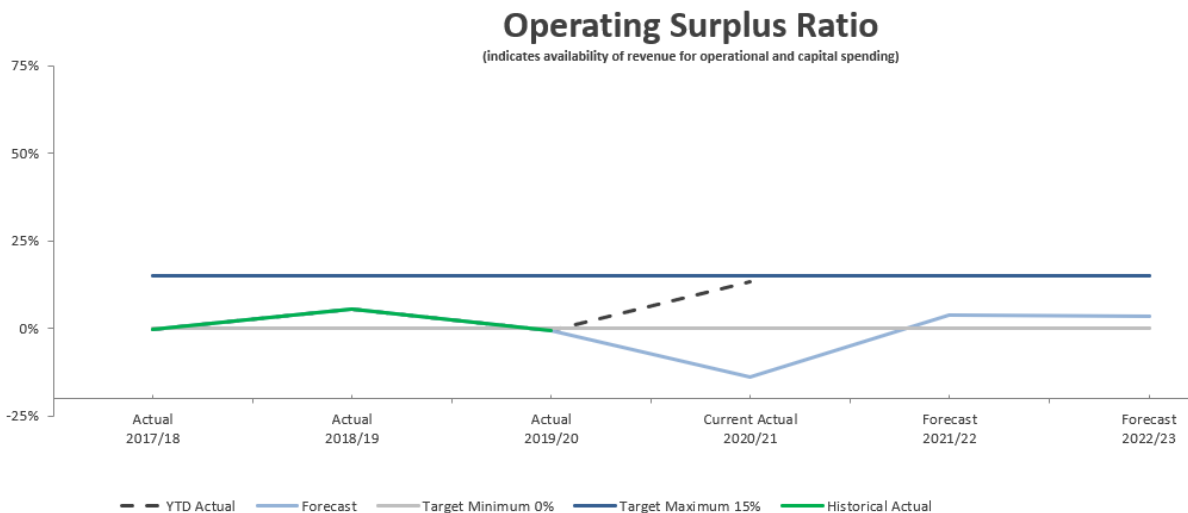
<b>Interest Coverage Ratio</b>				
<b>CURRENT YTD</b>	<b>PRIOR YTD</b>	<b>BUDGET</b>	<b>FORECAST</b>	<b>TARGET</b>
<b>1.07%</b>	<b>0.81%</b>	<b>0.69%</b>	<b>0.85%</b>	<b>0 - 10%</b>



## 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. The forecast is impacted by the QTC loan restructure.

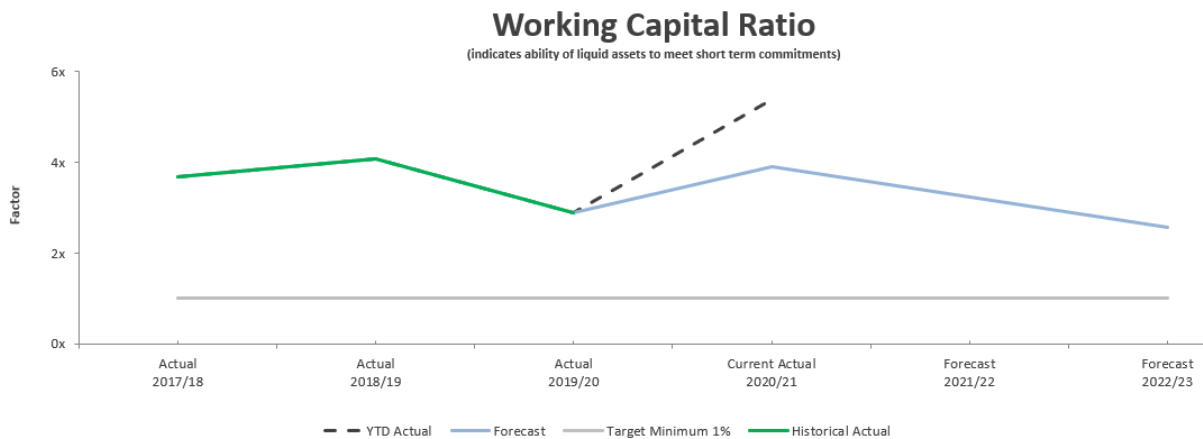
<b>Operating Surplus Ratio</b>				
<b>CURRENT YTD</b>	<b>PRIOR YTD</b>	<b>BUDGET</b>	<b>FORECAST</b>	<b>TARGET</b>
<b>13.21%</b>	<b>19.47%</b>	<b>(2.29%)</b>	<b>(13.81%)</b>	<b>0 - 15%</b>



## 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.

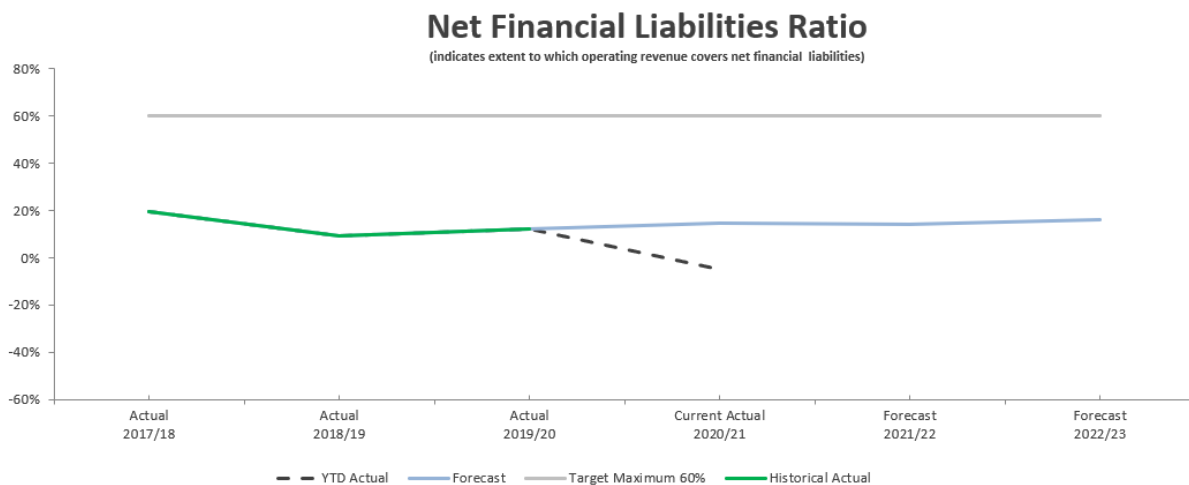
<b>Working Capital Ratio</b>				
<b>CURRENT YTD</b>	<b>PRIOR YTD</b>	<b>BUDGET</b>	<b>FORECAST</b>	<b>TARGET</b>
<b>5.37x</b>	<b>7.10x</b>	<b>4.41x</b>	<b>3.89x</b>	<b>Greater than 1:1</b>



## 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.

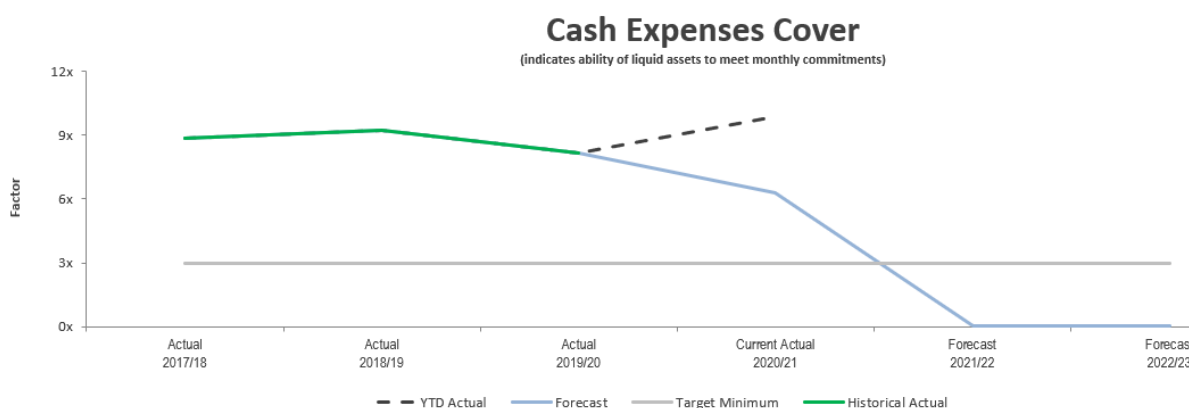
<b>Net Financial Liabilities Ratio</b>				
<b>CURRENT YTD</b>	<b>PRIOR YTD</b>	<b>BUDGET</b>	<b>FORECAST</b>	<b>TARGET</b>
<b>(4.97%)</b>	<b>(15.92%)</b>	<b>3.45%</b>	<b>14.48%</b>	<b>&lt; 60%</b>



## 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
9.86x	12.17x	7.69x	6.27x	> 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. 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:

20 April 2021

### Attachments:

1. Monthly Financial Statements for the period ending 28 March 2021
2. Operating Statement for month end March

### Tabled Items:

Nil.

**Report Prepared by:** Accountant

## **G/3.2. AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING 17 MARCH 2021**

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

**Council Meeting Date:** 20 April 2021

**File Ref:** CM26.2

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### **Purpose:**

To present a written report about the matters reviewed at the Audit Risk and Improvement Committee Meeting held on 17 March 2021 in accordance with s211 of the *Local Government Regulation 2012*.

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

That Council receive the minutes of the Audit Risk and Improvement Committee meeting held on 17 March 2021.

### **Background:**

Council's audit committee, the Audit Risk and Improvement Committee (ARIC), met on 17 March 2021.

An audit committee is required to provide Council with a written report regarding matters reviewed at the meeting, and the committee's recommendations about those matters, as soon as practical after a meeting of the committee (s211(1)(c) *Local Government Regulation 2012*).

The minutes of the meeting of 17 March 2021 are attached for Council's consideration.

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

The following is a summary of highlights from the minutes for matters of significance that were discussed:

#### *Item 7.1 Monthly Financial Reports for Period Ending January 2021*

Members considered the financial report and were provided advice around the forecast position and the work that continues to explore options to further reduce the forecast position. Specific advice was provided around asset management consultancy costs and the impact of income and expenditure from the increase in water price from Gladstone Area Water Board and Council's decision to provide a COVID concession within the first 2 months of the financial year.

Members were advised that Council has resolved to undertake refinancing of several loans and taking advantage of the opportunity that was provided by the Department of Local Government and Queensland Treasury as part of their COVID measures. There is an early repayment adjustment of \$21.5m and this will free up cash flow moving forward of approximately \$6m per year.

#### *Item 7.2 Contracts and Procurement Report*

Members made enquiries into the instances of procurement which have been completed in contravention of the Procurement Corporate Standard, with advice received that some purchases related to payments unrelated to procurement activities. Enquiry was also made into if there had been any improvement with regards to the monitoring of unpaid invoices with advice given that processes have been put in place and have improved the monitoring of unpaid invoices.



Members raised concerns regarding the number of open purchase orders noting that whilst the number has reduced, it is still high. Advice was received that work will continue to drive them down including analysing the data. It was also noted that the number of purchase orders will have increased due to the increase in procurement relating to the increase in available grants.

Members commended the Procurement team on the work they are doing in taking this forward and are looking forward to improvement while the Contracts Module is rolled out in October 2021.

#### *Item 8.1 Ethics Integrity and Audit Progress Report*

Discussions were held on the progress of audit actions and the proposed audit plan for 21/22. A request was made to reconsider the timing of a planned audit next year which will be presented at the June meeting for consideration.

Discussion also occurred on the timelines for actions in the recent Trade Waste Audit with explanations provided with respect to recruitment of staff required for completion of actions.

Members congratulated the team on the proactive report which demonstrates that things appear to be on track.

#### *Item 10.1 Financial Statement Preparation and Process Update*

Information was provided on opportunities for improvement and implementation of soft closes next financial year. Members expressed being encouraged by the progress and advised this would position Council neatly for the next round of budgeting.

#### *Item 11.1 Asset Management*

Members received advice on potential impacts on depreciation as a result of valuation of water and sewerage components and that officers are working through the analysis received with feedback to be provided to members once processed. Members were further advised that work is occurring to bring gates and grids onto the asset register however the actual dollar value is currently unknown.

Members confirmed satisfaction with the maturity score and excellent progress however bearing in mind that ISO55001 is not necessarily where it needs to land and the need to land on items that will provide genuine value and benefit to Council.

Members acknowledged that the work completed by JLL show a negative impact rather than positive and cautioned being aware of the sensitivities of the data and ensuring the data is appropriately validated. Members enquired regarding the work by APV with advice received the work is on target and no issues identified thus far with a draft report expected by end of month. Members expressed disappointment regarding Parks Furniture and Other Structures hasn't been paired back and recommended they be included next time round.

#### *Item 12.1 Quarterly Risk Report*

Members received a report outlining the progress of implementation of Council's revised Risk Management Framework. Members sought feedback from the leaders' risk management workshops with advice provided that feedback had been positive, with good engagement. Advice was provided that workshops contained an overview of leaders' responsibilities, the framework, the tools developed to support the business and the new software system, Beakon, that will capture risk registers.

## *Item 12.2 Final Draft Corporate Risk Register*

The final draft corporate risk register was presented, with advice provided that, overall, it appears that the residual risk is too high when considering the risk appetite set by Council. However, advice was also provided that additional proposed treatments are planned to occur and therefore officers are comfortable with the residual risk status. It was noted that the policy is scheduled for review in the second half of the calendar year which will review the risk appetite further. Members expressed concern with the misalignment between the risk register and policy and recommended consideration be given to a review of either the policy or register earlier than scheduled.

Discussion also occurred around controls and monitoring of these with advice provided that the new software system, Beakon, allows for automated reporting and monitoring to occur based on treatments and due dates.

Members expressed concern regarding not seeing risk in terms of the broader public safety issue; they however acknowledged that this may be embedded in other risks and recommended reassessing the corporate risks with a lens of public safety.

### **Communication and Consultation:**

Minutes of the committee are reviewed by the Committee members and the Manager Governance, Ethics Integrity and Audit Specialist, General Manager Finance, Governance & Risk and the Chief Executive Officer.

### **Legal Strategy and Policy Implications:**

The *Local Government Act 2009* requires Council to have an audit committee that oversees audit, annual financial reporting and other relevant governance functions as outlined in Council policy to provide Council with an additional level of assurance that systems and controls are in place to assist Council in minimising risk.

The Audit Risk and Improvement Committee operates in accordance with Council's Audit Risk and Improvement Committee Policy.

### **Financial and Resource Implications:**

The Audit Risk and Improvement Committee's external member fees are incorporated within the 2020/21 Operational Budget.

### **Summary:**

Nil.

### **Anticipated Resolution Completion Date:**

N/A - information only report.

### **Attachments:**

1. Audit Risk and Improvement Committee Minutes 17 March 2021

### **Tabled Items:**

Nil.

**Report Prepared by:** Manager Governance

### **G/3.3. COMPLAINT MANAGEMENT POLICY AND CORPORATE STANDARD**

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

**Council Meeting Date:** 20 April 2021

**File Ref:** CM28.2, CM29.2

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#### **Purpose:**

To consider the changes proposed to the Complaint Management Policy and Complaint Management Process Corporate Standard.

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

That Council:

1. Repeal P-2018-25 Complaint Management Policy;
2. Repeal CS-11-2018 Complaint Management Process Corporate Standard;
3. Adopt P-2021-06 Complaint Management Policy provided as Attachment 1; and
4. Adopt CS-2021-05 Complaint Management Process Corporate Standard provided as Attachment 2.

#### **Background:**

The Complaint Management Policy and Complaint Management Process Corporate Standard are due for review in December 2021; however, the review has been brought forward to consider the impacts of the *Human Rights Act 2019* which came into effect on 01 January 2020.

Council has multiple complaint management obligations under a variety of legislation, however section 268 (1) of the *Local Government Act 2009* requires Council to adopt a process for resolving administrative action complaints.

Further, section 306(4)(b) requires Council to ensure the public may inspect the complaint management process (including the related policies and procedures) at the local government's public office and on its website.

Accordingly, officers present both the policy and corporate standard for adoption.

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

A summary of the proposed changes include:

- expansion of scope to include consideration of the *Human Rights Act 2019*;
- inclusion to the corporate standard of:
  - Lodgement and Acceptance Timeframe section;
  - an acknowledgement of complaint to be provided to the complainant within 10 business days including the anticipated timeframe for an outcome;
  - summary flow chart (Attachment 1);
- alignment with current processes;
- removal of process tables from within document to attachments for readability (Attachments 2 to 10 of corporate standard); and
- general wording amendments.

The review also considered the recent Complaint Management Audit undertaken by the Ethics, Integrity and Audit Team.

*Alternative Option:*

Alternatively, Elected Members may seek further amendments to the documents. An alternative recommendation could be:

*That Council:*

1. *Repeal P-2018-25 Complaint Management Policy;*
2. *Repeal CS-11-2018 Complaint Management Process Corporate Standard;*
3. *Adopt P-2021-06 Complaint Management Policy provided as Attachment 1, subject to the following amendments:*
  - a. \_\_\_\_\_; and
4. *Adopt CS-2021-05 Complaint Management Process Corporate Standard provided as Attachment 2, subject to the following amendments:*
  - a. \_\_\_\_\_.

**Communication and Consultation:**

Subject matter experts from Governance, Customer Solutions, and People Services Teams have contributed to the development of the draft documents. Further, minor feedback was received from subject matter experts and leaders during the consultation process undertaken.

**Legal Strategy and Policy Implications:**

Section 268 of the *Local Government Act 2009* and section 306 of the *Local Government Regulation 2012* requires Council to adopt a process for managing Administrative Action Complaints. Further, Council has additional complaint management obligations under the *Crime and Corruption Act 2001*, *Public Interest Disclosure Act 2010*, and *Human Rights Act 2019*.

**Financial and Resource Implications:**

It is anticipated that little or no additional resource or financial implications will be incurred as a result of the amendment of this policy and corporate standard.

**Summary:**

Nil.

**Anticipated Resolution Completion Date:**

Within two weeks of resolution.

**Attachments:**

1. Draft P-2021-06 Complaint Management Policy;
2. Draft CS-2021-05 Complaint Management Process Corporate Standard;
3. Current P-2018-25 Complaint Management Policy;
4. Current CS-11-2018 Complaint Management Process Corporate Standard;
5. Draft P-2021-06 Complaint Management Policy (Tracked Changes version);
6. Draft CS-2021-05 Complaint Management Process Corporate Standard (Tracked Changes version).

**Tabled Items:**

Nil.

**Report Prepared by:** Governance Officer

## **G/3.4. REVIEW OF DRUG AND ALCOHOL AND FITNESS FOR WORK POLICIES**

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

**Council Meeting Date:** 20 April 2021

**File Ref:** CM28.2

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### **Purpose:**

The purpose of this report is to recommend that Council replace its Fitness for Work and Drug and Alcohol Policies with Corporate Standards.

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

That Council repeal the following policies on the basis that they will be replaced with suitably detailed Corporate Standards:

1. P-2017-33 Drug and Alcohol Policy; and
2. P-2017-28 Fitness for Work Policy.

### **Background:**

The scheduled review of the Drug and Alcohol Policy and Fitness for Work Policy has been undertaken.

As part of the review process, the Governance Team assessed what level of Council's corporate document suite that these matters are best managed by. Legislatively there is no obligation for Council to adopt a policy position on these matters.

Council is required to adopt a Work Health and Safety Policy which it has done. The revised Drug and Alcohol Management Corporate Standard and Fit for Work Corporate Standard support the Work Health and Safety Policy aligning with the Policy intent of "*Identifying and understanding the hazards inherent to the activities we undertake and effectively assessing, controlling and managing those risks*".

Currently the Drug and Alcohol Policy is supported by a Drug and Alcohol Testing Corporate Standard which has been included in the review process. The Fitness for Work Policy is not currently supported by a Corporate Standard, however, there has been a need identified in the business for more practical operational guidance on how fit for work matters are managed which is not available in the Policy. As a result, the Corporate Standard has been developed to address this need.

Given the operational nature of drug and alcohol management and fit for work matters, it is recommended that the policies be replaced with the more detailed Corporate Standards which will provide the practical guidance required to consistently manage these matters within the business.

The existing policies recommended for repeal are attached to this report, along with the proposed replacement Corporate Standards for Councillors' information.

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

#### Option 1 – Recommendation

The opportunities associated with this option include:

- A reduction in the number of Policy documents Council maintains

- Corporate Standards fulfill the needs of the business for detailed guidance to achieve consistent management of the issues within the business
- Our people will have a single source document (Corporate Standard) to obtain guidance on the business's requirements on the respective matters.

There are no risks identified with repealing the Policies.

#### Option 2 – Retain the existing Policies

Should Council consider it appropriate to retain the high-level Policy commitment documents, the alternative resolution to facilitate this decision would be:

*“That Council retain the existing Drug and Alcohol and Fitness for Work Policies as tabled, subject to some minor wording amendments to achieve organisational alignment as identified by the Governance Team.”*

The risks associated with this option include:

- Council will need to dedicate resources to maintain and review these policies.
- In retaining the policies there is also a lost opportunity to streamline Council's Policy framework and the associated administrative resource required to maintain it.
- If the policies are retained, there are some minor inconsistencies that would benefit from an update, particularly an update to the related document lists and aligning wording to current corporate terminology.

#### **Communication and Consultation:**

Subject matter experts from People Services and Work Health and Safety have contributed to the development of the Corporate Standards tabled. Both Corporate Standards have undergone considerable stakeholder consultation which included the workforce and Union representatives. There was a high level of engagement and submissions received on the two documents and changes were made as result. The Executive Team have reviewed both Corporate Standards.

#### **Legal Strategy and Policy Implications:**

There is no legislative obligation for Council to have a policy on these matters. It is important however, that an operational standard be set on both issues to ensure certainty, transparency and consistency for the workforce in how the matters are managed within the business.

#### **Financial and Resource Implications:**

Council currently has a drug and alcohol testing program in place which is budgeted for as part of Council's work health and safety system. Fit for Work matters are managed as part of normal operations with the support of Council's Work Health and Safety Team as required. Some operational resources will be required to develop staff education and training on adoption of the Corporate Standards but is expected to be within existing operational budgets.

#### **Summary:**

As employment and safety matters are operational issues, this report recommends that Council repeal its existing policies and adopt operational level Corporate Standards to better suit the needs of the business.

#### **Anticipated Resolution Completion Date:**

Within 14 days of resolution

**Attachments:**

1. P-2017-33 Drug and Alcohol Policy (existing)
2. P-2017-28 Fitness for Work Policy (existing)
3. CS-2021-03 Drug and Alcohol Management Corporate Standard (proposed)
4. CS-2021-04 Fit for Work Corporate Standard (proposed).

**Tabled Items:**

Nil

**Report Prepared by:** Governance Advisor

## G/3.5. EX GRATIA ARRANGEMENTS WITH LANDOWNERS POLICY

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

**Council Meeting Date:** 20 April 2021

**File Ref:** CM28.2

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### **Purpose:**

To propose the repeal of the current Ex Gratia Arrangements with Landowners Policy.

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

That Council repeal P-2013/1 Ex Gratia Arrangements with Landowners Policy.

### **Background:**

The scheduled review of the Ex Gratia Arrangements with Landowners Policy has been undertaken.

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

The Ex Gratia Arrangements with Landowners Policy documents the circumstances under which Council may enter into ex gratia arrangements with private landowners in exchange for road works or other earthworks being undertaken by Council within the landowner's property. These arrangements are for the purpose of:

- extraction of gravel from the property for road maintenance / construction;
- parking major plant overnight for efficiency and security reasons; and
- drawing water on the property for road maintenance / construction.

The following table provides the current practice in relation to each of the above:

<b>What</b>	<b>Current Practice</b>
Gravel Pits*	Purchased through procurement process or formal agreement with landowner.
Parking of Plant	Plant parked in a suitable location within the road reserve.
Drawing of Water	Purchased through procurement process.

\* Officers are currently undertaking a strategic review and rationalisation of gravel pits.

The principles of the current policy are not aligned with Council's Ethical SERVICE value and do not promote transparency, openness and accountability. Further, a key activity of Strategic Goal 4 (ethical and responsible government) is the efficient and responsible use of resources, the integrity of which may be questioned with arrangements of this nature that have not been entered into via formal agreement.

Accordingly, it is the officer's recommendation that Ex Gratia Arrangements with Landowners Policy be repealed.



*Alternative Option:*

Alternatively, Elected Members may identify a circumstance which calls for the need of a policy of this nature. If this is the preferred option, an alternative recommendation could be:

*That Council further review the existing Ex Gratia Arrangements with Landowners Policy to consider \_\_\_\_\_.*

**Communication and Consultation:**

Subject matter experts from the Roads Program Delivery and Operation Support Services teams have identified no concerns with the repeal of this policy.

**Legal Strategy and Policy Implications:**

There is no legislative obligation for Council to have a policy of this nature. Officers are not aware of any current arrangements being managed under the policy. Where required, the extraction from gravel pits, parking of plant, and drawing of water are all undertaken via the practices identified in the above table.

**Financial and Resource Implications:**

It is anticipated that little or no additional resource or financial implications will be incurred as a result of the repeal of this policy.

The acquisition of gravel and water for road maintenance / construction purposes is currently undertaken in line with the Procurement Policy and Corporate Standard (and/or for gravel via formal agreement). Further, plant and equipment are parked in a suitable location within the road reserve, incurring no financial commitment by Council.

**Summary:**

Nil.

**Anticipated Resolution Completion Date:**

Within two weeks of resolution.

**Attachments:**

1. Current P-2013/1 Ex Gratia Arrangements with Landowners Policy.

**Tabled Items:**

Nil.

**Report Prepared by:** Governance Officer

## **G/3.6. 143-21 GLADSTONE WATER MAINS RENEWAL**

**Responsible Officer:** General Manager Operations

**Council Meeting Date:** 20 April 2021

**File Ref:** PE1.1

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### **Purpose:**

This report seeks resolution from Council to enter into a contract with NTS Group Pty Ltd for Gladstone Water Mains Renewal works.

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

That Council:

1. Endorse the Tender Evaluation Panel's recommendation and accept the offer from NTS Group Pty Ltd for Tender 143-21 Gladstone Water Mains Renewal; and
2. Authorise the Chief Executive Officer to enter into a contract and associated contract variations within the approved budget, with NTS Group Pty Ltd for Tender 143-21 Gladstone Water Mains Renewal.

### **Background:**

Council requires a suitability qualified contractor to replace existing water reticulation mains as a result of the assets reaching the end of their functional life at three (3) separate locations within Gladstone:

- Sandpiper Avenue (from Lorikeet Avenue to Cockatoo Drive);
- Aerodrome Road (from J Hickey Avenue to Clarke Street); and
- Auckland Street (from Tank Street to Short Street).

The works required to be undertaken at each of the work locations have been informed by detailed design and will commence in June 2021.

On the basis of asset prioritisation and works sequencing, the works will continue through until May 2022.



**Photograph 1: Aerial image of the proposed alignment at Sandpiper Avenue.**



**Photograph 2: Aerial image of the proposed alignment at Aerodrome Road and Clark Street.**



**Photograph 3: Aerial image of the proposed alignment at Auckland Street.**

**Options, Risk and Opportunity Analysis:**

On 6 February 2021 Council released an Invitation to Tender ('ITT') to the open market via LG Tenderbox in accordance with the tender process requirements set out in section 228 of the *Local Government Regulation 2012*.

The tender closed on 9 March 2021 with four (4) conforming submissions received.

The offers were evaluated by a panel of subject matter experts, based on the criteria disclosed in the ITT which included:

Objective Evaluation Criteria	Weighting
Proposed Program/Schedule meets GRC timing requirements	8%
Proposed Program/Schedule addresses GRC's defined requirements	8%
Offer demonstrates understanding of the scope and GRC's requirements	20%
Proposed resourcing addresses all aspects of the scope and GRC's requirements	9%
Nominated past projects performed meet GRC's experience requirements	10%
Proposed Key Personnel have the qualifications and experience required by GRC	5%
Price	25%
Local Content	15%

The offers were scored against the evaluation criteria as follows:

	Score (before Local Content)	Score (after Local Content)
NTS Group Pty Ltd	55	64.3
Veolia Environmental Services (Australia) Pty Ltd	53	64.1
UTILSTRA PTY LTD	55	60.8
Grycan Pty Limited as trustee for the Blomfield Family Trust trading as Blomfield Excavations	45	60.3

The submission from NTS Group Pty Ltd (“NTS”) scored the highest overall, with a detailed conforming tender. NTS demonstrated excellent understanding of the scope and can deliver the majority of works with internal resources. NTS presented quality previous experience delivering projects of similar scale and nature.

The tender evaluation panel recommends the submission from NTS as it presents the best overall offer to Council.

#### **Communication and Consultation:**

Regular meetings between the project team, stakeholders and the contractor will take place throughout the delivery of the project.

#### **Legal Strategy and Policy Implications:**

Council sought offers via LG Tenderbox in accordance with the Local Government Regulation 2012, Local Government Act 2009 and Council’s Procurement Policy P-2018-12.

Council’s endorsement of this tender award is in accordance with the Register of Delegations - Exercise of Statutory Powers and Financial Delegation Register.

The Officer’s recommendation is based on the evaluation methodology and criteria in the ITT. There are risks associated with Council awarding a contract contrary to the officer’s recommendation.

If Council is not satisfied with the evaluation methodology and criteria or the application thereof, Council may refer the matter back to officers for re-evaluation.

In the interests of probity, an amendment to the evaluation methodology and/or criteria may require referral back to tenderers so that they can each have the opportunity to make any changes to their offers having regard to the amended criteria prior to re-evaluation.

#### **Financial and Resource Implications:**

The offer made by NTS Group Pty Ltd for \$2,855,085.66 ex GST is contained within the Lake Awoonga Mains Renewal, which has a \$13.68M life of project budget.



**Summary:**

NTS Group Pty Ltd's submission was evaluated as presenting the best value to Council.

**Anticipated Resolution Completion Date:**

The contract will be awarded in May 2021.

**Attachments:**

1. CONFIDENTIAL 143-21 Offer Evaluation Report

**Tabled Items:**

Nil.

**Report Prepared by:** Manager Contracts and Procurement

**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