



GLADSTONE
REGIONAL COUNCIL

**GENERAL MEETING NOTICE
AND AGENDA**

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

On Tuesday 19 July 2022

Commencing at 9.00am

**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 5 JULY 2022

Responsible Officer: Chief Executive Officer

Council Meeting Date: 19 July 2022

File Ref: CM7.2

Purpose:

Confirmation of the minutes of the General Meeting held on 5 July 2022.

Officer's Recommendation:

That the minutes of the General Meeting of Council held on 5 July 2022 be confirmed.

Attachments:

1. Minutes of the General Meeting of Council held on 5 July 2022.

Tabled Items:

Nil

Report Prepared by: Executive Secretary

G/3. OFFICERS' REPORTS

G/3.1. LOCAL GOVERNMENT ASSOCIATION QUEENSLAND (LGAQ) ANNUAL CONFERENCE MOTIONS 2022

Responsible Officer: General Manager Strategy and Transformation

Council Meeting Date: 19 July 2022

File Ref: GR3.1

Purpose:

To provide Council with the opportunity to consider submission of motions and nominate attendance to the Local Government Association Queensland's (LGAQ) Annual Conference, held from Monday 17 to Wednesday 19 October 2022 in Cairns, Queensland.

Officer's Recommendation:

That Council:

1. Submit the following conference motions to the Local Government Association Queensland (LGAQ) for consideration:
 - a. **Environmental Legislation Changes Impact**
 - i. The LGAQ calls on the State and Federal governments to:
 1. Provide transparent and targeted consultation with local governments regarding changes to environmental legislation that impacts local governments' sewerage assets, and
 2. Provide funding to assist local governments in maintaining and upgrading sewerage assets to meet evolving environmental legislation and protect the environment.
 - b. **Human Rights Act Exemptions Regarding Safety in the Workplace**
 - i. The LGAQ calls on the Queensland Government to:
 1. Amend section 13 of *Human Rights Act 2019* to allow the application of the exemptions in *Anti-Discrimination Act 1991*, including allowing acts that are reasonably necessary to protect the health and safety of people at a place of work (s108), acts done in compliance with legislation (s106) and genuine occupational requirements.
 - c. **Model Policies**
 - i. The LGAQ partner with the Queensland Department of Local Government and Local Government Managers Australia to provide resources to:
 1. Identify and make a list of policies that Councils are statutorily required to have in place to achieve legislative compliance (beyond the work that the Department has done which includes the policies required under the *Local Government Act 2009* and *Local Government Regulation 2012*); and
 2. Potentially develop model policies that could be adopted and/or form a base for Councils to work from in the development of these statutory/core policies. Some examples of potential 'Model Policies' being:
 - a. Privacy Policy
 - b. Public Interest Disclosure Policy
 - c. Work Health and Safety Policy
 - d. Employee Code of Conduct Policy

- e. Complaint Management Policy (Administrative Action Complaints)
- f. Related Party Disclosures Policy
- g. Records Management Policy.

d. Stamp Duty Exemption

- i. The LGAQ calls on the Queensland Government to:
 - 1. Amend the *Duties Act 2001* to include an exemption from duty for Local Governments in similar terms to that given to the State Government in section 145 of that Act.
- 2. Authorise the following Councillors to attend:
 - a. Cr Burnett and Cr _____ to attend as voting delegates.
 - b. Cr _____ and Cr _____ to attend as observers.

Background:

The Local Government Association Queensland's (LGAQ) Annual Conference will be held in Cairns from 17 to 19 October 2022. This event is a primary networking forum for local governments in Queensland and is where Council motions are voted on for endorsement of advocacy by LGAQ.

The theme for this year's LGAQ event is 'livability,' *"Queensland communities deserve to be livable ones, and this year's program is packed with speakers and topics based on this year's theme of livability"* - LGAQ.

LGAQ is a peak governing body bringing together Queensland councils and providing the opportunity to raise significant policy issues to LGAQ to advocate for change in the State and Federal Governments.

In preparation for the 2022 Annual Conference, LGAQ seeks Councils to submit motions in advance to be debated at the assembly. Acceptance of motions opened on 8 June and will close on Wednesday, 10 August 2022. To submit a motion, it must first be agreed upon and approved through resolution by Council.

If Council elects to submit a motion for debate at the conference, a Councillor must also be present at the conference to present and speak on the motion if it is accepted by LGAQ.

This report identifies four proposed motions for discussion and endorsement before submitting to LGAQ for consideration.

Options, Risk and Opportunity Analysis:

The proposed motions align strongly to this year's conference theme of livability. Considering the current economy, financial sustainability is strongly influencing Council's decision-making and the future of Council's business operations/service delivery for our community. The motions identified will support not only Gladstone Regional Council's journey to better financial sustainability but could also provide financial benefits to local governments across Queensland, providing a ripple effect of livability of our region and for our communities.

Stamp duty exemptions alike to the exemptions provided for State Government, improved consultation and funding for the management of sewerage facilities, efficiencies in resources dedicated to drafting policies and reduced liability regarding contravening human rights in the workplace, all provide financial efficiencies for Council.

Communication and Consultation:

Internal communication and collaboration have occurred with Councillors, The Office of the CEO, Governance and Risk, Legal Services, Disaster Management, Economic Development and the Environment and Conservation areas of the business for suggested submissions.

Following the LGAQ's announcement on 29 June 2022, that the Policy Executive endorsed 10 motions for this year's Annual Conference, the Environment and Conservation Team were consulted to ensure Council's proposed motion regarding Environmental Legislation Changes Impact remained worthwhile pursuing. The fifth Policy Executive endorsed motion to the State Government relates to legislative impacts regarding natural hazards and climate change decisions, however the motion being put forward to Council is more targeted to Environmental Legislation changes that impact management of sewerage assets. The remaining proposed motions appeared to have no obvious overlay with the Policy Executive endorsed motions. The two-page Policy Executive endorsed motions document has been attached to this report for reference.

Legal Strategy and Policy Implications:

Councillors wishing to attend the conference as observers may be entitled to do so in accordance with the Councillor Expenses Reimbursement & Provision of Facilities Policy (P-2021-18).

Council is required to formally approve motions via resolutions, prior to submission to LGAQ by Wednesday, 10 August 2022.

Financial and Resource Implications:

There are no costs associated with submitting motions for debate other than internal staff resources.

Registration fees

- Based on last year's fees, estimated registration is \$1800 per person plus travel and accommodation (LGAQ have not issued exact costs yet)
- As part of Council's LGAQ annual subscription we are entitled to two free registrations for voting delegates, of which the Mayor is one
- There is budget allocated in the 2022/23 Draft Budget for two paid observing delegates including travel and accommodation costs
- This means Council could elect to send up to four delegates in total

Travel and accommodation costs

- Expenses for travel, accommodation and meals will be funded from the Elected Members budget which includes a provision for attendance at this conference of \$1,600 per person.

Summary:

Nil

Anticipated Resolution Completion Date:

19 July 2022

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Attachments:

1. 2022 Potential Motion Stamp Duty
2. 2022 Potential Motion Human Rights Act Exemptions Regarding Safety in the Workplace
3. 2022 Potential Motion Model Policies
4. 2022 Potential Motion Environmental Legislation
5. 2022 LGAQ Policy Endorsed Motions

Tabled Items:

Nil

Report Prepared by: Manager Strategy and Improvement

G/3.2. 2022/23 STRATEGIC PRIORITIES

Responsible Officer: General Manager Strategy and Transformation

Council Meeting Date: 19 July 2022

File Ref: ED6.1

Purpose:

To seek Council's endorsement of the proposed Strategic Priorities for 2022/23.

Officer's Recommendation:

That Council endorses the 2022/23 Strategic Priorities for publication and advocacy as:

- Gladstone Heavy Vehicle Transport Corridor
- Inland Rail Extension to the Port of Gladstone
- Boyne Tannum Aquatic Recreation Centre (BTARC)
- Harvey Road Sports & Events Precinct
- Establishing Fleet Base North - Port of Gladstone
- Regional Water Supply and Wastewater Infrastructure
- Ageing in Place Strategy
- Renewable Energy and the Transitioning Economy
- Manufacturing and Skills Development

Background:

The current 2021/2022 Strategic Priorities document was adopted 17 August 2021 with the online version updated in March 2022 to include updated images and information about the Boyne Tannum Aquatic Recreation Centre following Council resolution to adopt the Concept Design.

Since this document was first developed in 2019, it has evolved from a list of projects and priorities, to a publication focused on regional advocacy.

Annual adoption of Council's Strategic Priorities with the annual Budget and Operational Plan forms part of Council's planning cycle.

Options, Risk and Opportunity Analysis:

In March 2022 Council undertook an annual review of Strategic Priorities, considering the refinement of priorities to allow focused and affordable advocacy in 2022/23.

Strategic priorities selected for inclusion in the proposed 2022/23 advocacy document complement and or enable the investment priorities highlighted in the Gladstone Region Investment Prospectus and align with strategies such as the Gladstone Economic Development Strategy and Council's Corporate Plan 2021/2026.

The attached Strategic Priorities document proposed for endorsement provides a clear and concise set of priorities and policy initiatives to advocate for regional prosperity.

Council may elect to amend priorities during the year as the economic and advocacy landscape changes.

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Council could decide not to have an endorsed set of priorities for the 2022/2023 financial year, which may pose a risk of undermining advocacy efforts.

The final document will be published in digital and hard copy format following endorsement from Council.

Communication and Consultation:

The document and priorities are the outcome of ongoing and wide-ranging consultation and collaboration with Councillors, Council Officers, Government, and external stakeholders.

The document will form the basis for ongoing advocacy activity including:

- Distribution to Ministers and Shadow Ministries as well as other relevant MPs and candidates.
- Available online and promoted widely via a dedicated Communications Strategy.
- Available in hard copy for Councillors to utilise and distribute as the opportunity presents.
- Available for distribution by other Gladstone Region organisations.

Legal Strategy and Policy Implications:

Advocacy for future policy changes in priority areas is incorporated in the document.

The nominated priorities are well known and widely socialised posing a negligible risk of adverse political and or community reaction.

Financial and Resource Implications:

Internal resources to design and publish the document, create communications strategy and update website.

Up to \$3,000 may be invested to print the publication.

Summary:

Each year Council endorses a list of Strategic Priorities for advocacy by Councillors and Officers in various forums.

The list aligns with Council Strategy and provides a succinct and focused set of priorities to enable the prosperity of our community.

Anticipated Resolution Completion Date:

31 July 2022

Attachments:

1. 2022/23 Strategic Priorities Document

Tabled Items:

Nil

Report Prepared by: Economic Development Specialist

G/3.3. DISPOSAL OF LOTS 1, 2, 4 AND 5 ON CP R36317 - BRUCE HIGHWAY, RAGLAN

Responsible Officer: General Manager Strategic Asset Performance

Council Meeting Date: 19 July 2022

File Ref: CP2.4

Purpose:

The purpose of this report is to allow Council to consider the disposal of Lots 1, 2, 4 and 5 on R36317 Bruce Highway, Raglan.

Officer's Recommendation:

That Council:

1. Resolves that the exception to the disposal of a valuable non-current asset in s236(1)(c)(iv) of the *Local Government Regulation 2012* applies to the disposal of Lots 1, 2, 4 and 5 on R36317 to the adjoining land owner.
2. Delegates authority to the Chief Executive Officer negotiate and finalise the disposal of Lots 1, 2, 4 and 5 on R36317.

Background:

Council is the freehold owner of vacant land adjacent to the Bruce Highway in Raglan, described as Lots 1, 2, 4 and 5 on R36317 ("the Land"). The Land is depicted in the below image. The land is zoned "Township".



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The Title Searches for the Land indicated that the parcels were created in 1976 and it appears Calliope Shire Council might have established these to expand the township of Raglan. The Land is vacant and has never been used by Council.

It has been determined that due to size, location and topography and surrounding uses the Land is unsuitable for development as individual lots and Council has not identified a future purpose for the Land.

The Land is adjoined by land owned by SJS Fuels Pty Ltd and the Bruce Highway.

Part of the Land has been used as an access to the adjoining Raglan Tavern for many years – possibly pre 1990. There is currently no formal agreement in place for the use of this land.

SJS Fuels Pty Ltd has expressed an interest in acquiring the Land.

Options, Risk and Opportunity Analysis:

Option 1 – Officer’s Recommendation – Dispose of the Land to the adjoining owner

Generally, the provisions of the *Local Government Regulation 2012* “the LGR” prohibit Council from disposing of land or an interest in land without an auction, tender or expression of interest process. However, s236(1)(c)(iv) of the LGR provides an exception where Council is satisfied that the following applies to the disposal:

1. The land is being disposed of to a person who owns adjoining land; and
2. The land is not suitable to be offered for disposal by tender or auction for a particular reason including the size of the land or the existence of particular infrastructure on the land; and
3. There is not another person who owns other adjoining land who wishes to acquire the land; and
4. It is in the public interest to dispose of the land without a tender or auction; and
5. The disposal is otherwise in accordance with sound contracting principles.

The disposal of the Land to SJS Fuels Pty Ltd meets the criteria set out in s236(1)(c)(iv) as:

- SJS Fuels Pty Ltd are the owners of adjoining land;
- The Land is not suitable for disposal by tender or auction due to the characteristics of the land, particularly the size, topography and proximity to the Bruce Highway.
- The only adjoining land owner besides SJS Fuels Pty Ltd is Department of Transport and Main Roads as manager of the Bruce Highway. Council has approached the Department of Main Roads who have confirmed that they are not interested in acquiring the land.
- It is in the public interest to dispose of the land as once disposed, Council would no longer be responsible for the land including risk associated with the use of the land. The land would also be rateable. The disposal would also facilitate the development of the adjoining land which would bring opportunities to the Raglan township.
- An in principle agreement has been reached with SJS Fuels Pty Ltd with the agreed purchase price based on a valuation prepared by a registered valuer.

Option 2 - Council to remain owner of the lots

If Council were to retain ownership of the Land, in order to mitigate the risks of the public using the land, particularly in light of the proposed development of the adjoining land, it would be necessary for Council to enter into an easement with the adjoining owner. The easement would be required to address maintenance, the provision of an indemnity and insurance requirements. There would be costs and resources associated with the negotiation, registration and ongoing administration of the easement.

Council is currently paying the annual State Emergency Levies for these lots totaling \$111.20 for the current financial year and retains maintenance obligations. As Council has no plans to develop the Land, there is no benefit in retaining the Land and incurring the ongoing costs.

Option 3 – Offer the Lots for Sale by Auction or Tender

In reality it seems unlikely that any person other than the adjoining landowner would have an interest in purchasing the lots at auction or under tender, so there seems no justification for incurring costs of conducting an auction or advertising a tender rather than negotiating a private sale.

Communication and Consultation:

External communication

- Adjoining land owner SJS Fuels Pty Ltd has expressed interest in purchasing the lots for valuation price.
- Department Transport and Main Roads have confirmed they have no interest in acquiring the lots.

Internal communication

- General Counsel
- Asset Planning

Legal Strategy and Policy Implications:

Lots 1, 2, 4 and 5 on CP R36317 is freehold land and are valuable non-current assets of Council.

The proposed disposal is consistent with the legislative requirements for the disposal of valuable non-current assets.

Sound Contracting Principles are defined in s104 of *Local Government Act 2009*, as:

- (a) value for money; and
- (b) open and effective competition; and
- (c) the development of competitive local business and industry; and
- (d) environmental protection; and
- (e) ethical behaviour and fair dealing.

Financial and Resource Implications:

Option 1:

A registered valuer has conducted a valuation of these four lots at \$9,000 per lot. Once sold, the land would become rateable. Council may not have the opportunity to dispose of these lots in the future.

Option 2:

If Council were to remain owner of the lots, GRC would continue to pay maintenance and emergency services levies for lots that aren't utilized and have no benefit for future.

Lot 1 R 36317 - \$27.80

Lot 2 R 36317 - \$27.80

Lots 4 and 5 R 36317 - \$55.60

Summary:

Nil

Anticipated Resolution Completion Date:

31 December 2022

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Attachments:

Nil

Tabled Items:

Nil

Report Prepared by: General Manager Strategic Asset Performance

G/3.4. TENDER 142-22 BENARABY LANDFILL CAPPING

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 19 July 2022

File Ref: PE1.1

Purpose:

This report seeks resolution from Council to enter into a contract with McCosker Contracting Pty Ltd to construct the Capping of Cell 2 Northern Batter (Phase 1) at Benaraby Landfill.

Officer's Recommendation:

That Council:

1. Endorse the Tender Evaluation Panel's recommendation and accept the offer from McCosker Contracting Pty Ltd for Tender 142-22 Benaraby Landfill - Construct Capping of Cell 2 Northern Batter (Phase 1); and
2. Authorise the Chief Executive Officer to enter into a contract and associated contract variations within the approved budget, with McCosker Contracting Pty Ltd for Tender 142-22 Benaraby Landfill - Construct Capping Cell 2 Northern Batter (Phase 1).

Background:

Council requires a suitably qualified contractor to conduct phytocapping works (soil cover and vegetation profile including ancillary works) to the Phase 1 area of the existing Northern Batter of Cell 2 at the Benaraby Landfill (Facility). This tender is for the construction of the first phase in phytocapping a specific area of Cell 2 that has reached its capacity in the containment of waste within that air cell.

The primary works include the loading of soil (approximately 20,000m³ bulked volume) from a stockpile at the facility, crushing, cartage and placement. The blending of compost and nutrients will be required for the top portion of the nominal 1m deep phytocapping layer, suitable to establish and maintain the provision of vegetation at the surface. Supporting works include civil-stormwater management works, modifications to the existing access ring-road and modifications to the existing leachate and landfill gas infrastructure systems.

Options, Risk and Opportunity Analysis:

On 7 May 2022, Council released an Invitation to Tender ('ITT') to the open market via VendorPanel, in accordance with the tender process requirements set out in section 228 of the *Local Government Regulation 2012*.

The tender closed on 7 June 2022, with three (3) conforming submissions received.

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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 and includes all key milestones/tasks	20%
Offer demonstrates understanding of the scope and GRC's requirements and includes a Resourcing Plan which addresses all aspects of the scope and GRC's requirements.	30%
Nominated past projects performed meet GRC's experience requirements	20%
Proposed Key Personnel have the qualifications and experience required by GRC	10%
Local Content	20%

The offers were scored against the evaluation criteria as follows:

Company	Tech Score (ex. Local Content)	Tech Score (inc. Local Content)	Value for money ranking (Technical & Commercial)
McCosker Contracting Pty Ltd	60	80	1
Bellequip Civil Contractors	36	44	2
DECC Group	38	44	3

The offer from McCosker Contracting Pty Ltd ranked the highest after technical and commercial evaluation (80 out of 100). The company demonstrated a clear understanding of the requirements for the design and construction of the phytocapping layer and rehabilitation works. Their program met the timeframe with a detailed description of the work that included all key components. McCosker Contracting also has a local branch within the Gladstone Region.

The tender evaluation panel recommends the submission from McCosker Contracting Pty Ltd 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 VendorPanel in accordance with the *Local Government Regulation 2012*, *Local Government Act 2009* and Council's Procurement Policy P-2021-01.

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.

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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 McCosker Contracting Pty Ltd for \$2,498,252.00 ex GST is within existing allocated funds for this project that is in part funded through the Building Better Regions Fund.

Summary:

The submission from McCosker Contracting Pty Ltd was evaluated as presenting the best value to Council.

Anticipated Resolution Completion Date:

The contract will be awarded in July 2022.

Attachments:

1. CONFIDENTIAL 142-22 Offer Evaluation Report

Tabled Items:

Nil

Report Prepared by: Manager Contracts and Procurement.

G/3.5. EOI APPROVED CONTRACTOR LIST - 2022-23 CAPITAL WORKS

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 19 July 2022

File Ref: PE1.1

Purpose:

This report seeks resolution from Council to conduct an Expression of Interest (EOI) to establish an approved contractor list in accordance with section 231 of the *Local Government Regulation 2012 (Qld)* to support the delivery of the 2022/23 Capital Portfolio.

Officer's Recommendation:

That Council:

1. Resolves that it would be in the public interest to invite expressions of interest to establish an approved contractor list in accordance with sections 228 and 231 of the *Local Government Regulation 2012 (Qld)* to support the delivery of the 2022/23 Capital Portfolio.

Background:

Council wishes to establish an approved contractor list for the purpose of supporting the delivery of the 2022/23 Capital Portfolio. This approach is intended to support Council's response to current market conditions through the pre-qualification of contractors prior to project procurements taking place, and will support:

- Increased visibility for contractors of upcoming procurement activities for projects in the portfolio;
- Increased responses to procurement requests for services by reducing the workload of contractors responding to procurement requests;
- Visibility of the approved contractors' availability, to assist with guiding project timings;
- Expedited market release and evaluation of offers;
- Reduced overall procurement timeframe which will support shorter offer validity periods being sought by contractors due to supply chain volatility;
- Simplified project specific only responses (including program, methodology and pricing) required from approved contractors, significantly reducing returnable procurement documentation; and
- Approved contractors will be set up in Council's system as vendors allowing for shorter on-boarding times.

The approved contractor list will be used in place of, or supplementary to, individual project request for quotes and tenders and will remain valid for a period of two (2) years.

Options, Risk and Opportunity Analysis:

To establish an approved contractor list, council must:

- Publish an EOI;
- Promote the EOI; and
- Make selections based on the Sound Contracting Principles.

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The EOI will be opened for submissions on Council's website and will remain open for the period applicable to the 2022-23 capital portfolio. Contractors will be able to submit their EOI via an online portal on Council's website where the projects contained in the 2022-23 capital portfolio will be listed with high-level information about the projects.

Communication and Consultation:

Consultation has occurred with:

- Manager Works Planning and Scheduling;
- Project Delivery Team Leader (Acting);
- Manager Communications;
- Contracts team; and
- Councillor group.

A communication plan for dissemination of the EOI will be developed with the communications team to ensure adequate promotion of the EOI occurs and all potential service providers are appropriately engaged with the process.

Legal Strategy and Policy Implications:

Section 231 of the *Local Government Regulation 2012* (Qld) allows councils to establish an approved contractor list within the Default Contracting Procedures (Part 3). An approved contractor list is:

'A list of persons who the local government considers to be appropriately qualified to provide the services.'

No commitment is made as a result of being appointed to the approved contractor list, appointment is a pre-qualification only. Project specific procurements will require contractors to provide an offer that presents value to Council and the entering into of a resulting contract will be subject to Council's Register of Financial Delegations, Statutory Delegations and Administrative Delegations.

Financial and Resource Implications:

Nil.

Summary:

Nil.

Anticipated Resolution Completion Date:

The EOI will be released in August 2022.

Attachments:

Nil

Tabled Items:

Nil

Report Prepared by: Manager Contracts and Procurement.

G/3.6. EXPENDITURE APPROVAL - SUPPLY & DELIVERY OF LANDFILL COMPACTOR

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 19 July 2022

File Ref: PE1.1

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 a Tana H450 Landfill Compactor.

Officer's Recommendation:

That Council:

1. Approve the expenditure of \$1,127,090.00 ex GST for the supply and delivery of a Tana H450 Landfill Compactor from GCM Enviro Pty Ltd (including \$100,000.00 ex GST provisional sum for GPS equipment).

Background:

Council requires the supply and delivery of a Tana H450 Landfill Compactor (as shown in Figure 1) in accordance with the 22/23 Fleet Replacement Program. This compactor is replacing an existing asset at the Benaraby Landfill. The replaced asset will be disposed via auction and is being replaced with the same machine due to the proven performance of the existing machine, along with operator and maintainer familiarity.



Figure

1: Tana H450 Landfill Compactor

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The GPS equipment is a high precision management solution that takes the guesswork out of landfill compacting and grading. The position software provides real time information and optimal compaction minimising fuel usage and reducing machine wear and tear. The equipment provides density and volume reporting, eliminates overfill, measures everything that goes through the landfill and removes airspace to ensure optimal compaction.

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, a Request for Proposal ('RFP') was released through VendorPanel directly to GCM Enviro Pty Ltd the only Australian distributor of Tana equipment, making use of the exception for LGA arrangement provided in section 234 of the Local Government Regulation 2012 (QLD).

The RFP closed on 27 May 2022 with an offer received from GCM Enviro Pty Ltd. Evaluation of the offer was completed by Luke Whybrow (Project Manager) in conjunction with the Landfill Manager, Landfill Team Leaders, Workshops Team Leader and Senior Mechanic and was confirmed by all that happy with the submission.

The GPS equipment is a high precision management solution that takes the guesswork out of the landfill compacting and grading the position software provides real time information and optimal compaction reducing lower fuel usage and reducing machine wear and tear. Density and volume reporting, eliminates overfill, measures everything that goes through the landfill and removes airspace to ensure optimal compaction.

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 \$1,127,090.00 ex GST (including \$100,000 ex GST provision for GPS equipment) 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.

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Attachments:

Nil

Tabled Items:

Nil

Report Prepared by: Manager Contracts and Procurement.

G/3.7. REVIEW OF EVENT AND VENUE PROGRAMMING POLICY

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 19 July 2022

File Ref: CM28.2

Purpose:

The purpose of this report is for Council to consider expanding Council's Event and Venue Programming Policy to incorporate the inclusion of concessional flexibility for The Philip Street Communities and Families Precinct.

Officer's Recommendation:

That Council:

1. Repeal P-2019-34 Event and Venue Programming Policy; and
2. Adopt P-2022-07 Event and Venue Programming Policy tabled as Attachment 1 to this report.

Background:

The Philip Street Communities and Families Precinct opened in August 2021 and is a focal point for community and social service activity. It was identified The Philip Street Communities and Families Precinct could benefit with the inclusion of the ability to provide flexibility for sponsorship or other benefits, such as concessional room hire.

The Event and Venue Programming Policy is not due for review, therefore, only the inclusion of concessional flexibility for The Philip Street Communities and Families Precinct has been incorporated into this policy.

On the 11 November 2021 the Philip Street Communities and Families Precinct Advisory Committee adopted a formal recommendation for the Operations Group to review the pricing model for consult rooms across site in January 2022.

On the 12 December 2021 the Philip Street Communities and Families Precinct Advisory Committee adopted a formal recommendation to the Operations Group to develop an incentive package for the office space.

This subject was due to be discussed again at the June 2022 Philip Street Communities and Families Precinct Advisory Committee meeting, which was canceled due to quorum not being reached.

Given the collaborative nature of the Philip Street Communities and Families precinct a change in the policy is required to enable all organisations across site the flexibility for sponsorship and other benefits such as concessional room hire. A guiding principle of the precinct is collaboration and alignment of offering and price points regardless of the building being accessed.

Options, Risk and Opportunity Analysis:

Option 1 – Adopt the revised policy

This option would result in adopting the proposed revised policy to incorporate the inclusion of concessional flexibility for The Philip Street Communities and Families Precinct.

Option 2 – Adopt the revised policy with changes

This option would result in adopting the proposed revised policy but with any changes Council may wish to propose. An alternative resolution may be:

“That Council:

- 1. Repeal existing P-2019-34 Event and Venue Programming Policy; and*
- 2. Adopt P-2022-07 Event and Venue Programming Policy, subject to the following amendments:*
 - a) Insert change;*
 - b) Insert change.”*

Option 3 - Retain existing policy without any changes

There is an option for Council to retain the existing policy. If it is decided to retain the policy without changes there is a risk to the guiding principles to the precincts collaborative nature, given all key collaborators have agreed to alignment of offering in each building and in a worst case scenario could lead to a fracturing and deviation.

Communication and Consultation:

This minor change only affects The Philip Street Communities and Families Precinct, consultation occurred with Executive Leadership Team and Manager Engagement and Partnerships.

Legal Strategy and Policy Implications:

There is no legal or legislative requirement to adopt the Event and Venue Programming Policy.

Financial and Resource Implications:

Where it is deemed appropriate to provide sponsorship or other benefits, it must be undertaken within the budget provided by Council and be separately identifiable as a cost to Council within that budget. It is anticipated providing concessional flexibility will provide an opportunity to stimulate income generation and encourage users to The Philip Street Communities and Families Precinct.

There are no resource implications in adopting this policy.

Summary:

Nil

Anticipated Resolution Completion Date:

Within one month of resolution.

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Attachments:

1. Proposed P-2022-07 Event and Venue Programming Policy
2. Existing P-2019-34 Event and Venue Programming Policy (Tracked Changes)
3. Existing P-2019-34 Event and Venue Programming Policy

Tabled Items:

Nil

Report Prepared by: Governance Business Partner (Acting)

G/3.8. PROCUREMENT POLICY REVIEW

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 19 July 2022

File Ref: CM28.2

Purpose:

To present Procurement Policy P-2021-01 for endorsement without change.

Officer's Recommendation:

That Council acknowledge the annual review undertaken on Council's P-2021-01 Procurement Policy and that no changes be made to the current policy.

Background:

The review of the Procurement Policy occurs annually in accordance with requirements of the *Local Government Regulation 2012*. This policy was due for review in January 2022. The current Procurement Policy is attached as Attachment 1.

Options, Risk and Opportunity Analysis:

Significant changes were made during the last revision of this policy in 2021 and due to appropriate outcomes being achieved from the current policy, no changes are recommended.

Communication and Consultation:

The Contracts and Procurement team have been engaged in the review process and support retaining the current policy without change.

Councillors were consulted on this policy at a Councillor Information Session in June 2022.

Legal Strategy and Policy Implications:

Section 198 of the *Local Government Regulation 2012* requires a local government to prepare and adopt a policy about procurement. In addition, the procurement policy must be reviewed annually.

Financial and Resource Implications:

There are no additional financial or resource implications of the proposed policy. Procurement is required to be carried out within relevant budget constraints and financial delegations.

Summary:

Nil

Anticipated Resolution Completion Date:

Within one month of resolution.

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Attachments:

1. Existing P-2021-01 Procurement Policy

Tabled Items:

Nil

Report Prepared by: Manager Governance and Risk

G/3.9. PARKING AMENDMENT SUBORDINATE LOCAL LAW

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 19 July 2022

File Ref: LE3.1

Purpose:

This report presents the outcome of public consultation on proposed amendments to *Subordinate Local Law No. 5 (Parking) 2011* and recommends that Council make *Parking (Amendment) Subordinate Local Law (No.1) 2022*.

Officer's Recommendation:

That Council:

1. Make *Parking (Amendment) Subordinate Local Law (No.1) 2022*; and
2. Pursuant to Section 32 of the *Local Government Act 2009*, adopt a consolidated version of *Subordinate Local Law No. 5 (Parking) 2011* in the form as tabled in Attachment 2 to this report.

Background:

Council at its General Meeting on the 3 May 2022 resolved to propose to make *Parking (Amendment) Subordinate Local Law (No.1) 2022* which proposes to introduce the changes summarised below to Council's existing *Subordinate Local Law No. 5 (Parking) 2011*.

1. Include the following areas as off-street regulated parking for the purposes of monitoring disabled parking and other minor parking offences:
 - Philip Street Communities and Families Precinct Carpark
 - Boyne Tannum Community Centre under building Carpark
 - Marley Brown Oval Carpark
 - Carpark at 20 Bramston Street Gladstone
 - Carpark at 37 Tank Street Gladstone.
2. Increase fines associated with unauthorised parking in disabled parking spaces and stopping in areas that represent a risk to public safety (namely stopping on continuous yellow lines and in areas where 'no stopping' signs apply).
3. Include new fine codes to allow the public to more easily identify which parking offence applies.
4. Update the off-street regulated parking area for Gladstone Airport to take in areas proposed to be developed for regulated parking in the foreseeable future.

The public was invited to make submissions about the proposed changes up to and including 31 May 2022.

The proposed changes were advertised in/on:

1. Council's website
2. Council's community engagement platform 'Conversations with Council'
3. Printed in the newspaper, Gladstone Today

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4. Gladstone Observer (online); and
5. Copies made available from Council's public offices.

Statistics on the number of visitors/views of the information on Council's community engagement platform 'Conversations with Council' and the local law page of Council's external website are provided in the Communication and Consultation section of this report.

No public enquiries or submissions were received during the consultation period.

Seventeen Seventy Carpark opposite the Marina

After the close of public consultation, an issue of concern was raised in the Seventeen Seventy community that the carpark across from the Seventeen Seventy Marina is allegedly being used for the long-term parking and storage of private boats and trailers which reduces the capacity of the carpark for general public use. If this is a general community concern, Council can manage the issue under the *Transport Operations (Road Use Management) Act 1995* as 'abandoned vehicle' on a road. An alternative solution is to designate this carpark as off-street regulated parking under the Subordinate Local Law which will allow a limit to be placed on the time that vehicles can be parked in the carpark.

If Council sees this as the most appropriate solution to address the issue and seeks to include it in the current changes, it will need to go back to King and Company to redraft the amending subordinate local law and go back out for a second round of public consultation which includes the new proposal.

If Council were to proceed with the designation, it must also be prepared to commit resources to the ongoing monitoring and enforcement of this additional parking restriction. The current recommendation does not include the inclusion of this area in the amendments to the Subordinate Local Law.

Options, Risk and Opportunity Analysis:

Option 1 – Adopt the Recommendation

The opportunities associated with this option are:

- Council can target safety issues particularly in and around schools (no stopping on yellow lines or no stopping zones) and disincentivise breaches of parking restrictions through increased fine values, with any associated increase in revenue, available to offset the costs of providing off-street regulated parking monitoring
- New offence codes associated with recent legislative changes will allow the community to more easily identify the specific parking offences
- The new areas for off-street regulated parking will be able to be monitored to ensure disabled car parks are available to permit holders and to address any specific parking problems that have arisen in recent times
- It provides the opportunity for expanded off-street regulated parking at Gladstone Airport.

The risks associated with this option are:

- The proposed changes may be viewed in a negative way by the community, particularly any increase in fine values
- There will be some one-off costs associated with amending the subordinate local law
- The recommendation does not include the Seventeen Seventy car park opposite the Marina in the proposed Subordinate Local Law changes.

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Option 2 – Not proceed with the making of *Parking (Amendment) Subordinate Local Law (No.1) 2022* in its current form and go out to public consultation with the inclusion of the Seventeen Seventy Carpark opposite the Marina as an Off-street Regulated Parking Area

The opportunities associated with this option are:

- The inclusion of the area as off-street regulated parking will allow Council to address the community concern raised
- Going back out to public consultation to include the Seventeen Seventy carpark will provide an opportunity to gauge how broadly the problem is perceived in the community and whether residents consider regulation of the carpark to be the most appropriate solution.

The risks associated with this option are:

- Council will incur additional costs associated with redrafting the amending subordinate local law and consolidated subordinate local law and another round of public consultation.
- Ongoing resources will be required to monitor and enforce the parking restrictions imposed and to initially install regulated parking signage and to replace it as required.
- The proposal has the potential to introduce what may be perceived by some, as another Council imposed restriction, in this area.

Option 3 – Not proceed with making *Parking (Amendment) Subordinate Local Law (No.1) 2022*

The opportunities associated with this option is that Council will not need to redistribute existing resources to monitoring the new areas proposed to be incorporated into off-street regulated parking.

The risks of this option are that:

- The resources allocated to the review and amendment process to date would have yielded no productive change.
- Council will be unable to incorporate new areas to monitor off-street regulated parking allowing current identified issues such as unauthorised parking in disabled spaces to continue.
- It removes the ability for Council to add new offence codes in line with legislative change and to improve community understanding of offences.
- There is no ability to increase fine revenue to offset Council's costs in monitoring parking.
- Council will be unable to address the concerns raised by the Traffic and Environment Advisory Committee regarding the need to disincentivise those offences that place public safety at risk such as parking on yellow lines and stopping in 'no stopping' zones, particularly around schools.
- It will impact on the Gladstone Airport Corporation's ability to monitor proposed new off-street regulated parking areas at the Gladstone Airport once developed.

Communication and Consultation:

The public consultation period (9 May 2022 to 31 May 2022) was advertised as reported in the background section of this report.

During the public consultation period there was 314 views of Council's local laws page which detailed the information on the proposed changes to the Parking Subordinate Local Law. It should be noted that this statistic is for all information contained on the page and is not specific to the notice of proposed changes.

Council's Community Engagement Team established a page on 'Conversations with Council' specifically for the proposed changes to the Parking Subordinate Local Law. This page had 76 views, by 67 individuals during the public consultation period. The statistics are presented in Attachment 3.

Council received no public enquiries or submissions on the proposed changes.

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If Council takes up Option 2 contained in this report, it will need to conduct a second round of public consultation on the revised amending subordinate local law.

Legal Strategy and Policy Implications:

Chapter 3 Part 1 of the *Local Government Act 2009* and Chapter 3 Part 1 of the *Local Government Regulation 2012* governs the process for making, amending and repealing local laws and subordinate local laws.

Section 29(5) of the *Local Government Act 2009* requires that Council ensure that its local laws are drafted in compliance with the guidelines issued by the Parliamentary Counsel under the *Legislative Standards Act 1992* (Section 9) for local laws and subordinate local laws.

Section 38 of the *Local Government Act 2009* also requires that Council not make a local law that contains anti-competitive provisions unless it has complied with the procedures prescribed under regulation for the review of anti-competitive provisions.

King and Company lawyers prepared *Parking (Amendment) Subordinate Local Law (No.1)* and certified that:

1. The amending local law complies with Section 29(5) of the *Local Government Act 2009*; and
2. The amending local law does not contain anti-competitive provisions.

Financial and Resource Implications:

Council received a quotation of \$3,600 from King and Company to provide the legal drafting and advice for the review and amendment process. In addition to this external cost, internal resources are required to carry out the administrative tasks associated with completing the amendment process including advertising gazettal of the amending subordinate local law and other advisory and recordkeeping requirements.

Should Council elect to take up Option 2 it will incur additional legal costs for redrafting of the subordinate local law and consolidated local law and allocate additional internal resources to conduct a second round of public consultation.

Summary:

The making of the amending subordinate local law will allow Council to implement changes to off-street regulated parking in the Gladstone Region as summarised in the background section of this report.

Anticipated Resolution Completion Date:

31 July 2022

Attachments:

1. *Parking (Amendment) Subordinate Local Law (No.1) 2022*
2. *Consolidated Version Subordinate Local Law No. 5 (Parking) 2011*
3. Statistical Information on Public Views of Proposed Changes to Subordinate Local Law
4. Map Showing the Seventeen Seventy Carpark Opposite the Marina

Tabled Items:

Nil

Report Prepared by: Governance Business Partner

G/3.10. REVIEW OF FINANCIAL DELEGATIONS

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 19 July 2022

File Ref: CM28.2

Purpose:

The purpose of this report is to allow Council to consider a temporary increase in the Chief Executive Officer’s financial delegation.

Officer's Recommendation:

That:

1. That an additional financial delegation be granted to the Chief Executive Officer as outlined in the below table:

Financial Delegation (Maximum)	Conditions
\$5,000,000	<p>This delegation is limited to:</p> <ul style="list-style-type: none">• contracts and orders relating to approved projects in the adopted capital budget;• contracts and orders relating to Road Maintenance Performance Contracts (RMPC); and• contracts and orders associated with CEO declared emergencies. <p>This delegation includes:</p> <ul style="list-style-type: none">• financial responsibility to formally approve any budget for mitigating risks associated with a natural disaster and/or extraordinary emergent event that has been declared in the local government area; and• financial responsibility to authorise variations for project contingency within the adopted project budget.

and

2. That the Chief Executive Officer provide a report to Council on a quarterly basis detailing all approvals given for contracts and orders over \$500,000.

Background:

Council’s current *2021-01 Procurement Policy* provides that in carrying out procurement activities, Council will “act ethically and in full compliance with applicable laws, delegations and other related Council policies”.

By resolution (vide Res No. G/18/3472) at the General Meeting on 17 July 2018, Council resolved:

“That Council:

1. Repeal P-2017-15 Procurement Policy;
2. Repeal P-2017-26 Local Preference Policy;

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3. *Adopt P-2018-12 Procurement Policy attached as Addendum 1;*
4. *Delegate financial responsibility for the administration and application of Council's adopted budget to the Chief Executive Officer to formally approve up to \$500,000 for operating and capital expenditure within budget;*
5. *Delegate financial responsibility to the Chief Executive Officer to formally approve any budget for mitigating risks associated with a natural disaster and/or extraordinary emergent event that has been declared in the local government area;*
6. *Delegate financial responsibility to the Chief Executive Officer to authorise variations for project contingency within the adopted project budget;*
7. *Authorise the Chief Executive Officer to hold a corporate credit card with a transaction limit of \$5,000 and a monthly card limit of \$20,000; and*
8. *Allocate the below limits for Corporate Credit Cards to Councillors subject to expenses approved for reimbursement in accordance with the Councillor Expenses Reimbursement and Provision of Facilities Policy:*

Position	Transaction Limit	Monthly Card Limit
Mayor	\$1,000	\$2,500
Councillors	\$500	\$1,500

Currently, the Chief Executive Officer's financial delegation is limited to \$500,000 meaning that any procurement over \$500,000 must be brought to Council for resolution.

Council is currently experiencing challenges procuring goods and services as a result of:

- the general economy including inflation;
- high input costs such as fuel, steel and other building materials;
- Australia's infrastructure boom and competing projects;
- supply delays;
- financial sustainability of suppliers; and
- material quality.

As a result of these challenges, Council is experiencing a low response rate to tenders and when tenders are received, officers are under increasing pressure to "lock in" a contract price. As an example, Council's normal validity period for tenders is 90 days. The validity period is the time in which the tender is valid and during this time the evaluation of offers, clarifications, award process, negotiation and execution of the contract must occur. Council is experiencing an increasing number of requests to reduce this period to 60 and 30 days.

There is benefit to Council in having shorter validity periods as it allows Council to lock in prices and reduces the opportunity for price increase requests due to volatile market conditions prior to contract execution.

The process of presenting a report to Council can add three to four weeks to the procurement process taking into account the preparation of the report and the agenda process. It follows that given the Chief Executive Officer's current financial delegations, Council is unable to reduce the validity period to meet market expectations.

Given the current market conditions Council is asked to consider increasing the Chief Executive Officer's financial delegation. Options are outlined below for Council's consideration.

Options, Risk and Opportunity Analysis:

Three Options have been considered:

1. Officer's Recommendation – Increase the Chief Executive Officer's financial delegation to \$5,000,000 with limitations;
2. Increase the Chief Executive Officer's financial delegation to another amount; and
3. That no change be made to the Chief Executive Officer's financial delegation.

Each of these options are explored in further detail below.

Option 1 – Officer's Recommendation – Increase the Chief Executive Officer's financial delegation to \$5,000,000 with limitations.

Under this option it is proposed that the Council would grant the Chief Executive Officer an additional delegation to allow the Chief Executive Officer to approve orders and enter into contracts up to \$5,000,000 on the basis that this delegation would be limited to:

- contracts and orders relating to approved projects in the adopted capital budget;
- contracts and orders relating to Road Maintenance Performance Contracts (RMPC); and
- contracts and orders associated with CEO declared emergencies.

In accordance with s235(a) and (b) of the *Local Government Regulation 2012*, sole supplier and specialised supplier requests will be required to be presented to Council for resolution regardless of the Chief Executive Officer's delegation. Preferred supplier arrangements and registers of prequalified suppliers are long term contracts and are less subject to active market influences. The proposed change to the Chief Executive Officer's delegation does not impact on awards for preferred supplier arrangements and registers of prequalified suppliers.

For the avoidance of doubt, Option 1 proposes that the Chief Executive Officer's delegation with respect to operational purchases (with the exception of CEO declared emergencies) would remain at \$500,000 within adopted budget.

Under Option 1, the Chief Executive Officer would also ensure that a report was presented to Council on a quarterly basis detailing the orders and contracts entered into with a value of over \$500,000. If any concerns were identified by Council as a result of the quarterly reports, Council would be able to either change the Chief Executive Officer's financial delegation or alternatively amend Council's Procurement Policy to ensure that Council's procurement practices are reaching the desired outcome.

In 2020, officers undertook a review of financial delegations of local government chief executive officers. The review indicated that many of the chief executive officers had delegations of \$999,999,999 including Livingstone, Rockhampton, Bundaberg and North Burnett.

The opportunities and risk are associated with Option 1 are:

Opportunities

- Council can lock in prices at the earliest opportunity following the evaluation of tenders.
- Council can better meet market expectations and potentially attract more tender submissions.
- The risk to the delivery of capital portfolio (procurement) will be reduced.
- The ability to reduce the validity period may reduce officer effort and reduce the likelihood of having to reissue tenders.

Risks

- Councillors would not have input into the tender award process and may be unsatisfied with the tender award.

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Option 2 – Increase the Chief Executive Officer’s financial delegation to another amount

If Council was of the view that the proposed delegation presented an unacceptable risk, Council may consider reducing the recommended delegation limit in the Officer’s Recommendation.

Option 3 – That no change be made to the Chief Executive Officer’s financial delegation

Under Option 3, the Chief Executive Officer’s delegation would remain at \$500,000 and Council would continue to be the decision maker for all expenditure over \$500,000.

Opportunities

- Officers would need to consider potential changes to procurement practices, processes and reporting timeframes to determine if additional efficiencies could be identified.

Risks

- If Council is unable to reduce the validity period, Council may be unable to attract tender submissions or successfully negotiate contracts with successful tenderers.
- If Council is unable to procure goods and services as and when required it could potentially result in:
 - increased risk to the delivery of the capital program;
 - increased operating and capital expenditure; and
 - an impact on the delivery of essential services.

Communication and Consultation:

An update on current market conditions and the difficulties being experienced by Council’s Contracts and Procurement Team was presented to Council at the June Councillor Information Session and this report was subsequently prepared in consultation with the Manager Contracts and Procurement and General Manager Finance Governance & Risk.

Legal Strategy and Policy Implications:

The financial delegation to the Chief Executive Officer are set by Council and captured in the Financial Delegations Register which is maintained by the Governance & Risk Team.

Council is able to review the Chief Executive Officer’s financial delegations at any point in time should Council not be satisfied with the exercise of the delegation. Council’s Procurement Policy is reviewed on an annual basis and it is recommended that the Chief Executive Officer’s financial delegation be reviewed annually with the Procurement Policy.

Financial and Resource Implications:

An increase to the Chief Executive Officer’s financial delegation would provide officers with the flexibility to lock in contract prices at an early stage minimising the impact of price rises as a result of volatile market conditions.

Summary:

Council is asked to consider an increase of the Chief Executive Officer’s financial delegation as part of the business’s strategy to minimise the impacts of the current economic conditions.

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Anticipated Resolution Completion Date:

The Financial Delegations Register would be updated by 26 June 2021.

Attachments:

Nil

Tabled Items:

Nil

Report Prepared by: Manager Governance & Risk

G/3.11. MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 30 JUNE 2022

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 19 July 2022

File Ref: FM15.1

Purpose:

This report seeks Council adoption of the Monthly Financial Statements for the 2021-22 year to date, for the period ended 30 June 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 30 June 2022 as required under Section 204 *Local Government Regulation 2012*.

Background:

The figures provided in this report are preliminary, with end-of-year processing still underway. These figures may not reflect the final figures included in Councils audited Financial Statements.

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, 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)

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- Increase in 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

Total recurrent revenue	2021-22	Actual as %
Actual	\$194.2m	
Budget	\$199.4m	97.38%
Forecast	\$205.1m	94.67%

Of note:

Net rates and utility charges	2021-22	Actual as %
Actual	\$146.7m	
Budget	\$158.0m	92.85%
Forecast	\$157.5m	93.18%

The remaining forecast revenue relates to water consumption revenue for 2021-22. This revenue will be accrued back to the 2021-22 year once the reading cycle is complete.

Total interest revenue	2021-22	Actual as %
Actual	\$1.1m	
Budget	\$1.7m	64.80%
Forecast	\$1.3m	84.91%

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). Minor year-end adjustments will still be processed, but it is unlikely that the forecast will be realised.

Income tax equivalents	2021-22	Actual as %
Actual	\$8.7m	
Budget	\$3.9m	226.34%
Forecast	\$8.8m	99.44%

Council has received \$8.6m from the Gladstone Area Water Board (GAWB) during June.

The remaining forecast relates to the Gladstone Airport Corporation competitive neutrality fees, which will be accrued to the 2021-22 year.

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Capital Revenue

Capital grants revenue	2021-22	Actual as %
Actual	\$10.7m	
Budget	\$16.7m	64.35%
Forecast	\$11.1m	96.40%

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. These amounts are still subject to adjustment, during the year-end review process.

Project	Budget	Forecast	Actual
State Government Grants & Subsidies			
Gladstone Aquatic Centre Upgrade - Stage 3	-	\$0.1m	\$0.7m
Toolooa Street, Gladstone - Pavement and footpath renewal	\$0.8m	\$0.7m	\$0.8m
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	\$1.2m
Total	\$5.4m	\$5.0m	\$5.5m
Federal Government Grants & Subsidies			
Gladstone Aquatic Centre Upgrade – Stage 2	\$1.6m	\$0.7m	\$1.3m
Benaraby Landfill - Stage 3 Landfill Cell Development	-	\$0.3m	\$0.8m
Benaraby Landfill – Capping of Cell 2	\$1.1m	\$1.1m	\$0.1m
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	-	\$0.5m
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	\$1.0m

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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	\$0.6m
A01 to Gladstone Wastewater Treatment Plant Partial Main Replacement	\$2.0m	-	-
Other Federal Government Funding	\$0.7m	\$1.4m	\$0.9m
Total	\$11.3m	\$6.1m	\$5.3m

Expenditure

Recurrent expenditure

Total recurrent expenditure	2021-22	Actual as %
Actual	\$206.3m	
Budget	\$200.3m	103.00%
Forecast	\$207.8m	99.27%

Of note:

Employee benefits	2021-22	Actual as %
Actual	\$68.1m	
Budget	\$65.7m	103.65%
Forecast	\$67.1m	101.45%

Employee benefits are the largest component of Councils recurrent expenditure. The average vacancy rate for the year-to-date is 10.0%.

Costs relating to employee entitlements total \$8.6m, compared to a forecast of \$8.2m. Leave entitlement balances are reassessed as part of year end processes, and will be adjusted up or down as necessary.

As part of year end processing, \$0.1m of employee expenses have been expensed from the balance of capital work in progress. This movement was not forecasted.

Contractors & consultants	2021-22	Actual as %
Actual	\$24.2m	
Budget	\$31.3m	77.19%
Forecast	\$26.7m	90.53%

Expenditure is low compared to the forecast in the following areas:

- Sewerage – Contractors (\$0.6m) - Accrual adjustments to be processed for biosolids removal costs
- Waste – Contractors (\$0.7m) - Accrual adjustments for various waste collection activities are anticipated.

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Costs are still expected to align with the forecast by year end in most cases once year end accruals are completed.

Donations and sponsorships	2021-22	Actual as %
Actual	\$2.6m	
Budget	\$2.8m	93.97%
Forecast	\$3.0m	86.14%

Funding contracts that have been executed under the Community Investment Program that will be accrued to the 2021-22 year as part of year-end processes. It is likely that final actuals will be below forecast.

Fuel	2021-22	Actual as %
Actual	\$2.0m	
Budget	\$1.7m	119.68%
Forecast	\$1.8m	110.64%

The continuing uncertainty surrounding fuel prices has resulted in actual costs for fuel exceeding the forecast.

Motor vehicle & other fleet expenses	2021-22	Actual as %
Actual	\$1.9m	
Budget	\$1.1m	168.81%
Forecast	\$1.7m	112.88%

Motor vehicle parts and materials, outside repairs and tyres have all exceeded the forecast. This is attributed to Councils ageing large vehicle fleet. Supply issues are causing delays in renewing these assets.

Property expenses	2021-22	Actual as %
Actual	\$3.2m	
Budget	\$2.6m	124.46%
Forecast	\$3.0m	104.87%

Cleaning costs across the business have exceeded the forecast by \$0.2m. This relates to both routine building cleaning costs as well as annual exterior cleaning costs.

Staff and Councillor associated expenses	2021-22	Actual as %
Actual	\$1.6m	
Budget	\$1.9m	81.79%
Forecast	\$1.9m	85.11%

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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.

Mandatory training costs are also under forecast, with \$0.2m of actual spend against a forecast of \$0.3m.

Waste disposal and tipping fees	2021-22	Actual as %
Actual	\$9.1m	
Budget	\$7.7m	117.88%
Forecast	\$8.3m	109.88%

The forecast for tipping fees expenditure for the final quarter was not sufficient to cover the actual results. The forecast for tipping fees revenue included an increase that was not reflected in expenses.

Statement of Financial Position

	Current Value	Budget	Variance (Actual to Budget)	Forecast	Variance (Actual to Forecast)
Year-to-date Assets	\$2.5b	\$2.5b	(1.03%)	\$2.5b	(0.84%)
Year-to-date Liabilities	\$160.7m	\$139.4m	14.24%	\$149.3m	7.64%

The forecast for assets & liabilities reflect the expected positions at 30 June 2022. Significant movement is still expected to occur as year-end processes are undertaken.

Capital Expenditure

	Actual	Budget	Actual as % of Budget	Forecast	Actual as % of Forecast
Year to date capital expenditure	\$48.6m	\$73.5m	66.09%	\$52.5m	92.56%
Commitments (open purchase orders)	\$4.5m				
Total	\$53.1m		72.23%		101.16%

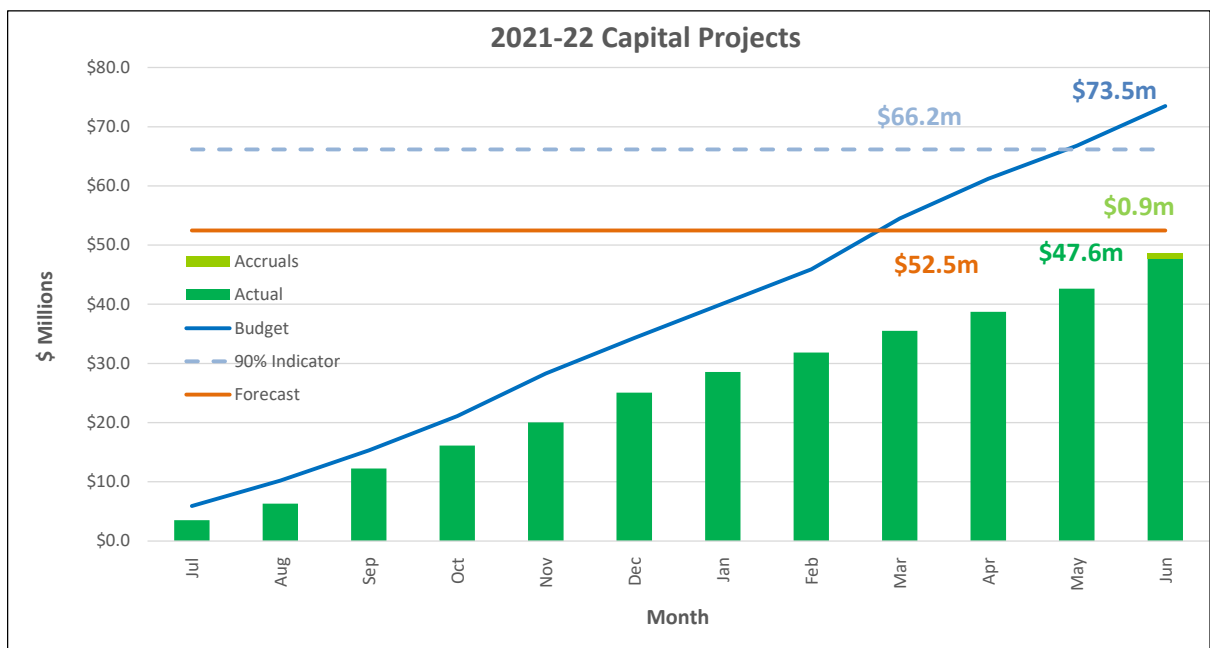
Of the \$4.5m in commitments, \$1.3m relates to fleet replacement and \$0.8m relates to works on the Baffle Creek Crossing.

It is likely that a significant portion of the total commitments will be accrued to the 2021-22 year. Accrual estimates of \$0.9m have already been included in the actuals, to account for major claims relating to June work.

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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	\$16.9m	\$1.6m	\$24.5m	69%	\$17.0m	99%
Sewerage Assets	\$8.8m	\$0.8m	\$17.2m	51%	\$9.9m	89%
Asset Governance			\$5.0m			
Water Assets	\$6.2m	\$0.2m	\$5.7m	109%	\$6.6m	94%
Delivery Support and Performance	\$7.0m	\$1.3m	\$8.0m	88%	\$8.3m	84%
Waste Assets	\$0.5m		\$2.4m	21%	\$0.5m	100%
Property Assets	\$6.1m	\$0.3m	\$6.7m	91%	\$7.3m	84%
Parks & Environment Assets	\$0.3m		\$1.1m	28%	\$0.2m	150%
Community Development & Events	\$0.6m		\$1.3m	46%	\$0.5m	120%
Other	\$2.1m	\$0.3m	\$1.8m	121%	\$2.2m	97%
Total	\$48.6m	\$4.5m	\$73.6m	66%	\$52.5m	93%



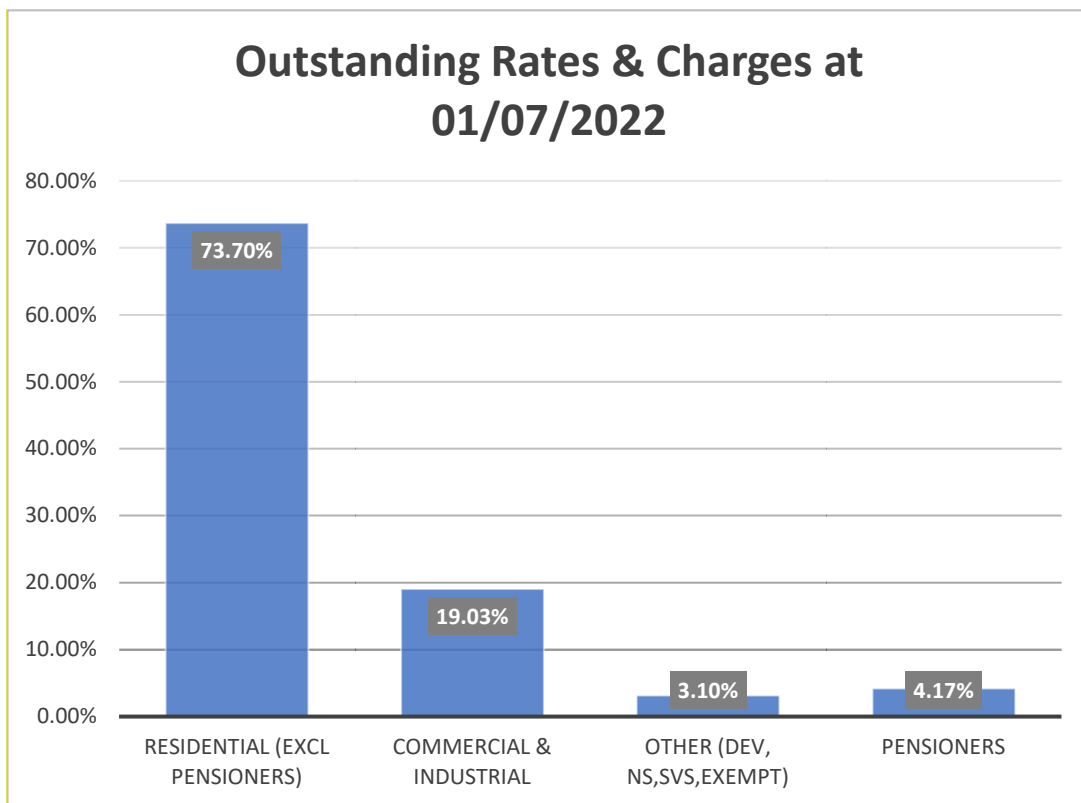
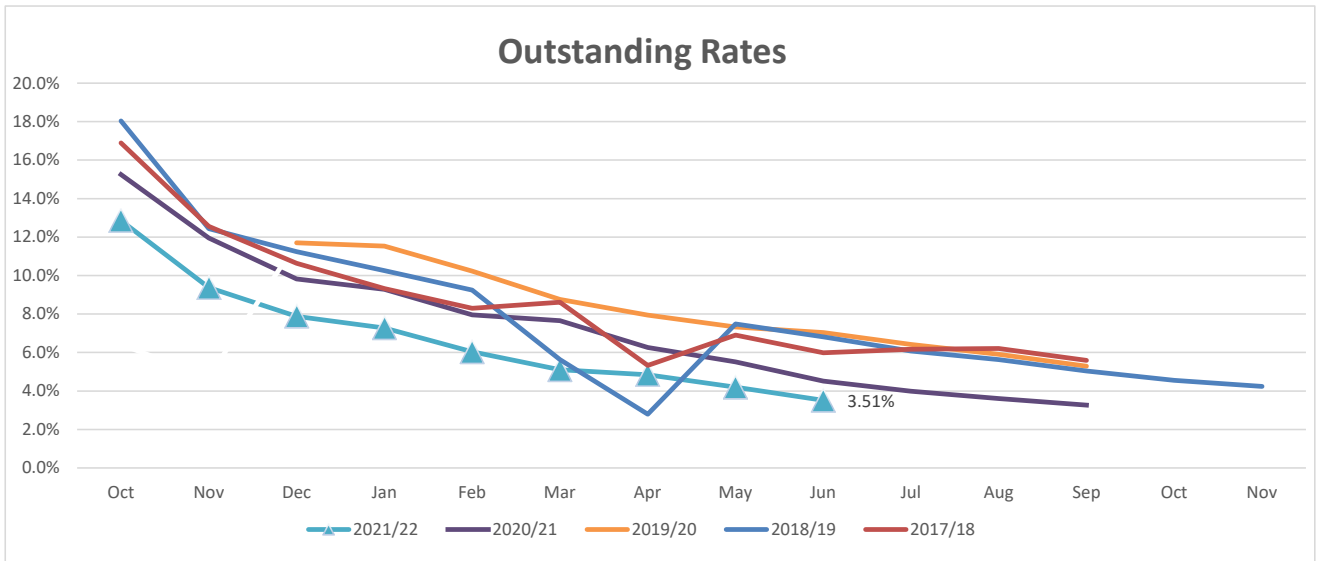
Outstanding Rates

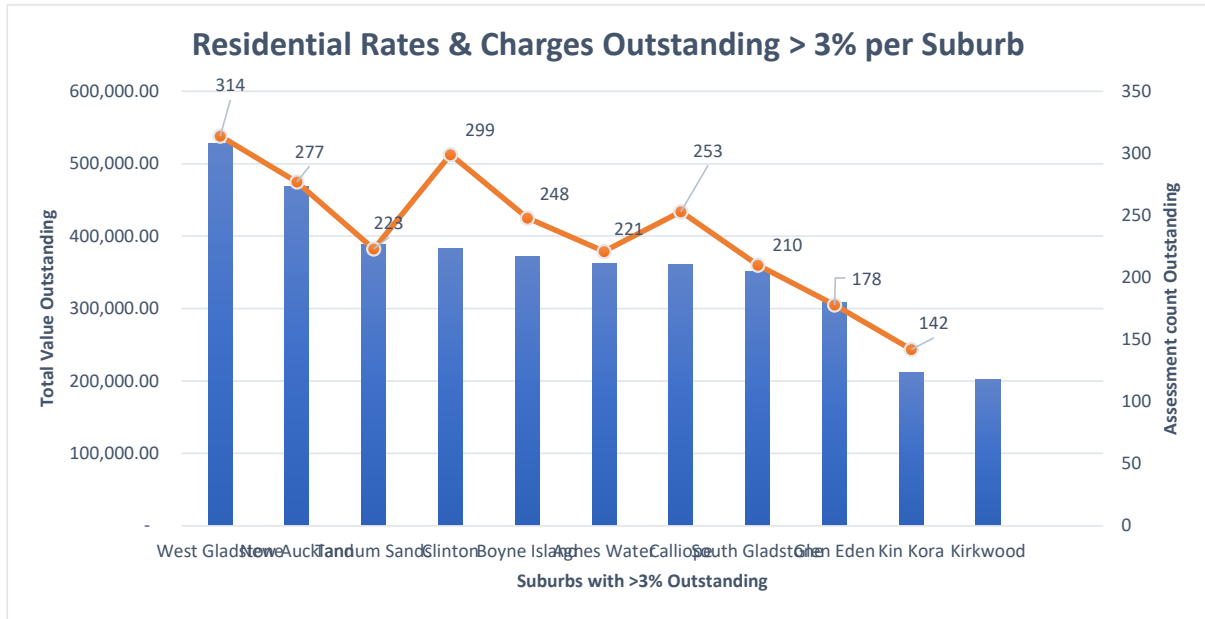
Outstanding rates, as a percentage of gross rates levied for 2021-22, and collectible, is at 3.51% at the end of June 2022, compared to 4.52% for the same period last year.

Of the \$6.5m of outstanding rates 19.03% relates to commercial/industrial assessments and 80.97% represents residential assessments.

These figures include \$0.3m of rates that are currently being repaid under an authorised payment plan, for which there were 20 commercial/industrial assessments and 1,022 residential assessments. A total of 1,042 assessments, which is a decrease from 1,118 assessments in June 2022. This movement is a result of removal of arrangements on sold property, default arrangements and paid-up arrangements

There were 6,375 ratepayers who had paid their rates in advance totalling \$11.4m.





Sustainability Ratios

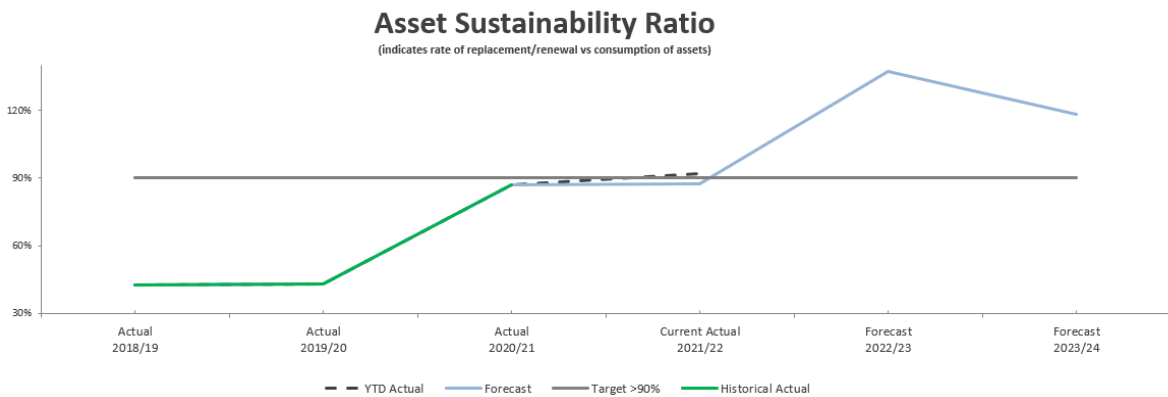
Financial ratios provide a useful snapshot of Council’s financial status and emerging trends. Individual ratios do not provide enough information to form a comprehensive opinion of Council's financial position and performance, but when the right mix of ratios are considered together, they become a valuable 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 72.44% of capital expenditure with the balance on new and upgrade projects. The current result exceeds the target ratio of 90%.

Asset Sustainability Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
91.82%	60.53%	101.77%	87.63%	>90%

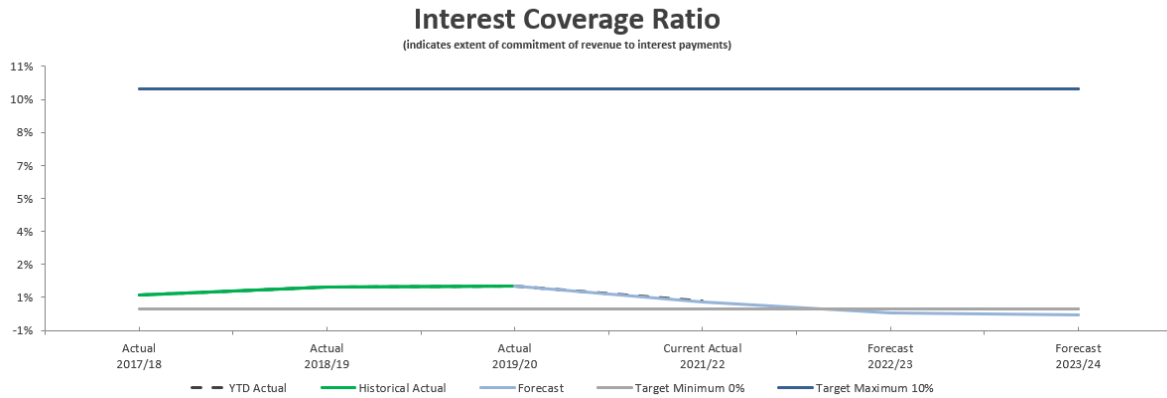


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Interest Coverage Ratio

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

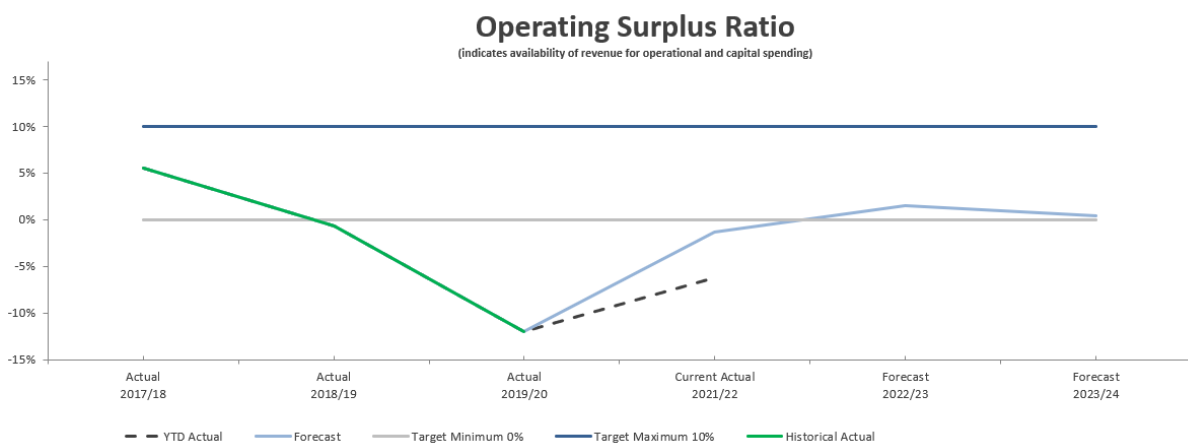
Interest Coverage Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
0.34%	1.32%	(0.61%)	0.28%	0 - 10%



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 negative due to the year-to-date operating deficit. The results are expected to stay in a negative position following year-end processing, as a deficit is forecast.

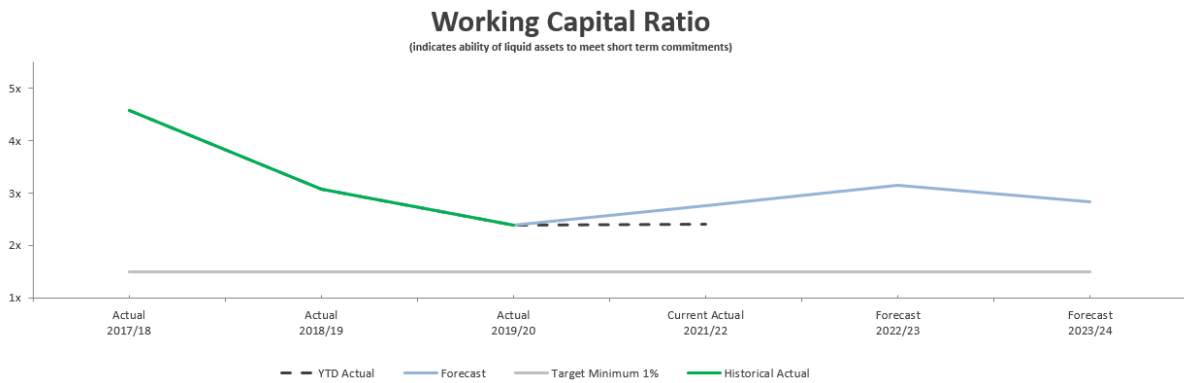
Operating Surplus Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
(6.26%)	(8.57%)	(0.45%)	(1.33%)	0 - 10%



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.

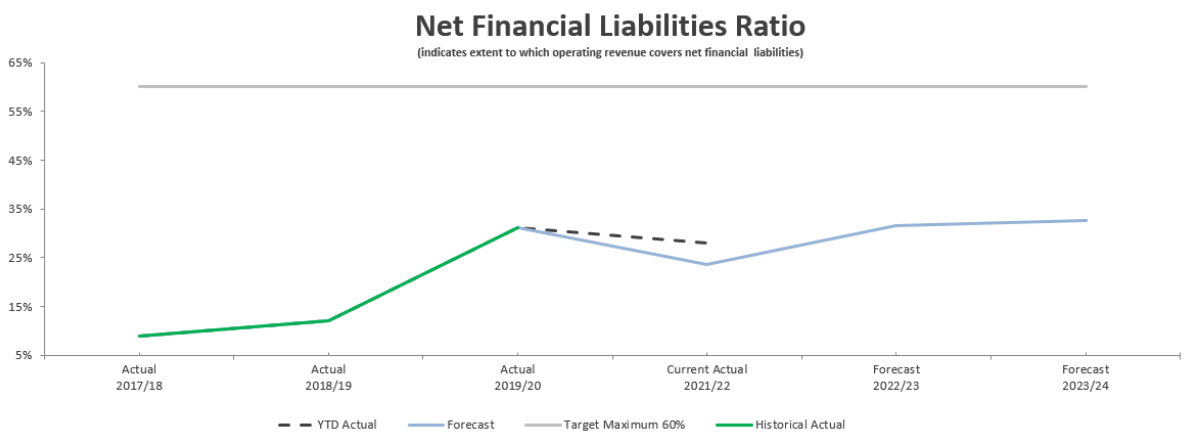
Working Capital Ratio				
CURRENT YTD	PRIOR YTD	BUDGET	FORECAST	TARGET
1.91x	2.49x	3.12x	2.26x	Greater than 1:1



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
27.98%	21.60%	30.07%	23.61%	< 60%

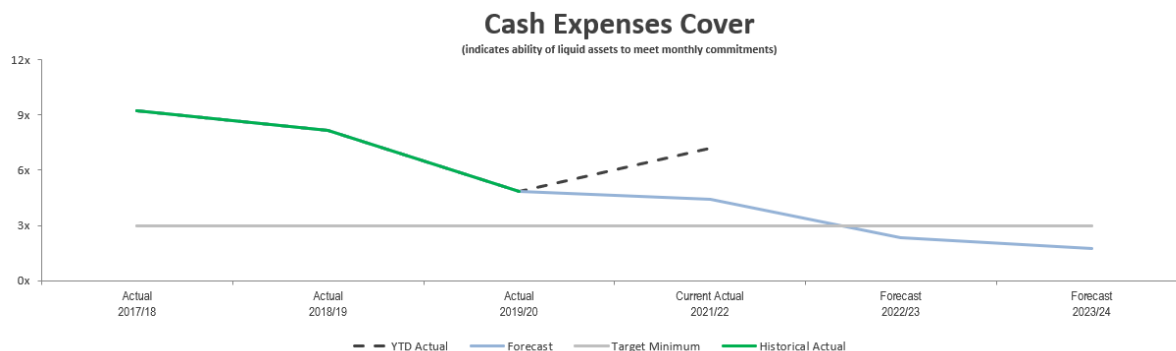


Cash Expenses Cover Ratio

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
7.19x	6.82x	3.24x	4.42x	> 3x

GENERAL MEETING AGENDA 19 JULY 2022



Options, Risk and Opportunity Analysis:

Nil

Communication and Consultation:

The report seeks specialist input from the following internal sources:

Investing activity – Team Leader Financial Operations
Procurement and supply – Manager Contracts and Procurement
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:

19 July 2022

Attachments:

1. Monthly Financial Statements for the period ending 30 June 2022
2. Operating Statements for month end June

Tabled Items:

Nil

Report Prepared by: Systems Modelling and Metrics Specialist

G/4. DEPUTATIONS

G/5. COUNCILLORS REPORT

G/6. URGENT BUSINESS

G/7. NOTICE OF MOTION

G/8. CONFIDENTIAL ITEMS

G/8.1. REQUEST TO WAIVE FEES

Responsible Officer: General Manager Finance Governance and Risk

Council Meeting Date: 19 July 2022

File Ref: PR2.1 and CM7.2

Reason for Confidentiality:

This report is **CONFIDENTIAL** in accordance with Section 254J of the Local Government Regulation 2012, the meeting is to be closed to the public to discuss business relating to the following: -

(f) matters that may directly affect the health and safety of an individual or a group of individuals.