



**GLADSTONE**  
REGIONAL COUNCIL

**SPECIAL MEETING NOTICE  
AND AGENDA**

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

**On Tuesday 28 June 2022**

**Commencing at 9.00am**

**Leisa Dowling  
CHIEF EXECUTIVE OFFICER**

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## **S/1. OFFICERS REPORTS**

### **S/1.1. GLADSTONE REGIONAL COUNCIL TRANSPORT STRATEGY**

**Responsible Officer:** General Manager Strategic Asset Performance

**Council Meeting Date:** 28 June 2022

**File Ref:** TT6.1

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#### **Purpose:**

The purpose of this report is to seek the Council's endorsement of the Gladstone Regional Council Transport Strategy 2022.

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

That Council endorses the Gladstone Regional Council Transport Strategy 2022.

#### **Background:**

In the 2021-22 Operational Plan and Budget, Council identified the initiative to create a Transport Strategy to ensure strategic network development and consistent and effective asset lifecycle planning.

There are two key outputs from the Strategy. The first being Council's roles, goals and objectives, and the second the supporting actions. The roles, goals and objectives are the key phrases that set Council's guiding principles for the development of the transport network ensuring consistency across subsequent plans and studies. The actions are the projects that have been identified to enable Council to achieve the roles, goals and objectives and provide effective asset lifecycle planning

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

Council is presented with two options

##### ***Option 1 – Officer's Recommendation – Endorse the Gladstone Regional Council Transport Strategy 2022***

This option meets the deliverables of the Operational Plan item and provides the strategic framework and alignment for future transport related activity by officers and will ensure appropriate priority is given to the actions identified.

##### ***Option 2 – Not endorse the Gladstone Regional Council Transport Strategy 2022***

Not endorsing the Strategy will mean there are no overarching goals and objectives to link activities together to provide a consistent theme and direction for the Council's Transport Network, and risks losing alignment with State and Federal initiatives and plans.

## **Communication and Consultation**

A key component in developing the Transport Strategy was engagement, internally with Gladstone Regional Council (GRC) Councilors and employees, and externally with key stakeholders (Gladstone Ports Corporation (GPC) and the Department of Transport and Main Roads (DTMR)) and the community. There were two (2) rounds of engagement as part of developing the strategy, the first round involved three (3) separate workshops, one with Council employees, one with Councilors and one with external stakeholders. The focus of these workshops was to identify the Roles, Goals, Challenges and Opportunities for Council as a road authority. After the Roles, Goals, Challenges and Opportunities had been workshopped and finalised they were then provided to the public through Council's Conversations page, to see if the community agreed with what had been done so far and if anything was missed.

Once the roles, goals, challenges, and opportunities were finalised the project progressed to the second round of engagement which was identifying the objectives and actions for the strategy. As these are the 'doing parts' of the strategy and focused on operational components, only two workshops were held, one with internal stakeholders and the other with external stakeholders. The external workshop was focused on opportunities for joint planning, based on the objectives and actions identified in the internal workshop.

In addition to the engagement there was a large amount of reference material used in developing the strategy, including plans, strategies and studies developed by the State and Federal Government, Council and GPC. A full list can be found in the strategy.

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

Nil

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

The action plan was developed with budgeted resources in mind and if approved, the actions will then progress into relevant Team Plans, and future operational budgets.

### **Summary:**

The Operational Plan item Gladstone Regional Council Transport Strategy 2022 is presented to Council for endorsement

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

Nil

### **Attachments:**

1. Gladstone Regional Council Transport Strategy 2022

### **Tabled Items:**

Nil

**Report Prepared by:** Engineer (Asset Planning)

## **S/1.2. 154-22 SURF LIFESAVING SOLE SUPPLIER**

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

**Council Meeting Date:** 28 June 2022

**File Ref:** PE1.1

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### **Purpose:**

This report seeks a resolution from Council to make use of the provisions in s235 of the *Local Government Regulation 2012 (Qld)*, that allows for exceptions to the requirement for written quotes or tenders. The use of this provision is sought in relation to entering into a 3-year contract for surf lifesaving services for the Tannum Sands and Agnes Water beaches.

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

That Council:

1. Resolves in accordance with s235(a) of the Local Government Regulation 2012 (Qld) that it is satisfied that Surf Life Saving Queensland Inc. is the only supplier reasonably available to Council to provide surf lifesaving services; and
2. Authorises the Chief Executive Officer to enter into a 3-year contract with Surf Life Saving Queensland Inc. for the provision of surf lifesaving services; and
3. Authorises the Chief Executive Officer to enter into a beach accessibility agreement within the approved 2022-23 budget with Surf Life Saving Queensland Inc.

### **Background:**

Council has engaged Surf Life Saving Queensland Inc. ('SLSQ') to provide beach patrolling services at Tannum Sands for the last 30 years and at Agnes Water for the last 27 years. The SLSQ service at Tannum Sands is supplemented by the volunteers from the Tannum Sands Surf Life Saving Club, whilst due to the absence of a volunteer service at Agnes Water, SLSQ provides year-round patrol services.

The SLSQ service at Tannum Sands since 2019 has included Monday to Saturday coverage during September, Christmas and Easter school holidays.

The SLSQ service at Agnes Water since 2019, has included 7 days per week coverage from the start of the September school holidays through to the end of April and then weekend coverage only during the cooler months of May to August.

The current agreement will expire on 30 June 2022 and SLSQ have issued a proposal to Council for continuation of the services for the next 3 years. Council have previously resolved SLSQ to be the sole supplier of lifeguard services on the basis that SLSQ is a registered charity organisation in the Australian Charities and Not-for-profits Commission (ACNC) under the Australian Government. SLSQ is the only white-water rescue accredited authority in Queensland under the Queensland Department of Community Safety and is the only lifeguard/lifesaving service offering:

- Lifeguards;
- Volunteer lifesaving patrols;
- After hours Emergency Response Groups; and

- Dedicated communications systems.

### Options, Risk and Opportunity Analysis:

A proposal was received from SLSQ in May 2022 for the agreement period 1 July 2022 to 30 June 2025.

Retention of the current service levels at both beaches for the agreement period carries a 3.2% increase from the 2019 agreement related only to wage escalations within the SLSQ Enterprise Agreement, as provided below:

	TANNUM SANDS	AGNES WATER	TOTAL
<b>2019-2022 AGREEMENT</b>	\$76,811.30	\$292,515.04	\$369,326.34
<b>2022-2025 AGREEMENT</b>	\$79,522.32	\$301,684.40	\$381,206.72
<b>MOVEMENT</b>	\$2,711.02 or 3.5%	\$9,169.36 or 3.13%	\$11,880.38 or 3.2%

Beach accessibility services for both beaches are currently being discussed with SLSQ and will require Council to enter into a separate agreement. The costs of this service to be incurred during 2022-23 will be constrained within the 2022-23 approved budget.

### Communication and Consultation:

N/A

### Legal Strategy and Policy Implications:

It is a requirement of the *Local Government Regulation 2012* section 225 to invite written quotations or tenders where the supply of goods or services with a cost greater than \$15,000 ex GST.

The Regulation under section 235 (a) states the following exemption:

*a) Where Council resolves that it is satisfied that there is only one supply reasonably available to it.*

### Financial and Resource Implications:

Council has budgeted \$404,250.00 ex GST for the 2022-23 lifeguard service. The standard service during the 2022-23 period will be \$381,206.72 ex GST, leaving \$23,043.28 ex GST for the provision of accessibility services.

### Summary:

N/A

### Anticipated Resolution Completion Date:

The contract will be executed in June 2022.

### Attachments:

Nil

### Tabled Items:

Nil

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

### **S/1.3. LABOUR HIRE SPECIALISED SUPPLIERS**

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

**Council Meeting Date:** 28 June 2022

**File Ref:** PE1.1

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#### **Purpose:**

This report seeks a resolution from Council to make use of provisions in section 235 of the *Local Government Regulation 2012* ('LGR') that allows for exceptions to the requirement for written quotes and tenders. The use of this provision is sought in relation to the provision of labour hire services from licensed labour hire providers in Queensland.

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

That Council:

1. Resolves, in accordance with s235(b) of the Local Government Regulation 2012, that it is satisfied due to the specialised nature of the services sought, licensed labour hire providers Registered in Queensland may be engaged as required to provide labour hire services.

#### **Background:**

Labour Hire means an employee from labour hire company that is engaged on a temporary basis by Council to fulfil the duties of an approved position within the organisational structure.

In accordance with the requirements set out in clauses 2.4.1, 2.4.1.1, 2.4.11.11 and 2.4.2 of the Certified Agreement 2021, all requirements for the use of labour hire, must be assessed for internal sourcing before any labour hire services can be engaged, there are also stipulations within the Certified Agreement regarding terms of engagement and pay levels for labour hire.

Council maintains an Engagement of Contractors Procedure which aligns with the requirements set out in the Certified Agreement and which includes a matrix aligned with the Australian Taxation Office that supports the identification of labour hire services. When identified, labour hire engagements are subject to a formal consultation process involving all potentially affected Employees and the relevant Union (s) and require approvals from Human Resources, General Management and the Chief Executive Officer prior to the initiation of any engagement. If approved, the engagement of labour hire is facilitated by the recruitment team.

The *Labour Hire Licensing Act 2017 (QLD)* Section 7 requires labour hire engagements to be sourced only from the Register of Labour Hire Licenses which is maintained by the Qld Government Office of Industrial Relations. The register contains a list of licensees and their license status. Should approval be received to engage labour hire, this register is the first point of consultation prior to engagement with any labour hire company.

With current turnover and high absences, labour hire may become necessary to maintain service levels and manage workloads within teams.

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

Labour hire companies differentiate themselves based on the type of workforce they offer and locality. As Council's labour hire requirements are unknown and the license status of companies not confirmed by the register until approval for a labour hire engagement is obtained, it is not possible to request approval from Council under s235(b) for specific labour hire companies.

Additionally, due to the nature of labour hire engagements requiring specificity around labour hire availability, skill-sets, tickets etc., it is not feasible for engagements to follow competitive quoting processes. Labour hire engagements will typically see Council's recruitment team issuing a position description along with a brief regarding term and conditions of the engagement, to relevant labour hire companies and making assessments based on personnel proposed by the labour hire company/s and their applicability to perform the position description, not dissimilar to an employee recruitment.

The engagement of contractors procedure provides sufficient control to manage the demand for labour hire services and all engagements require consultation with affected and potentially affected employees and relevant union/s to ensure Council endorsement of labour hire providers through this recommendation is not misused.

### **Communication and Consultation:**

This request has been consulted with:

- Human Resources;
- Recruitment; and
- Contracts and Procurement.

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

It is a requirement of the *Local Government Regulation 2012* section 225 to invite written quotations or tenders where the supply of goods or services with a cost greater than \$15,000 ex GST. Section 235 of the regulation does provide some exceptions, relevant to this report is section 235(b) which provides an exception where:

*"The local government resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the local government to invite quotes or tenders..."*

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

This is a proactive request and potential expenditure is currently unknown, however with the terms and conditions set out in any requests for labour hire and in accordance with the Certified Agreement 2021 expenditure will be contained within budget.

### **Summary:**

N/A



**Anticipated Resolution Completion Date:**

Labour hire will be added to Council's long-term contracts register and a contract number provided to the recruitment team for authorisation to engage labour hire companies if and when required.

**Attachments:**

Nil

**Tabled Items:**

Nil

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

## **S/1.4. EXPENDITURE APPROVAL - SUPPLY AND DELIVERY OF 2 X WHEEL LOADERS**

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

**Council Meeting Date:** 28 June 2022

**File Ref:** PE1.1

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### **Purpose:**

This report seeks resolution from Council, in accordance with Council's Register of Financial Delegations, to approve expenditure for the supply and delivery of two (2) Caterpillar 938K Wheel Loaders.

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

That Council:

1. Approve the expenditure of \$1,048,000.00 ex GST for the supply and delivery of two (2) Caterpillar 938K Wheel Loaders from Hastings Deering (Australia) Limited.

### **Background:**

Council requires the supply and delivery of two (2) Caterpillar 938K Wheel Loaders (as shown in Figure 1), in accordance with the 22/23 Fleet Replacement Program. Both loaders are replacing current assets for the Roads Program Delivery Team which have reached the end of life. Replaced assets will be disposed via auction.

Caterpillar loaders have been selected for Council's fleet due to enabling:

- Consistent Drivetrain/Electrical/Hydraulic (improved technician awareness – business risk management);
- Spare part/fluid standardisation (financial gain, standard stock holdings, standard fluid holdings);
- Standard Caterpillar Operator cabin layout (improved operator awareness – risk management, efficiency gain);
- Ability to react to business/emergency needs (standard equipment spread throughout region);
- Original Equipment Manufacturer support (Caterpillar provides Online support and Fault diagnosis ability GRC Workshops licenced for CAT SIS (Service Information System) program – Caterpillar improved equipment telematics);
- Localised support system (Service support based both Gladstone and Rockhampton major facility);
- Workshops currently equipment with required Caterpillar tooling and support manuals; and
- Ongoing and as required Caterpillar technical training provided at nil cost.



Figure 1 – Caterpillar 938K Wheel Loader

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

Council has access to a contract entered into by Local Buy for heavy plant machinery equipment. This contract is an LGA Arrangement – NPN2.15-2.

On 11 May 2022, Hastings Deering (Australia) Pty Ltd a party to this contract were approached with a Request for Proposal (RFP) via VendorPanel. The request closed on 10 June 2022 and the response received was assessed by technical personnel where it was determined that the offer from Hastings Deering (Australia) Pty Ltd met Council's requirements as outlined in the RFP, therefore presenting the value to Council.

The last purchase of wheel loaders from Hastings Deering (Australia) Limited was in October 2021 and the purchase price for each unit has increased by \$59k due to global supply chain disruptions and strong demand. Delivery of the two (2) machines is estimated to be 49 weeks.

### **Communication and Consultation:**

Consultation has occurred with the workshops, operators and relevant leaders.

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

Council sought the offer via an LGA Arrangement in accordance Section 234 of the *Local Government Regulation 2012*, which states that:

*A local government may enter into a contract for goods and services without first inviting written quotes or tenders if the contract is entered into under an LGA arrangement.*

Council's approval of this expenditure is in accordance with the Financial Delegation Register.

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

The expenditure of \$1,048,000.00 ex GST is contained within the 2022-23 capital budget for fleet replacements.

**Summary:**

N/A

**Anticipated Resolution Completion Date:**

A purchase order will be issued in July 2022.

**Attachments:**

Nil

**Tabled Items:**

Nil

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

## **S/1.5. INSURANCE SERVICES**

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

**Council Meeting Date:** 28 June 2022

**File Ref:** PE1.1

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### **Purpose:**

This report seeks resolution from Council, in accordance with Council's register of financial delegations, to approve expenditure for insurance services.

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

That Council approve the expenditure of \$874,486.92 ex GST for insurance services provided by Local Government Mutual Liability (LGM Liability).

### **Background:**

Council is a member of the Local Government Mutual (LGM) Scheme. LGM provides members with the benefit of Liability insurances.

LGM Liability continues to exist for the sole purpose of benefiting Queensland local government by providing effective and appropriate coverage for the legal liability of Members with a long-term goal of achieving cost stability and minimising the impacts of volatility experienced in the general insurance and financial sectors.

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

LGM Liability is a body entirely owned and operated by the Queensland Local Government and is therefore a Local Government arrangement which is exempt from a quote or tender process in accordance with s234 of the *Local Government Regulation 2012*. Council can engage LGM Liability directly without the requirement of a competitive process.

A failure of Council to renew or negotiate new insurance policies prior to the expiration of the current policies, would leave Council without insurance coverage and represents an Extreme Risk for Council, far beyond Councils Risk Appetite.

### **Communication and Consultation:**

This report was prepared in consultation with:

- Risk and Insurance Officer;
- Manager Contracts and Procurement;
- Manager Governance; and
- General Manager Finance, Governance and Risk.

### **Legal Environmental and Policy Implications:**

Council's approval of this expenditure is in accordance with the Financial Delegation Register.

**Financial and Resource Implications:**

The expenditure of \$874,486.92 ex GST for the year 2022-23, is contained within the budget.

**Summary:**

N/A

**Attachments:**

Nil

**Tabled Items:**

Nil

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

## S/1.6. GLADSTONE AIRPORT CORPORATION BOARD RECRUITMENT

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

**Council Meeting Date:** 28 June 2022

**File Ref:** FM19.1

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### **Purpose:**

To update Council on the recruitment for the Gladstone Airport Corporation Board of Directors and to request an extension of Dr Bradley Bowes' appointment to 31 October 2022.

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

That:

1. Dr Bradley Bowes' appointment to the Board of the Gladstone Airport Corporation be extended to 31 October 2022; and
2. Council proceeds with the recruitment of two new Directors with the appointments to commence 1 November 2022 for an initial period of 2 years.

### **Background:**

At its General Meeting of 7 December 2021, Council resolved (vide resolution no. GM/21/4637):

*"That Council:*

1. *Reappoint Adrienne Ward to the Board of the Gladstone Airport Corporation as well as Chairman for a further four-year term, commencing on 1 July 2022; and*
2. *Reappoint Leigh Zimmerlie to the Board of the Gladstone Airport Corporation for a further three year term, commencing on 1 July 2022; and*
3. *Commence recruitment for a new Board Director of the Gladstone Airport Corporation with the appointment to be for an initial period of 2 years, commencing on 1 July 2022."*

With the passing of the late Leigh Zimmerlie, Directors Australia has been engaged to undertake recruitment of two new director positions. Directors Australia have proposed an eight-week recruitment timeline.

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

The Constitution of Gladstone Airport Corporation does not stipulate the minimum/maximum tenure of a director, with Council as the shareholder to determine board appointments and tenures.

To provide certainty to Gladstone Airport Corporation and its Board of Directors two options have been considered:

1. Extend Dr Bowes' appointment to 31 October 2022 and appoint two new directors to commence 1 November 2022; or
2. Extend Dr Bowes appointment to 30 June 2023 and recruit one new director (to fill Leigh Zimmerlie's position) to commence 1 September 2022.

### Option 1 - Officer's Recommendation

The Officer's Recommendation, despite a minor extension to Dr Bowes' tenure, gives effect to Council's current resolution with respect to the replacement of one director.

If Council adopted the Officer's Recommendation the recruitment of two directors would continue with the new directors commencing their appointment on 1 November 2022 for a term of two years. While the recruitment process is anticipated to be complete by 30 August 2022, an appointment date of 1 November 2022 would allow the new directors the opportunity to participate as an observer and familiarise themselves with the Gladstone Airport Corporation.

It is not uncommon for Council to appoint two directors of Gladstone Airport Corporation at one time.

Dr Bowes' current appointment is due to expire on 30 June 2022 and if an extension is not granted, Gladstone Airport Corporation's Board would be reduced to four directors until the new directors are appointed.

### Option 2 – Extend Dr Bowes appointment to 30 June 2023 and recruit one new director.

When Council last considered this matter, it could not have anticipated the passing of Leigh Zimmerlie who's tenure was to be extended for a further three years.

There is potential that the introduction of two new directors at the same time would disrupt the operation of the board (refer to comments from Gladstone Airport Corporation's Board Chairman in the Communication and Consultation section of this report). It is noted that the remaining board members have each served on the board for at least the past five years.

Any potential disruption could be minimised by extending Dr Bowes' appointment to 30 June 2023 with one director commencing 1 September 2022. A further recruitment process would be held in 2023 to appoint a director to replace Dr Bowes following the expiration of his tenure.

If Council were of a mind to proceed with Option 2, the following resolution would be appropriate:

*That:*

- 1. Dr Bradley Bowes' appointment to the Board of the Gladstone Airport Corporation be extended to 30 June 2023;*
- 2. Council proceeds with the recruitment of a new director with the appointment to commence 1 September 2022 for an initial period of two years; and*
- 3. Council commences a further recruitment process for a new director in 2023 with the appointment to commence 1 July 2023 for an initial period of two years.*

### **Communication and Consultation:**

Gladstone Airport Corporation's Board Chairman has recommended in written correspondence to Council that Dr Bowes' term be extended for 12 –24 months due to his expertise and knowledge and that the appointment dates of the two new board members be staggered for example 1 September 2022 and 1 January 2023 to allow for onboarding, education and mentoring.

Gladstone Airport Corporation's Chairman and Chief Executive Officer will be consulted throughout the recruitment process.



The final selection of board candidates will take place via a selection panel comprised of the Mayor, Council's Chief Executive Officer and Gladstone Airport Corporation's Board Chairman.

**Legal Strategy and Policy Implications:**

The establishment of local government-owned entities is governed by the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010* (repealed but transitioned). In particular, ss 53 and 54 of the regulation set the process for appointment of directors to the board of the corporate entity.

Further, the Gladstone Airport Corporation operates under a Constitution which provides further requirements in relation to the appointment of Directors.

**Financial and Resource Implications:**

Directors of Gladstone Airport Corporation are paid meeting attendance fees by the Corporation in accordance with the arrangements negotiated between the parties.

The costs of recruitment will be incurred by Council as Shareholder.

**Summary:**

Nil

**Anticipated Resolution Completion Date:**

It is anticipated that the recruitment process for two directors will be completed by 31 August 2022.

**Attachments:**

Nil

**Tabled Items:**

Nil

**Report Prepared by:** Manager Governance and Risk

## S/1.7. MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 31 MAY 2022

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

**Council Meeting Date:** 28 June 2022

**File Ref:** FM15.1

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### **Purpose:**

This report seeks Council adoption of the Monthly Financial Statements for the 2021-22 year to date, for the period ended 31 May 2022.

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

That Council adopt the Monthly Financial Statements attached to the officer's report for the 2021-22 year to date, for the period ended 31 May 2022 as required under Section 204 *Local Government Regulation 2012*.

### **Background:**

The percentage of year passed (pro-rata rate) as at 31 May 2022 is 92.05%.

The 2021-22 budget was adopted on 15 June 2021. Council officers have undertaken a forecasting process, resulting in a forecast operating deficit of \$2.7m compared to the budgeted operating deficit of \$0.9m.

Major movements are as follows:

#### Positive movement

- Increase in income tax equivalents revenue from the Gladstone Area Water Board (GAWB) +\$4.9m
- Prepayment amounting to 75% of 2022-23 Financial Assistance Grant compared to a budgeted prepayment of 50% +\$2.9m
- Internal plant hire costs to be capitalized, resulting in operating revenue for fleet +\$1.0m
- Reduction in contractor and consultancy expenditure across the business (including \$2.5m for recoverable works) +\$4.6m
- Reduction in other materials and services across the business +\$1.2m

#### Negative movement

- Increase to forecast depreciation following application of June 2021 revaluation movement (\$6.9m)
- Reduction in sales revenue pertaining to recoverable works - offset by expenditure reductions of \$3.7m across various categories (\$4.3m)
- Increase in finance costs due to borrowing rate obtained at time of loan restructure (\$0.5m)
- Increase in operating costs across salaries, materials and contractors and consultants relating to gravel pits based on no inventory production for the 2021-22 year (\$0.6m)
- Decrease in Gladstone Airport Corporation (GAC) contribution to finance costs - excess over cost to Council now allocated as principal repayments (\$0.9m)
- Increase in employee benefits expenditure following Enterprise Bargaining Agreement (EBA) negotiations (\$0.7m)

- Increase in motor vehicle and fuel costs based on current operating environment, and supply chain delays for replacements (\$0.7m)
- Increase to property maintenance costs across the business (\$0.5m)
- Increase to equipment expenses including external hire. Partially offset by reduction in contractors where dry hire was utilized over wet hire arrangements. (\$1.2m)

## Statement of Income and Expenditure

### Income

#### Recurrent Revenue

<b>Total recurrent revenue</b>	2021-22	Actual as %
Actual	<b>\$183.2m</b>	
Budget	<b>\$199.4m</b>	<b>91.89%</b>
Forecast	<b>\$205.1m</b>	<b>89.34%</b>

Of note:

<b>Net rates and utility charges</b>	2021-22	Actual as %
Actual	<b>\$146.5m</b>	
Budget	<b>\$158.0m</b>	<b>92.71%</b>
Forecast	<b>\$157.5m</b>	<b>93.03%</b>

Council's primary source of recurrent revenue is the generation of annual rates, along with access charges for water, sewerage and waste. This generation was completed in July.

The remaining forecast revenue relates to water consumption revenue for 2021-22. This revenue will be raised upon completion of the June water meter reading cycle.

<b>Fees and Charges</b>	2021-22	Actual as %
Actual	<b>\$16.1m</b>	
Budget	<b>\$15.7m</b>	<b>102.92%</b>
Forecast	<b>\$17.0m</b>	<b>94.69%</b>

Both revenue and expenditure budgets for tipping fees were based on monthly volumes that have been exceeded. The increased forecast revenue is offset by increased expenditure under waste disposal and tipping fees.

<b>Total interest revenue</b>	2021-22	Actual as %
Actual	<b>\$1.0m</b>	
Budget	<b>\$1.7m</b>	<b>58.05%</b>
Forecast	<b>\$1.3m</b>	<b>76.07%</b>

Investment opportunities have been limited due to on-going impacts from the COVID-19 pandemic. Investment activities have recently resumed as term deposit rates are now exceeding the cash rates available from the Queensland Treasury Corporation (QTC).

<b>Sales revenue</b>	2021-22	Actual as %
Actual	<b>\$3.1m</b>	
Budget	<b>\$7.5m</b>	<b>41.39%</b>
Forecast	<b>\$3.6m</b>	<b>85.72%</b>

Recoverable works contract values were estimated at the time of budget preparation. As the year progresses these contract values have been confirmed as lower than initial estimates. Revenue relating to these contracts has been reduced by \$4.2m and is offset by a reduction in operating expenditure of \$3.7m.

<b>Income tax equivalents</b>	2021-22	Actual as %
Actual	<b>\$0.1m</b>	
Budget	<b>\$3.9m</b>	<b>3.81%</b>
Forecast	<b>\$8.8m</b>	<b>1.67%</b>

Council has increased the income tax equivalents in the Forecast that is expected to be received from the Gladstone Area Water Board (GAWB) to \$8.6m following confirmation of this amount in May. This Income is yet to be received.

The remaining forecast of \$0.2m relates to the Gladstone Airport Corporation competitive neutrality fees. These fees are received progressively throughout the year, and account for the year-to-date amount currently reflected in the Statement of Income and Expenditure.

<b>Other recurrent revenue</b>	2021-22	Actual as %
Actual	<b>\$3.2m</b>	
Budget	<b>\$2.4m</b>	<b>133.48%</b>
Forecast	<b>\$3.5m</b>	<b>89.09%</b>

This category of revenue covers all revenue not separately accounted for. This includes events and entertainment revenue, fines and penalties, commission and rental income.

<b>General Purpose Grants</b>	2021-22	Actual as %
Actual	<b>\$11.2m</b>	
Budget	<b>\$8.3m</b>	<b>135.60%</b>
Forecast	<b>\$11.2m</b>	<b>100.00%</b>

In April 2022, Council received an advance payment of 2022-23 funding, totaling \$6.8m. This was significantly higher than the forecast amount of \$5.3m. The full 2022-23 allocations are yet to be confirmed.

#### Capital Revenue

<b>Capital grants revenue</b>	2021-22	Actual as %
Actual	<b>\$9.1m</b>	
Budget	<b>\$16.7m</b>	<b>54.43%</b>
Forecast	<b>\$11.1m</b>	<b>81.54%</b>

Capital grants revenue is recognised as project milestones are met. Therefore, the revenue recognised on the Statement of Income and Expenditure does not necessarily reflect the funding received during the year. Where milestones are still to be achieved, revenue is recognised as a contract liability on the Statement of Financial Position.

Capital revenue recognised for significant projects is detailed below:

<b>Project</b>	<b>Budget</b>	<b>Forecast</b>	<b>Actual</b>
<b>State Government Grants &amp; Subsidies</b>			
Gladstone Aquatic Centre Upgrade - Stage 3	-	\$0.1m	\$0.7m
Toooloa Street, Gladstone - Pavement and footpath renewal	\$0.8m	\$0.7m	\$1.0m
Bindaree Road, Miriam Vale - Investigate and design replacement options	\$0.5m	-	-
Gentle Annie Road - Widen existing seal	-	-	\$1.0m
Goondoon Street Footpath	-	\$0.7m	\$0.7m
Gladstone Sewer Mains Renewal	\$2.2m	\$0.5m	\$0.2m
Upgrade to pump station SPS A06	-	\$0.9m	\$0.9m
Other State Government Funding	\$1.9m	\$2.1m	\$1.3m
<b>Total</b>	<b>\$5.4m</b>	<b>\$5.0m</b>	<b>\$5.8m</b>
<b>Federal Government Grants &amp; Subsidies</b>			
Gladstone Aquatic Centre Upgrade – Stage 2	\$1.6m	\$0.7m	\$0.7m

Benaraby Landfill - Stage 3 Landfill Cell Development	-	\$0.3m	\$0.7m
Benaraby Landfill – Capping of Cell 2	\$1.1m	\$1.1m	-
Gorge Road, Lowmead (Baffle Creek Crossing) - Investigate appropriate repair method as per Level 2 bridge inspection report	\$0.7m	\$0.1m	\$0.1m
John Clifford Way, Lowmead (Hobble Creek Bridge) - Investigate appropriate repair method	\$0.7m	-	\$0.1m
Cotton Street, Gladstone - Reconstruct to high strength pavement, kerb, and channel (Design only)	\$0.7m	\$0.2m	-
Gentle Annie Road - Widen existing seal	\$0.9m	\$1.3m	-
Asphalt Overlay and Bitumen Reseals	\$1.1m	\$0.5m	\$0.6m
Coast Road, Baffle Creek - Install shoulders & edge lines	\$0.9m	-	-
Gentle Annie Road, Ambrose - Install shoulder & edge lines	\$0.5m	-	-
Dawson Highway Batter stabilisation	\$0.4m	\$0.5m	\$0.5m
A01 to Gladstone Wastewater Treatment Plant Partial Main Replacement	\$2.0m	-	-
Other Federal Government Funding	\$0.7m	\$1.4m	\$0.6m
<b>Total</b>	<b>\$11.3m</b>	<b>\$6.1m</b>	<b>\$3.3m</b>

### Expenditure

Year to date expenditure, although lower than pro-rata rate, is tracking in line with expectations for this time of year.

#### Recurrent expenditure

<b>Total recurrent expenditure</b>	2021-22	Actual as %
Actual	<b>\$180.6m</b>	
Budget	<b>\$200.3m</b>	<b>90.19%</b>
Forecast	<b>\$207.8m</b>	<b>86.92%</b>

Of note:

<b>Employee benefits</b>	2021-22	Actual as %
Actual	<b>\$61.9m</b>	
Budget	<b>\$65.7m</b>	<b>94.22%</b>
Forecast	<b>\$67.1m</b>	<b>92.22%</b>

Employee benefits are the largest component of Councils recurrent expenditure. The average vacancy rate for the year-to-date is 9.9%, compared to a budgeted 6.0%. This increase in vacancy

rate has assisted in reducing the impact of an EBA increase (finalised in December 2021) of 2.5% which has been factored into forecast. This EBA increase is 1% above the 2021-22 budget assumption.

<b>Contractors &amp; consultants</b>	2021-22	Actual as %
Actual	<b>\$21.5m</b>	
Budget	<b>\$31.3m</b>	<b>68.75%</b>
Forecast	<b>\$26.7m</b>	<b>80.62%</b>

Forecasts have been updated to align with realistic expectations of spending in the final months of the year.

Expenditure is low compared to the pro-rata forecast in the following areas:

- Asset Management – Consultants (\$0.2m)
- Sewerage – Contractors (\$0.7m)
- Waste – Contractors (\$0.4m)
- Strategic Projects – Consultants (\$0.2m)
- Transformation – Consultants (\$0.2m)

Costs are still expected to align with the forecast by year end in most cases, with the timing issue attributable to non-linear spending patterns throughout the year.

<b>Donations and sponsorships</b>	2021-22	Actual as %
Actual	<b>\$2.2m</b>	
Budget	<b>\$2.8m</b>	<b>79.23%</b>
Forecast	<b>\$3.0m</b>	<b>72.63%</b>

Funding has been approved under the Community Investment Program that will align actuals to forecast. A concentrated effort will be required to ensure that these amounts are distributed by the end of the financial year.

<b>Fuel</b>	2021-22	Actual as %
Actual	<b>\$1.8m</b>	
Budget	<b>\$1.7m</b>	<b>105.44%</b>
Forecast	<b>\$1.8m</b>	<b>97.47%</b>

Fuel prices remain high when compared to budgeted rates. While officers have increased the forecast at the end of quarter 3, the continuing uncertainty surrounding fuel prices will likely see the actuals exceed the forecast by the end of the year.

<b>Motor vehicle expenses</b>	2021-22	Actual as %
Actual	<b>\$1.7m</b>	
Budget	<b>\$1.1m</b>	<b>147.13%</b>
Forecast	<b>\$1.7m</b>	<b>98.38%</b>

Motor vehicle parts and materials, outside repairs and tyres are all exceeding the pro-rata forecast. This is attributed to Councils ageing large vehicle fleet. Logistical supply issues are causing delays in renewing these assets.

<b>Other materials and services</b>	2021-22	Actual as %
Actual	<b>\$7.0m</b>	
Budget	<b>\$9.5m</b>	<b>73.09%</b>
Forecast	<b>\$8.3m</b>	<b>83.58%</b>

This category of expenditure includes all costs not separately accounted for. This includes the purchase of materials and various administrative and overhead costs.

<b>Staff and Councillor associated expenses</b>	2021-22	Actual as %
Actual	<b>\$1.4m</b>	
Budget	<b>\$1.9m</b>	<b>69.97%</b>
Forecast	<b>\$1.9m</b>	<b>72.81%</b>

Costs relating to recruitment and medicals have been minimal for the year-to-date with actuals of \$0.1m year-to-date against a forecast of \$0.3m. Recruitment activity has increased, and significant costs are expected to be recognised in June.

<b>Waste disposal and tipping fees</b>	2021-22	Actual as %
Actual	<b>\$8.0m</b>	
Budget	<b>\$7.7m</b>	<b>104.31%</b>
Forecast	<b>\$8.3m</b>	<b>97.23%</b>

Both revenue and expenditure budgets for tipping fees were based on monthly volumes that have been exceeded. The increased forecast expenditure is offset by increased revenue under fees and charges.



**Statement of Financial Position**

	Current Value	Budget	Variance (Actual to Budget)	Forecast	Variance (Actual to Forecast)
Year-to-date Assets	\$2.5b	\$2.5b	(1.13%)	\$2.5b	(0.93%)
Year-to-date Liabilities	\$145.2m	\$139.4m	3.90%	\$149.3m	(2.70%)

Assets

The forecast for assets reflects the expected position at 30 June 2022.

Cash balances are currently high following the rates generation and are expected to reduce by \$35.2m as Council incurs operating and capital expenditure and meets its liabilities.

The forecast movement in property, plant and equipment (PPE) of \$19.9m is dependent on the delivery of the capital works program as well as any revaluation movement at 30 June.

Receivables and other assets (including prepayments and water charges yet to be billed) are expected to increase by \$20.1m and \$11.4m respectively, in line with usual end of year trends.

Liabilities

The forecast for liabilities reflects the expected position at 30 June 2022.

The current balance includes a \$5.2m provision for the restoration of cell 2a of the Benaraby Landfill. This provision is expected to be utilised in the 2022-23 year.

The balance of total borrowings is expected to decrease by \$2.0m by the end of financial year, as repayments are made for the final quarter.

Contract liabilities of \$3.4m reflect funds that have been received but not utilised. As the relevant projects progress, the revenue will be recognised, and this balance will be reduced.

**Capital Expenditure**

	Actual	Budget	Actual as % of Budget	Forecast	Actual as % of Forecast
Year to date capital expenditure	\$42.6m		58.03%		81.25%
Commitments (open purchase orders)	\$7.3m	\$73.5m		\$52.5m	
<b>Total</b>	<b>\$49.9m</b>		<b>67.96%</b>		<b>95.17%</b>

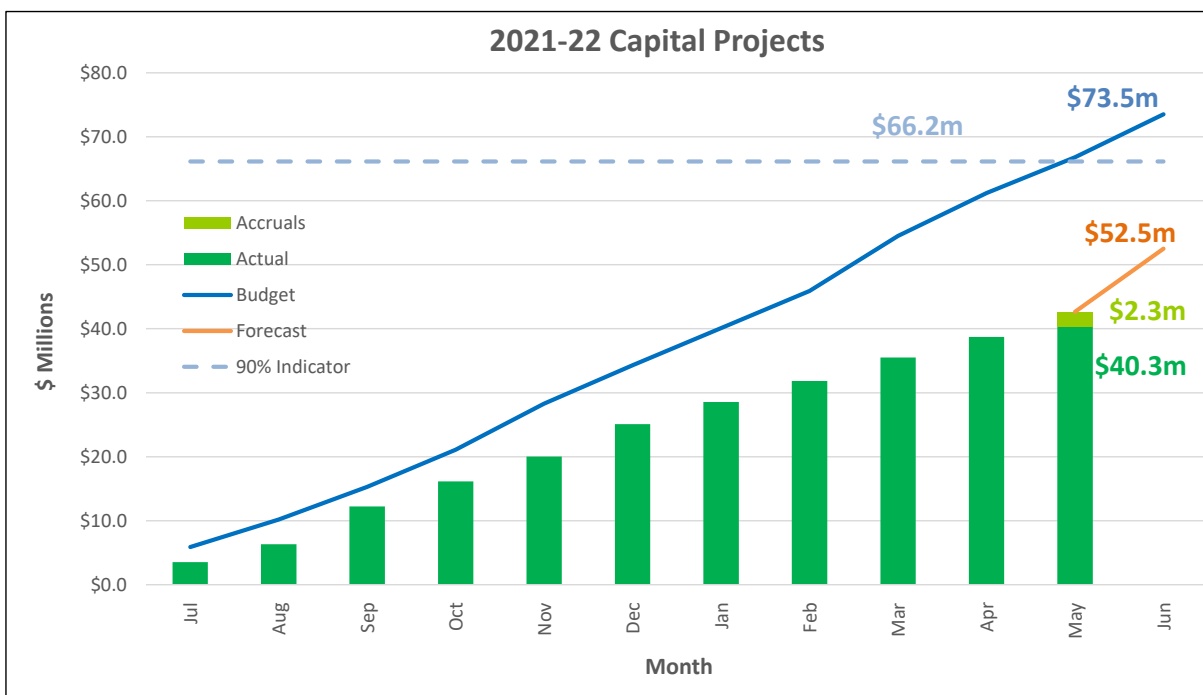
Of the \$7.3m in commitments, \$1.7m relates to fleet replacement and \$0.8m relates to the renewal of sewer mains.

Accrual estimates of \$2.3m have been included in the actuals, to account for major claims relating to May work.

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

Group	YTD Actual	Commitments	Budget	Actual as % of Budget	Forecast	Actual as % of Forecast
Road Assets	\$14.6m	\$2.2m	\$24.5m	60%	\$17.0m	86%
Sewerage Assets	\$7.3m	\$2.0m	\$17.2m	42%	\$9.9m	74%
Asset Governance			\$5.0m			
Water Assets	\$5.9m	\$0.4m	\$5.7m	103%	\$6.6m	89%
Delivery Support and Performance	\$6.6m	\$1.8m	\$8.0m	83%	\$8.3m	80%
Waste Assets	\$0.5m		\$2.4m	21%	\$0.5m	100%
Property Assets	\$5.5m	\$0.7m	\$6.7m	82%	\$7.3m	75%
Parks & Environment Assets	\$0.2m	\$0.1m	\$1.1m	19%	\$0.2m	100%
Community Development & Events	\$0.5m		\$1.3m	38%	\$0.5m	100%
Other	\$1.5m	\$0.1m	\$1.8m	85%	\$2.2m	68%
<b>Total</b>	<b>\$42.6m</b>	<b>\$7.3m</b>	<b>\$73.6m</b>	<b>58%</b>	<b>\$52.5m</b>	<b>81%</b>

The forecast within the graph below represents projections by the Works Planning and Scheduling team.



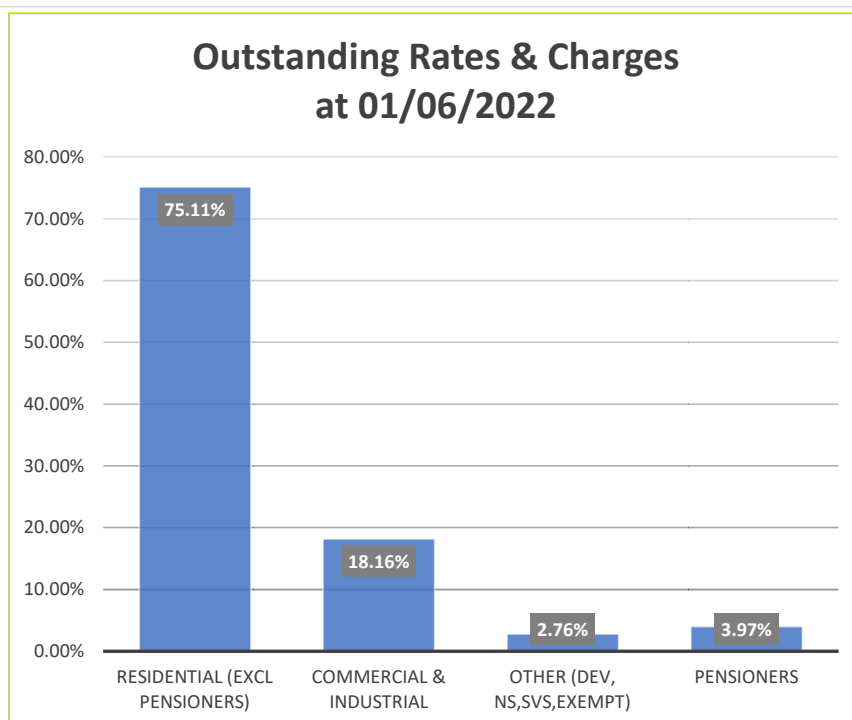
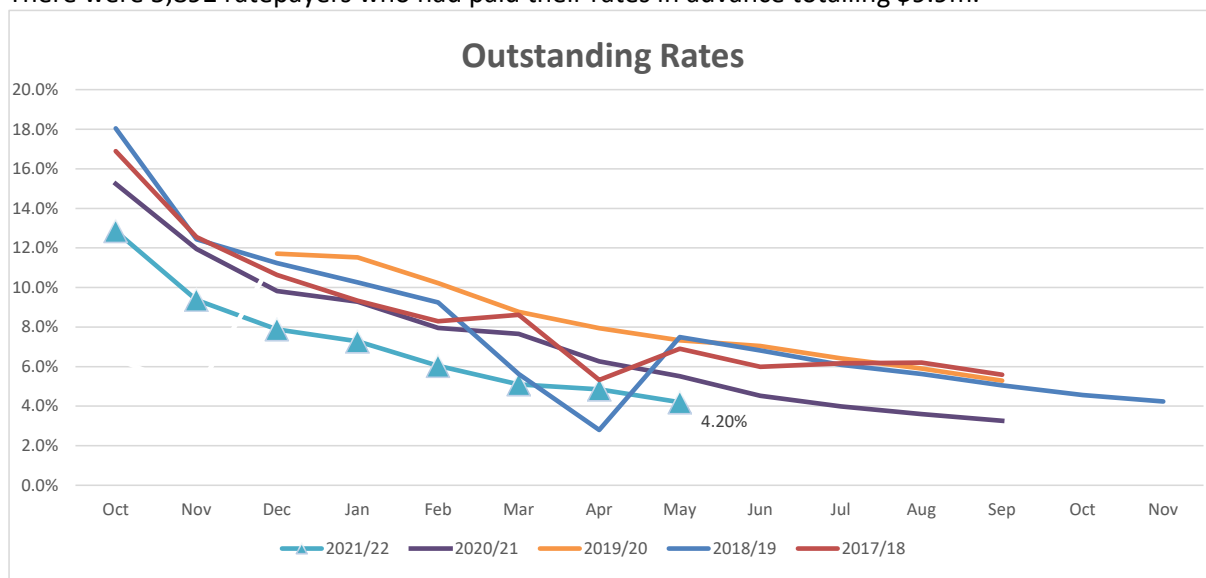
### Outstanding Rates

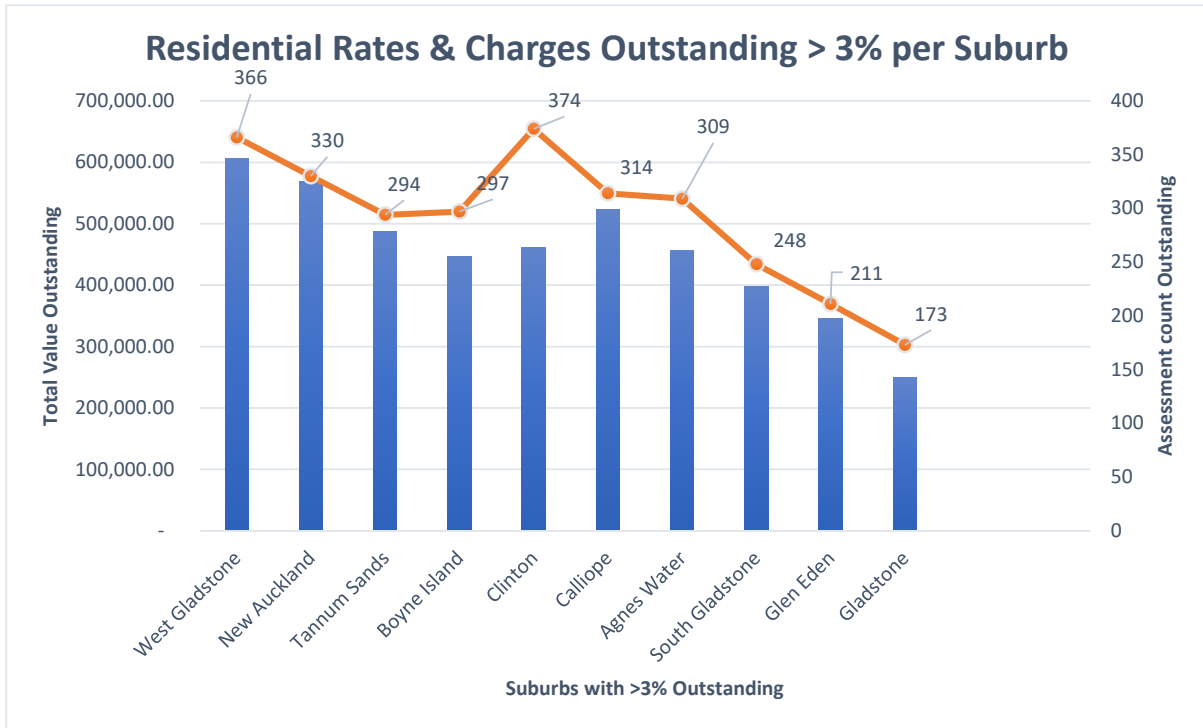
Outstanding rates, as a percentage of gross rates levied for 2021-22, and collectible, is at 4.20% at the end of May 2022, compared to 5.52% for the same period last year.

Of the \$7.8m of outstanding rates 18.16% relates to commercial/industrial assessments and 81.84% represents residential assessments.

These figures include \$0.8m of rates that are currently being repaid under an authorised payment plan, for which there were 25 commercial/industrial assessments and 1,093 residential assessments. A total of 1,118 assessments, which is a decrease from 1,717 assessments in April 2022. This movement is a result of removal of arrangements on sold property, default arrangements and paid-up arrangements

There were 5,892 ratepayers who had paid their rates in advance totalling \$9.9m.





**Sustainability Ratios**

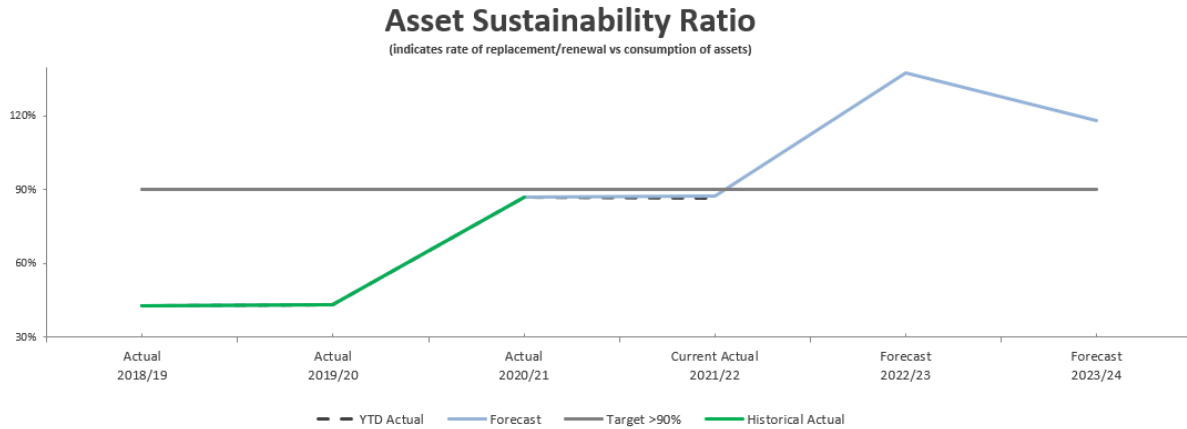
Financial ratios provide a useful snapshot of Council’s financial status and emerging trends. Individual ratios do not provide enough information to form a comprehensive opinion of Council's financial position and performance, but when the right mix of ratios are considered together, they become a valuable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

Infrastructure renewals have accounted for 71.23% of capital expenditure with the balance on new and upgrade projects. The 2021-22 capital forecast includes a significant allocation to renewal projects.

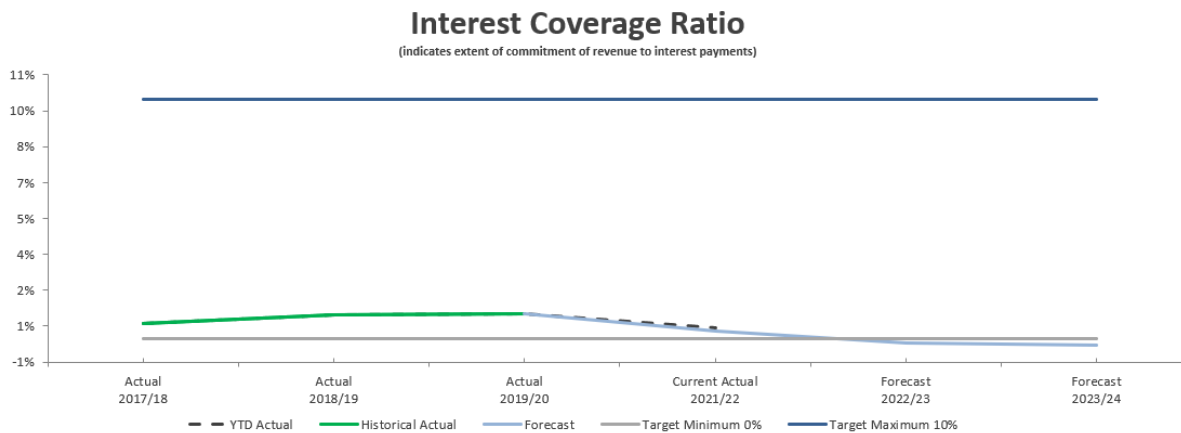
<b>Asset Sustainability Ratio</b>				
<b>CURRENT YTD</b>	<b>PRIOR YTD</b>	<b>BUDGET</b>	<b>FORECAST</b>	<b>TARGET</b>
<b>86.70%</b>	<b>50.79%</b>	<b>101.77%</b>	<b>87.63%</b>	<b>&gt;90%</b>



### Interest Coverage Ratio

This ratio indicates the percentage of operating revenue required to cover net interest costs. The ratio is reflecting an improvement on the prior year, as a result of reduced interest expenses following the loan restructure in June 2021.

<b>Interest Coverage Ratio</b>				
<b>CURRENT YTD</b>	<b>PRIOR YTD</b>	<b>BUDGET</b>	<b>FORECAST</b>	<b>TARGET</b>
<b>0.45%</b>	<b>1.20%</b>	<b>(0.61%)</b>	<b>0.28%</b>	<b>0 - 10%</b>



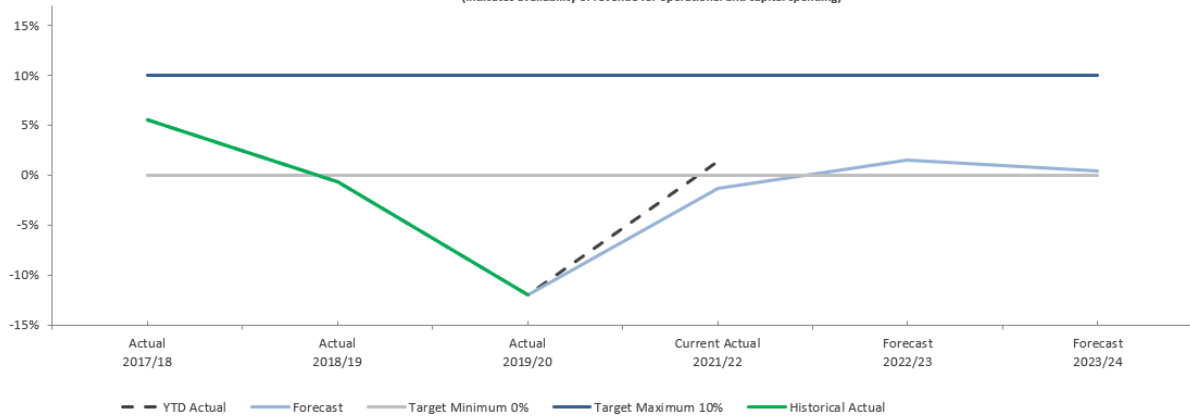
### Operating Surplus Ratio

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 are currently positive due to the generation of annual rates and other charges earlier in the year. This will align closer to forecast as the year progresses.

<b>Operating Surplus Ratio</b>				
<b>CURRENT YTD</b>	<b>PRIOR YTD</b>	<b>BUDGET</b>	<b>FORECAST</b>	<b>TARGET</b>
<b>1.41%</b>	<b>(3.89%)</b>	<b>(0.45%)</b>	<b>(1.33%)</b>	<b>0 - 10%</b>

### Operating Surplus Ratio

(indicates availability of revenue for operational and capital spending)



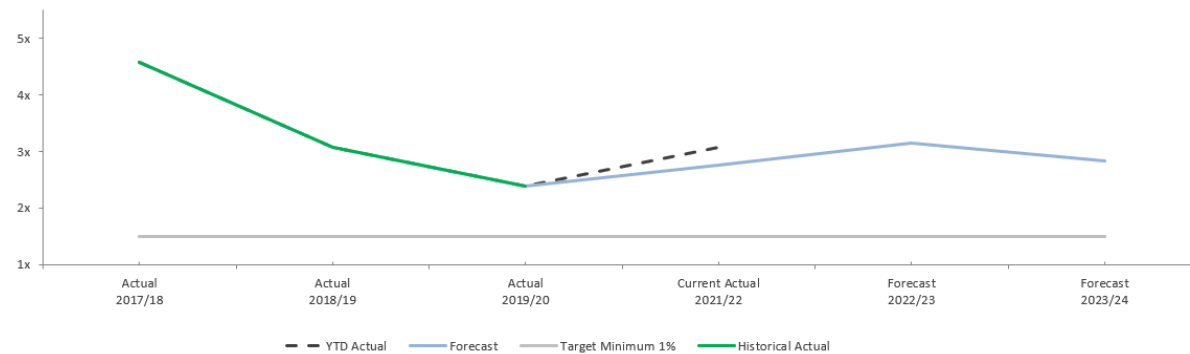
### Working Capital Ratio

The working capital ratio shows the ability of Councils current assets, to cover the commitments of its current liabilities. Council has a significant balance of cash, causing this ratio to reflect favorably.

Working Capital Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
2.58x	2.57x	3.12x	2.26x	Greater than 1:1

### Working Capital Ratio

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



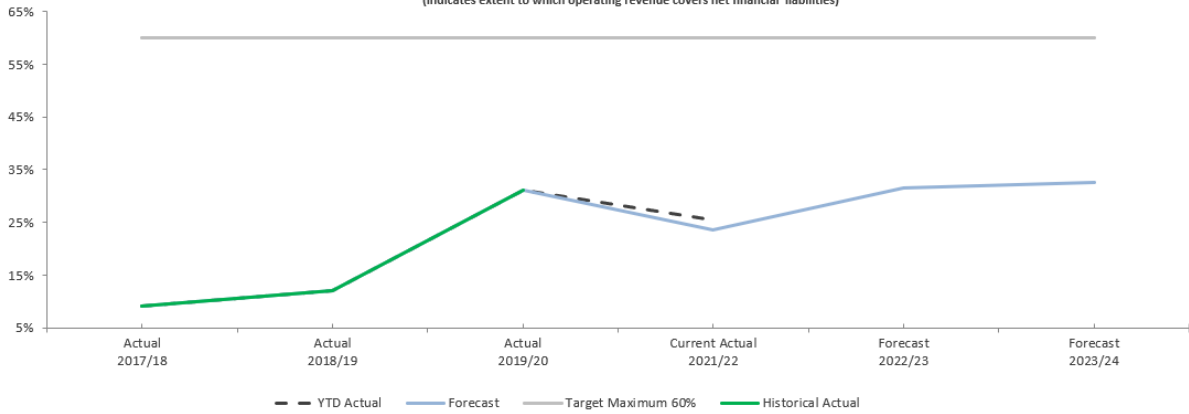
### Net Financial Liabilities Ratio

The ratio shows the extent to which operating revenue covers net financial liabilities. The result is less favorable than this time last year, due to a higher liabilities balance following the increase of landfill provisions at 30 June 2021.

Net Financial Liabilities Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
25.35%	15.86%	30.07%	23.61%	< 60%

### Net Financial Liabilities Ratio

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



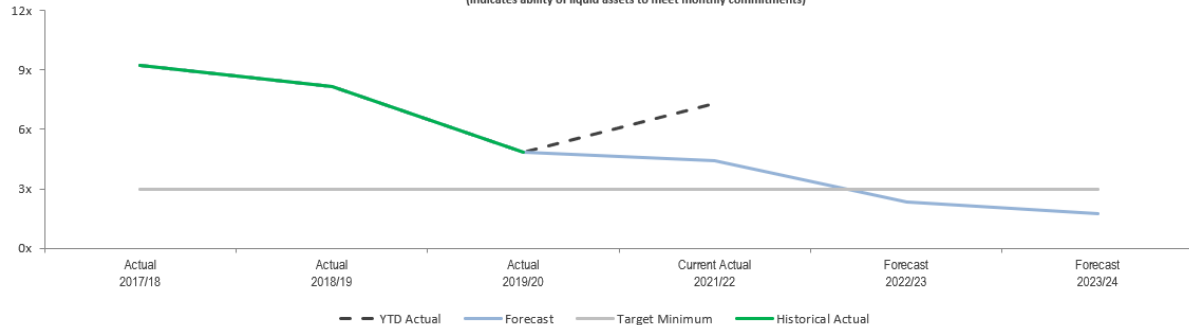
### Cash Expenses Cover Ratio

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.

Cash Expenses Cover Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
7.30x	7.91x	3.24x	4.42x	> 3x

### Cash Expenses Cover

(indicates ability of liquid assets to meet monthly commitments)



### Options, Risk and Opportunity Analysis:

Nil

### Communication and Consultation:

The report seeks specialist input from the following internal sources:

- Budget and forecast – Systems Modelling and Metrics Specialist and Cost Analyst
- Investing activity – Team Leader Financial Operations
- Procurement and supply – Manager Contracts and Procurement
- Recoverable works – Road Maintenance Performance Contract Team Leader
- Vacancies – Recruitment, Remuneration and Benefits Business Partner
- Capital expenditure – Manager Works Planning and Scheduling
- Outstanding rates and prepaid rates – 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:**

21 June 2022

**Attachments:**

1. Monthly Financial Statements for the period ending 31 May 2022
2. Operating Statements for month end May

**Tabled Items:**

Nil

**Report Prepared by:** Systems Modelling and Metrics Specialist



## **S/1.8. ADOPTION OF SHOW HOLIDAY 2023**

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

**Council Meeting Date:** 28 June 2022

**File Ref:** CM23.1

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### **Purpose:**

The purpose of this report is to provide options for consideration and for Council to nominate a preferred 'show public holiday' for the 2023 calendar year.

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

That Council nominate Monday 14 August 2023 as a Show Holiday for the Gladstone Region in 2023.

### **Background:**

Council's Chief Executive Officer has received a request from the Office of Industrial Relations (OIR) to nominate a 'special holiday' for the 2023 calendar year by 29 July 2022. There are 2 types of special holidays that can be considered:

1. Show Holiday – special holidays which are for the purpose of an agricultural, horticultural or industrial show. Show holidays are also public holidays. A show holiday can only be approved for a date which a show is being held; or
2. Bank Holiday – bank holidays can be for significant events held within a local government area, however these are not public holidays.

As a Bank Holiday is not a 'public holiday', nomination of a bank holiday has not been further considered in this report.

In 2022, Monday 8 August was nominated as the Gladstone Show Holiday in line with the Brisbane "Ekka" Show.

Council is asked to consider which date to nominate as Show Holiday for the Gladstone Regional Council Area for 2023.

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

There are three options for Council to consider:

1. Council nominates Monday 14 August 2022 as a show holiday for the Gladstone region (Officer's Recommendation);
2. Council does not nominate a show public holiday; or
3. Council nominates an alternate date, aligned with another show that meets the requirements of the *Holidays Act 1983*.

### **Communication and Consultation:**

A ReachTel phone poll was conducted in July 2018 to gain community feedback into the proposed show holiday and attendance at the Gladstone Show. 75% of participants indicated that they would like to see the holiday in line with a long weekend.

No further consultation was undertaken in preparation for this report.

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

Section 4 of the *Holidays Act 1983* outlines the requirements by the Minister for approval of 'Special Holidays' which includes the requirement that a preferred 'show' public holiday can only occur for a date on which an agricultural, horticultural or industrial show is being held.

There is no definition for such events within the *Holidays Act 1983* and general practice has been to align with a declared 'agricultural show' as published by the Queensland Chamber of Agricultural Shows; known as 'Queensland Ag Shows'.

Local events such as the Harbour Festival do not meet the requirements for designation as a show holiday.

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

The nomination of a show day public holiday (if approved) creates an obligation on Council and businesses within the region to pay public holiday 'penalty rates' as specified within relevant industrial legislation and agreements.

### **Summary:**

Nil

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

The OIR can be advised of Council's decision by 29 July 2022.

### **Attachments:**

Nil

### **Tabled Items:**

Nil

**Report Prepared by:** Governance Business Partner (Acting)

## **ATTACHMENTS**