



GLADSTONE
REGIONAL COUNCIL

**GENERAL MEETING NOTICE
AND AGENDA**

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

On Tuesday 21 May 2024

Commencing at 9.00am

**Mark Francis
CHIEF EXECUTIVE OFFICER, Acting**

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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 MAY 2024

Responsible Officer: Chief Executive Officer

Prepared By: Executive Secretary

Council Meeting Date: 21 May 2024

File Ref: CM7.2

Purpose:

Confirmation of the minutes of the General Meeting held on 7 May 2024.

Officer's Recommendation:

That the minutes of the General Meeting of Council held on 7 May 2024 be confirmed.

Attachments:

1. Minutes of the General Meeting of Council held on 7 May 2024.

G/3. DEPUTATIONS

G/4. OFFICERS' REPORTS

G/4.1. 2023/24 OPERATIONAL PLAN - QUARTER THREE PERFORMANCE REPORT

Responsible Officer: General Manager People and Strategy

Prepared By: Manager Strategy and Improvement

Council Meeting Date: 21 May 2024

File Ref: CM14.2

Purpose:

To present Council with the third quarterly performance report for the 2023/24 Operational Plan.

Officer's Recommendation:

That Council endorse the 2023/24 Operational Plan – Quarter Three Performance Report.

Summary:

- Eight of nine initiatives are on track to be delivered this financial year.
- One initiative reported as concern as at the end of the quarter, prioritising a mitigation plan during April which now sees the project back on track in May.
- Initiatives have progressed 71 per cent on average, a 21 per cent increase from last quarter.
- During the quarter, some of the initiatives submitted change requests for timeline revisions. Information about changes is detailed against each initiative. All changes were endorsed by the relevant Sponsor, with one change to scope endorsed by the Executive Leadership Team (ELT). No revisions extend the completion date past 30 June 2024.

Link to Corporate Plan:

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

Background:

- The 2023/24 Operational Plan was endorsed by Council on 20 June 2023 and identifies nine initiatives and 50 core services that progress delivery of the Corporate Plan 2021-2026.
- This report details progress for quarter three, January to March 2024.

Risk Management Summary:

Based on the progress to date, there is a low risk of the 2023/24 Operational Plan not being delivered in full and on time.

Options and Opportunity Analysis:

Access and Inclusion Action Plan - on track

Review of legislative and strategic and legislative changes has been completed, along with community engagement. Internal consultation on identified themes and actions was delivered and the draft Access and Inclusion Action Plan has been developed, ready for review by the community and Council.

Social Infrastructure Strategic Plan (SISP) - on track

Our SISP has been renamed to *Social Infrastructure Investment Priorities (SIIP)* to better reflect the intent of the document and align with business terminology. The need for this change was identified through internal consultation, along with recommendations to enhance the content and structure. To accommodate for the time taken to address these recommendations, the Sponsor has endorsed an extension to activities with the initiative set to be delivered by 30 June 2024.

Planning Scheme Review - on track

Internal and community engagement was undertaken this quarter, enabling capture of feedback and input to help inform the review and potential amendments to the Planning Scheme. A budget variation and revised payment schedule has been endorsed by the Sponsor, capturing an additional \$33,360 to account for the further community engagement our Councillors requested in a General Meeting in November 2023. A review of the current State Planning Policy (SPP) has also been completed.

Works Delivery - of concern

The Roads Priority Rating has been updated to streamline how road defect repairs are prioritised, enabling effective delivery of achievable maintenance targets in line with Council's endorsed service levels. The capability of planning resources has also been enhanced, which supports improvement in the performance of assets. The initiative was reported as of concern at the end of the quarter, although work undertaken in April 2024 has brought the initiative back on track to be completed by 30 June 2024.

Waste Education – on track

Levels for behaviour change in sustainable community waste management practices were identified and baseline measures developed, to enable monitoring of behaviour change. The Community Waste Education Program was also endorsed and published, ready to begin implementation next quarter.

Future of Fleet - on track

This initiative has been on hold with a critical milestone pending - finalising the Data Use Guidelines. Probity in procurement practices, resourcing and competing priorities have contributed to the delay in finalising this critical milestone. A timeline revision has been endorsed by the Sponsor, seeing all remaining milestones originally scheduled between December to April 2024, shifted to April to June 2024. The team anticipates resolution in April 2024 with an adjustment to the timeline still enabling the initiative to deliver by 30 June 2024.

Creating Constructive Culture – on track

All teams have debriefed on the outcomes of the culture survey delivered late last year. Enhanced culture learnings have been shared internally, helping teams to apply learnings from these outcomes which have also informed a review of the Culture Action Plan for 2024/25.

Psychosocial Safety - on track

Training has been delivered to employees to improve understanding of ways to effectively manage psychosocial risks. Early intervention strategies for extreme and high-risk psychosocial hazards have been identified. The Sponsor has endorsed extending completion of the initiative from March to 30 April 2024 to allow time for our new Manager Health Safety and Wellbeing to be onboarded, manage priorities, and dedicate quality time to ensure the deliverables get the attention they deserve. This change enables meaningful outcomes for the business without negatively impacting business-as-usual activities.

Information Management – on track

Progress on this initiative was paused this quarter with business-as-usual activities taking priority following a vacancy in the team that resulted from an internal recruitment process, and additional effort put towards preparing for the onboarding of our newly elected Councillor group. The Executive Leadership Team (ELT) endorsed a change to shift some milestones from quarter three to quarter four, as well as transition training and change management activities planned to occur with release of the framework to become business-as-usual activity in the new financial year.

Stakeholder Engagement:

This report is collated with internal resources and involves contributions from over 65 people across the business. Initiative progress is provided by Initiative Leads. Core service highlights are shared by employees across the business and reviewed by relevant Managers.

Legal and Regulatory Implications:

Section 174(3) Local Government Regulation 2021 (Preparation and adoption of annual operational plan) states that:

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

Financial and Resource Implications:

Allocated budget and spend to date for each Operational Plan initiative is detailed in the attached report. No additional funding has been sought to deliver the Operational Plan 2023/24.

This report is developed in-house using internal resources only.

Anticipated Resolution Completion Date:

22 May 2024 – Quarter Three report will be published on Council's website.

Attachments:

1. 2023/24 Operational Plan – Quarter Three Performance Report

G/4.2. MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 30 APRIL 2024

Responsible Officer: General Manager Finance Governance and Risk

Prepared By: Management Accounting Specialist

Council Meeting Date: 21 May 2024

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 30 April 2024.

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 30 April 2024 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. Council officers have undertaken a forecasting process, resulting in a forecasted operating surplus of \$7.1m compared to the budgeted operating surplus of \$5.9m. A further forecast is currently being undertaken and will be reflected in the May report.

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 of 30 April 2024 is 83.29%

Major movements and variances to forecast, 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 | \$182.0m | |
| Budget | \$272.2m | 66.85% |
| Forecast | \$243.9m | 74.61% |

Of note:

| Net rates and utility charges | 2023-24 | Actual as % |
|--------------------------------------|-----------------|----------------|
| Actual | \$143.2m | |
| Budget | \$181.4m | 78.94% |
| Forecast | \$182.3m | 78.57 % |

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 \$14.5m have been granted 2023-24 for payments received by the due date.

Water consumption revenue for January – June 2024 will be raised upon completion of the water meter reading cycle and accrued in July.

| Total interest revenue | 2023-24 | Actual as % |
|-------------------------------|---------------|----------------|
| Actual | \$7.1m | |
| Budget | \$4.8m | 147.22% |
| Forecast | \$4.8m | 147.56% |

Interest revenue at a rate of 4.83% has been received from Queensland Treasury Corporation for the month of April and current term deposit rates are yielding up to a 5.25% return to Council.

QTC interest is currently yielding favourably, however has been conservatively reviewed in the Q1 forecast allowing for a tapering off in the second half of the year with a reduction to cash balances as Council meets its expenditure and debt obligations. This will be revisited in the Q3 forecast.

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA - 21 MAY 2024

| Sales revenue | 2023-24 | Actual as % |
|----------------------|---------------|----------------|
| Actual | \$6.8m | |
| Budget | \$3.3m | 207.68% |
| Forecast | \$5.6m | 122.13% |

The Q1 forecast was adjusted to reflect the Dawson Highway Drynan Drive Intersection recoverable works project rollover for both revenue and expenses, however the final claim amount was still pending. Further updates will be undertaken in the Q3 forecast.

In addition, Road Maintenance Performance Contract (RMPC) recoverable works revenue has been updated in the Q1 forecast. Budget numbers were based on historical unit rates pending an updated two-year contract thus conservative estimates were applied at the time of doing the budget. Any revenue anticipated to be attained has been largely offset by the associated operating expenditure relating to recoverable work activities.

| Dividends | 2023-24 | Actual as % |
|------------------|---------------|----------------|
| Actual | \$1.1m | |
| Budget | \$0.5m | 214.69% |
| Forecast | \$0.6m | 189.66% |

The Gladstone Airport Corporation (GAC) dividend for FY2023 has been received, with the return being larger than forecasted. This will be adjusted in the Q3 forecast.

| Income tax equivalents | 2023-24 | Actual as % |
|-------------------------------|----------------|--------------|
| Actual | \$0.2m | |
| Budget | \$14.1m | 1.24% |
| Forecast | \$14.1m | 1.24% |

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. Confirmation has not yet been received.

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

| General purpose grant | 2023-24 | Actual as % |
|------------------------------|----------------|--------------|
| Actual | \$0.3m | |
| Budget | \$9.0m | 3.41% |
| Forecast | \$10.0m | 3.07% |

Council 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.

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The grant allocation has been updated in the Q1 forecast as per anticipated 2024-25 Cash Financial Assistance Grant Allocations from the QLD state development with the amount expected in June 2024. When further information is provided regarding the timing of these payments, the amount may be adjusted in the Q3 forecast.

| Grants, subsidies, contributions and donations (excluding the general-purpose grant) | 2023-24 | Actual as % |
|---|----------------|--------------------|
| Actual | \$4.0m | |
| Budget | \$36.7m | 10.93% |
| Forecast | \$4.0m | 100.85% |

During budget preparation, Reconstruction of Essential Public Assets (REPA) funding approvals were still pending, with amounts being allocated to the operating budget. It has since been established that an estimated 96% of REPA work carried out by GRC or external contractor, Loftus, is capital in nature. Capital revenue and expenditure are captured in the Q1 capital forecast, with operating revenue and contractor costs removed as a profit and loss line item.

Grants revenue has also been updated in the Q1 forecast to capture the Disaster Recovery Funding Agreements (DRFA) funding application for counter disaster operations, which has been activated for the Lowmead/Baffle creek bushfire. Expenses have been revised to offset revenue.

Capital Revenue

| Capital revenue | 2023-24 | Actual as % |
|------------------------|----------------|--------------------|
| Actual | \$27.2m | |
| Budget | \$19.6m | 138.59% |
| Forecast | \$45.6m | 59.63% |

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 grants revenue has been updated in the Q1 forecast based on forecasted expenses for the projects. This includes REPA funding which has been revised and included in the Q1 capital forecast, as per the note above.

A comprehensive breakdown of REPA projects is detailed under capital expenditure.

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA - 21 MAY 2024

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

| Project | Budget Revenue | Forecast Revenue | Actual Revenue Recognised |
|--|----------------|------------------|---------------------------|
| State Government Grants & Subsidies | | | |
| TBG - Bonsai House Utility Services | \$1.8m | \$1.0m | \$0.1m |
| Tom Jeffrey Memoria Park Bridger Renewal | \$1.0m | \$0.6m | \$0.6m |
| Agnes Street New Carpark | \$0.3m | \$0.4m | \$0.1m |
| Gladstone Sewer Manhole Replacement | \$0.4m | \$0.4m | \$0.3m |
| AWWTP Back Up Generator Supply | \$1.0m | \$1.0m | - |
| REPA Projects | - | \$29.6m | \$9.4m |
| Other State Government Funding | \$4.8m | \$4.3m | \$1.2m |

| Project | Budget | Forecast | Actual |
|---|--------|----------|--------|
| Federal Government Grants & Subsidies | | | |
| Miriam Vale Community Centre Upgrade | \$1.7m | \$1.7m | \$0.8m |
| Apex Park Retaining Wall Renewal | \$0.4m | \$0.3m | \$0.1m |
| Red Rover Road Bridge Renewal | \$0.5m | \$0.4m | \$0.1m |
| Round Hill Road Pavement Renewal | \$1.5m | - | \$0.0m |
| Glenlyon/Tank/ Derby Streets Traffic Calming Scheme | \$0.7m | \$0.4m | - |
| Lowmead Road Safety and Sealing Upgrade | \$4.1m | \$3.3m | \$1.1m |
| Asphalt overlays | \$0.1m | \$0.8m | \$1.1m |
| Other Federal Government Funding | \$0.2m | \$0.4m | \$0.5m |

Expenditure

Recurrent expenditure

| Total recurrent expenditure | 2023-24 | Actual as % |
|-----------------------------|----------|-------------|
| Actual | \$194.3m | |
| Budget | \$266.3m | 72.96% |
| Forecast | \$236.9m | 82.03% |

Of note:

| Employee benefits | 2023-24 | Actual as % |
|--------------------------|----------------|---------------|
| Actual | \$61.7m | |
| Budget | \$72.2m | 85.42% |
| Forecast | \$72.1m | 85.54% |

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 7.8%.

| Consultants | 2023-24 | Actual as % |
|--------------------|---------------|---------------|
| Actual | \$3.6m | |
| Budget | \$6.7m | 52.91% |
| Forecast | \$6.7m | 53.30% |

The consultants' Q1 forecast includes \$1.8m relating to the Works Delivery Improvement Plan. This amount will be revisited in the Q3 forecast, based on the progress of the program to date.

Other significant consultant forecasts include:

- Strategic Information and Technology - \$0.6m – current spend \$0.3m
- Asset Planning - \$1.2m – current spend \$1.0m
- Strategic Environment - \$0.3m - current spend \$0.03m

These estimates will also be revised in the Q3 forecast

| Contractors | 2023-24 | Actual as % |
|--------------------|----------------|---------------|
| Actual | \$25.0m | |
| Budget | \$57.6m | 43.35% |
| Forecast | \$26.9m | 92.61% |

The Q1 forecast for contractors has been revised with majority of REPA costs moved to Capital Expenditure.

Activities with significant contractor forecasts include:

- Water & Sewerage - \$7.7m - current spend \$7.3m
- Waste - \$6.6m - current spend \$5.5m
- Parks & Cemeteries - \$2.9m - current spend \$2.3m
- Roads - \$2.1m - current spend \$1.3m
- Recoverable Works - \$2.3m - current spend \$4.8m. Offset by sales revenue. At the time of completing the Q1 forecast the finalisation of recoverable works on Drynan Drive Intersection were still ongoing. This will be updated in the Q3 forecast.

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| Equipment Expenses | 2023-24 | Actual as % |
|---------------------------|---------------|----------------|
| Actual | \$2.9m | |
| Budget | \$2.9m | 100.61% |
| Forecast | \$3.1m | 93.55% |

Equipment expenses are reflecting high YTD primarily due to external equipment hire for Water and Sewerage activities. Equipment repairs at the Gladstone wastewater treatment plant have resulted in the requirement to hire external equipment to keep the plant functioning.

| Other Materials and Services | 2023-24 | Actual as % |
|-------------------------------------|----------------|---------------|
| Actual | \$7.5m | |
| Budget | \$10.4m | 72.03% |
| Forecast | \$11.0m | 68.37% |

Other Materials and services lag year to date. Primarily due to:

- Audit fees from the Queensland Audit Office minimal for the year to date.
- Lag in service payments for the Gladstone Aquatic Centre due to contract extension negotiations.
- Additional \$1m set aside during budget for additional mowing and slashing – intended to be utilised as labour, not materials. Reallocations will be made during the Q3 forecast to reflect this.

| Property Expenses | 2023-24 | Actual as % |
|--------------------------|---------------|---------------|
| Actual | \$2.6m | |
| Budget | \$4.2m | 63.26% |
| Forecast | \$4.4m | 60.33% |

Property expenses for Corporate Buildings and Facilities lags year to date. Primarily due to

- Corporate Cleaning - \$1.9m - current spend of \$1.0m
- Property repairs and maintenance – \$1.5m – current spend \$1.0m

This will be revised in the Q3 forecast

| Software Expenses | 2023-24 | Actual as % |
|--------------------------|---------------|---------------|
| Actual | \$2.8m | |
| Budget | \$3.8m | 72.14% |
| Forecast | \$3.9m | 71.62% |

Software expenses lag marginally year to date. This is partially attributable to the timing of licence payments, as well as CPI increases that are yet to apply. Projections will be revisited during the Q3 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 | 2.73% | \$2.8b | 0.84% |
| Year-to-date Liabilities | \$220.3m | \$179.7m | 22.59% | \$184.1m | 19.64% |
| Year-to-date Liabilities (excl. unearned rates revenue) | \$191.1m | \$179.7m | 6.32% | \$184.1m | 3.77% |

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 forecast 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.
- Receivables to decrease as rates are paid.
- Property, plant and equipment balances to move based on in year capital additions and disposals, as well as depreciation.
- 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 \$80.8m.

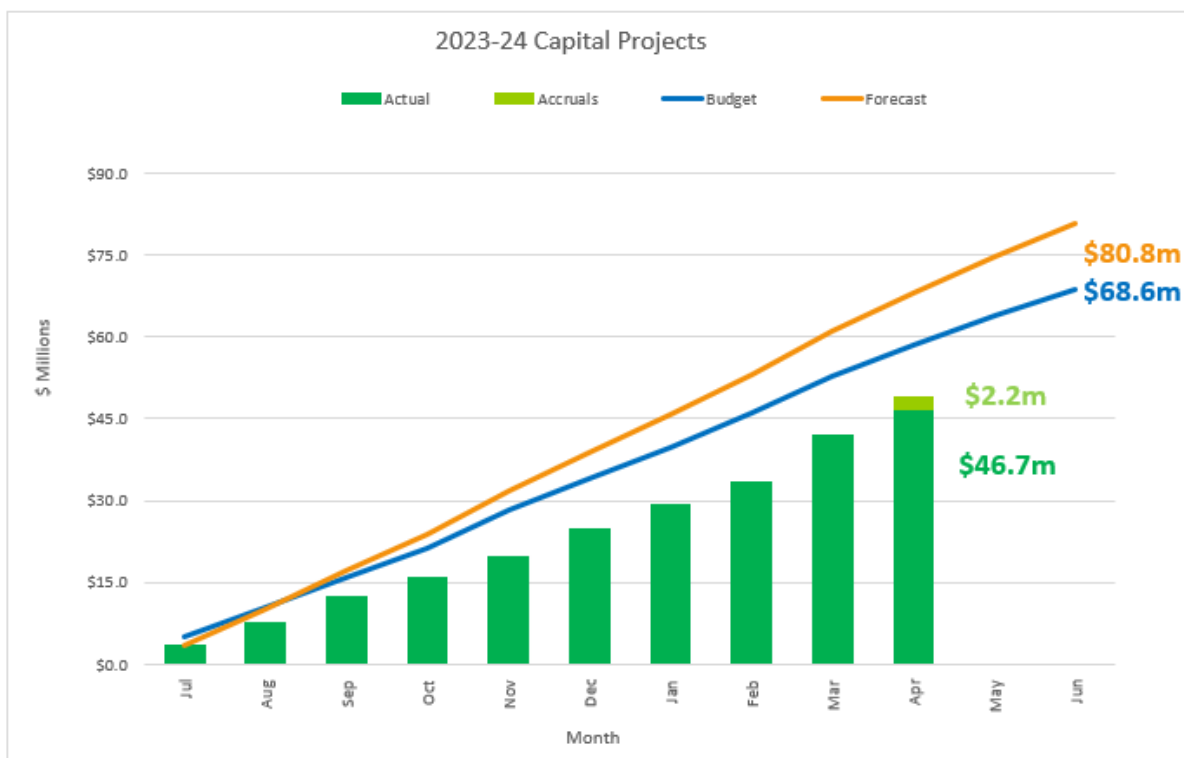
| | Actual | Budget | Actual as % of Budget | Forecast | Actual as % of Forecast |
|----------------------------------|----------------|----------------|------------------------------|-----------------|--------------------------------|
| Year to date capital expenditure | \$48.9m | \$68.6m | 71.24% | \$80.8m | 60.53% |

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA - 21 MAY 2024

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 | \$14.9m | \$22.9m | 65% | \$23.9m | 62% |
| Roads-REPA | \$11.6m | \$0.0m | 0% | \$20.6m | 56% |
| Sewerage | \$5.1m | \$12.4m | 41% | \$8.7m | 59% |
| Delivery Support and Performance | \$4.6m | \$6.0m | 77% | \$10.4m | 44% |
| Property Assets | \$5.3m | \$6.1m | 87% | \$6.1m | 88% |
| Asset Governance | \$0.0m | \$2.1m | 0% | \$0.1m | 0% |
| Waste | \$0.1m | \$1.0m | 13% | \$0.3m | 42% |
| Parks | \$1.7m | \$3.5m | 49% | \$2.6m | 65% |
| Community & Lifestyle | \$0.1m | \$0.9m | 13% | \$0.5m | 23% |
| Water | \$3.2m | \$5.7m | 55% | \$4.2m | 76% |
| Strategic Projects | \$0.8m | \$6.0m | 14% | \$1.1m | 77% |
| Other | \$1.5m | \$1.9m | 79% | \$2.3m | 65% |
| Total | \$48.9m | \$68.6m | 71.24% | \$80.8m | 60.53% |

Accrual estimates of \$2.2m have been included in the actuals, to account for major claims relating to April work.



Reconstruction of Essential Public Assets (REPA)

REPA projects in progress are detailed below (includes capital and operating):

| Submission | Approved Funding amount | YTD Expenditure | YTD Claims Received | YTD work yet to be claimed | Percent complete |
|-------------------|--------------------------------|------------------------|----------------------------|-----------------------------------|-------------------------|
| South | \$14.3m | \$8.7m | \$7.6m | \$1.1m | 60.75% |
| Central | \$1.6m | \$1.3m | \$1.2m | \$0.1m | 83.20% |
| Western | \$12.7m | \$2.9m | \$2.0m | \$0.9m | 22.92% |
| Sealed Roads | \$1.6m | \$0.5m | \$0.4m | \$0.1m | 30.61% |
| Granite Creek | \$1.7m | \$0.1m | \$0.1m | - | 8.23% |
| REPA Admin | - | \$0.2m | - | \$0.2m | - |
| TOTAL | \$31.9m | \$13.7m | \$11.4m | \$2.3m | |

Granite Creek \$4.9m has been postponed to the 24-25 capital budget. This is reflected in the capital forecast.

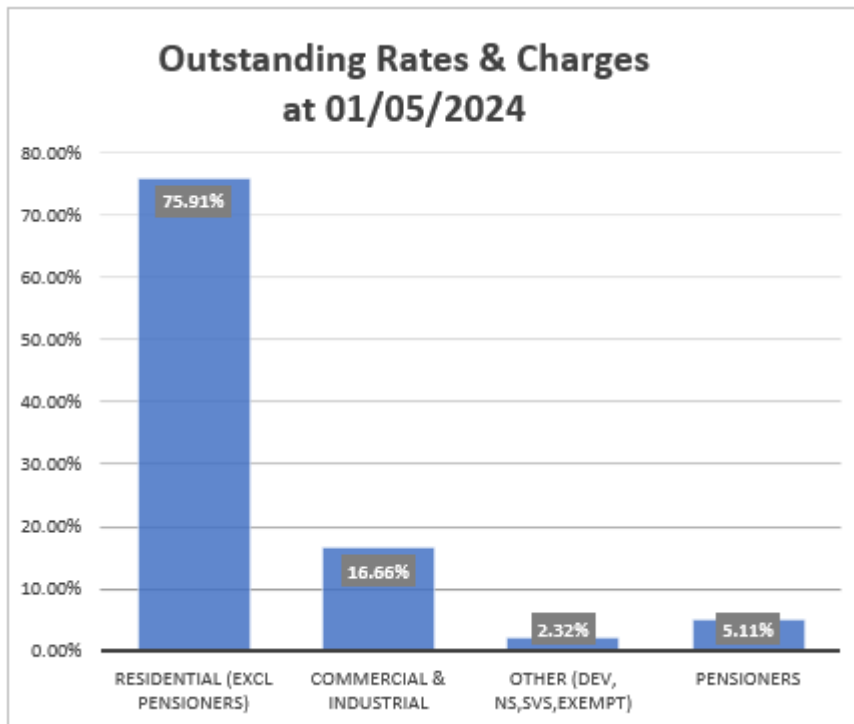
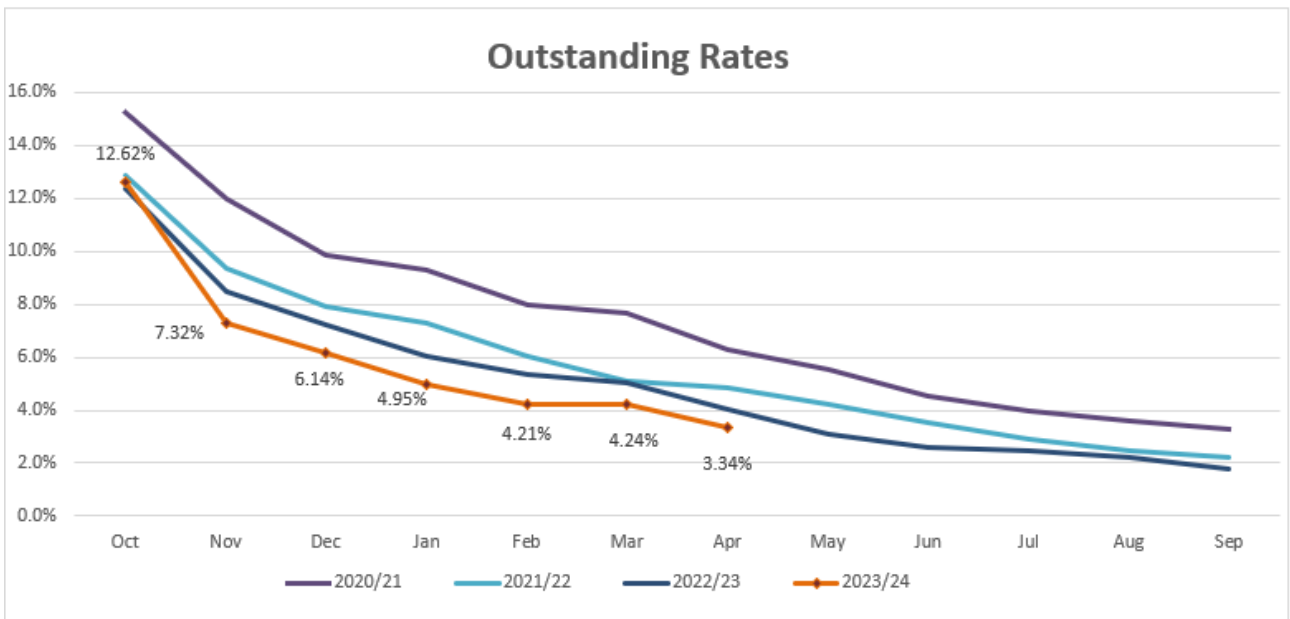
Outstanding Rates

Outstanding rates, as a percentage of gross rates levied 2022-23, and collectible, is at 3.34% at the end of April 2024, compared to 4.02% for the same period last year 2022-23.

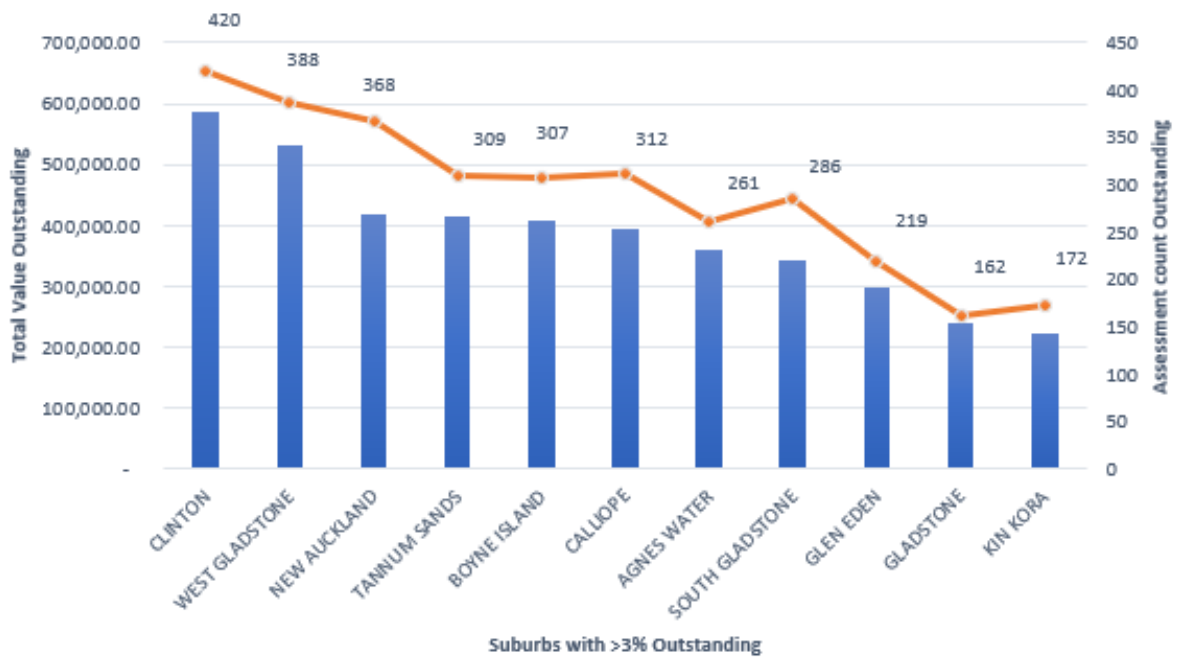
Of the \$7.0m of outstanding rates 16.66% relates to commercial/ industrial assessments and 83.34% represents residential assessments.

These figures include \$2.3m of rates that are currently being repaid under an authorised payment plan, for which there were 75 commercial/industrial assessments and 1591 residential assessments. A total of 1666 assessments, which is a decrease from 1678 assessments in March 2024 (this movement is a result of removal arrangements sold property, default arrangements and paid-up arrangements).

There were 6051 ratepayers who had paid their rates in advance, totalling \$9.9m.



Residential Rates & Charges Outstanding > 3% per Suburb



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.

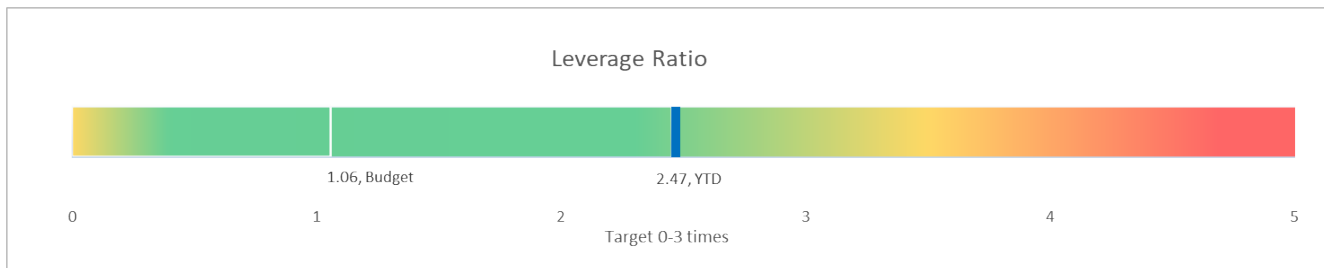
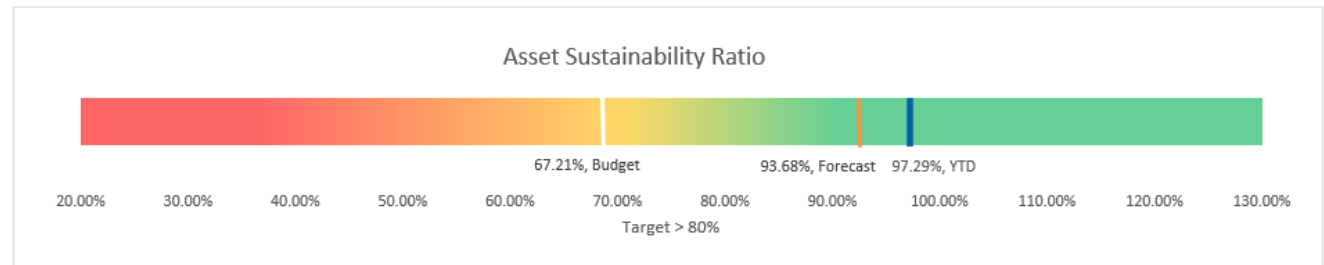
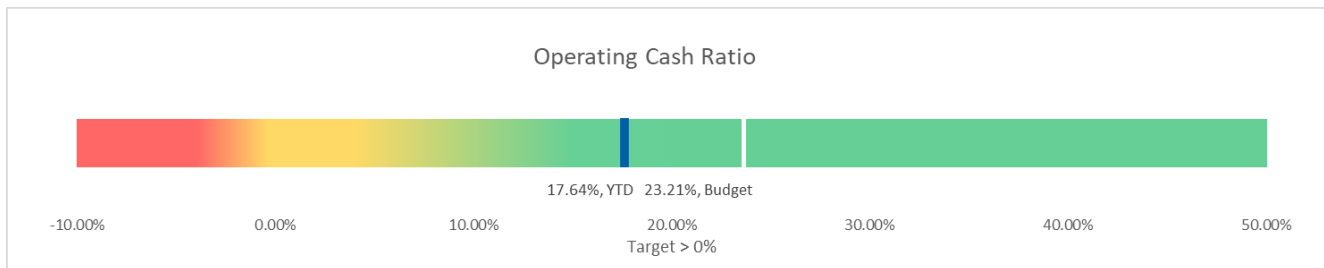
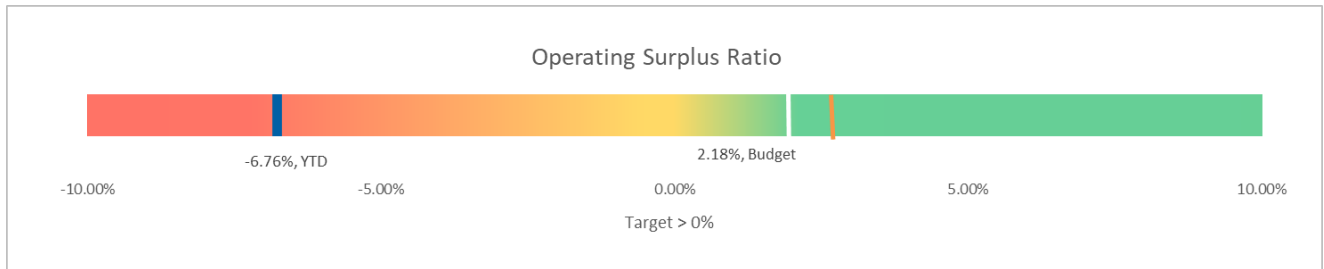
The December monthly report includes five of the nine ratio measures, with further measures to be introduced throughout the year.

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA - 21 MAY 2024

| Ratio Explanation | Target | 2023-24 Budget | 2023-24 Forecast | 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% | 82.33% | 87.07% | | 85.28% | | Although there is no target for this ratio, the high 5 year average and current YTD indicates Council's strong position to generate revenue without heavy reliance on other external sources. |
| 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% | 2.89% | -6.76% | ● | -7.08% | ● | <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. Both the dividend and financial assistance grant are expected in the last quarter of the year. Although still negative, this ratio is now trending closer to the positive operating surplus forecasted for 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% | 26.23% | 17.64% | ● | 22.13% | ● | Both the YTD and 5 year average result of this ratio reflects the continuing strong cash position of Council proportional to operating costs. |
| 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 they 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% | 93.68% | 97.29% | ● | 81.57% | ● | Infrastructure renewals have accounted for 77.44% of capital expenditure YTD with the balance on new and upgrade projects. REPA projects have been revised to capital works in the Q1 forecast. As these projects are for renewal works the asset sustainability ratio forecasted result has increased. Depreciation of these assets is predicted to occur in Q4, therefore the full impact of depreciation will only be incurred in FY 24-25 |

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| Debt Servicing Capacity | | | | | | | | | |
|---|--|-----------|------|------|------|---|------|---|--|
| <p>Leverage Ratio:</p> <p>The leverage ratio is an indicator of a councils ability to repay its existing debt. It measures the relative size of the councils debt to its operating performance.</p> <p>A higher leverage ratio indicates an increasingly limited capacity to support additional borrowings due to already high debt levels and/or decreasing operational performance, while a lower ratio indicates the opposite.</p> <p>Target measured over a five-year average</p> | | 0-3 times | 1.06 | 0.81 | 2.47 | ● | 0.66 | ● | <p>Both the YTD and 5 year average result of this ratio reflect Councils ongoing ability to manage its debt. This position is reinforced with each year that no new borrowings are undertaken.</p> |



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 30 April 2024
2. Operating Statements for the month end 30 April 2024

G/4.3. TENDER 116-24 1770 CARAVAN PARK AND CAMPGROUND AND WORKMAN'S BEACH CAMPGROUND LEASE

Responsible Officer: General Manager Finance Governance and Risk

Prepared By: Manager Contracts and Procurement

Council Meeting Date: 21 May 2024

File Ref: FM21.1

Purpose:

The purpose of this report is to present the outcome of the tender process for the 1770 Caravan Park & Campground and to recommend awarding the lease to the most suitable lessee, ensuring alignment with Council's strategic objectives. This report also informs the Council that the decision on the Workman's Beach Campground lease is on hold until further notice.

Officer's Recommendation:

That Council:

1. Endorses the Tender Evaluation Panel's recommendation and accepts the offer from Agnes Water 1770 Pty Ltd for Tender 116-24 1770 Caravan Park Campground and Workmans Beach Campground Lease; and
2. Authorises the Chief Executive Officer to negotiate and finalise a lease over Lot 12 on CPFD1132 and Lot 25 on SP193722 for a term of up to 10 years with Agnes Water 1770 Pty Ltd; and
3. Defers a decision on the award of the Workman's Beach Campground component of the Tender with a further report to be presented to Council by 16 July 2024.

Summary:

An open tender was conducted in accordance with s232 of the Local Government Regulation 2012. The Officer's Recommendation is to award the lease for the 1770 Caravan Park & Campground to the most suitable lessee for an annual rent of \$360,000 excluding GST, over a term of up to 10 years. The tender award for Workman's Beach Campground is yet to be determined.

Link to Corporate Plan:

Connecting Communities - We work with you and for you, supporting the success of our communities.

Background:

Council identified a leasing opportunity for two of Council's campground reserves, namely:

1. 1770 Caravan Park & Campground: Lot 12 on CPFD1132 and Lot 25 on SP193722 (current lease expiring 30 June 2024); and
2. Workmans Beach Campground: Part of Lot 52 on SP155903 (currently vacant).

Council released a tender package on 9 March 2024, inviting offers for the properties either separately or as a combined package to ensure continued operations aligned with Council's objectives.

The tender period closed on 9 April 2024 and attracted 13 offers of which five were exclusively for the 1770 Caravan Park & Campground, two for Workman's Beach Campground, and three for the operation of both sites.

GLADSTONE REGIONAL COUNCIL GENERAL MEETING AGENDA - 21 MAY 2024

The tender evaluation panel thoroughly reviewed the offers and assessed them based on criteria including financial capability, alignment with Council objectives, and relevant experience to ensure the chosen lessee will deliver high-quality service and responsible management.

Following an assessment of the offers, the tender evaluation panel determined that more information was required prior to awarding the tender component for Workmans' Beach Campground and a decision has been deferred.

The current lease for the 1770 Caravan Park & Campground will expire on 30 June 2024 with no option to extend and an award is necessary to ensure the continued operation of the facility.

Risk Management Summary:

Council has a minimal risk appetite for reputational and service delivery risks. Awarding the lease for the 1770 Caravan Park & Campground through a transparent evaluation process ensures reliable service delivery while adhering to environmental and community standards. The decision to delay the award for Workman's Beach Campground supports a fair process and minimises potential reputational risks by ensuring all considerations are appropriately addressed.

Options and Opportunity Analysis:

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

| Technical Objective Evaluation Criteria | Weighting |
|--|------------------|
| Proposed business plan including financial plan demonstrating financial capacity and performance of lease terms and conditions | 30% |
| Vision and concept align with GRC's objectives | 30% |
| Relevant experience in successfully running similar camping grounds | 20% |
| Proposed Key Personnel have suitable qualifications and experience | 20% |

The commercial evaluation was conducted according to the tenderers' rent proposals specified in the Invitation to Tender.

The evaluation panel found that the submission from the most suitable lessee best aligned with Council's requirements and objectives for the 1770 Caravan Park & Campground. Their vision prioritizes maintaining existing infrastructure while improving visitor services. With experience managing similar facilities and a reliable business plan led by qualified personnel, they have presented the strongest proposal.

Stakeholder Engagement:

Personnel from Council's Contracts and Procurement, Community and Lifestyle, and Assets and Environment teams collaborated to establish the tender requirements and evaluate the offers received for the 1770 Caravan Park & Campground and Workman's Beach Campground leases. Council's Manager Governance and Risk and General Counsel provided specialist advice to the evaluation panel.

Legal and Regulatory 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. The recommendation to award the lease adheres to the Register of Delegations - Exercise of Statutory Powers and Financial Delegation Register. The Officer's Recommendation is based on the ITT's evaluation methodology and criteria.

If Council wishes to award a contract contrary to the Officer's Recommendation, there are associated risks. Should Council be unsatisfied with the evaluation methodology or its application, it may refer the matter back to officers for re-evaluation. In such cases, altering the methodology or criteria may require referral back to tenderers so they have the opportunity to adjust their offers based on the amended criteria before reevaluation.

Financial and Resource Implications:

Awarding the lease for the 1770 Caravan Park & Campground to Agnes Water 1770 Pty Ltd will generate a rental income of \$360,000 annually, excluding GST. Over the 10-year lease term, this will result in a total rental income of \$3,600,000, excluding GST. This income aligns with Council's financial expectations for a sustainable lease agreement.

The lease will be administered by the Community and Lifestyle team. Financial management and procurement processes will adhere to Council's contracting principles and financial delegations. Furthermore, the lessee will be responsible for infrastructure upgrades and maintenance, helping to minimise long-term costs for Council.

Anticipated Resolution Completion Date:

The implementation of the Officer's Recommendation to award the lease for the 1770 Caravan Park & Campground to Agnes Water 1770 Pty Ltd must be completed by 30 June 2024 to facilitate continuity of service for the campground.

Attachments:

1. CONFIDENTIAL - 116-24 Award Report

G/5. COUNCILLORS REPORT

G/6. URGENT BUSINESS

G/7. NOTICE OF MOTION

G/8. CONFIDENTIAL ITEMS