



GLADSTONE
REGIONAL COUNCIL

**GENERAL MEETING NOTICE
AND AGENDA**

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

On Tuesday 21 November 2023

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 7 NOVEMBER 2023

Responsible Officer: Chief Executive Officer

Prepared By: Executive Secretary

Council Meeting Date: 21 November 2023

File Ref: CM7.2

Purpose:

Confirmation of the minutes of the General Meeting held on 7 November 2023.

Officer's Recommendation:

That the minutes of the General Meeting of Council held on 7 November 2023 be confirmed.

Attachments:

1. Minutes of the General Meeting of Council held on 7 November 2023.

G/3. DEPUTATIONS

G/3.1. STANWELL CORPORATION LIMITED

Responsible Officer: Chief Executive Officer

Prepared By: Executive Secretary

Council Meeting Date: 21 November 2023

File Ref: CM7.6

Purpose:

To provide an update on the Central Queensland Hydrogen (CQ-H2) project.

Officer's Recommendation:

That the deputation from Stanwell Corporation be received.

Background:

Deputation details are as follows:

Time of Presentation	9:10am
Duration of Presentation plus question time	15 mins
Speakers to present	Phil Richardson, General Manager Hydrogen Development Michel McGroarty, Project Director Rob Uilly, Access, Approvals and Stakeholder Engagement
Is the matter currently or has previously been subject to legal proceedings?	No
Matter for information only	Yes

Attachments:

1. CQ-H2 Presentation

G/4. OFFICERS' REPORTS

G/4.1. ANNUAL REPORT 2022/23

Responsible Officer: General Manager People and Strategy

Prepared By: Corporate Planning Specialist

Council Meeting Date: 21 November 2023

File Ref: CM18.1

Purpose:

The purpose of this report is to seek Council endorsement of the Gladstone Regional Council 2022/23 Annual Report.

Officer's Recommendation:

That Council adopt the 2022/23 Gladstone Regional Council Annual Report provided as Attachment 1 to the report.

Summary:

The Annual Report is a community facing interactive document that showcases the performance, achievements and challenges faced by our organisation during the 2022/23 financial year.

Early in the year it was decided to deliver a refined 2022/23 Annual Report while still meeting legislative requirements and including important information, allowing the teams involved to redirect energy into more timely storytelling in the quarterly reporting cycle.

The report tells a story of agility, determination and collective delivery across our region resulting in Council successfully delivering all eight of our priority initiatives from our Operational Plan.

The report shows total expenditure of \$238.9M inclusive of a \$62.5M capital works program, and total revenue of \$261.9M.

This year, inflation increased our expenses for managing our \$2.9B worth of assets, particularly in water, waste and wastewater.

We delivered an **operating surplus of \$13.2M** despite cost pressures associated with a 20-year high inflation.

Link to Corporate Plan:

Accountable Council - We are providing good stewardship built on a foundation of trust.

Background:

This Annual Report is the second against the delivery of Council's Corporate Plan 2021-2026 and highlights our financial position for 2022/23.

Within the report Council demonstrates collaboration and connection with our community. We also share challenges faced by Council along with our actions to respond to these challenges.

Interactive links are embedded within this report to enhance the reader's experience. By clicking on links within the Table of Contents the reader can instantly move to that content.

The Annual Report is Council's primary report to the community, documenting our progress and achievements for the 2022/23 financial year and relating this to our Operational and Corporate Plans. This report also includes the final audited financial statements for the reporting period 1 July 2022 to 30 June 2023, as audited by the Queensland Audit Office.

The theme for this year's report is *Proudly GRC*. There are many examples of proud moments for Council and our people as we worked together, both internally and externally with our communities, businesses, industries and other agencies to meet our community's needs.

We moved towards our desired culture with a positive shift confirmed in our Culture Pulse Survey in May 2022, showing improvements across all culture measures. Our safety focus extended to cyber security to keep our business and community safe with training and programs providing knowledge and tools required to safeguard our platforms. Our enhanced firewall blocked over 8.83 million cyber threats.

The launch of the Gladstone Region Economic Transition Roadmap, in November 2022, identifies what is required to adapt to a rapidly changing energy sector and will support positive economic transition for our community.

Numerous community events were held to foster connection and livability including Luminous with more than 25,000 people in attendance, Grease the Musical, Easter in Gladstone and Festival of Summer. More than \$123,000 was raised for three local beneficiaries at the 2023 Mayor's Charity Ball.

Risk Management Summary:

The completion of this Annual Report meets our legislative obligations as well as providing community confidence and transparency into what we do. Annual Reports also help us in addressing two of our Corporate Risks: Corporate Governance and Financial Sustainability.

Options and Opportunity Analysis:



The Annual Report features performance outcomes of our 2022/23 Operational Plan initiatives. Each year the delivery of our Operational Plan moves us closer to achieving the goals set out in our five-year Corporate Plan and delivering for our community. The 2022/23 year delivered the second Operational Plan outworked from our 2021-2026 Corporate Plan.

In 2022/23 Council **delivered 8 of our 8 Operational Plan initiatives**. This 100 per cent completion rate of our priority initiatives is the first in more than ten years.

GOAL	INITIATIVE	Progress	Status
Connecting Communities	Community Profiling	100%	●
Delivering Value	Works Delivery	100%	●
	Understanding Future Waste Needs for our Region	100%	●
Resilient Economy	Enabling Future Industries with our Infrastructure	100%	●
Our People	Creating Constructive Culture	100%	●
Accountable Council	Enabling Future Financial Sustainability	100%	●
	Records Management	100%	●
	Stretch Reconciliation Action Plan	100%	●

● Achieved ● Not achieved

At 30 June 2022, four previous initiatives from our 2021/22 Operational Plan were incomplete. These initiatives were continued and completed in 2022/23:

- Community Profiling ●
- BackflowID App and Tag System ●
- Waste Management and Resource Recovery Business Case ●
- Transition Economy ●

Delivered
\$62.5M
capital works program

116%
of the target for
financial completion

5 out of 6
sustainability targets met.
Please refer to page 84 for
further details

Total consolidated operating expenditure in 2022/23 was **\$238.9M**. This included **\$70.6M** in employee benefits – predominately wages and superannuation costs, **\$100.8M** in material and services for our operational and maintenance works, **\$3.0M** in finance costs and **\$54.8M** for depreciation and amortisation, **\$62.5M** was also expended on our Capital Works Program, including \$1.4M at Gladstone Airport Corporation, \$3.8M on fleet replacement, \$2.2M on the Gladstone Waste Water Treatment Plant upgrades and \$1.9M on Mount Alma Road gravel re-sheeting.

Total consolidated operating revenue in 2022/23 was **\$261.9M** with **\$168.4M** generated from rates and charges, **\$26.7M** received in fees and charges, **\$29.5M** from federal and state government grants and subsidies, **\$18.4M** from state government entity income tax equivalents and **\$18.9M** from other sources.

Council worked hard to record an operating **surplus of \$13.2M** for the financial year 2022/2023.

Stakeholder Engagement:

This year’s streamlined approach to the Annual Report saw a strong cross functional team focus, to collectively deliver. The Annual Report Working Group was formed in mid-2023 and included collaboration from Strategy and Improvement, Brand and Communications, Finance, Governance and Risk and Internal Audit.

Relevant Teams have supplied the content for inclusion in the report, and the Executive Leadership Team have reviewed and provided feedback.

Legal and Regulatory Implications:

Local Government Regulation 2012 s182 legislates the requirement for Council to prepare an Annual Report within one month from the date the Auditor General certifies the annual financial statements.

Local Government Act 2009 s104(5)(b) requires the preparation of the Annual Report to be a core integrated part of Councils financial management systems.

Financial and Resource Implications:

The 2022/23 Annual Report has been completed internally by Council officers.

Anticipated Resolution Completion Date:

Published to Council's website within one week from resolution.

Attachments:

1. 2022/23 Gladstone Regional Council Annual Report

G/4.2. FINAL MANAGEMENT REPORT

Responsible Officer: General Manager Finance Governance and Risk

Prepared By: Financial Controller

Council Meeting Date: 21 November 2023

File Ref: FM4.4

Purpose:

To present a copy of the Final Management Report to ensure transparency and accountability of Council regarding audit findings.

Officer's Recommendation:

That Council note the Final Management Report (Attachment 1 to the report) provided to Council in accordance with Section 213 of the Local Government Regulation 2012.

Summary:

The Queensland Audit Office has completed the 2023 financial audit and provided a Final Management Report to Mayor Burnett. Highlights from the Final Management Report include:

- No significant deficiencies were identified
- Two new deficiencies were identified
- Four deficiencies were identified in the interim letter
- Two unresolved deficiencies remain from a prior year
- Timeframes for resolution provided in letter

Link to Corporate Plan:

Accountable Council - We are providing good stewardship built on a foundation of trust.

Background:

Under Section 213 of the Local Government Regulation 2012, the Mayor of a local government must present a copy of the auditor-general's observation report at the next ordinary meeting of the local government. The interim and final letters prepared by the Queensland Audit Office are these observation reports.

The final letter is provided to detail the results of the audit work performed. The report assesses the design and implementation of internal controls and whether they operate effectively. The report also details any financial reporting issues and other matters that should be considered.

The final letter for 2022-2023 reported no new significant deficiencies in Council's internal controls. There are however six current year deficiencies and two prior year unresolved financial reporting issues, which management have committed to resolving within the noted timeframes.

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA 21 NOVEMBER 2023

New Current Year Deficiencies		
Observation	QAO Recommendation	Management Response
GIS reconciliation to Fixed Asset Register	Annual assessment (by physical inspection) between GIS and the Mydata (application data management system) so that this data that interfaces into the FAR reflects an accurate position of all assets controlled and owned by GRC	Management have planned field visits to attend onsite more frequently (currently on an ad-hoc basis) with a camera crew to reconcile between Mydata and GIS. Action date: 30 June 2024
WIP capitalisation	The GRC finance team and asset management team should ensure that all commissioned assets are transferred to the relevant class of PPE and depreciated appropriately from the date of transfer. The WIP review should also ensure that there are no operational or other non capital expenses included as an asset within the WIP account at period end.	Management will assess WIP balances on a frequent basis (compared to the annual reconciliations) with the asset team to assess each open project. Management will examine external documentation for the asset's completion status as part of this assessment. Action date: 30 June 2024
Current year issues identified in Interim Letter		
Observation	Status Update	
General journal approval process in TechOne.	Currently outworking this solution with TechnologyOne. Not expecting any delays to resolution date. Action date: 30 June 2024	
Cyber security controls can be strengthened by use of multi-factor authentication	MFA is not available for the system identified during the audit. Other mitigating controls have been applied. It is important to note that this system is a standalone cloud system with unique user access credentials and does not pose a risk to other systems. It is the opinion of management that this risk has been mitigated appropriately, and we will seek to close out this issue with the new auditors. Action date: 30 June 2024	
User driven TechOne delegation of authority	Project allocated to new resource in systems team. It is anticipated that position-based profiles will be implemented as a staged approach as Council migrates from TechOne Ci to TechOne Ci Anywhere (CiA). All profiles should be position based by resolution date of 30 June 2025. Action date: 30 June 2025	
TechOne batch scheduler change approvals	Quarterly review process implemented. Issue resolved prior to resolution date of 31 December 2023 Action date: 31 December 2023	
Prior year unresolved issues		
Observation	Status Update	
Capital work in progress process improvements	The restructure of the finance team saw the two asset accounting roles filled after a period of extended vacancy. After focusing their immediate efforts on year-end processing, the team have now shifted their focus to regular contact with the works delivery team, to ensure that projects are capitalised in a timely manner. Further, the business has recently completed an internal audit relating to capitals projects, with the outcomes expected to drive further improvement in this space. Revised action date: 30 June 2024	
Improvement of the three way-match process required	Management have recently undertaken a planning session with TechnologyOne to identify the correct sequencing of major projects across the 2023-2025 period. As a result, the procure-to-pay project has been scheduled for January-June 2025. Revised action date: 30 June 2025	

Risk Management Summary:

Council's Risk Management Framework has been applied to understand the level or risk or exposure that each deficiency exposes the organisation to. This has been used to frame our management response.

Options and Opportunity Analysis:

N/A.

Stakeholder Engagement:

All impacted leaders have been consulted on the required actions to close the gap on the identified deficiencies and ensure the required resources are allocated to complete the actions within the agreed timeframes.

The Audit Risk and Improvement Committee have been provided with the closing report, which provides detailed audit findings.

Legal and Regulatory Implications:

Section 213 of the Local Government Regulation 2012 requires the Mayor of a local government to present a copy of the auditor-general's observation report at the next ordinary meeting of the local government. This report meets this legislative obligation.

Financial and Resource Implications:

N/A.

Anticipated Resolution Completion Date:

N/A.

Attachments:

1. Gladstone Regional Council Final Management Report FY23

G/4.3. MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 31 OCTOBER 2023

Responsible Officer: General Manager Finance Governance and Risk

Prepared By: Management Accounting Specialist

Council Meeting Date: 21 November 2023

File Ref: FM15.1

Purpose:

This report seeks Council adoption of the Monthly Financial Statements for the year 2023-24 to date, for the period ended 31 October 2023.

Officer's Recommendation:

That Council adopt the Monthly Financial Statements attached to the officer's report for the 2023-24 year to date, for the period ended 31 October 2023 as required under Section 204 Local Government Regulation 2012.

Summary:

N/A

Link to Corporate Plan:

Accountable Council - We are providing good stewardship built on a foundation of trust.

Background:

The 2023-24 budget was adopted on 20 June 2023, with a projected operating surplus of \$5.9m.

Comparatives in both the Statement of Income & Expenditure and Statement of Financial Position have now been updated to reflect 30 June 2023 audited figures.

To allow for greater transparency and scrutiny of Councils operating position throughout the year, annual rating revenue and service charges have been applied across the year rather than in the period of the rates generation.

The percentage of year passed (pro-rata rate) as at 31 October 2023 is 33.42 %

Major movements and variances from budget, as well as points of interest are as follows:

Statement of Income and Expenditure**Income**Recurrent Revenue

Total recurrent revenue	2023-24	Actual as %
Actual	\$59.2m	
Budget	\$272.2m	21.75%
Forecast	\$272.2m	21.75%

Of note:

Net rates and utility charges	2023-24	Actual as %
Actual	\$44.6m	
Budget	\$181.4m	24.59%
Forecast	\$181.4m	24.59%

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, with notices issued to ratepayers in August. These charges have been split across the course of the year, to align with the delivery of these services.

Discounts of \$14.0m have been applied for payments received by the due date, 93.6% of budget.

Water consumption revenue will be raised upon completion of the water meter reading cycles during the year (July-December 2023 and January-June 2024).

Total interest revenue	2023-24	Actual as %
Actual	\$2.2m	
Budget	\$4.8m	45.60%
Forecast	\$4.8m	45.60%

Interest revenue at a rate of 4.49% has been received from Queensland Treasury Corporation for the month of October and current term deposit rates are yielding up to a 5.43% return to Council.

QTC interest is yielding favorably and will be reviewed in the Q1 forecast.

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA 21 NOVEMBER 2023

Sales revenue	2023-24	Actual as %
Actual	\$4.2m	
Budget	\$3.3m	128.3%
Forecast	\$3.3m	128.3%

The Dawson Highway Drynan Drive Intersection recoverable works project has now been completed and the final progress claim has been received. At the time of budget, it was expected that the majority of this project would be complete by 30 June. The Q1 forecast will be adjusted to reflect this rollover in both revenue and expenses.

Income tax equivalents	2023-24	Actual as %
Actual	\$0.1m	
Budget	\$14.1m	0.42%
Forecast	\$14.1m	0.42%

The budget for 2023-24 includes \$13.8m from the Gladstone Area Water Board (GAWB), based on a significantly improved position reported by GAWB. This income is generally confirmed and paid in the final quarter of the year.

The remaining forecast relates to income tax equivalents from the Gladstone Airport Corporation (GAC), which are received and recognised after the end of each quarter.

General purpose grant	2023-24	Actual as %
Actual	\$0.1m	
Budget	\$9.0m	1.14%
Forecast	\$9.0m	1.14%

Council has received confirmation of the Financial Assistance Grant allocations for the 2023-24 year. An advance payment of \$9.5m was received in June 23, representing 100% of the Financial Assistance Grant allocations for the 2023-24 year.

The budget for 2023-24 was based on the assumption that 75% of the 2024-25 allocation will be received as a prepayment, expected in June 2024.

Grants, subsidies, contributions and donations (excluding the general-purpose grant)	2023-24	Actual as %
Actual	\$0.5m	
Budget	\$36.7m	1.49%
Forecast	\$36.7m	1.49%

Of the \$36.7m grants and subsidies revenue, \$33.7m is State Government Reconstruction of Essential Public Assets (REPA) grants. Approval has since been granted for \$36.9m REPA funding. The Q1 forecast will be adjusted to reflect the increased funding, along with a more accurate breakdown for REPA operational and capital works.

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA 21 NOVEMBER 2023

The table below details both operating and capital REPA projects in progress.

Submission	Approved Funding amount	YTD Expenditure	YTD Claims Received	YTD work yet to be claimed	Percent complete
South	\$14.3m	\$0.8m	\$0.1m	\$0.7m	5.25%
Central	\$1.6m	\$0.1m	\$0.0m	\$0.1m	3.70%
Western	\$12.7m	\$0.2m	\$0.1m	\$0.1m	1.78%
Sealed Roads	\$1.6m	-	-	-	-
Granite Creek	\$6.7m	\$0.0m	\$0.0m	-	0.06%
TOTAL	\$36.9m	\$1.0m	\$0.2m	\$0.8m	

Capital Revenue

Capital revenue	2023-24	Actual as %
Actual	\$2.1m	
Budget	\$19.6m	10.95%
Forecast	\$19.6m	10.95%

Capital revenue includes grants and developer contributions.

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. The Q1 forecast endorsed in November will reflect updated state and federal grants revenue by the grants team.

Capital grants revenue budgeted, forecast and recognised for significant projects is detailed below.

Project	Budget	Forecast	Actual
State Government Grants & Subsidies			
TBG - Bonsai House Utility Services	\$1.8m	\$1.8m	\$0.1m
Tom Jeffrey Memoria Park Bridger Renewal	\$1.0m	\$1.0m	\$0.6m
Agnes Street New Carpark	\$0.3m	\$0.3m	\$0.0m
Gladstone Sewer Manhole Replacement	\$0.4m	\$0.4m	\$0.0m
AWWTP Back Up Generator Supply	\$1.0m	\$1.0m	-
Other State Government Funding	\$4.8m	\$4.8m	\$0.2m

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Project	Budget	Forecast	Actual
Federal Government Grants & Subsidies			
Miriam Vale Community Centre Upgrade	\$1.7m	\$1.7m	\$0.0m
Apex Park Retaining Wall Renewal	\$0.4m	\$0.4m	\$0.0m
Red Rover Road Bridge Renewal	\$0.5m	\$0.5m	-
Round Hill Road Pavement Renewal	\$1.5m	\$1.5m	\$0.0m
Glenlyon/Tank/ Derby Streets Traffic Calming Scheme	\$0.7m	\$0.7m	-
Lowmead Road Safety and Sealing Upgrade	\$4.1m	\$4.1m	-
Asphalt Overlays	\$0.1m	\$0.1m	\$0.7m
Other Federal Government Funding	\$0.2m	\$0.2m	\$0.2m

Expenditure

Recurrent expenditure

Total recurrent expenditure	2023-24	Actual as %
Actual	\$75.1m	
Budget	\$266.3m	28.19%
Forecast	\$266.3m	28.19%

Of note:

Employee benefits	2023-24	Actual as %
Actual	\$22.0m	
Budget	\$72.2m	30.45%
Forecast	\$72.2m	30.45%

Employee benefits are the largest component of Councils recurrent expenditure. A vacancy rate of 8.5% has been factored into the 2023-24 budget. The average vacancy rate year to date is 7.6%.

Consultants	2023-24	Actual as %
Actual	\$1.0m	
Budget	\$6.7m	14.46%
Forecast	\$6.7m	14.46%

Spending on Consultants typically lags throughout the year. The amounts included in the budget will be revisited in the forecast process.

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA 21 NOVEMBER 2023

The budget includes \$1.8m relating to the Works Delivery Improvement Plan. It is anticipated that most of this expenditure will be incurred in the second half of the year.

Contractors	2023-24	Actual as %
Actual	\$9.9m	
Budget	\$57.6m	17.20%
Forecast	\$57.6m	17.20%

Contractor spend has been low year to date, however this is consistent with previous years.

Activities with significant contractor budgets include:

- REPA projects - \$33.7m - current spend detailed above
- Water & Sewerage - \$6.5m - current spend \$2.8m
- Waste - \$6.5m - current spend \$2.0m
- Parks & Cemeteries - \$3.2m - current spend \$0.8m
- Roads - \$2.3m - current spend \$0.5m
- Recoverable Works - \$0.8m - current spend \$3.4m - reflected in increased sales revenue above

REPA and recoverable works activities will be reviewed and updated in the Q1 forecast.

Statement of Financial Position

	Current Value	Budget	Variance (Actual to Budget)	Forecast	Variance (Actual to Forecast)
Year-to-date Assets	\$2.9b	\$2.8b	4.99%	\$2.8b	4.99%
Year-to-date Liabilities	\$314.1m	\$179.7m	74.81%	\$179.7m	74.81%
Year-to-date Liabilities (excl. unearned rates revenue)	\$197.2m	\$179.7m	9.74%	\$179.7m	9.74%

Liabilities have been presented both including and excluding unearned rates revenue. The two will converge and be the same by June 2024, as all rates revenue is recognised on the profit and loss.

The budget for assets and liabilities reflects the expected positions at 30 June 2024.

Significant balance sheet movement is still expected to occur throughout the year:

- Cash to decrease as expenses are incurred and loan repayments are made
- Property, plant and equipment balances to move based on capital expenditure, depreciation and revaluations
- Unearned rates revenue to decrease as recognised on the profit and loss each month
- Borrowings to decrease as loan repayments are made

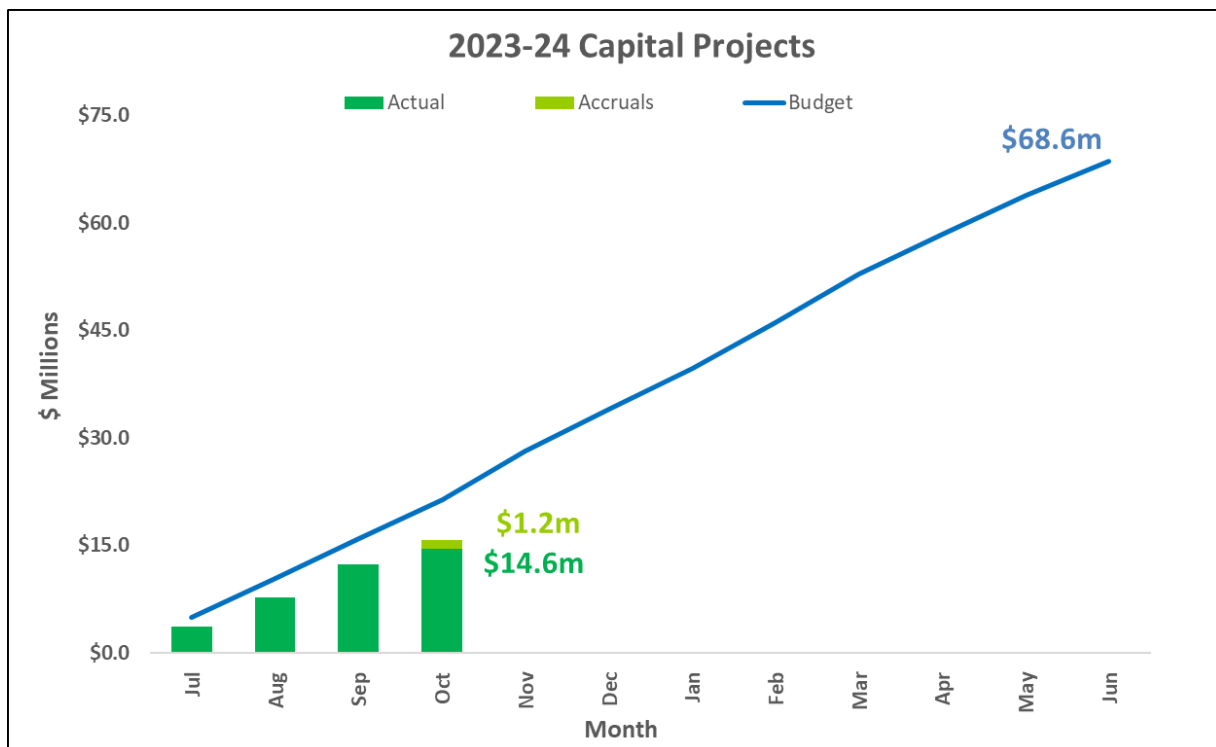
Capital Expenditure

Regular forecasting is undertaken by the project delivery team. The current estimate of capital expenditure for the 2023-24 year is \$75.9m.

It is not uncommon for this estimate to spike at the beginning of the financial year, due to the identification of rollover projects from the previous year. Past trends indicate that this estimate will reduce throughout the year as timelines are refined for projects planned at the end of the financial year. An updated forecast will be provided throughout the tables and graphs below when the Q1 forecast is endorsed in November.

	Actual	Budget	Actual as % of Budget	Forecast	Actual as % of Forecast
Year to date capital expenditure	\$15.8m	\$68.6m	22.96%	\$68.6m	22.96%

Accrual estimates of \$1.2m have been included in the actuals, to account for major claims relating to October work.



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

Group	YTD Actual	Budget	Actual as % of Budget	Forecast	Actual as % of Forecast
Roads	\$7.2m	\$22.9m	31%	\$22.9m	31%
Sewerage	\$2.1m	\$12.4m	17%	\$12.4m	17%
Delivery Support and Performance	\$1.8m	\$6.0m	30%	\$6.0m	30%
Property Assets	\$1.9m	\$6.1m	31%	\$6.1m	31%
Asset Governance	\$0.0m	\$2.1m	0%	\$2.1m	0%
Waste	\$0.0m	\$1.0m	2%	\$1.0m	2%
Parks	\$1.1m	\$3.5m	32%	\$3.5m	32%
Community & Lifestyle	\$0.0m	\$0.9m	4%	\$0.9m	4%
Water	\$0.8m	\$5.7m	13%	\$5.7m	13%
Strategic Projects	\$0.4m	\$6.0m	7%	\$6.0m	7%
Other	\$0.4m	\$1.9m	23%	\$1.9m	23%
Total	\$15.8m	\$68.6m	22.96%	\$68.6m	22.96%

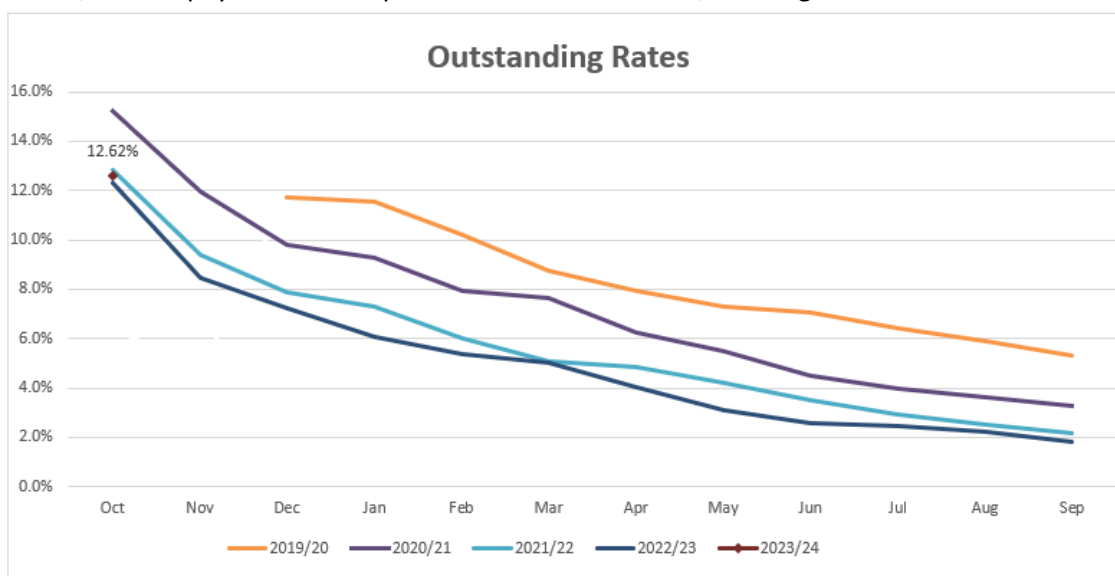
Outstanding Rates

Outstanding rates, as a percentage of gross rates levied 2023-24, and collectible, is 12.62% at the end of October 2023, compared to 12.33% for the same period last year, 2022-23.

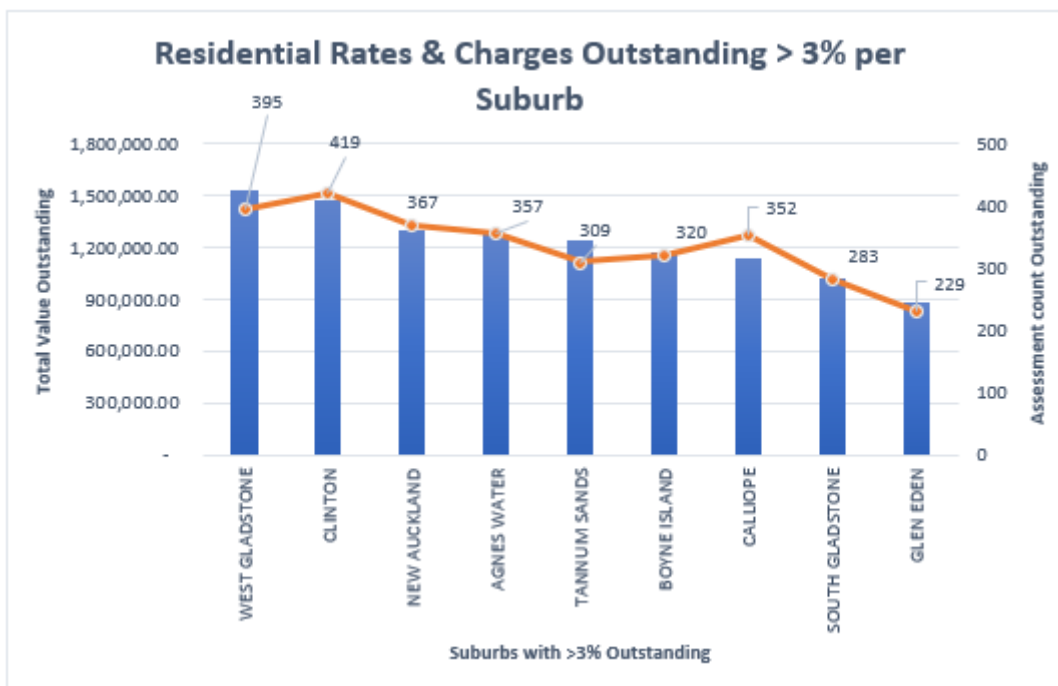
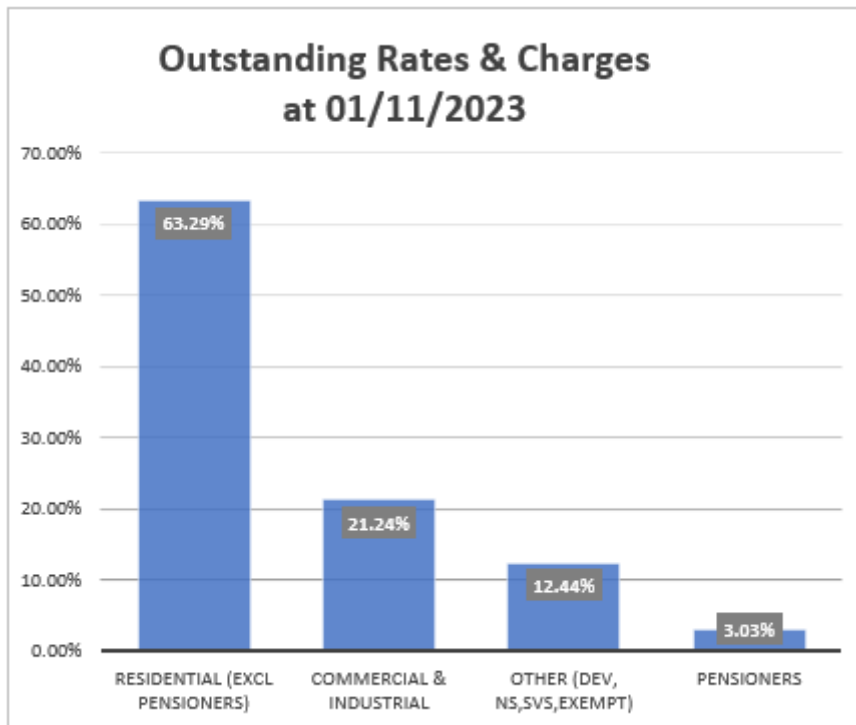
Of the \$25.27m of outstanding rates 21.24% relates to commercial/industrial assessments and 78.76% represents residential assessments.

These figures include \$4.68m of rates that are currently being repaid under an authorised payment plan, for which there were 32 commercial/industrial assessments and 1369 residential assessments. A total of 1401 assessments, which is an increase from 1067 assessments in September 2023 (this movement is a result of new arrangements entered into since rates notices were issued).

There were 4,774 ratepayers who had paid their rates in advance, totalling \$4.5m.



*2019-20 discount date extended by 60 days



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.

In recognition of the diversity of local governments throughout Queensland a new Financial Management (Sustainability) Guideline 2023 has been released. This guideline will take effect from the 2023-24 annual statutory financial reporting period.

Key updates from the 2013 monitoring and reporting framework are:

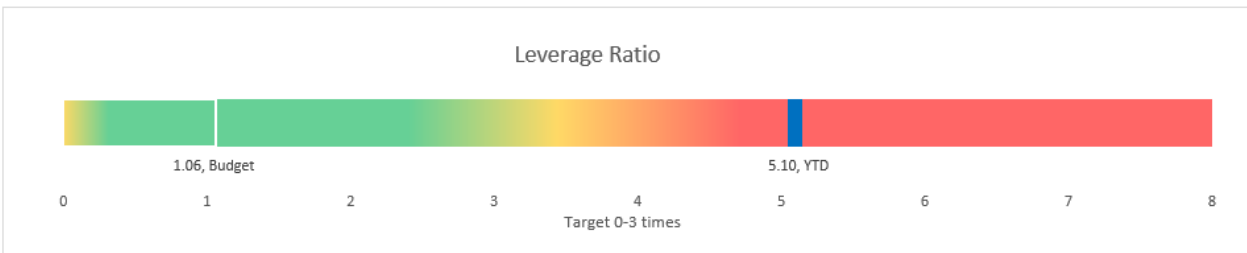
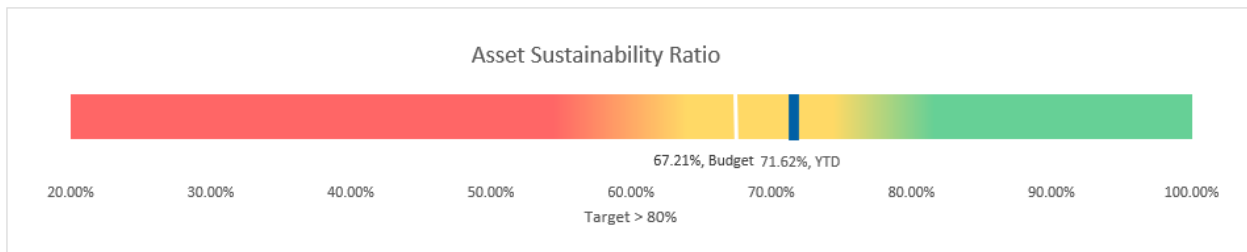
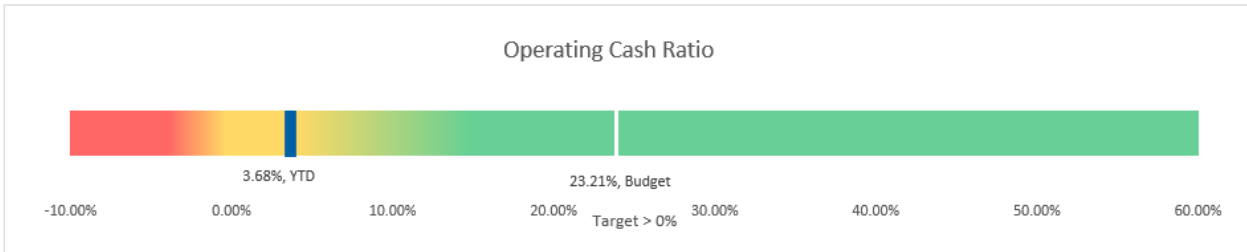
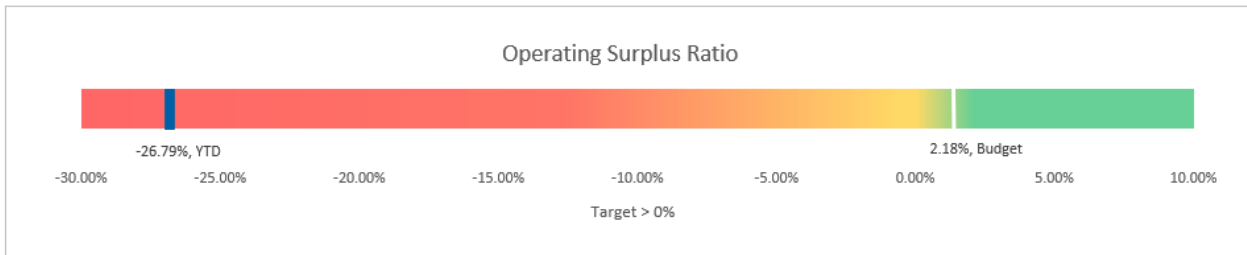
- Grouping of similar Councils for sustainability monitoring and reporting to better reflect the varied drivers and circumstances of the sector
- Expanding of the number of financial sustainability measures from three to nine
- Revision of targets for each measure based on councils allocated grouping
- A small number of contextual measures with no targets have been included
- To normalise the impacts of one-off events, all ratios, apart from two, are reported on a rolling 5-year average basis as well as single year result.

The October monthly report includes five of the nine ratio measures, with further measures to be introduced throughout the year.

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA 21 NOVEMBER 2023

Ratio Explanation	Target	2023-24 Budget	Current YTD		5 Year Average		Commentary
Financial Capacity							
<p>Council Controlled Revenue Ratio: Council controlled revenue is an indicator of councils financial flexibility, ability to influence its operating income, and capacity to respond to unexpected financial shocks.</p> <p>A higher council-controlled ratio indicates a stronger ability to generate revenue without relying on external sources. Councils with a high ratio generally have a healthy rate base and are better able to respond to unexpected financial obligations such as natural disaster recovery. A lower council-controlled revenue ratio indicates that a council has limited capacity to influence its operating revenue and that it is more reliant on external (and usually less reliable) sources of income such as grant finding, sales and recoverable works contracts and rental income.</p> <p>This ratio is contextual only therefore has no target measure</p>		73.42%	85.95%		85.06%		<p>Although there is no target for this ratio, the high 5 year average indicates Council's strong position to generate revenue without heavy reliance on other external sources.</p> <p>The results are expected to trend closer to the average as the year progresses, and other sources of revenue are recognised (i.e. grants)</p>
Operating Performance							
<p>Operating Surplus Ratio: The operating surplus ratio is an indicator of the extent to which operating revenues generated cover operational expenses. Any operating surplus would be available for capital funding or other purposes.</p> <p>An operating surplus ratio below 0% is an indication that a councils operating expenses exceed its revenue. An operation deficit in any one year is not a cause for concern if, over the long term, a council achieves a balanced operating result or small surplus.</p> <p>Target measured over a five-year average</p>	> 0%	2.18%	-26.79%	●	-11.08%	●	<p>The negative 5 year average is primarily due to the QTC loan restructure and recognition of a deferred liability for bulk water purchases in 2020-21.</p> <p>The current year result is affected by minimal dividend and grant income recognised to date. As both the dividend and financial assistant grant is expected in the last quarter of the year this ratio may continue on a negative trend, however the operating surplus is forecast to be positive in 2023-24.</p>
<p>Operating Cash Ratio: The operating cash ratio is a measure of a councils ability to cover its core operational expenses and generate a cash surplus excluding depreciation, amortisation and finance costs.</p> <p>A positive operating surplus indicates that a council is generating surplus cash from its core operations, which suggests that council has the ability to self-fund expenditure requirements. A negative operating cash ratio is a significant indicator of financial sustainability challenges and potential future liquidity issues as , all other things being equal, a negative result means that a councils cash position is declining and revenue are not offsetting the cost of core operational requirements</p> <p>Target measured over a five-year average</p>	> 0%	23.21%	3.68%	●	19.34%	●	<p>The YTD ratio is indicative of cash flow variations throughout the year, however both the budgeted and 5 year average result of this ratio reflects the continuing strong cash position of Council proportional to operating costs.</p>
Asset Management							
<p>Asset Sustainability Ratio: The asset sustainability ratio approximates the extent to which the infrastructure assets managed by council are being replaced as the reach the end of their useful lives</p> <p>An asset sustainability ratio close to 100% suggests that a council is spending enough on the renewal of its assets to compensate for the deterioration in its asset base as loosely proxied by its reported depreciation, which outcomes too far below this level being potentially indicative of underspending against capital replacement requirements</p> <p>Target measured over a five-year average</p>	> 80%	67.21%	71.62%	●	76.44%	●	<p>Infrastructure renewals have accounted for 81.4% of capital expenditure YTD with the balance on new and upgrade projects. Renewal projects are not the major focus of the 2023-24 capital program, as indicated by the budgeted ratio result.</p>

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA 21 NOVEMBER 2023



Stakeholder Engagement:

This report seeks specialist input from relevant internal sources.

Legal and Regulatory Implications:

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

Anticipated Resolution Completion Date:

N/A

Attachments:

1. Monthly Financial Statements for the period ending 31 October 2023
2. Operating Statements for the month end 31 October 2023

G/5. COUNCILLORS REPORT

G/6. URGENT BUSINESS

G/7. NOTICE OF MOTION

G/8. CONFIDENTIAL ITEMS