



ORDINARY MEETING

AGENDA

22 OCTOBER 2019

Your attendance is required at an Ordinary meeting of Council to be held in the Council Chambers, 4 Lagoon Place, Yeppoon on 22 October 2019 commencing at 9.00am for transaction of the enclosed business.

CHRIS MURDOCH
CHIEF EXECUTIVE OFFICER
17 October 2019

Next Meeting Date: 05.11.19

Please note:

In accordance with the *Local Government Regulation 2012*, please be advised that all discussion held during the meeting is recorded for the purpose of verifying the minutes. This will include any discussion involving a Councillor, staff member or a member of the public.

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1 OPENING

Acknowledgement of Country

"I would like to take this opportunity to respectfully acknowledge the Darumbal People. The traditional custodians and elders past, present and emerging of the land on which this meeting is taking place today."

2 ATTENDANCE

Members Present:

Mayor, Councillor Bill Ludwig (Chairperson)
Deputy Mayor, Councillor Nigel Hutton
Councillor Adam Belot
Councillor Pat Eastwood
Councillor Jan Kelly
Councillor Glenda Mather
Councillor Tom Wyatt

Officers in Attendance:

Mrs Chris Murdoch – Chief Executive Officer
Mr Brett Bacon – Executive Director Liveability and Wellbeing
Mr Dan Toon – Executive Director Infrastructure
Mrs Andrea Ellis – Chief Financial Officer
Mr Matthew Willcocks - Chief Technology Officer
Mr Nick Sheehan - Chief Human Resources Officer

3 LEAVE OF ABSENCE / APOLOGIES

Nil

4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minutes of the Ordinary Meeting held 8 October 2019

5 DECLARATION OF INTEREST IN MATTERS ON THE AGENDA

6 PUBLIC FORUMS/DEPUTATIONS

Nil

7 BUSINESS ARISING OR OUTSTANDING FROM PREVIOUS MEETINGS

7.1 BUSINESS OUTSTANDING TABLE FOR ORDINARY COUNCIL MEETING

File No: GV13.4.1

Attachments: 1. Business Outstanding Table - October 2019 [1](#)

Responsible Officer: Chris Murdoch - Chief Executive Officer

SUMMARY

The Business Outstanding table is used as a tool to monitor outstanding items resolved at previous Council or Committee Meetings. The current Business Outstanding table for the Ordinary Council Meeting is presented for Councillors' information.

OFFICER'S RECOMMENDATION

THAT the Business Outstanding table for the Ordinary Council Meeting be received.

7.1 - BUSINESS OUTSTANDING TABLE FOR ORDINARY COUNCIL MEETING

Business Outstanding Table - October 2019

Meeting Date: 22 October 2019

Attachment No: 1

Item number	Date	Report Title	Resolution	Responsible Officer	Due Date	Comments
1.	07 February 2017	Outstanding Policy Documents	THAT the following policies be adopted: 1. Encroachment on Public Land Policy; 2. Equal Employment Opportunity Policy; 3. Failure to Renew Licence Response Policy; 4. Telecommunications Facilities on Council Land Policy; and 5. Unlicensed Premises Response Policy. With policies 4, 5 and 6 to be further reviewed.	Governance Officer	31/12/19	12 Jun 2019 - 12:16 PM - Governance Officer 1 Policy presented to Council Meeting for adoption in May 2019. 2 policies still remain outstanding.
2.	17 July 2018	Draft Fig Tree Creek Masterplan	THAT Council endorse the Fig Tree Creek Master Plan for further public consultation and integration into the Council's Strategic Planning Framework.	Coordinator Natural Resource Management	31/10/19	13 Aug 2019 - 3:59 PM – Executive Officer – Liveability & Wellbeing Consultation will commence August 2019 and run for one month with a number of opportunities for community input both online and in person.
3.	18 September 2018	Opening of Road – Gunder Road, The Caves	THAT Council authorise the Chief Executive Officer to commence negotiations with the owners of Lot 69 RP891987 to open new road as shown on Drawing No. 17-112-04.	Policy and Planning Officer	31/12/19	15 Oct 2019 - 09:09 AM Policy and Planning Officer Approaches made to alternative landowner. If negotiations successful, no land will be required from Lot 69. Manager Construction & Maintenance to meet with landowner - meeting expected prior to end of December 2019.
4.	16 October 2018	Proposed Trustee Leases – Capricorn Tourism and Economic Development Limited and Keppel Coast Arts Council Inc.	THAT Council resolve to: 1. apply the exception mentioned in Section 236(1)(b)(ii) of the <i>Local Government Regulation 2012</i> to its dealings with Capricorn Tourism and Economic Development Limited and	Property Officer	31/12/19	11 Dec 2018 – 7:57 AM – Property Officer Draft documents have been prepared, however the execution of lease documents

			<p>Keppel Coast Arts Council Incorporated for issue of Trustee Leases over land currently described as Lot 2 on Survey Plan 104438, Merv Anderson Park Yeppoon; and</p> <p>2. provide Trustee Leases over land currently described Reserve for Recreation, Public Boat Ramp, Jetties and Landing Place over Lot 2 on Survey Plan 104438 to:</p> <p>a) Capricorn Tourism and Economic Development Limited for a term of 20 years for operation of the Capricorn Coast Visitor Information Centre and Shell World; and</p> <p>b) Keppel Coast Arts Council Incorporated for a term of 5 years for operation of the Artship.</p>			cannot occur until the new title is registered over the land. Council is awaiting notification of registration from the Department of Natural Resources, Mines and Energy. At this juncture the timeframe for registration is unknown (but will be dependent upon whether the State requires the matter to be considered as part of the Fig Tree Creek Jetty Site project).
5.	06 November 2018	Notice of Motion - Councillor Adam Belot - Wreck Point Pathway	<p>THAT LSC review the current design of the proposed walking path from Cooe Bay to Lammermoor Beach including:</p> <p>Consideration of redesigning path alignment/direction</p> <p>b) Design that will best accommodate users of all abilities</p>	Executive Director Infrastructure Services	31/12/19	<p>2 April 2019 - 8:11 AM – Executive Director Infrastructure</p> <p>Design will be considered following the alignment of Mathew Flinders Drive.</p>
6.	20 November 2018	Ogmore Community and Recreation Committee Incorporated Request for Tenure over a Portion of Lot 8 07508 (Bicentennial Park)	<p>THAT Council resolves to:</p> <p>1. apply the exception mentioned in Section 236(1)(b)(ii) of the <i>Local Government Regulation 2012</i> to its dealings with the Ogmore Community and Recreation Committee Incorporated for issue of a Reserve Lease over a portion of land currently described as Lot 8 on O7508, Bicentennial Park Ogmore; and</p> <p>2. provide a one (1) year Reserve Lease over a portion of Bicentennial Park, Lot 8 on O7508 to the Ogmore Community and Recreation Committee Incorporated to enable it to seek opportunities to further develop the site as a public space for the Ogmore community and its visitors.</p>	Community Development Officer	31/10/19	<p>09 Oct 2019 - 10:15 AM – Community Development Officer</p> <p>Properties have received the lease and two officers will travel to Ogmore on the 15th October to meet with the group. The intention is to have the lease signed at this meeting.</p>

7.	18 December 2018	Councillor Portfolios	That the matter lay on the table pending further discussion and return to a Council Meeting in 2019.	Co-ordinator Governance	31/12/19	
8.	05 February 2019	Mayoral Minute - Capricorn Coast International Women's Day event committee contribution to a shade structure for the Yeppoon Lagoon	<p>THAT Council resolves to:</p> <ol style="list-style-type: none"> 1. recognise the generous offer from the Capricorn Coast International Women's day event committee to raise funds for the erection of shade structures within the Yeppoon Lagoon precinct and offer its support to the committee in its endeavours; 2. recognise that the Capricorn Coast International Women's day event committee may undertake fund raising over a two-year period; and 3. give consideration to the inclusion of additional shade structures in the capital works programme for the relevant financial year as well as seeking matching funding from all appropriate State and Federal funding streams. 	Executive Director, Liveability & Wellbeing	31/12/19	<p>13 Aug 2019 - 2:59 PM – Executive Director, Liveability & Wellbeing.</p> <p>The Capricorn Coast International Women's day will retain the money in trust until a specific amenity has been identified.</p>
9.	19 February 2019	Sale of 18 School Street, Mount Chalmers	<p>THAT Council resolves to:</p> <ol style="list-style-type: none"> 1. adopts a two stage Expression of Interest and Invitation to Tender process, in accordance with section 228(2)(b) of the <i>Local Government Regulation 2012</i>, for the sale of proposed Lot 10, known as 18 School Street, Mount Chalmers, acknowledging the reason for adopting the two-stage process is to gauge market interest and achieve the best possible outcome for Council and the Community; 2. delegate authority to the Chief Executive Officer to enter into negotiations with the potential purchasers subject to the CEO 	Project Support Officer	31/10/19	<p>16 Oct 2019 - 1:35 PM – Project Support Officer</p> <p>Council engaged a Real Estate agent to undertake the Expression of Interest process and gauge the current market. Applications have been assessed and Councillors are due to be briefed on Monday, 28 October 2019.</p>

			<p>providing a briefing to the Council on completion of the first stage; and</p> <p>3. write to the residents of Mt Chalmers and provide an update of the current status and planned actions.</p>			
10.	19 March 2019	Request for renewal of lease - the caves rural fire brigade	<p>THAT Council resolve:</p> <p>1. that the exception mentioned in Section 236(1)(b)(i) of the <i>Local Government Regulation 2012</i> may apply in its dealing with the State of Queensland (represented by Public Safety Business Agency) on behalf of The Caves Rural Fire Brigade over Lot 8 on Registered Plan 605788; and</p> <p>2. to provide a twenty (20) year lease with one five-year option to the State of Queensland (represented by Public Safety Business Agency) on behalf of The Caves Rural Fire Brigade, at a nominal rent amount of \$1 per annum, over Lot 8 on Registered Plan 605788.</p>	Property Officer	31/10/19	<p>23 Aug 2019 - 12:10 PM - <i>Principal Property Officer</i></p> <p>New lease agreement has been executed by both parties and registered in the Titles Registry.</p>
11.	01 April 2019	Recyclables Processing Service Contract	That Council authorise the Chief Executive Officer to proceed in the manner as outlined within the report.	Manager Water and Waste Operations	31/12/19	<p>01 Oct 2019 - 3:27 PM – <i>EA Executive Director Infrastructure</i></p> <p>The Recyclables Processing Contract being drafted by Rockhampton Regional Council's Waste Collection Manager will be ready approximately October/November 2019 for review by all participating Council's.</p>
12.	01 April 2019	Palm Creek Park, Cawarral	THAT Council resolves to accept trusteeship of Reserve for Park and Environmental Purposes – Lot 7 on Survey Plan 167135.	Principal Property Officer	31/10/19	11 Jun 2019 - 11:00 AM - <i>Principal Property Officer</i>

						Council has advised the Department of Natural Resources, Mines and Energy that it will accept trusteeship. Council is currently awaiting advice from the Department of Natural Resources, Mines and Energy on the progression of this matter.
13.	18 April 2019	Options for Tenancies – Centre of Excellence for Disaster Management, Innovation and Community Resilience (The Hub)	<p>THAT Council resolve:</p> <ol style="list-style-type: none"> 1. As the exception mentioned in Section 236(1)(b)(i) of the <i>Local Government Regulation 2012</i> may apply in its dealing with the parties mentioned in the report on the lease of a tenancy on the first floor of the Centre of Excellence for Disaster Management, Innovation and Community Resilience (The Hub), Council authorises officers to proceed with those discussions and report back to Council prior to the execution of any lease; 2. Further, officers are authorised to proceed to tender on the provision of tenancies over all available space on the ground floor of the Centre of Excellence for Disaster Management, Innovation and Community Resilience (The Hub), and to engage an external probity officer to oversee the tender process and report back to Council prior to the execution of any lease; 3. Council commits to fund the installation within the Centre of Excellence for Disaster Management, Innovation and Community Resilience (The Hub) the following: 	Principal Property Officer	31/10/19	<p>11 Jun 2019 - 11:03 AM Principal Property Officer</p> <p>A response is still awaited on the proposal provided to prospective tenant for the front section of the first floor. Tender documentation currently being prepared for tenancies on the ground floor.</p>

			(a) air conditioning, ceilings and lighting on the ground and first floors; (b) dividing walls between tenancies, if required, on the ground and first floors; and (c) external doors to any areas on the ground floor over which a lease is negotiated and which direct access does not currently exist.			
14.	07/05/19	Loading Zone on Anzac Parade	THAT Council authorise the installation of a loading zone on Anzac Parade, taking up the necessary number of existing car-parking bays in front of the Echelon building.	Manager – Infrastructure Services	30/09/19	01 Aug 2019 - 10:59 AM – Administration Support – Infrastructure Plans are still being finalised and are pending authorisation by required signatories. Once plans have been finalised they will be issued to the construction team immediately. Line marking and sign installation have a projected target date at the end of August 2019.
15.	07/05/19	Proposed permanent road closure adjoining Lot 17 on Crown Plan LI58	THAT Council resolve to: 1. advise the owner of Lot 17 on LI58 that it does not support the proposal to permanently close the areas of road reserve adjoining Lot 17 known as Princhester Road and Atkinson Road; and 2. authorise officers to investigate the temporary closure of the areas of road reserve adjoining Lot 17 known as Princhester Road and Atkinson Road.	Property Officer	31/10/19	11 Jun 2019 - 11:03 AM - Property Officer The Applicant was advised of Council's resolution on 10 May 2019. Investigations into temporary road closure are currently being undertaken by Infrastructure Services.
16.	20/06/19	Intermittent Sealing of Unsealed Rural Roads Policy (v3)	That pursuant to s2.19.1(d) and s2.19.6 of Livingstone Shire Council's Meeting Procedures Policy the matter lay on the table	Manager – Infrastructure Services	30/11/19	15 Oct 2019 – 9:10 AM - Policy and Planning Officer

			pending further briefing to the Councillors and to return to a future Council Meeting.			Report to be lifted off the table on 5 November 2019.
17.	15/07/19	Proposed Freehold Lease To The Australian Volunteer Coast Guard Association Incorporated Over Part Of Lot 3 On Registered Plan 618778 - Mt Barmoya	<p>THAT Council resolve:</p> <ol style="list-style-type: none"> 1. that the exception mentioned in section 236(1)(b)(ii) of the <i>Local Government Regulation 2012</i> may apply in its dealing with The Australian Volunteer Coast Guard Association Incorporated over part of Lot 3 on Registered Plan 618778; 2. pursuant to section 236(2) of the <i>Local Government Regulation 2012</i> to apply section 236(1)(b)(ii) of the <i>Local Government Regulation 2012</i> in its dealing with The Australian Volunteer Coast Guard Association Incorporated over part of Lot 3 on Registered Plan 618778; and 3. to provide a ten (10) year lease to The Australian Volunteer Coast Guard Association Incorporated, at a nominal rent amount of \$1 per annum, over part of Lot 3 on Registered Plan 618778. 	Principal Property Officer	31/10/19	<p>23 Aug 2019 - 12:07 PM - Principal Property Officer</p> <p>Draft lease agreement has been prepared and forwarded to the Coast Guard.</p>
18.	06/08/19	Petition Requesting changes to Council Meeting Procedures with regard to Notices of Motions and Questions on Notice.	<p>THAT</p> <ol style="list-style-type: none"> 1. the petition requesting changes to Council Meeting Procedures with regard to Notices of Motions and Questions on Notice be received; and 2. the matter be referred to a future Councillor briefing session. 	Chief Financial Officer	30/09/19	<p>15 Sep 2019 – 4.34 PM – Chief Financial Officer</p> <p>15 Oct 2019 - 4:34 PM - Andrea Ellis</p> <p>Matter was discussed at Briefing Session held on 30 September 2019.</p>
19.	06/08/19	Livingstone Planning Scheme 2018 - Proposed Second Amendment	<p>THAT Council resolve to:</p> <ol style="list-style-type: none"> 1. make amendments to the <i>Livingstone Planning Scheme 2018</i> in accordance with the changes identified in Attachment One; and 	Strategic Planning Officer	31/10/19	<p>13 Aug 2019 - 8:42 AM - Strategic Planning Officer</p> <p>Amendments to the Livingstone Planning Scheme 2018 are to be advanced in</p>

			2. advance the amendments to the <i>Livingstone Planning Scheme 2018</i> in accordance with the <i>Planning Act 2016</i> and the <i>Minister's Guidelines and Rules July 2017</i> .			accordance with the statutory requirements of the <i>Planning Act 2016</i> and the Minister's Guidelines and Rules July 2017.
20.	13/08/19	Queensland Government - Building Our Regions - Round 5	<p>THAT Council resolve to submit applications to Round 5 of the Queensland Government Building Our Regions Program for the following projects in this priority order:</p> <ol style="list-style-type: none"> 1. Keppel Bay Sailing Club Convention Centre, noting no financial contribution will be required by Council. 2. Solar electricity generation and storage Construction Project at the Yeppoon Sewage Treatment Plant. 3. Planning Project to progress preliminary investigations for the Causeway Lake Revitalisation and Development Project. 	<i>Executive Director Liveability and Wellbeing</i>	31/10/19	<p>05 Sep 2019 - 3:17 PM – EA Executive Director Infrastructure</p> <p>Action reassigned Executive Director Liveability and Wellbeing EOI for Sustainable Energy Transition UP Project - 1 (SetUP-1) (YSTP) submitted for funding under the Queensland Government's Building Our Regions Round 5 program on 30/08/2019.</p>
21.	20/08/19	Dealings with The Department of Natural Resources, Mines and Energy – Lot 10 AP16118 Stanage	That pursuant to s2.19.1(d) and s2.19.6 of Livingstone Shire Council's Meeting Procedures Policy the matter lay on the table pending further clarity on the terms of the proposed acquisition and to return to a future Council Meeting.	<i>Principal Property Officer</i>	31/10/19	
22.	20/08/19	Annual Review of Council Powers Delegated to the Chief Executive Officer	<ol style="list-style-type: none"> 1. THAT as per section 257 of the <i>Local Government Act 2009</i>, Council resolves to delegate to the Chief Executive Officer, the exercise of powers as itemised in Attachment 1 and limited by the scope contained within Attachment 2; and 2. THAT Council resolves to delegate the Chief Executive Officer the Financial Delegations as contained in Attachment 3. 	Corporate Compliance and Grants Officer	31/10/19	

23.	20/08/19	Contracting Exceptions - Sole Supplier Report	THAT in accordance with Section 235 (a) and (b) of the Local Government Regulation 2012, that Council resolve that for the services and suppliers listed in the report, that there is only one (1) supplier reasonably available to Livingstone Shire Council.	Quality Assurance and Compliance Officer	31/10/19	
24.	20/08/19	Acquisition of Land	THAT Council resolve to: 1. resolves to proceed in accordance with Option One, as detailed in the body of this report; and 2. delegate to the Mayor and Chief Executive Officer to undertake the discussions in accordance with Option One with the matter to be referred back to Council for resolution.	Executive Directive Liveability and Wellbeing	31/10/19	
25.	03/09/19	Funding for Rural Fire Brigades	The Mayor has requested a full pre-season briefing to Councillors in relation to this matter.	Executive Directive Liveability and Wellbeing	31/10/19	
26.	17/09/19	Petition from Gary Hall – Sealing a Section of Millroy Drive	THAT the petition requesting the sealing of a section of Millroy Drive, Yeppoon be received.	Executive Director Infrastructure Services	31/10/19	
27.	17/09/19	Adoption of the Capricorn Coast Event Strategy 2025	THAT Council adopt the <i>Capricorn Coast Region Strategy 2025</i> (as contained within Attachment One) as the framework document, which will guide the identification, planning, sponsorship criteria, implementation targets and overall strategic drivers across the region relating to events.	Manager Customer Engagement and Communications	31/10/19	
28.	17/09/19	Management Arrangements – Keppel Sands Caravan Park	THAT Council resolve: 1) to authorise Council officers to determine a remuneration framework which reflects the level of work involved in the management of the Keppel Sands Caravan Park and provides reward for effort; and 2) to authorise Council officers to invite expressions of interest from parties	Principal Property Officer	31/10/19	

			interested in becoming managers of the park. 3) Bring a report back to Council prior to new managers being engaged.			
29.	17/09/19	Former Catholic Church Building – Marlborough	THAT Council resolve: 1) to authorise Council officers to proceed to written tender for the sale of Lot 14 on Registered Plan 602167 and the building thereon on an 'as is where is' basis; and 2) further, if the written tender process for the sale of Lot 14 on Registered Plan 602167 and the building thereon is unsuccessful, authorise Council officers to proceed to written tender for the lease of this property on an 'as is where is' basis.	Principal Property Officer	31/10/19	
30.	17/09/19	Mobile Black Spot Program – Round 5 Funding	THAT Council resolves to provide no offer for co-contribution to support the providers submission for blackspot funding for this round, however Council will be prepared to give in-kind support where possible.	Chief Technology Officer	31/10/19	
31.	8/10/19	Proposed permanent road closure adjoining Lot 166 on MC175, known as 103 Belar Street, Ogmere	THAT Council resolves to provide no offer for co-contribution to support the providers submission for blackspot funding for this round, however Council will be prepared to give in-kind support where possible.	Property Officer	31/10/19	
32.	8/10/19	Cancellation of reserve for Park - Lot 22 on Crown Plan 905907	THAT Council resolve to endorse Option B proposed by Officers in this report to make an application to the Department of Natural Resources, Mines and Energy to have the Reserve for Park described as Lot 22 on Crown Plan 905907 cancelled and re-dedicated as a Reserve for Landing Place.	Property Officer	31/10/19	

33.	8/10/19	Central Queensland Regional Organisation of Council's (CQROC) - Proposed Legal Structure	THAT Council resolve to support the recommendation that the Central Queensland Regional Organisation of Councils (CQROC) undertake the process of becoming a company limited by guarantee.	Senior Economic Development Officer	31/10/19	
34.	8/10/19	Recycled Water Fees and Charges	THAT Council adopt the individual agreement charges and recommended actions as set out in the conclusion of this report.	Manager Water and Waste Operations	31/10/19	
35.	8/10/19	Integrated Business Solution Procurement Process	THAT Council resolve to adopt a two-stage procurement process as outlined in the <i>Local Government Regulation 2012</i> (s228) due to it being in the public interest for the supply, implementation and support of Council's Integrated Business Solution.	Chief Technology Officer	31/10/19	

8 PRESENTATION OF PETITIONS

Nil

9 MAYORAL MINUTE

Nil

10 COUNCILLOR/DELEGATE REPORTS

Nil

11 AUDIT, RISK AND BUSINESS IMPROVEMENT COMMITTEE REPORTS

11.1 AUDIT, RISK AND BUSINESS IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2019

File No: GV13.4.2
Attachments: Nil
Responsible Officer: Rodney Chapman - Coordinator Governance
Andrea Ellis - Chief Financial Officer
Author: Tanya Callaghan - Support Services Officer

The Audit, Risk and Business Improvement Committee met on 10 October 2019 and this report provides the recommendations from the Committee for consideration and adoption by Council. The reports from the meeting are available for viewing by Councillors on the ARaBIC and Councillor Portals

OFFICER'S RECOMMENDATION

THAT the unconfirmed minutes of the Audit, Risk and Business Improvement Committee held on 10 October 2019 be received and the following recommendations contained within those minutes be adopted.

3 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

THAT the minutes of the Audit, Risk and Business Improvement Committee held on 27 August 2019 be taken as read and adopted as a correct record.

7.1 COMMITTEE WORK PROGRAM STATUS

THAT the Committee receive the status of the Annual Work Program.

7.2 CFO Assurance Statement 2018-19

THAT the Audit, Risk and Business Improvement Committee note the Chief Financial Officer statement to the Chief Executive Officer.

7.3 CFO UPDATE

THAT the Committee receive the Chief Financial Officer's update.

7.4 2018-19 GENERAL PURPOSE FINANCIAL STATEMENTS

THAT the Audit, Risk and Business Improvement Committee makes the following recommendations for the consideration of Council:

1. The revised unaudited 2018-19 General Purpose Financial Statements be received;
 2. Written notification of the differences between the attached 2018-19 unaudited General Purpose Financial Statements and the draft 2018-19 General Purpose Financial Statements as previously presented to the Audit, Risk and Business Improvement Committee on 27 August 2019 be noted;
 3. The Chief Executive Officer and Chief Financial Officer sign the Management Representation letter as part of finalising the audit and for the Mayor and Chief Executive Officer to sign the final 2018-2019 audited General Purpose Financial Statements when completed; and
 4. Any material change in the final 2018-19 audited General Purpose Financial Statements be reported to Council and the Audit, Risk and Business Improvement Committee.
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7.5 QAO'S PROPOSED STRATEGIC AUDIT PLAN

THAT the Committee receive the QAO Proposed Strategic Audit Plan 2020-23.

7.6 EXTERNAL AUDIT UPDATE

THAT the Committee receive the update from the External Auditors.

7.7 EXTERNAL AUDITOR'S UPDATE

THAT the Committee receive the 2018-19 external audit closing report and management representation letter from the Council's external auditors.

7.8 INTERNAL AUDIT UPDATE

THAT the Committee receive the report on Internal Audit.

7.9 INTERNAL AUDIT REPORT – REVIEW OF OVERDUE RATES MANAGEMENT

THAT the Committee receive the Internal Audit Report for Review of Overdue Rates Management.

7.10 INTERNAL AUDIT REPORT – DATA ANALYTICS

THAT the Committee receive this internal Audit report on Data Analytics.

7.11 INTERNAL AUDIT REPORT – FOOTPATH MAINTENANCE

THAT the Committee receive the Internal Audit report on Footpath Maintenance.

7.12 INTERNAL AUDIT REPORT – PLANNING SCHEME OPERATIONS

THAT the Committee receive the Internal Audit Report on Planning Scheme Operations.

7.13 BUSINESS CONTINUITY PLANNING

THAT the Committee receive this report.

7.14 RISK MANAGEMENT UPDATE

THAT the Committee receive the Risk Management Report for information.

7.15 REVIEW OF OPERATIONAL RISK REGISTER – INFRASTRUCTURE

This report has been carried over to the Audit, Risk and Business Improvement Committee meeting scheduled for 2 December 2019.

7.16 BUSINESS TRANSFORMATION TEAM WORKS PROGRAMME HIGHLIGHTS AND UPDATES

THAT the Audit, Risk and Business Improvement Committee receive this report.

7.17 COMMITTEE SELF ASSESSMENT

THAT the Committee note the proposed approach and timetable for its self-assessment process.

7.18 REVIEW DEBT WRITE-OFF REPORT

THAT Council note that the Review of Debt Write-Off report is endorsed by the Audit, Risk and Business Improvement Committee.

7.19 REPORTABLE LOSSES

THAT the Audit, Risk and Business Improvement Committee receive the report on reportable losses.

7.20 LEGISLATIVE COMPLIANCE OVERVIEW

THAT the Committee receive the report on legislative compliance overview.

7.21 ANNUAL OPERATIONAL PLAN UPDATE

THAT the 2018-19 Annual Operational Plan report be received and;

THAT the 2019-20 Operational Plan be noted.

7.22 PROCUREMENT AND TRANSFORMATION PROGRAM UPDATE

THAT the Audit, Risk and Business Improvement Committee receive the update on the Procurement Transformation Program.

7.23 EXECUTIVE LEADERSHIP TEAM UPDATE TO THE COMMITTEE

THAT the Committee receive the verbal updates provided by the Leadership Team on key activities or issues.

7.24 CEO UPDATE ON EMERGING ISSUES

THAT the Committee receive the verbal update provided by the Chief Executive Officer on emerging issues.

7.25 CONFIRM WHETHER MEMBER'S BRIEFING SESSION IS REQUIRED

THAT the recommendation was dismissed as the Committee agreed that no briefing session was required.

L1 STATUS OF OPEN AGREED AUDIT ACTIONS

THAT the Committee receive this update on the status of open agreed audit actions

L2 DRAFT CONTENT FOR THE 2019 ANNUAL REPORT – ARABIC COMMITTEE

THAT the Audit, Risk and Business Improvement Committee receive this report containing proposed content for the Annual Report on the Committee.

BACKGROUND

The Audit, Risk and Business Improvement Committee (ARaBIC) operates in accordance with the ARaBIC Policy and ARaBIC Terms of Reference.

COMMENTARY

Not applicable.

PREVIOUS DECISIONS

Not applicable, each report on a Committee meeting is considered separately from previous reports.

BUDGET IMPLICATIONS

There are no budget implications as a result of the Committee meeting.

LEGISLATIVE CONTEXT

Section 105 of the *Local Government Act 2009* requires Council to establish an Audit Committee. Section 211 of the *Local Government Regulations 2012* requires this report to be presented to Council following each meeting of the Committee.

LEGAL IMPLICATIONS

There are no legal implications arising from the operation of the Committee.

STAFFING IMPLICATIONS

There are no staffing implications as a result of the Committee meeting.

RISK ASSESSMENT

The Audit, Risk and Business Improvement Committee is a key part of the governance structures established by Council that help ensure there is effective ongoing risk management.

CORPORATE/OPERATIONAL PLAN

Corporate Plan Reference: Strategy GO2: Develop strategic plans and policies to address local and regional issues and guide service provision.

LOCAL GOVERNMENT PRINCIPLES

The local government principles are –

- (a) Transparent and effective processes, and decision-making in the public interest; and
- (b) Sustainable development and management of assets and infrastructure, and delivery of effective services; and
- (c) Democratic representation, social inclusion and meaningful community engagement; and
- (d) Good governance of, and by, local government; and
- (e) Ethical and legal behaviour of councillors and local government employees.

CONCLUSION

Council is demonstrating strong governance responsibilities by enabling independent oversight of the: management of risk; compliance with legislation and standards; internal audit function and external audit and reporting requirements.

12 REPORTS

12.1 COUNCILLOR AGENDA ITEM REQUESTS

File No: GV13.4.1
Attachments: Nil
Responsible Officer: Chris Murdoch - Chief Executive Officer
Author: Nicole Robertson - Coordinator Executive Support

SUMMARY

This report is to provide information in relation to Councillor requests for agenda items.

OFFICER'S RECOMMENDATION

THAT Council receive the report in relation to the following items requested by Councillors for inclusion in an agenda:

- Reticulated Water to Mabel Edmund Park
- Reallocation of Funding
- Reinstate Meeting Procedures
- Beach Access Bangalee
- Yeppoon Aquatic Centre

BACKGROUND

The information contained in the commentary of this report is being provided in accordance with section 2.9.2 of *Council Meeting's Procedures Policy*, Request by a Councillor to Place an Item on the Agenda.

COMMENTARY

Councillor	Subject	Action	Outcome / Update
Kelly	Reticulated Water to Mabel Edmund Park	Referred to officers to provide a briefing to Councillors.	A contractor has been engaged to complete water divining and bore testing.
Mather	Reallocation of Funding	Referred to officers to provide a briefing to Councillors.	A briefing is scheduled to be provided to Councillors on 28 October 2019.
Mather	Reinstate Meeting Procedures	Referred to officers to provide a briefing to Councillors.	A briefing was provided to Councillors on 30/09/19. This matter will be presented to the Ordinary Council meeting scheduled for 22 October 2019 for consideration.
Hutton	Beach Access Bangalee	Referred to officers to provide a briefing to Councillors.	A briefing is scheduled to be provided to Councillors on 28 October 2019
Kelly Mather	Yeppoon Aquatic Centre	Referred to officers to provide a briefing to Councillors.	A briefing is scheduled to be provided to Councillors on 28 October 2019.

CORPORATE/OPERATIONAL PLAN

Corporate Plan Reference: Strategy GO4: Provide transparent and accountable decision making reflecting positive leadership to the community.

LOCAL GOVERNMENT PRINCIPLES

The local government principles are –

- (a) Transparent and effective processes, and decision-making in the public interest; and
- (b) Sustainable development and management of assets and infrastructure, and delivery of effective services; and
- (c) Democratic representation, social inclusion and meaningful community engagement; and
- (d) Good governance of, and by, local government; and
- (e) Ethical and legal behaviour of councillors and local government employees.

CONCLUSION

This report, presented in accordance with the *Meeting Procedures Policy* is provided for the information of Councillors.

12.2 MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2019**File No:** FM12.14.1**Attachments:** 1. **Monthly Financial Report - September 2019** [↓](#)**Responsible Officer:** Andrea Ellis - Chief Financial Officer**Author:** Damien Cross - Coordinator - Accounting Services
Rachel Jackson - Coordinator Procurement

SUMMARY

Presentation of the Livingstone Shire Council Monthly Financial Report for the period ending 30 September 2019 by the Chief Financial Officer.

RECOMMENDATION

THAT the Livingstone Shire Council Monthly Financial Report for the period ending 30 September 2019 be received.

BACKGROUND

The attached Financial Report is collated financial data within Council's Finance One and Pathway systems. The report presented includes:

1. Key Strategic Financial Indicators
2. Summary of Financial Results
3. Detailed Statements

The attached financial information presents a snapshot of the month (September) and year-to-date position of Council's financial performance for the 2019-20 financial year. Commitments are excluded from the reported operating & capital expenditures.

All variances are reported against the 2019-20 Adopted Budget as adopted by Council on the 11 July 2019. Budgets have been developed on a monthly basis. The attached reports show the adopted significant business activities (water, sewerage & waste) segregated revenue and expenditure statements. Over coming months Council finance officers will be simplifying the presentation of this monthly financial report to enhance the readability and relevance of the information contained within. Additional information is included this month in Attachment 1 in relation to Council's cash investments and borrowings.

COMMENTARY

The Financial Report compares actual performance to date with Council's 2019-20 adopted budget and identifies significant variances or areas of concern. It also provides information about additional areas of financial interest to Council and reinforces sound financial management practices throughout the organisation.

Financial Performance

The operating performance for the financial year to 30 September 2019 shows an operating surplus of approximately \$14 million compared to a budgeted YTD operating surplus of approximately \$13.8 million.

Total operational expenditure is \$1.7m below budget through the first three months of the financial year due in part to the non-accrual of all materials and services expenditure on a monthly basis. This underspend in operational expenditure is mostly offset by a \$1.5m variance in operational revenue. This operational variance is a budget timing variance with Council officers planning to review the monthly phasing of revenue and expenditure budgets to as accurately as possible reflect the timing of the revenue earned and expenditure incurred.

Financial Performance Summary to 30 September 2019					
	2019-20 YTD Adopted Budget (\$m)	Actuals (\$m)	Variance (\$m)	Variance %	Status
Operating Revenue	\$36.6	\$35.1	(\$1.5)	(4%)	■
Operating Expense	(\$22.8)	(\$21.1)	\$1.7	8%	✓
<i>Net Operating Result</i>	\$13.8	\$14.0	\$0.2	2%	✓
Capital Grants	\$2.5	\$1.2	(\$1.3)	(50%)	✗
Capital Expenditure	(\$11.4)	(\$5.8)	(\$5.6)	(49%)	✓

Note: Actual results exclude purchase order commitments.

Status Legend:

- Above budgeted revenue or under budgeted expenditure ✓
- Below budgeted revenue or over budgeted expenditure <10% ■
- Below budgeted revenue or over budgeted expenditure >10% ✗

Operating Revenue

The year to date operating revenue is below the YTD adopted budget position mostly due to budget timing variances in regards to the monthly budget phasing of General Rates and Utility Charges revenue as mentioned above. At this early stage of the financial year, all other revenue budget line items are in relatively close proximity to the YTD budget.

Interest revenue is below budget after three months of the financial year given three recent decreases in the Reserve Bank of Australia underlying cash rate, which has decreased the interest rate Council earns on its cash invested with the Queensland Treasury Corporation.

Table A in the Monthly Financial Report (Attachment 1) shows operating revenue by major category of actuals to budget variances by line item.

Operating Expenses

Year to date operating expenditure is below the YTD 2019-20 adopted budget, which excludes \$14.1m in committed expenditure.

Table A in the Monthly Financial Report (Attachment 1) reports operating expenditure by major category of actuals to budget variances by line item.

Employee benefits are reported as below budget as the wages accrual for the fortnight ending Sunday 6 October 2019 includes approximately \$500-600k of wages which relate to the month of September. There are also a number of non-wages budget lines which are smaller contributing factors to this variance, however given only three months of the financial year has elapsed few definitive trends have emerged year to date.

Below is a snapshot of the expenditure on the rural and urban roads maintenance programs in comparison to the 2019-20 Adopted Budget.

	YTD Actuals (\$000's)	YTD Adopted Budget (\$000's)	Full Year Adopted Budget (\$000's)	% Full Year Adopted Budget Spent (\$000's)
Rural Maintenance	\$1,507	\$717	\$3,551	42.4%
Urban Maintenance	\$462	\$573	\$2,206	20.9%

Note: Actual results exclude purchase order commitments.

Capital Revenue

Total capital grants and contributions are below the 2019-20 YTD Adopted Budget by \$1.3m. It is only very early in the financial year and the timing of the receipt of capital grants milestone payments heavily influence the YTD budget variance.

The 2019-20 Adopted capital revenue budget for developer contributions is \$1.5M. Total year to date developer's contributions for 2019-20 are \$664k and tracking ahead of budget expectations to end of September. The monthly budget phasing of developers contributions is difficult to predict.

The actual revenues received is a factor in determining the mix of funding of Council's capital works programme will be monitored by Council officers as the financial year progresses and evaluated as part of quarterly budget reviews.

Capital Expenditure

Capital expenditure incurred as at 30 September 2019 is summarised in Table D.1 and D.2 in Attachment 1. The 2019-20 full year adopted budget capital expenditure is approximately \$36.1 million with actuals of approximately \$5.8m spent as at 30 September 2019. There is approximately \$6.7 million of capital expenditure commitments raised as at the 30 September 2019 that predominately relates to work to be undertaken.

Table D.3 highlights the significant capital works projects with adopted budget expenditure budget greater than \$800,000 and includes the YTD actuals and project life-to-date costs in comparison to budget.

Statement of Financial Position as at 30 September 2019

A detailed balance sheet as provided in Table B in Attachment 1 as at 30 September 2019.

The balance sheet shows a low level of total liabilities in comparison to total assets and consists predominantly of loan borrowings and to a lesser extent trade & other payables and other provisions.

Statement of Cash Flows

The statement of cash flows provided in Table C in Attachment 1 shows Council's cash flows for September in comparison to the YTD budget. The cash position remains sound with cash totalling approximately \$47.9 million at 30 September 2019.

Investments and Borrowings

Interest revenue earnings are currently below the YTD budget and will be reviewed as part of the upcoming 20Q2 budget review. Council's total loan balances are approximately \$79.3 million with the next quarterly repayment scheduled in December to the Queensland Treasury Corporation (QTC). Council has not accessed the approved working capital facility. Further details on Council cash balances and debt is outlined in Table E.3 of Attachment 1.

Outstanding Sundry Debtors

At 30 September 2019, outstanding sundry debtors total \$623k and of this balance, \$444k is current. There are 14 accounts which are over 60 days totalling \$173k which represent approximately 28% of total outstanding sundry debtors.

Outstanding and Overdue Rates and Charges

The total rates debtor balance at 30 September 2019 stands at \$6.3 million. There is \$1.64 million in prepaid rates as at the 30 September 2019, with net rates outstanding being \$4.6 million as at 30 September.

The total outstanding rates balance has substantially reduced during September as the 2019-20 half-year general rates notices and final quarter 2018-19 water consumption notices were due for payment on 11 September 2019.

The KPI target for outstanding rates is to reduce rates receivables to less than 5% of total rates outstanding prior to the next six monthly billing cycle. Whilst the collection process of overdue rates receivables is proceeding, total rates receivables as at 30 September 2019 eligible for collection (excluding the current levy) is \$6.2m, which is 18.4% of rates, levied.

The following table analyses overdue rates and charges by age of debt.

Aging Period	Arrears balance (before deducting prepaid rates)	% of eligible total for collection
Current	\$3,610,578	55.81%
1 years	\$1,521,164	24.18%
2 years	\$567,651	9.02%
3 years	\$341,088	5.42%
4 years	\$152,707	2.43%
5 years	\$196,586	3.13%
TOTAL	\$6,289,774	100%

Council offers a direct debit facility with 2,943 direct debits totalling \$1,032,084 processed in September.

Debt Management

Ratepayers always have the option to enter into formal payment arrangements, which prevents legal action being progressed by Council's debt collection agency. Council resolved to charge 7% per annum on overdue rates and utility charges in 2019-20, applied monthly, on all overdue balances, including those under a formal payment agreement.

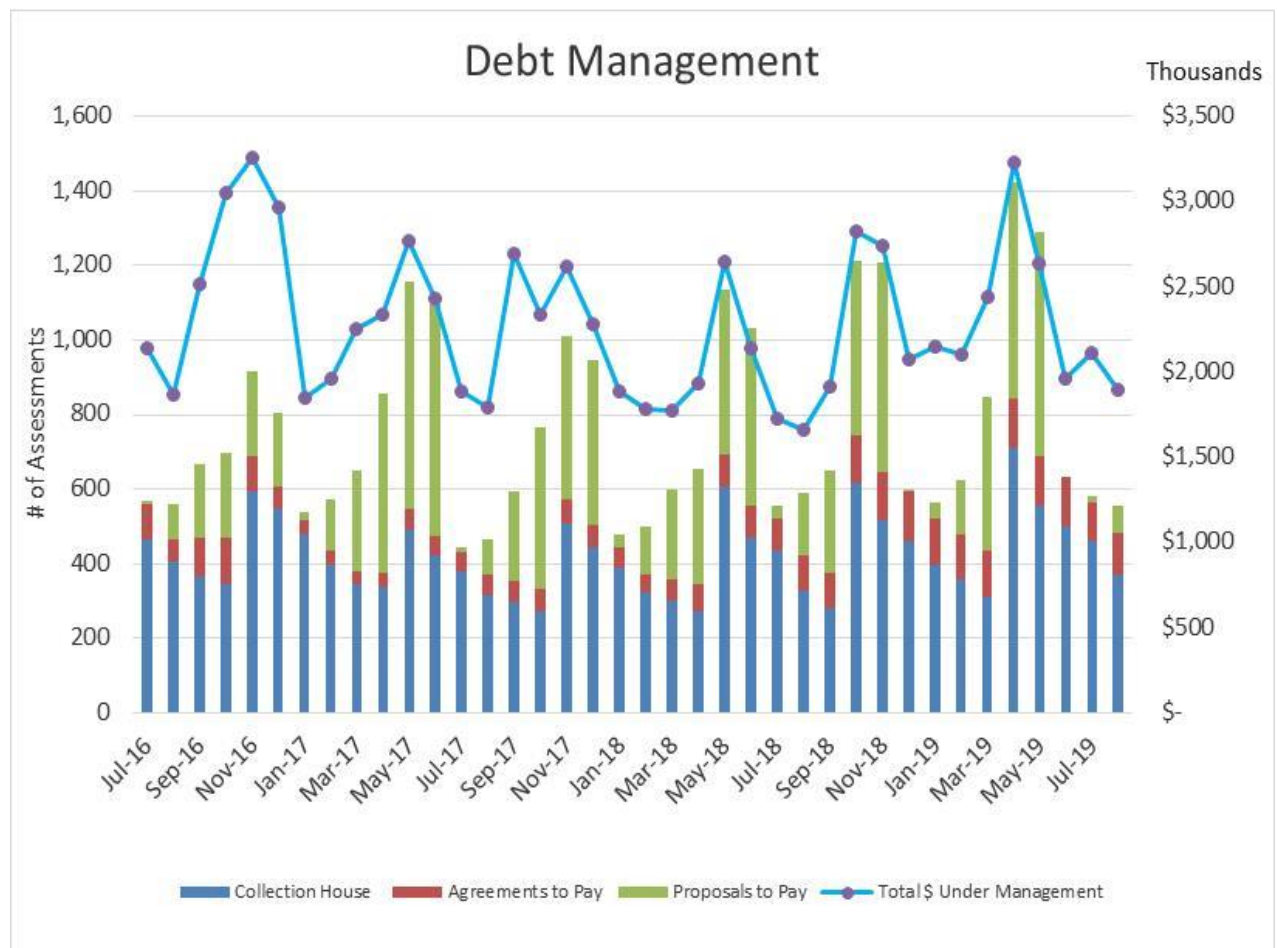
In total, 23% of the overdue balances are under management, this reflects 691 assessments out of all (17,569) rateable assessments (3.9%).

Proposals to pay require all current arrears to settle in full prior to the next rating period. There are 280 current proposals to pay (August: 76) in place as at 30 September 2019 totalling \$385,874. The quantity and value of proposals to pay is quite similar to September 2018 (278, \$360,145).

There are 110 assessments (August: 109) under long-term arrangements (agreements to pay) with a total of \$476,286 with varying settlement periods.

Council's debt collection agency is currently managing 301 assessments (August: 372), representing \$1,415,650 (August: \$1,264,216).

Compared to September 2018, there are 39 more assessments under a debt management arrangement with an increase in the total value under management by \$366,508.



Procurement

Local Content

Council strongly supports locally owned and operated businesses, including those with an office or branch in our region. Council is able to report on direct local spend for both operational and capital expenditure in addition to employee salaries & wages.

The total spent with businesses located within the shire boundaries year to date is 18% or \$3.7 million and illustrated in the following pie chart. The large spend in other predominately relates to payments made to Downer Utilities Australia Pty Ltd in relation to the major capital project at the Yeppoon Sewerage Treatment Plant.

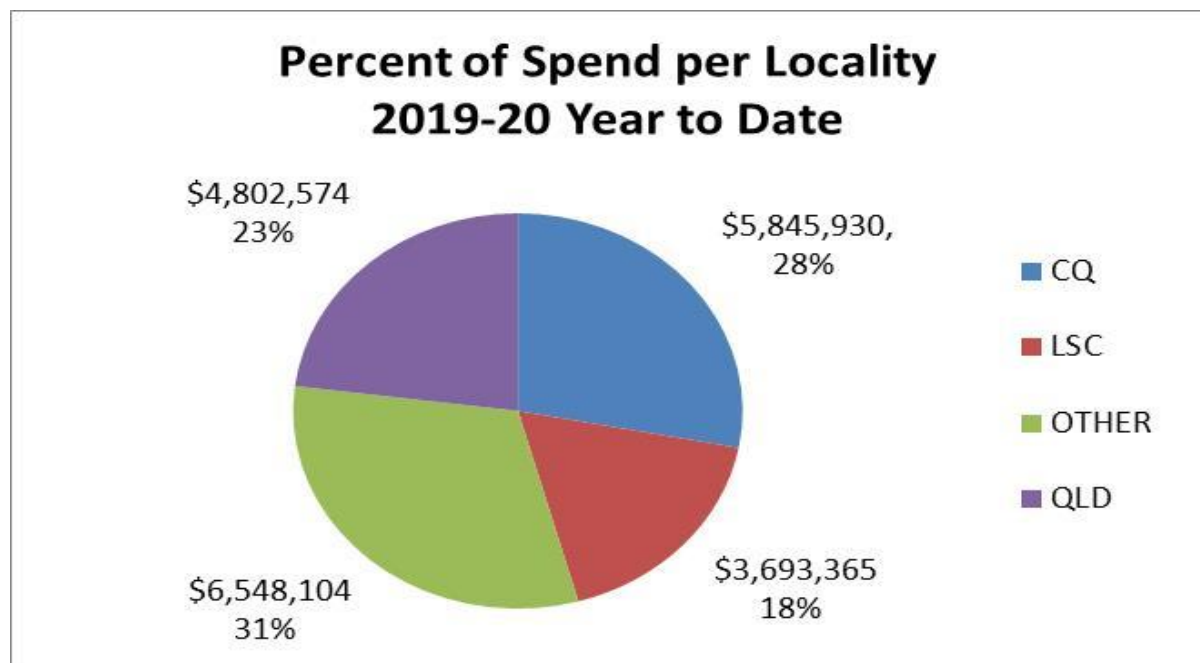
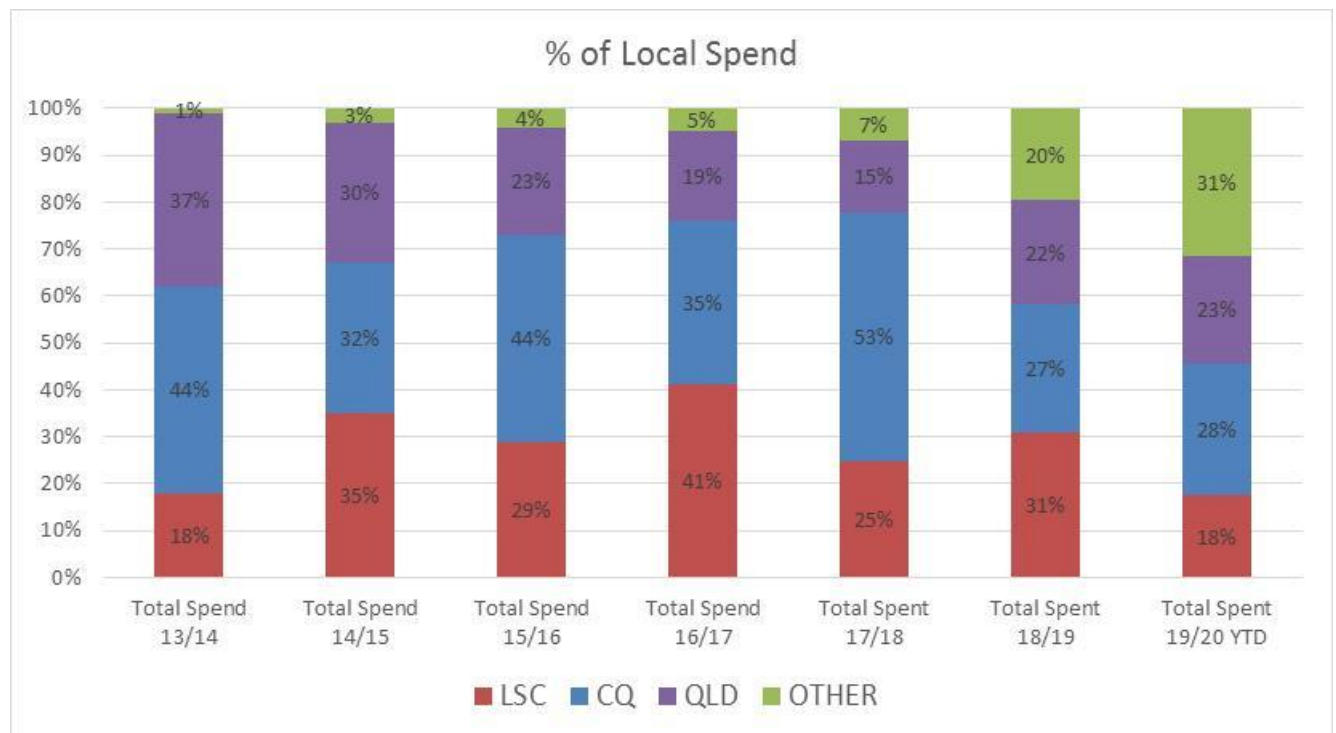


Chart legend:

- LSC Business located within the shire boundaries.
- CQ Business completely set up and run outside of LSC boundaries but within the Central Queensland region.
- QLD Business based outside of Central Queensland but within Queensland
- OTHER Business based outside of Queensland.

The bar graph below summarises the allocation by local spend categories per financial year since 2013-14. Council has procured, on average, 66% of materials & services from within the greater Central Queensland area, which includes Livingstone Shire Council.



Current Tenders

The summary of current tenders facilitates oversight of the progress by Councillors. Council applies best practice with tender evaluation undertaken at officer level by way of membership on an evaluation panel and with Councillors not being involved in the tender evaluation process.

Status legend:

Open – tender publicly advertised and suppliers are preparing and submitting tender responses. Officers and Councillors are to apply probity by directing all enquiries to the Procurement Team while the tender is open.

Evaluation – the tender is under evaluation by the Tender Evaluation Panel. Officers outside of the Evaluation Panel and Councillors are restricted from this process.

Contract Award – the evaluation process is completed and approval process to award contract is underway.

Contract – contract issued by letter of award.

Summary of current tenders:

#	Type	Name	Status
1007T	ITT	RPQS Real Estate Agency Services	Open
1013T	ITT	Debt Recovery Services	Contract
1019T	ITT	RPQS Trade Services	Evaluation
1024T	ITT	Provision of Security Services	Award
1025T	ITT	Supply & Delivery of Traffic Control	Evaluation
1026T	ITT	PSA Provision of Compliance & WH&S Training	Open
1028T	ITT	Purchase of Low Loader	Open

PREVIOUS DECISIONS

Council adopted the 2019-20 Adopted Budget on 11 July 2019.

BUDGET IMPLICATIONS

The Monthly Financial Report shows Council's financial position in relation to the 2019-20 Adopted Budget.

LEGISLATIVE CONTEXT

In accordance with Section 204 of the *Local Government Regulation 2012*, a Financial Report is to be presented to Council on at least a monthly basis.

LEGAL IMPLICATIONS

There are no legal implications because of this report.

STAFFING IMPLICATIONS

There are no staffing implications because of this report.

RISK ASSESSMENT

Regular robust reporting of Council's financial results assists in creating a framework of financial responsibility within the Council and providing sound long-term financial management of Council's operations.

CORPORATE/OPERATIONAL PLAN

Corporate Plan Reference: Strategy GO3: Pursue financial sustainability through effective use of the Council's resources and assets and prudent management of risk.

LOCAL GOVERNMENT PRINCIPLES

The local government principles are –

- (a) Transparent and effective processes, and decision-making in the public interest; and
- (b) Sustainable development and management of assets and infrastructure, and delivery of effective services; and
- (c) Democratic representation, social inclusion and meaningful community engagement; and
- (d) Good governance of, and by, local government; and
- (e) Ethical and legal behaviour of councillors and local government employees.

CONCLUSION

The financial report provides information about Council's financial performance and position for the month ending 30 September 2019.

12.2 - MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2019

Monthly Financial Report - September 2019

Meeting Date: 22 October 2019

Attachment No: 1



Livingstone
SHIRE COUNCIL

**Monthly Financial Report
for period ending
30/09/2019**

Contents

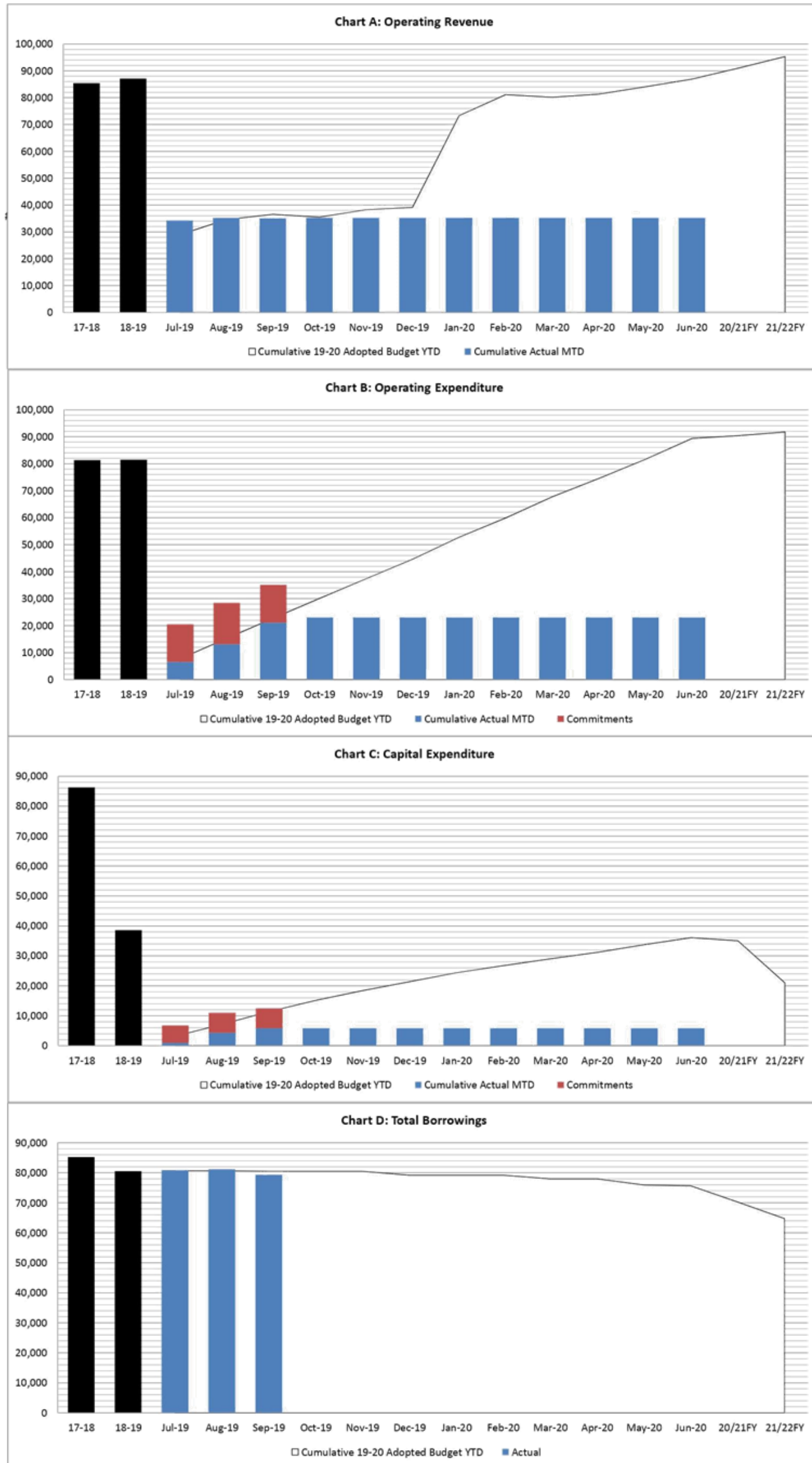
Financial Health Indicators

- Key strategic financial indicators
- Summary financial statements

Attachments: Detailed financial statements

Financial Health Indicators

Key strategic financial indicators: trend analysis



Key strategic financial indicators as at: 30/09/2019					
Operating performance					
	Target Benchmark	1920 Adopted Budget	YTD Actual	Status	Commentary
Operating surplus ratio					The operating surplus and operating efficiency ratios are well above the target range as the first bi-annual General Rates and Utility Charges notices have been recorded as revenue during July. Both of these ratios have moved closer to their respective 2019-20 adopted budget positions during September. It is expected that both ratios will continue to move closer towards their respective budgeted position as operational expenditure is incurred during the months of October to December until the next general rates notices are levied later in the financial year.
Operating surplus/operating revenue	0-10%	-2.6%	39.9%	✓	
Operating efficiency ratio					
Operating revenue/operating expense	110%	97.5%	166.4%	✓	
Fiscal flexibility					
	Target Benchmark	1920 Adopted Budget	YTD Actual		Commentary
Net financial liabilities ratio					The Net Financial Liabilities Ratio is above the adopted budgeted position and target benchmark. It has increased from August position of 69% due to the passage of another months operating expenditure (which resulted in decrease in cash) with general rates operational income having already been recognised in July. The own-source operating revenue ratio is well ahead of the target benchmark as general rates and utility charges have been recorded as revenue in July relative to other sources of operational revenue received YTD.
(Total liabilities - current assets) / operating revenue	<60%	75.7%	88.5%	✗	
Own-source operating revenue ratio					
Own source/operating revenue	>60%	92.4%	95.7%	✓	
Interest cover ratio					The interest cover ratio is within the lower end of the target range of 0% - 5%, mostly due to the recognition of General Rates and Utility Charges revenue in July.
Net Interest Expense / Total Operating Revenue	0% - 5%	4.6%	2.9%	✓	
Liquidity					
	Target Benchmark	1920 Adopted Budget	YTD Actual		Commentary
Cash balances - Cash capacity in months					The YTD cash expense cover indicates that Council has sufficient cash to meet current cash operating expenses for approximately 9.8 months. This is above the target benchmark as Council's closing cash position at 30 September is well ahead of the budgeted position at this same date. This in turn is mostly due to total cash balances at 1 July 2019 being well ahead of 19Q3 budget expectations. Council's 2019-20 opening balance sheet position will be updated as part of the 20Q1 quarterly budget review. The current ratio is above the target benchmark of 2.0 also due to the same reasoning above.
Cash at bank/cash operating expense	3.0	0.8	9.8	✓	
Ability to pay our bills - Current Ratio (times)					
Current assets/current liabilities	2.0	3.2	4.8	✓	
Asset sustainability					
	Target Benchmark	1920 Adopted Budget	YTD Actual		Commentary
Asset Sustainability Ratio					The asset sustainability ratio will stay lower than the 90% target benchmark due to the large proportion of new assets not requiring renewal at this stage. At this early stage of the 2019-20 financial year the capital work program is only just starting to gain momentum.
Renewal expenditure/depreciation	90%	50.3%	20%	✗	
Status Legend					
KPI target (budget) achieved or exceeded			✓	KPI target (budget) not achieved	
				✗	

Summary financial statements for the year to date ending 30/09/2019

A. Summary of financial results

A. Income Statements

	Year-to-date		Variance		Status	Comments
	2019-20 Adopted Budget	Actual				
	(\$m)	(\$m)	\$	%		
Own-source Revenues	34.63	33.56	(1.06)	-3.1%	■	Own source revenue is below budget YTD mostly due to a budget timing variance in relation to General Rates and Utility Charges. The 2019-20 Q2 budget review will consider any variations needed to the phasing of this budget over the course of the 2019-20 financial year. Employee benefits are reported as below budget partly due to the non-accrual of employee wages for the fortnight ending Sunday 6 October of approximately \$500-600k and partly due to a number of non-wages employee benefits currently being under budget. However given only 3 months of the financial year has elapsed, early trends are only starting to emerge.
Total Revenues	36.55	35.07	(1.48)	-4.0%	■	
Employee Expenses	(8.40)	(7.28)	1.12	-13%	✓	
Total Expenses	(22.79)	(21.08)	1.71	-8%	✓	
Operating Result	13.75	13.99	0.24	2%		

B. Balance Sheet

	Year-to-date		Variance		Status	Comments
	2019-20 Adopted Budget	Actual				
	(\$m)	(\$m)	\$	%		
Cash and Cash Equivalents	36.21	47.91	11.71	32%	✓	Cash balances and total current assets are well ahead of the budgeted position at the end of September as the opening cash position at 1 July 2019 was ahead of the budgeted closing cash position as at 30 June 2019. Council's 2019-20 opening balance sheet position will be updated as part of the 20Q1 quarterly budget review. Total borrowings are within the budgeted position following the first quarterly repayment on Council's loan portfolio during September.
Current Assets	37.77	69.97	32.20	85%	✓	
Current Liabilities	16.01	14.65	(1.36)	-9%	✓	
Non-Current assets	960.24	976.43	16.19	1.7%	✓	
Borrowings	80.47	79.30	(1.17)	-1.5%	✓	
Non-Current Liabilities	85.27	86.37	1.10	1.3%	■	
Net Assets	896.73	945.38	48.65	5%		

C. Cash flows

	Year-to-date		Variance		Status	Comments
	2019-20 Adopted Budget	Actual				
	(\$m)	(\$m)	\$	%		
Net Operating	28.50	18.29	(10.21)	-36%	✗	Net Operating Cash Flows are reported as well below budget. This is due to a budget phasing variance in regards to the timing of the settlement proceeds from the sale of the Homemaker Centre land parcels. This phasing variance will be reviewed as part of the 20Q2 quarterly budget review. Net Investing Cash Flows are reported as ahead of budget as a number of large capital expenditure items were incurred in July which were accrued back to the 2018-19 financial year.
Net Investing	(6.14)	(8.92)	(2.77)	45%	✓	
Net Financing	(1.25)	(1.22)	0.03	-2%	✓	
Closing Cash Balance	36.21	47.91	11.70	32%		

D. Capital program

	Year-to-date		Variance		Status	Comments
	2019-20 Adopted Budget	Actual				
	(\$m)	(\$m)	\$	%		
Renewal	2.78	1.09	(1.68)	-61%	✗	At this early stage of the 2019-20 financial year the capital work program is only just starting to gain momentum following the adoption of the 2019-20 budget on 11 July 2019. The 20Q1 quarterly budget review will be considering any capital carry-overs required from the 2018-19 financial year.
New/Upgrade	8.62	4.73	(3.90)	-45%	✗	
Total Capital Program	11.40	5.82	(5.58)	-49%		

Status Legend:

Above budgeted revenue or under budgeted expenditure
 Below budgeted revenue or over budgeted expenditure <10%
 Below budgeted revenue or over budgeted expenditure >10%



Attachments

A: Monthly Summary revenue and expenditure report (by line item)

	1920 Adopted Budget	Year-to-date			Full year 2019-20 Adopted Budget
	(\$'000)	Actual (\$'000)	Variance (\$'000)	Variance %	(\$'000)
Revenues					
Rates & Utility Charges	33,106	32,034	(1,072)	-3%	73,538
User Fees & Charges	1,294	1,241	(52)	-4%	4,996
Operating Grants	1,181	1,039	(142)	-12%	5,768
Interest	250	157	(93)	-37%	1,147
Sales Revenue	489	311	(178)	-36%	(398)
Other	227	287	60	26%	941
Total operating revenues	36,547	35,070	(1,477)	-4%	85,992
Expenses					
Employee Benefits	(8,397)	(7,281)	1,115	-13%	(32,550)
Materials & Services	(7,617)	(6,969)	648	-9%	(28,558)
Depreciation	(5,473)	(5,473)	0	0%	(21,893)
Interest	(998)	(1,006)	(8)	1%	(3,995)
Other	(308)	(350)	(41)	13%	(1,215)
Less: Total operating expenses	(22,793)	(21,078)	1,714	-8%	(88,211)
Net operating result	13,754	13,991	237	2%	(2,219)
Capital Income					
Capital Grants	2,493	1,245	(1,248)	-50%	9,972
Developer Contributions	375	664	289	77%	1,500
Other Capital Income	0	112	112	0%	0
Less: Restoration Provision Capital Expense	(37)	0	37	-100%	(146)
Net Capital Income	2,831	2,021	(810)	-29%	11,326
Total comprehensive income	16,586	16,012	(573)	-3%	9,107

B: Monthly summary of assets and liabilities report

	1920 Adopted Budget	Year-to-date			Full year 2019-20 Adopted Budget
	(\$'000)	Actual (\$'000)	Variance (\$'000)	Variance %	(\$'000)
Assets					
Cash and cash equivalents	36,206	47,911	11,705	32%	17,630
Inventory	517	436	(80)	-16%	3,485
Receivables:					
Trade & Other Receivables	815	7,513	6,698	822%	8,335
Land - for resale	13,786	17,915	4,129	30%	2,923
Infrastructure:					
PPE	946,452	940,523	(5,929)	-1%	995,051
Capital WIP	-	32,097	32,097	0%	-
Other assets	233	4	(228)	-98%	930
Total Assets	998,007	1,046,399	48,392	5%	1,028,354
Liabilities					
Employee benefits	9,384	10,136	753	8%	4,782
Trade creditors and accruals	1,528	1,138	(390)	-26%	3,487
Borrowings:					
Short-term	5,100	3,933	(1,167)	-23%	5,270
Long-term	75,370	75,370	0	0%	70,260
Other liabilities	9,898	10,440	542	5%	11,659
Total Liabilities	101,280	101,018	(262)	0%	95,458
Current assets	37,769	69,968	32,199	85%	30,380
Current liabilities	16,012	14,648	(1,363)	-9%	13,539
Non-current assets	960,238	976,431	16,193	2%	997,974
Non-current liabilities	85,268	86,370	1,102	1%	81,919
Net community assets	896,727	945,381	48,654	5%	932,896

	1920 Adopted Budget	Year-to-date			Full year 2019-20 Adopted Budget
		Actual	Variance	Variance	
	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)
Operating Cashflows					
<i>Cash inflows from operations</i>					
Rates & utility charges	33,462	30,840	(2,621)	-8%	76,316
User fees and charges	963	1,530	566	59%	4,996
Operating grants	1,506	1,016	(490)	-33%	5,766
Interest	314	157	(157)	-50%	1,147
Other	370	785	415	112%	0
Proceeds from sale of land inventory	8,696	0	(8,696)	-100%	8,696
Total operating cash inflows	45,310	34,328	(10,982)	-24%	96,921
<i>Cash outflows from operations</i>					
Employee entitlements	(8,137)	(7,284)	853	-10%	(33,660)
Payments to suppliers	(7,603)	(7,746)	(143)	2%	(28,583)
Borrowing costs & bank charges	(1,070)	(1,005)	65	-6%	(3,845)
Other operating cash outflows	0	0	0	0%	(300)
Total operating cash outflows	(16,810)	(16,036)	774	-5%	(66,388)
Net cash flows from operations	28,500	18,293	(10,207)	-36%	30,533
Investing cash flows					
Proceeds on disposal of assets	0	149	149	0%	1,570
Capital grants & infrastructure charges	2,868	1,909	(959)	-33%	11,472
Acquisition of assets	(9,011)	(10,975)	(1,964)	22%	(36,044)
Net investing cash flows	(6,143)	(8,917)	(2,774)	45%	(23,002)
Financing cash flows					
Repayments on borrowings	(1,250)	(1,224)	26	-2%	(4,999)
Net financing cash flows	(1,250)	(1,224)	26	-2%	(4,999)
Net combined cash flows	21,108	8,152	(12,955)	-61%	2,532
Add: Opening cash balance	15,098	39,758	24,660	163%	15,098
Closing cash balance	36,206	47,911	11,705	32%	17,630

D.1: Monthly summary capital revenue and expenditure report by category (all projects)

	1920 Adopted Budget	Year-to-date			Full year 2019-20 Adopted Budget
		Actual	Variance	Variance	
	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)
Renewal of existing assets					
Capital grants and contributions	(245)	(266)	(21)	9%	(980)
Renewal expenditure	2,776	1,093	(1,684)	-61%	11,002
New assets/upgrade of existing assets					
Capital grants and contributions	(2,248)	(980)	1,268	-56%	(8,992)
New/upgrade expenditure	8,623	4,726	(3,897)	-45%	25,060
Total					
Capital grants and contributions	(2,493)	(1,246)	1,247	-50%	(9,972)
Renewal, upgrade and acquisition	11,399	5,819	(5,580)	-49%	36,062

	Year-to-date				Full year
	1920 Adopted Budget	Actual	Variance	Variance	2019-20 Adopted Budget
	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)
Land					
Capital grants and contributions	-	-	-	0%	-
Renewal, new/upgrade	100	73	(27)	-27%	175
Buildings					
Capital grants and contributions	(162) -	500	(338)	208%	(650)
Renewal, new/upgrade	734	18	(716)	-98%	1,980
Plant & Equipment					
Capital grants and contributions	-	(33)	(33)	0%	-
Renewal, new/upgrade	572	378	(194)	-34%	2,116
Roads & Drainage					
Capital grants and contributions	(1,299)	(713)	587	-45%	(5,198)
Renewal, new/upgrade	4,592	1,850	(2,742)	-60%	15,365
Bridges					
Capital grants and contributions	-	-	-	0%	-
Renewal, new/upgrade	39	1	(38)	-98%	65
Water					
Capital grants and contributions	-	-	-	0%	-
Renewal, upgrade and acquisition	1,625	558	(1,067)	-66%	4,737
Sewerage					
Capital grants and contributions	(559)	-	559	-100%	(2,236)
Renewal, upgrade and acquisition	2,740	2,164	(576)	-21%	5,781
Site Improvements					
Capital grants and contributions	(472)	-	472	-100%	(1,888)
Renewal, upgrade and acquisition	997	763	(234)	-23%	4,722
Land Development					
Capital grants and contributions	-	-	-	0%	-
Renewal, upgrade and acquisition	-	14	14	0%	1,120

D.3: Summary capital expenditure report by project (>\$800,000)

	Project Dates			Project Costs YTD FY19/20				Project Life Costs		
	% Project Complete	Planned Start Date	Planned Completion Date	WIP B/F from FY 2018-19	Actual	Commitments	Total Project Costs	2019-20 Adopted Budget	Project LTD Costs	Project Life Budget
Capricorn Coast New Cemetery										
580906 Capricorn Coast Cemetery - Initial Planning	0%			10	0	0	0	0	10	
988058 Capricorn Coast Cemetery - Roadworks	100%			3,010	0	9	9	0	3,010	
988173 Capricorn Coast Cemetery - Internal works	25%	2/07/2018	12/12/2019	502	21	131	152	850	523	
1110324 Capricorn Coast Cemetery - Internal R&D works				2,146	6	10	16	0	2,152	
<u>Subtotal</u>				5,668	27	150	178	850	5,695	6,850
Emu Park Village & Foreshore Revitalisation										
1097725 Emu Park Village & Foreshore - Emu Park Foreshore PPP	0%			75	0	0	0	0	75	
1100767 Emu Park Village & Foreshore	85%	2/07/2018	12/12/2019	2,087	407	1,569	1,976	1,000	2,494	
1101161 Emu Park Village & Foreshore - CWA Rotunda Emu Park	0%			2	0	0	0	0	2	
1105254 Emu Park Village & Foreshore - Kerr Park Carpark (SLSC)				805	0	0	0	0	805	
1105255 Emu Park Village & Foreshore - Tennent Memorial Dr Stage 1 Plan	100%			18	0	0	0	0	18	
1105256 Emu Park Village & Foreshore - Emu Street Stage 1 Plans B to E	100%			231	0	8	8	0	231	
1108479 Emu Park Village & Foreshore - Water Main Replacement Emu St				141	0	0	0	0	141	
<u>Subtotal</u>				3,359	407	1,577	1,983	1,000	3,766	5,520
1115392 ICT Strategy	0%	1/07/2019	8/06/2020	4	0	148	148	1,120	4	2,120
CP440 Fleet Renewal Program	17%	1/07/2019	8/06/2020	0	348	283	631	2,023	348	2,023
Road & Drainage										
CP422 Gravel Resheet Annual Program	15%	1/07/2019	12/03/2020	76	138	180	318	1,300	213	1,300
1017252 Matthew Flinders Drive - Scenic Highway to Gregory Street	0%	30/10/2019	18/06/2020	7	7	26	33	1,500	14	1,500
1066965 Frangipani Drive Extension & Taranganba School Bus Setdown	0%	1/07/2020	20/10/2020	318	0	0	0	920	318	1,520
1114438 Adelaide PK Road - St Brendan's Gate 1 to Gate 2	15%	12/08/2019	20/02/2020	2	62	410	471	1,300	64	1,300
1108378 Barmaryee Rd-Oaks Village - Neil's Road	0%	1/10/2019	27/03/2020	4	14	0	14	880	18	880
1113798 Whitman St - Morris to Arthur Streets	0%	6/01/2020	5/06/2020	18	3	0	3	800	21	810
<u>Subtotal</u>				425	224	616	840	6,700	649	7,310
Major Projects										
1115553 Cooe Bay Pool- W4Q Round 3	5%	29/07/2019	30/06/2020	0	9	5	14	1,200	9	1,200
959072 Sewer Treatment Plant Yeppoon - Augmentation Design & Construction	99%	22/03/2018	30/09/2019	14,157	2,115	400	2,516	812	16,272	16,601
1110848 Yeppoon Water Recycling Augmentation	10%	1/07/2019	18/12/2020	10	10	0	10	1,900	20	1,900
<u>Subtotal</u>				14,167	2,134	405	2,540	3,912	16,301	19,701
Water and Waste Operations										
1100809 Yeppoon Landfill entry works - Planning and Design	5%	15/01/2020	30/06/2020	0	20	1	21	2,000	20	2,000
1116575 Reservoir West Emu Park	0%	1/07/2019	30/04/2020	0	0	0	0	2,200	0	2,200
1065688 Arthur St Yeppoon Trunk Sewer	0%	9/01/2020	25/05/2020	6	3	0	3	919	9	919
<u>Subtotal</u>				6	23	1	24	5,119	29	5,119

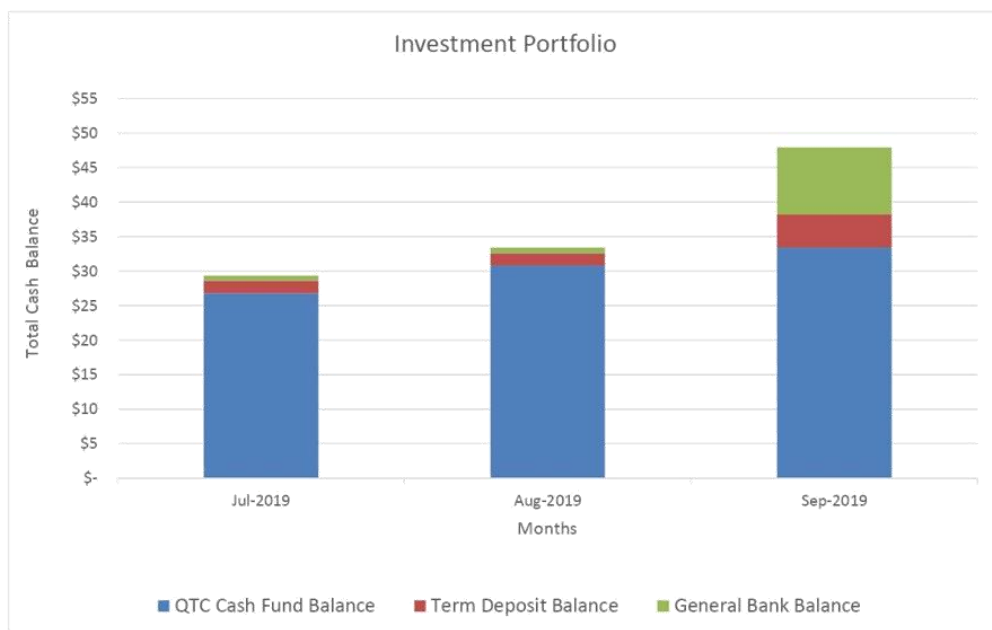
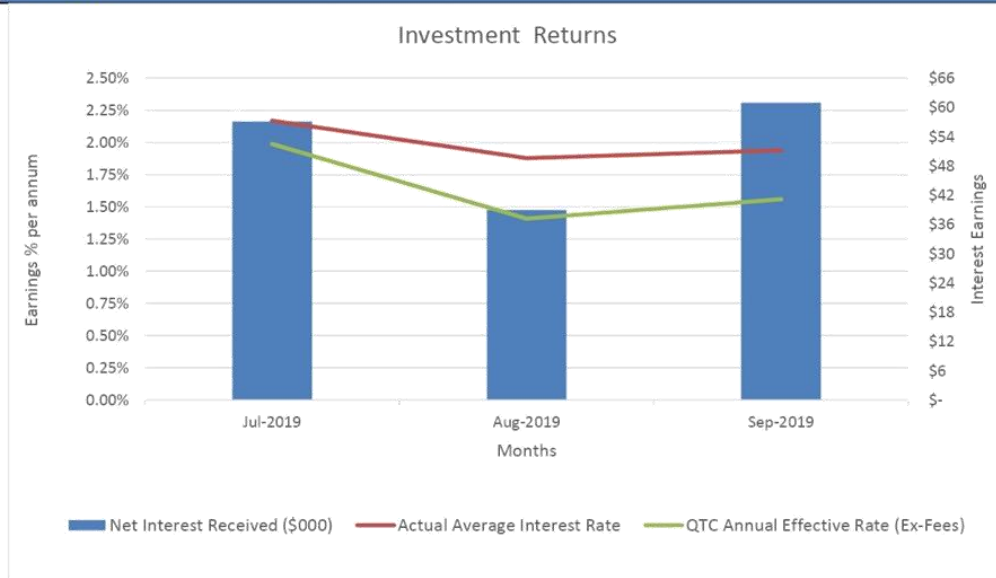
E.1: Business Unit summary revenue and expenditure report (by line item)

	Water				Sewer				Waste				Council				Consolidated			
	1920 Adopted Budget	YTD Actual	Variance	Variance	1920 Adopted Budget	YTD Actual	Variance	Variance	1920 Adopted Budget	YTD Actual	Variance	Variance	1920 Adopted Budget	YTD Actual	Variance	Variance	1920 Adopted Budget	Actual	Variance	Variance
	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	(\$'000)	%
Rates & utility charges	16,732	4,789	(11,943)	-71%	9,676	5,018	(4,658)	-48%	6,204	3,131	(3,073)	-50%	40,926	19,096	(21,830)	-53%	73,538	32,034	(41,504)	-56%
User fees & charges	231	38	(193)	-84%	170	63	(107)	-63%	1,981	336	(1,645)	-83%	2,615	805	(1,810)	-69%	4,996	1,241	(3,754)	-75%
Operating grants	0	(8)	(8)	0%	0	0	0	0%	0	0	0	0%	5,768	1,046	(4,722)	-82%	5,768	1,039	(4,730)	-82%
Interest	0	0	0	0%	0	0	0	0%	0	0	0	0%	1,147	157	(990)	-86%	1,147	157	(990)	-86%
Sales revenue	140	6	(134)	-96%	60	53	(7)	-12%	0	0	0	0%	(598)	252	850	-142%	(398)	311	709	-178%
Other	0	16	16	0%	0	0	0	0%	216	32	(184)	-85%	724	240	(484)	-67%	941	287	(654)	-69%
Total operating revenues	17,103	4,841	(12,261)	-72%	9,906	5,134	(4,772)	-48%	8,401	3,498	(4,902)	-58%	50,582	21,596	(28,987)	-57%	85,992	35,070	(50,923)	-59%
Expenses																				
Employee benefits	(2,458)	(492)	1,966	-80%	(1,432)	(285)	1,147	-80%	(454)	(57)	397	-88%	(28,207)	(6,447)	21,760	-77%	(32,550)	(7,281)	25,269	-78%
Materials & services	(7,649)	(1,768)	5,881	-77%	(2,915)	(754)	2,161	-74%	(5,581)	(687)	4,894	-88%	(12,412)	(3,759)	8,653	-70%	(28,558)	(6,969)	21,589	-76%
Depreciation	(4,138)	(1,034)	3,104	-75%	(2,272)	(568)	1,704	-75%	(635)	(159)	476	-75%	(14,848)	(3,712)	11,137	-75%	(21,893)	(5,473)	16,420	-75%
Interest	(548)	(141)	407	-74%	(682)	(174)	508	-74%	(578)	(148)	429	-74%	(2,188)	(543)	1,644	-75%	(3,995)	(1,006)	2,989	-75%
Other	0	(2)	(2)	0%	0	(81)	(81)	0%	(10)	(12)	(2)	22%	(1,205)	(254)	951	-79%	(1,215)	(349)	866	-71%
Less: Total operating expenses	(14,793)	(3,437)	11,355	-77%	(7,301)	(1,862)	5,439	-74%	(7,258)	(1,063)	6,195	-85%	(58,860)	(14,716)	44,145	-75%	(88,211)	(21,078)	67,133	-76%
Net operating result	2,310	1,404	(906)	-39%	2,605	3,272	667	26%	1,143	2,435	1,292	113%	(8,278)	6,880	15,158	-183%	(2,219)	13,992	16,210	-731%

E.2: Business Unit summary of assets and liabilities report

	Water	Sewerage	Waste	Council	Year-to-date				Full year
	1920 Adopted Budget	Actual	Variance	Variance	1920 Adopted Budget	Actual	Variance	Variance	1920 Adopted Budget
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	%	(\$'000)
Assets									
Cash and cash equivalents	13,647	6,103	12,453	15,352	36,206	47,911	11,705	32%	17,630
Inventory	0	0	0	436	517	436	(80)	-16%	3,485
Trade & Other Receivables	79	0	256	7,178	815	7,513	6,698	0%	8,335
Land - for resale	0	0	0	17,915	13,786	17,915	4,129	30%	2,923
Infrastructure:	0	0	0	0	0	0	0	0%	0
PPE	194,597	116,782	9,045	620,099	946,452	940,523	(5,929)	-1%	995,051
Capital WIP	1,120	16,465	22	14,490	0	32,097	32,097	0%	0
Other assets	(0)	(0)	0	4	233	4	(228)	0%	930
Total Assets	209,442	139,350	21,775	675,475	998,007	1,046,399	48,392	5%	1,028,354
Liabilities									
Employee benefits	654	646	817	8,018	9,384	10,136	753	8%	4,782
Trade creditors and accruals	46	66	174	852	1,528	1,138	(390)	-26%	3,487
Borrowings:									
Short-term	582	662	574	2,115	5,100	3,933	(1,167)	-23%	5,270
Long-term	9,225	15,281	9,739	41,126	75,370	75,370	0	0%	70,260
Other liabilities	0	0	9,893	547	9,898	10,440	542	5%	11,659
Total Liabilities	10,508	16,655	21,198	52,658	101,280	101,018	(262)	0%	95,458
Current assets	13,725	6,103	12,708	37,074	37,769	69,968	32,199	85%	30,380
Current liabilities	1,264	1,355	1,566	10,463	16,012	14,648	(1,363)	-9%	13,539
Non-current assets	195,717	133,247	9,067	638,400	960,238	976,431	16,193	2%	997,974
Non-current liabilities	9,244	15,300	19,632	42,194	85,268	86,370	1,102	1%	81,919
Net community assets	198,935	122,695	577	622,817	896,727	945,381	48,654	5%	932,896

Table E.3 Investment and Borrowings

Investment Returns for the Period Ending
30/09/2019

Total cash held at 30 September 2019 was \$47977 (\$'000)

Council's investments are held in the Capital Guaranteed Cash Fund and short term investment market. The Capital Guaranteed Cash Fund is operated by the Queensland Treasury Corporation (QTC). Council current interest earning rates are 1.56% p.a with the QTC and Council has two (2) Term Deposits invested at 2.35% p.a and 1.90% p.a, with both term deposit of varying maturity terms.

The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

Note: the Reserve Bank of Australia reduced the cash rate down to 0.75% at their October 2019 board meeting which was on top of a reduction of 0.25% from the September 2019 board meeting.

Cash surplus to day-to-day requirements is deposited with the QTC on a daily basis to earn higher interest, however, from September 2019 QTC was offering a slightly lower interest return than what is achievable from Council's general banker. Accordingly cash surplus to needs was retained in Council's general transactional account to maximise interest earnings. The interest returns are monitored regularly by Council Finance team staff to maximise interest earnings as much as possible.

Term deposit rates are also monitored regularly to identify investment opportunities to ensure Council maximises its interest earnings balanced against the need to invest cash for a fixed term.

Council adopted its Investment Policy on 20 June 2019 for the 2019-20 financial year.

Total Debt and Borrowing Costs

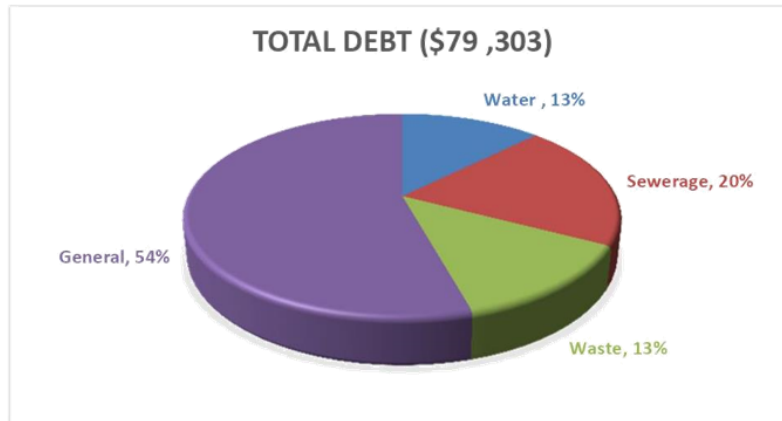
Debt Position	\$'000
Total Debt held as at 1 July 2019	80,530
Budgeted new borrowings in 2019-20	-
Capitalised interest & administrative charges	984
Total debt service payments made YTD	- 2,211
Total Debt held as at 30 September 2019	79,303

In line with Council's debt policy, a debt service payment of \$2,211,013 (being approximately \$1.25m repayment of principal and \$960k interest and administrative charges) will be paid quarterly for 2019-20. Interest accrues monthly on a daily basis until the next debt service payment. No new borrowings are budgeted to be drawn down in 2019-20.

As at 30 September 2019 the weighted average interest rate of all Council debt is 4.35%.

Total Debt and Borrowing Costs

Total Debt at 30 September 2019 was \$79303 (\$ '000)



Council adopted its Debt Policy on 11 July 2019 for the 2019-20 financial year.

12.3 QUARTERLY BUDGET REVIEW (20Q1)**File No:** FM12.5.2**Attachments:**

1. 20Q1 Budget Review Statements[↓](#)
2. 20Q1 Measures of Financial Sustainability[↓](#)
3. 20Q1 % Change in Rates[↓](#)
4. 20Q1 Estimated Activity Statements[↓](#)

Responsible Officer: Andrea Ellis - Chief Financial Officer**Author:** Damien Cross - Coordinator - Accounting Services

SUMMARY

The Quarterly Budget Review (20Q1) is presented to Council for adoption recognising changes to the financial position since the original budget (20Q0) was adopted on 11 July 2019. The first quarter budget review for 2019-20 has been input into the Long Term Financial Forecast. Impacts on this and future financial years have been reviewed and some of the forecast assumptions have been amended.

RECOMMENDATION

THAT Council resolve to adopt, pursuant to Section 107A of the *Local Government Act 2009* and Sections 169 and 170 of the *Local Government Regulation 2012*, the Quarter 1 Revised Budget (20Q1) for the financial year 2019-20 and the Long Term Financial Forecast for the financial years 2019-20 to 2028-29 as contained in the document entitled 2019-20 Revised Budget and Long Term Financial Forecast (Attachment 1) and set out in the pages contained therein:

- i. Statement of Financial Position (Attachment 1);
- ii. Statement of Cash Flows (Attachment 1);
- iii. Statement of Income and Expenditure (Attachment 1);
- iv. Statement of Changes in Equity (Attachment 1);
- v. Long-Term Financial Forecast (Attachment 1);
- vi. Relevant Measures of Financial Sustainability (Attachment 2);
- vii. Total Value of change in the rates and charges expressed as a percentage (Attachment 3);
- viii. Revised estimated business activity costs for the period ending 30 June 2020 (Attachment 4).

BACKGROUND

Council on a quarterly basis reviews its adopted budget and makes appropriate adjustments to promote transparent financial management. Council has committed to establishing rigour into its financial management and reporting process by undertaking such quarterly budget reviews.

Quarterly budget reviews should act as a barometer of Council's financial health during the year. The scope of each quarterly budget review will differ, depending on where the organisation is at in the overarching planning and budget cycle.

The first Quarterly Budget Review (20Q1):

- flexes for changes in underlying assumptions such as the Consumer Price Index and population statistics;
 - updates for the final results of the 2018-19 general purpose financial statements; and
-

- reviews the 2019-20 capital works program for any capital budget carryovers required from the prior year budget, project costs and timing of projects.

The intent of the first quarter budget review is not to do a detailed review of all line items, but more of an opportunity to reset the baseline by taking into account the finalisation of the previous year general purpose financial statements.

The next quarterly budget review (20Q2) will include a comprehensive review of both operating and capital.

It is a legislated requirement for an amended budget to include all items listed in section 169 of the *Local Government Regulation 2012*. However, whilst section 169 of the *Local Government Regulation 2012* also requires a budget to include a revenue statement and a revenue policy, section 170 of the *Local Government Regulation 2012* stipulates that a local government may only decide the rates and charges to be levied for a financial year at the budget meeting for the financial year. The Revenue Policy and Revenue Statement adopted by Council on the 11 July 2019 can therefore not be amended during a year and is not required to be adopted as part of any revised budget resolution.

COMMENTARY

The overall outcome is that there is no change to the operating result and the overall fiscal position has improved. Cash flows remain adequate to meet the planned operational and capital expenditure for the balance of this year.

Underlying Assumptions

CPI in the long term financial forecast is 2.00% for the 2019-20 financial year which is consistent with the State Government budget forecast. Over the balance of the 9 forecast years, CPI ranges from 2% to 2.4% and there have been no changes made to these underlying assumptions as part of the 20Q1 revised budget. CPI increases are factored into the 20Q1 revised budget for all operating income streams, staff wages and salaries, councillor remuneration and materials and services.

Financial Position

The net impact of the proposed 20Q1 budget review is that the forecast net assets of Council (which is also referred to as Total Community Equity) has increased from approximately \$932.9 million, in the 2019-20 adopted budget, to \$948.6 million in the proposed 20Q1 revised budget. Please refer to the Statement of Financial Position for more details.

Cash Flows

The net impact of the proposed 20Q1 budget revision is that the estimated cash balance at 30 June 2020 has increased by approximately \$12 million from \$17.6 million (in the 2019-20 adopted budget) to \$29.6 million in the 20Q1 revised budget. The increase in cash holdings is due to a higher closing cash balance for the 2018-19 financial year than anticipated (+\$24.6 million) which is offset by an decrease in the net cash inflow from operating activities (-\$8.8 million) and an increase in the net cash outflow from investing activities (\$3.9 million). Please refer to the Statement of Cash Flows for more details.

Cash balances can also be internally restricted, externally restricted or unrestricted. The following table summarises the estimated balances at 30 June 2019 and at 30 June 2020.

		30 June 2019	30 June 2020
Internally Restricted (\$'000)	Cash that has been received or set aside for specific purposes for example contributions from developers, unspent loan proceeds, provisions for landfill restoration	1,420	8,176
Externally Restricted (\$'000)	Cash that has been received for a specific purpose and not yet spent, for example unspent capital grants or subsidies	7,464	7,341
Unrestricted (\$'000)	Represents the available cash to fund normal operations and capital projects	30,874	14,104
Total Cash Balance (\$'000)		39,758	29,621

In previous budget discussions, Council endorsed working towards cash backing internally restricted cash over a five-year period, the amounts reported above as internally restricted are 60% and 80% respectively of the total internally restricted cash requirements at year end. By 30 June 2021 Council will need to maintain approximately \$20 million per annum in restricted cash reserves in addition to working capital requirements.

Income and Expenditure

The forecast operating deficit of approximately \$2.2 million for the 2019-20 financial year has not changed in this proposed budget revision. There has been a slight decrease in the forecasted operating surplus for each of the nine (9) financial years in the balance of the forecasted ten (10) year period. This is mostly the result of increases in depreciation expense. However over the long term, Council maintains the ability to achieve operating surplus in the target range of between 0% and 10%.

Total Comprehensive Income

Total Comprehensive Income, which includes capital income and expenditure, is forecast to increase from the adopted budget of \$9.1 million to \$9.7 million. This increase of \$635k is due to an increase in capital grants and subsidies.

Capital Projects

Forecast expenditure on capital projects has increased by approximately \$4.4 million and this is due to adjustments for capital carryovers from the 2018-19 financial year. Total capital expenditure in the 2019-20 adopted budget was \$36.0 million, with approximately \$11.5 million in capital grants and subsidies to be received. The 20Q1 revised capital expenditure budget is proposed to be approximately \$40.5 million with \$12.1 million expected to be received in capital grants and subsidies.

Financial Sustainability

Under the *Local Government Regulation 2012*, Council must prepare an accrual based budget for each financial year which is consistent with the 5-year Corporate Plan and Annual Operational Plan. To comply with the *Local Government Regulation 2012*, Council must also publish results against a series of measures of financial sustainability for the budget year and the next nine (9) years. Amended (revised) budgets must also comply with these requirements.

The 20Q1 revised budget results against each measure of financial sustainability are compared to the current 2019-20 adopted budget and given in the following table:

Relevant Measure of Financial Sustainability	Adopted Budget (2019-20)	Revised Budget (20Q1)	Recommended Target
Asset Sustainability Ratio	64.9%	64.7%	Greater than 90%
Net Financial Liabilities Ratio	75.7%	61.5%	Less than 60%
Operating Surplus Ratio	-2.6%	-2.6%	Between 0% and 10%

The Asset Sustainability Ratio is less than the recommended target, this is mainly due to the value of new infrastructure required to be constructed as existing assets have reached capacity (Yeppoon Sewerage Treatment Plan and Yeppoon Cemetery). This ratio is not proposed to materially change with the proposed revised budget.

The Net Financial Liabilities Ratio has improved in relation to the 2019-20 adopted budget and is close to the recommended target. This ratio is forecast to drop below the upper level target in the 2021-22 financial year. This ratio has improved significantly with the proposed 20Q1 revised budget largely due to the higher than forecast closing cash balances achieved at 30 June 2019.

Whilst the Operating Surplus Ratio is less than the recommended range for 2019-20, it is however forecast to remain within the target parameters for the next nine (9) years. The operating surplus ratio has not changed with the 20Q1 revised budget.

The results of the full ten (10) years of the forecast period are shown in Attachment 2 to this report and outline that the Net Financial Liabilities Ratio and the Operating Surplus Ratio are within the target range over the long term. The Asset Sustainability Ratio varies over the ten (10) year forecast period and is not expected to be within the target range in any year in the forecast period.

Estimated Activity Statements

Pursuant to Section 34 of the *Local Government Regulation 2012*, the estimated activity statements for the business activities of Waste & Sewerage Operations, Building Certification activities, Waste and Caravan Parks Operations are presented in Attachment 4 to this report.

PREVIOUS DECISIONS

The 2019-20 Budget was adopted at the Special Council Meeting held on the 11 July 2019.

BUDGET IMPLICATIONS

The budgeted operating deficit is largely contingent upon containing estimated costs within the budgeted amount. There is limited scope for new projects and additional funding for services in the short term whilst working towards achieving an operating surplus in the 2020-21 financial year. Should the need arise for additional funds during the year, offset savings and re-prioritisation of resources will be required and these will be addressed through regular budget reviews.

The use of Council's day labour on capital projects will need to be maintained and any diversion from capital projects to operational projects will impact on the operating result.

If Council can contain its costs and maintain revenue at the level outlined in the 2019-20 budget and forward estimates, Council is forecasted to maintain operating surpluses for the life of the long term financial forecast.

Changes in accounting standards have come into effect in the 2019-20 financial year which will impact on the timing of revenues being brought to account. The largest impact will be in relation to rates paid in advance which are currently brought to account at the time of receipt. Under the new standards the revenue will need to be treated as received in advance and therefore a timing issue will arise in the first year.

LEGISLATIVE CONTEXT

Local Government Act Section 104 (2), 110

Local Government Regulation 2012 Sections 169 and 170.

In accordance with Section 34 of the *Local Government Regulation 2012*, Council's Budget is required to contain an estimated activity statement of each business activity.

LEGAL IMPLICATIONS

The revised budget complies with *Local Government Regulation 2012* Sections 169 and 170 and is therefore valid.

STAFFING IMPLICATIONS

Matters arising from this report will be dealt with in accordance with existing delegations.

RISK ASSESSMENT

Expenditure can only be incurred if Council has provided for it in an adopted or amended budget. From a governance perspective it would be prudent for Council to amend the budget and through that process give direction to all staff responsible for the budget.

Council manages financial risk by:

- the use of planning, project and program management and risk management methodologies;
- developing and maintaining operational plans for the delivery of projects and services;
- regular reporting on all key projects funded by the Annual Operational Plan and Budget;
- monitoring the efficiency and effectiveness of services delivered within the Annual Operational Plan and Budget both quarterly and annual reporting by the CEO to Council;
- monthly reporting on financial position and performance on operating activities and capital projects to Councillors, executives and staff.
- ensuring executives and staff within Council are both appropriately skilled and accountable for identifying and effectively managing costs within their area of responsibility; and
- providing tools, training and advice to the organisation to ensure effective management of costs and financial obligations.

CORPORATE/OPERATIONAL PLAN

Corporate Plan Reference: Strategy GO3: Pursue financial sustainability through effective use of the Council's resources and assets and prudent management of risk.

LOCAL GOVERNMENT PRINCIPLES

The local government principles are –

- (a) Transparent and effective processes, and decision-making in the public interest; and
- (b) Sustainable development and management of assets and infrastructure, and delivery of effective services; and
- (c) Democratic representation, social inclusion and meaningful community engagement; and
- (d) Good governance of, and by, local government; and
- (e) Ethical and legal behaviour of councillors and local government employees.

CONCLUSION

Section 107A of the *Local Government Act 2009* and Sections 169 and 170 of the *Local Government Regulation 2012* prescribe the requirements for the adoption of Council's amended (revised) budget. This report complies with the requirements of the regulation.

Council regularly reviews its adopted budget and makes appropriate adjustments to promote transparent financial management. Council is committed to establishing rigor into its financial management and reporting process by undertaking quarterly budget reviews. Quarterly budget reviews act as a barometer of Council's financial health during the year. Quarterly Budget Reviews, in conjunction with regular reporting on financial position and performance on both operating activities and capital projects to Councillors, executives and staff, promotes a culture of prudent financial management.

12.3 - QUARTERLY BUDGET REVIEW (20Q1)

20Q1 Budget Review Statements

Meeting Date: 22 October 2019

Attachment No: 1

STATEMENT OF FINANCIAL POSITION															
2019-20 REVISED BUDGET (20Q1) AND LONG TERM FINANCIAL FORECAST 2020 to 2029															
	Original Budget 2019-20	Recommended Changes	Proposed Budget (20Q1) 2019-20	Variance from Original Budget			Forecast (20Q1) 2020-21	Forecast (20Q1) 2021-22	Forecast (20Q1) 2022-23	Forecast (20Q1) 2023-24	Forecast (20Q1) 2024-25	Forecast (20Q1) 2025-26	Forecast (20Q1) 2026-27	Forecast (20Q1) 2027-28	Forecast (20Q1) 2028-29
	\$'000	\$'000	\$'000	\$'000	%	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS															
Current Assets															
Cash and Cash equivalents	17,630	12,021	29,651	12,021	68.2%	(a)	32,716	36,571	34,003	30,969	26,157	26,901	28,989	32,125	34,132
Trade and other receivables	8,335	19	8,354	19	0.2%		8,623	8,966	9,229	9,274	9,686	10,210	10,575	10,723	11,136
Inventories	3,485	799	4,284	799	22.9%	(b)	3,321	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976
Other current assets	930	101	1,031	101	10.9%	(c)	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031
Total Current Assets	30,380	12,940	43,320	12,940	42.6%		45,691	48,544	46,239	43,251	38,850	40,117	42,571	45,855	48,275
Non-current assets															
Land held for development or sale	2,923	889	3,812	889	30.4%	(b)	3,812	3,812	3,812	3,812	3,812	3,812	3,812	3,812	3,812
Property, plant & equipment	995,051	2,626	997,677	2,626	0.3%		996,412	1,005,132	1,009,941	1,009,253	1,024,222	1,027,398	1,041,410	1,045,350	1,047,274
Total non-current assets	997,974	3,515	1,001,489	3,515	0.4%		1,000,224	1,008,944	1,013,753	1,013,065	1,028,034	1,031,210	1,045,222	1,049,162	1,051,086
TOTAL ASSETS	1,028,354	16,455	1,044,809	16,455	1.6%		1,045,915	1,057,488	1,059,991	1,056,316	1,066,883	1,071,327	1,087,793	1,095,017	1,099,361
LIABILITIES															
Current liabilities															
Trade and other payables	4,220	(15)	4,204	(15)	-0.4%		4,322	4,409	4,519	4,585	4,774	4,918	5,068	5,209	5,383
Borrowings	5,270	-	5,270	-	0.0%		5,545	5,834	6,132	6,460	6,878	7,236	7,611	8,012	8,239
Provisions	3,011	-	3,011	-	0.0%		3,011	4,671	5,439	5,802	3,177	3,181	3,185	3,189	3,192
Other current liabilities	1,038	12	1,050	12	1.2%		1,020	969	969	12	12	12	12	12	12
Total current liabilities	13,538	(3)	13,535	(3)	0.0%		13,898	15,883	17,058	16,859	14,841	15,348	15,876	16,422	14,827
Non-current liabilities															
Trade and other payables	132	219	351	219	165.9%	(d)	311	271	219	219	219	219	219	219	219
Borrowings	70,260	-	70,260	-	0.0%		64,716	58,882	52,750	46,290	41,367	34,130	26,520	18,507	12,268
Provisions	11,527	574	12,101	574	5.0%	(e)	12,104	10,454	8,044	5,277	5,141	5,008	4,878	4,750	4,625
Total non-current liabilities	81,920	793	82,713	793	1.0%		77,131	69,607	61,013	51,786	46,727	39,357	31,617	23,476	17,112
TOTAL LIABILITIES	95,457	790	96,247	790	0.8%		91,029	85,490	78,072	68,645	61,568	54,705	47,492	39,899	31,939
NET COMMUNITY ASSETS	932,897	15,665	948,562	15,665	1.7%		954,886	971,998	981,920	987,671	1,005,315	1,016,622	1,040,300	1,055,118	1,067,422
COMMUNITY EQUITY															
Retained surplus	28,057	(166)	27,891	(166)	-0.6%		27,891	38,633	42,008	42,008	52,317	52,317	64,321	68,182	68,182
Asset revaluation surplus	904,840	15,831	920,671	15,831	1.7%	(f)	926,995	933,365	939,912	945,663	952,998	964,305	975,979	986,936	999,240
TOTAL COMMUNITY EQUITY	932,897	15,665	948,562	15,665	1.7%		954,886	971,998	981,920	987,671	1,005,315	1,016,622	1,040,300	1,055,118	1,067,422

Notes

- (a) Adjustment for higher than forecast closing cash balance as reflected in the audited financial statements for period ending 30 June 2019.
- (b) Increase to the opening value of the Homemaker Centre to account for value of land parcels as reflected in the audited financial statements for the period ending 30 June 2019
- (c) Software prepayments higher than previously forecast.
- (d) Opening balance of constrained developer contributions higher than forecast as reflected in the audited financial statements for the period ending 30 June 2019
- (e) Increase in provision for rehabilitation of Yeppoon landfill of \$343k and employee long service leave \$231k
- (f) Adjustment for opening balances based on audited financial statements for period ending 30 June 2019

STATEMENT OF CASH FLOWS

2019-20 BUDGET (20Q1) AND LONG TERM FINANCIAL FORECAST 2020 TO 2029

	Original Budget 2019-20	Recommended Changes	Proposed Budget (20Q1) 2019-20	Variance from Original Budget			Forecast (20Q1) 2020-21	Forecast (20Q1) 2021-22	Forecast (20Q1) 2022-23	Forecast (20Q1) 2023-24	Forecast (20Q1) 2024-25	Forecast (20Q1) 2025-26	Forecast (20Q1) 2026-27	Forecast (20Q1) 2027-28	Forecast (20Q1) 2028-29
	\$'000	\$'000	\$'000	\$'000	%	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities															
Receipts from customers	81,312	21	81,334	21	0.0%		83,525	86,888	89,576	90,390	93,903	99,095	102,895	104,795	108,358
Payments to suppliers and employees	(62,243)	(8,857)	(71,100)	(8,857)	14.2%	(a)	(63,284)	(64,413)	(65,975)	(67,234)	(69,544)	(71,628)	(73,758)	(75,971)	(78,210)
Payments for land held as inventory	-	(88)	(88)	(88)	0.0%		-	-	-	-	-	-	-	-	-
Proceeds from sale of land held as inventory	8,696	-	8,696	-	0.0%		1,012	2,034	-	-	-	-	-	-	-
Interest received	1,147	(111)	1,036	(111)	-9.7%	(b)	1,001	1,092	1,107	1,043	955	910	957	1,036	1,111
Borrowing costs	(3,845)	-	(3,845)	-	0.0%		(3,574)	(3,299)	(3,010)	(2,713)	(2,413)	(2,094)	(1,735)	(1,361)	(959)
Payment of landfill provision	(300)	-	(300)	-	0.0%		(306)	(312)	(1,977)	(2,752)	(3,122)	(503)	(513)	(524)	(534)
Non-capital grants and contributions	5,766	201	5,967	201	3.5%	(c)	6,085	6,221	6,358	6,499	6,645	6,799	6,962	7,131	7,298
Cash inflow from Operating Activities	30,533	(8,834)	21,699	(8,834)	-28.9%		24,460	28,210	26,079	25,233	26,423	32,579	34,807	35,106	37,064
Cash flows from Investing Activities															
Payments for property, plant and equipment	(36,043)	(4,441)	(40,484)	(4,441)	12.3%	(d)	(22,132)	(21,952)	(26,179)	(24,812)	(28,737)	(28,228)	(27,737)	(26,750)	(29,578)
Grants and contributions received	11,472	635	12,107	635	5.5%		6,077	3,233	3,417	3,634	2,007	3,270	2,255	2,391	2,534
Proceeds from the sale of assets	1,570	(30)	1,570	(30)	0.0%		(70)	(91)	(52)	(957)	-	-	-	-	-
Cash outflow from Investing Activities	(23,002)	(3,865)	(26,837)	(3,835)	16.7%		(16,125)	(18,810)	(22,814)	(22,135)	(26,729)	(24,958)	(25,481)	(24,359)	(27,044)
Cash flows from Financing Activities															
Proceeds from borrowings	-	-	-	-	0.0%		-	-	-	-	2,000	-	-	-	-
Repayment of borrowings	(4,999)	-	(4,999)	-	0.0%		(5,270)	(5,545)	(5,834)	(6,132)	(6,506)	(6,878)	(7,236)	(7,611)	(8,012)
Cash outflow from Financing Activities	(4,999)	-	(4,999)	-	0.0%		(5,270)	(5,545)	(5,834)	(6,132)	(4,506)	(6,878)	(7,236)	(7,611)	(8,012)
Net increase/(decrease) in Cash Held	2,532	(12,669)	(10,137)	(12,669)	-500.3%		3,065	3,856	(2,569)	(3,033)	(4,812)	744	2,089	3,136	2,007
Cash at the beginning of the financial year	15,098	24,660	39,758	24,660	163.3%	(e)	29,651	32,716	36,571	34,003	30,969	26,157	26,901	28,989	32,125
Cash at the end of the financial year	17,630	11,991	29,621	11,991	68.0%		32,716	36,571	34,003	30,969	26,157	26,901	28,989	32,125	34,132

Notes

- (a) Accrued creditors (invoices relating to 2018-19) higher than previously forecast.
- (b) Decrease in interest revenue due to an increase in total cash outflows from investing activities resulting from inclusion of capital carryovers from 2018-19 financial year.
- (c) Increase in previous budgeted estimate of Financial Assistance Grant following release of approved grant allocations by the Queensland Local Government Grants Commission.
- (d) Adjustment for updating capital expenditure carryovers and capital grants and subsidies carryovers from 2018-19 financial year.
- (e) Adjustment for opening balances based on audited financial statements for period ending 30 June 2019 (2018-19).

STATEMENT OF INCOME AND EXPENDITURE
2019-20 BUDGET (20Q1) AND LONG TERM FINANCIAL FORECAST 2020 TO 2029

	Original Budget 2019-20	Recommended Changes	Proposed Budget (20Q1) 2019-20	Variance from Original Budget			Forecast (20Q1) 2020-21	Forecast (20Q1) 2021-22	Forecast (20Q1) 2022-23	Forecast (20Q1) 2023-24	Forecast (20Q1) 2024-25	Forecast (20Q1) 2025-26	Forecast (20Q1) 2026-27	Forecast (20Q1) 2027-28	Forecast (20Q1) 2028-29
	\$'000	\$'000	\$'000	\$'000	%	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income															
Gross rates and utility charges	80,019	-	80,019	-	0.0%		82,588	84,161	86,863	89,652	93,734	97,317	101,135	105,103	109,227
Less: discounts & remissions	(6,481)	-	(6,481)	-	0.0%		(6,847)	(7,205)	(7,608)	(8,037)	(8,537)	(9,072)	(9,641)	(10,247)	(10,892)
Net rates and utility charges	73,538	-	73,538	-	0.0%		75,741	76,956	79,255	81,615	85,197	88,246	91,494	94,856	98,335
Fees and charges	4,996	-	4,996	-	0.0%		5,163	5,365	5,573	5,788	6,016	6,251	6,537	6,833	7,108
Rental Income	382	-	382	-	0.0%		390	399	408	417	426	436	447	457	468
Interest revenue	1,147	(111)	1,036	(111)	-9.7%	(a)	1,001	1,092	1,107	1,043	955	910	957	1,036	1,111
Sales revenue	(398)	-	(398)	-	0.0%		2,006	4,646	4,036	2,036	2,077	4,077	4,159	2,159	2,202
Operational grants and subsidies	5,768	200	5,968	200	3.5%	(b)	6,100	6,234	6,371	6,511	6,661	6,814	6,978	7,145	7,317
Other income	559	-	559	-	0.0%		573	587	602	617	632	648	664	681	698
Total Operating Income	85,992	89	86,081	89	0.1%		90,974	95,280	97,353	98,027	101,965	107,382	111,235	113,168	117,239
Capital Income															
Contributions from developers	1,500	-	1,500	-	0.0%		1,590	1,685	1,787	1,894	2,007	2,128	2,255	2,391	2,534
Capital grants and subsidies	9,972	635	10,607	635	6.4%	(c)	4,487	1,548	1,630	1,740	-	1,142	-	-	-
Total Capital Income	11,472	635	12,107	635	5.5%		6,077	3,233	3,417	3,634	2,007	3,270	2,255	2,391	2,534
Total Income	97,464	724	98,188	724	0.7%		97,051	98,513	100,770	101,660	103,972	110,652	113,490	115,558	119,773
Operating expenses															
Employee benefits	32,550	(281)	32,269	(281)	-0.9%	(d)	32,607	32,733	33,500	34,285	35,143	36,022	36,959	37,920	38,905
Materials and services	28,556	-	28,556	-	0.0%		29,601	30,552	31,346	31,754	33,304	34,435	35,607	36,820	38,076
Depreciation and amortisation	21,893	370	22,263	370	1.7%	(e)	23,397	23,974	24,745	25,499	24,078	25,052	25,729	26,671	27,654
Finance Costs	151	-	151	-	0.0%		156	161	166	171	177	182	188	194	200
External Loan interest expense	3,845	-	3,845	-	0.0%		3,574	3,299	3,010	2,713	2,413	2,094	1,735	1,361	959
Other operating expenses	1,215	0	1,215	0	0.0%		1,243	1,271	1,300	1,329	1,361	1,395	1,430	1,466	1,502
Total Operating Expenses	88,211	89	88,300	89	0.1%		90,578	91,991	94,068	95,751	96,476	99,181	101,649	104,431	107,297
Capital Expenses															
Restoration and rehabilitation provision	146	-	146	-	0.0%		149	152	155	158	161	164	167	170	173
Total Capital Expenses	146	-	146	-	0.0%		149	152	155	158	161	164	167	170	173
Net Result	9,107	635	9,742	635	7.0%		6,324	6,370	6,547	5,751	7,335	11,307	11,674	10,957	12,304
Operating Result	(2,219)	0	(2,219)	0	0.0%		396	3,288	3,285	2,275	5,489	8,201	9,586	8,736	9,943
Underlying Result	98	-	98	0	0.0%		347	2,599	3,285	2,275	5,489	8,201	9,586	8,736	9,943

Not Notes

- (a) Decrease in interest revenue due to the inclusion of capital carryovers from 2018-19 financial year.
(b) Increase in previous budgeted estimate of Financial Assistance Grant following release of approved grant allocations by the Queensland Local Government Grants Commission.
(c) Adjustment due to updating capital revenue carryovers from 2018-19 financial year.
(d) Adjustment to budget estimate due to recruitment timeframes for critical positions.
(e) Increase in budgeted amortisation for intangible assets and minor adjustments to other non-current assets classes as a result of capital carryovers from the 2018-19 financial year.

STATEMENT OF CHANGES IN EQUITY
2019-20 BUDGET (20Q1) AND LONG TERM FINANCIAL FORECAST 2020 TO 2029

	Original Budget 2019-20	Recommended Changes	Proposed Budget (20Q1) 2019-20	Variance from Original Budget			Forecast (20Q1) 2020-21	Forecast (20Q1) 2021-22	Forecast (20Q1) 2022-23	Forecast (20Q1) 2023-24	Forecast (20Q1) 2024-25	Forecast (20Q1) 2025-26	Forecast (20Q1) 2026-27	Forecast (20Q1) 2027-28	Forecast (20Q1) 2028-29
	\$'000	\$'000	\$'000	\$'000	%	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Retained Surplus															
Opening balance	895,733	15,196	910,929	15,196	1.7%	(a)	920,671	926,995	933,365	939,912	945,663	952,998	964,305	975,979	986,936
Net Result	9,107	635	9,742	635	7.0%	(b)	6,324	6,370	6,547	5,751	7,335	11,307	11,674	10,957	12,304
Closing Balance	904,840	15,831	920,671	15,831	1.7%		926,995	933,365	939,912	945,663	952,998	964,305	975,979	986,936	999,240
Asset Revaluation Surplus															
Opening balance	19,040	69	19,109	69	0.4%	(a)	27,891	27,891	38,633	42,008	42,008	52,317	52,317	64,321	68,182
Change in asset revaluation surplus	9,017	(235)	8,782	(235)	-2.6%		-	10,742	3,375	-	10,309	-	12,004	3,861	-
Closing Balance	28,057	(166)	27,891	(166)	-0.6%		27,891	38,633	42,008	42,008	52,317	52,317	64,321	68,182	68,182
Total Community Equity	932,897	15,665	948,562	15,665	1.7%		954,886	971,998	981,920	987,671	1,005,315	1,016,622	1,040,300	1,055,118	1,067,422

Notes

(a) Adjustment for opening balances based on audited financial statements for period ending 30 June 2019 (2018-19)

(b) Improved net result due to adjustments made in to the Statement of Income and Expenditure

12.3 - QUARTERLY BUDGET REVIEW (20Q1)

20Q1 Measures of Financial Sustainability

Meeting Date: 22 October 2019

Attachment No: 2

MEASURES OF FINANCIAL SUSTAINABILITY

2019-20 REVISED BUDGET (20Q1) AND LONG TERM FINANCIAL FORECAST 2020 to 2029

In accordance with section 169 of the *Local Government Regulation 2012*, the Council is required to disclose in the budget certain measures of financial sustainability.

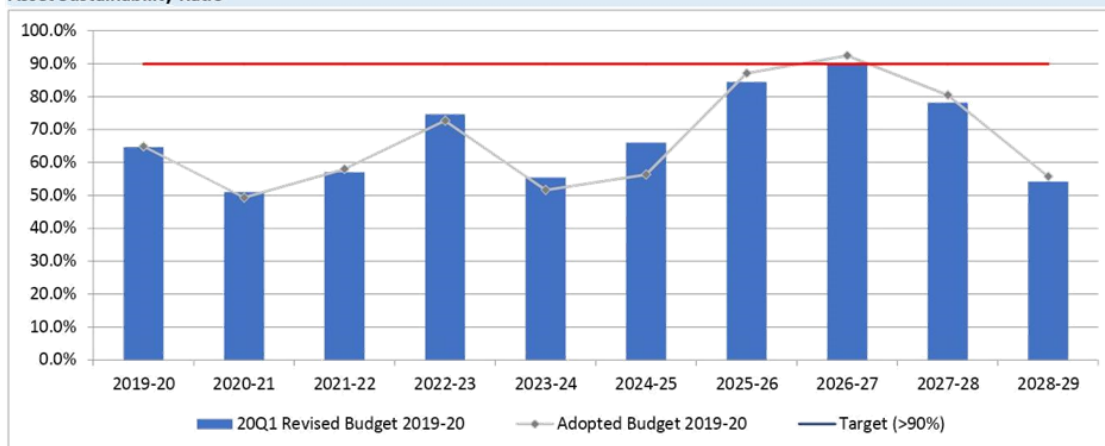
The Queensland Government defines a sustainable local government as being 'able to maintain its financial capital and infrastructure capital over the long term' (*Local Government Act 2009*, section 104(2)).

To ensure the Council continues along the path of financial sustainability into the future, key long term strategic plans are developed and integrated, demonstrating a strategy is in place to manage the financial implications of its long term planning.

The three financial sustainability measures cover the period of the annual budget plus the next nine financial years (10 years in total).

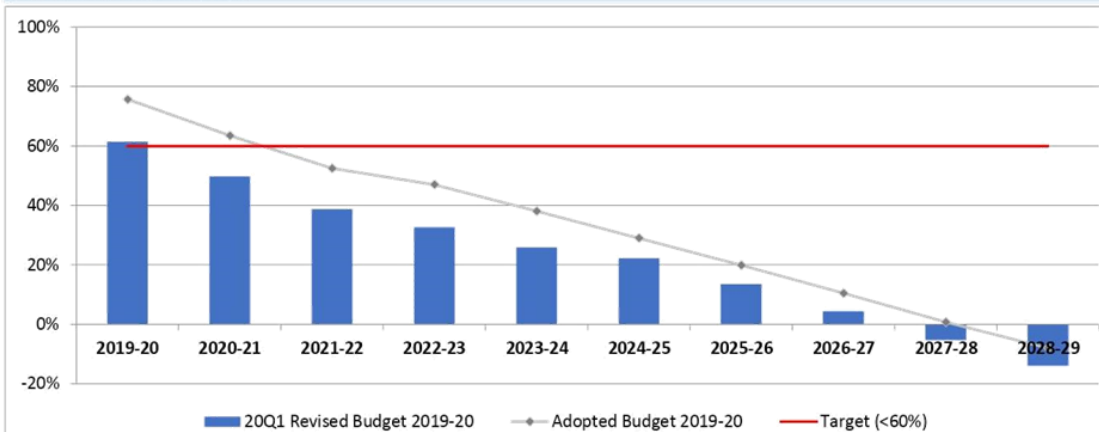
The target indicated in each graph are sourced from the 'Financial management (sustainability) guideline 2013' which is available from the website of The Department of Local Government, Racing and Multicultural Affairs.

Asset Sustainability Ratio



Description	Measure	Target
Demonstrates the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	<u>Capital expenditure on replacement assets/</u> Depreciation expense	Greater than 90% (on average over the long term)
Commentary Capital expenditure can broadly be classified as New (building something entirely new) or renewal (replacing an old asset with a new one). This ratio measures how much capital expenditure goes toward replacing existing assets each year when divided by depreciation expense. As the ten year forecast indicates Council's ratio is below the target of 90%, however improves significantly over the medium to long term which reflects Council's commitment to investing in existing assets over new assets.		

Net Financial Liabilities Ratio

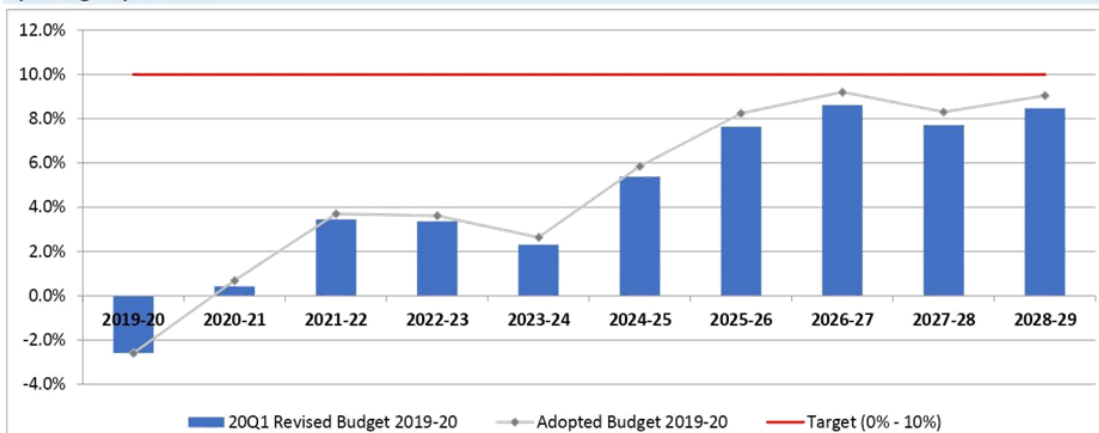


Description	Measure	Target
Demonstrates the extent to which the net financial liabilities of Council can be serviced by its operating revenues.	<u>Total Liabilities less Current Asset</u> Operating Revenue	Not greater than 60% (on average over the long term)

Commentary

Council is forecasting higher than the target (greater than 60%) for the first year in the ten year forecast period and achieves the target from year two (2) onwards.

Operating Surplus Ratio



Description	Measure	Target
Demonstrates the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes	<u>Net operating surplus/(deficit)</u> Operating Revenue	Between 0 & 10% (on average over the long term)

Commentary

Council is forecasting a positive (greater than 0%) operating surplus ratio in nine (9) out of the ten years in the forecast period. A positive ratio indicates that recurring operating revenue exceeds recurring operating expenses and this assists in funding capital expenditure. This can result in less reliance on borrowing money to fund capital expenditure and thus reduces Council debt. The positive operating surplus ratio of Council for the majority of the ten year period is a very strong indicator of long term sustainability.

12.3 - QUARTERLY BUDGET REVIEW (20Q1)

20Q1 % Change in Rates

Meeting Date: 22 October 2019

Attachment No: 3

**TOTAL VALUE OF CHANGE IN RATES AND CHARGES LEVIED FROM 2018-19
2019-20 REVISED BUDGET (20Q1) AND LONG TERM FINANCIAL FORECAST 2020 to 2029**

In accordance with section 169 of the *Local Government Regulation 2012*, the Council is required to report the total value of the change, expressed as a percentage in the rates and utility charges levied for the financial year (2019-20) compared with the rates and utility charges levied in the previous original adopted budget (2018-19). Council has also included the total value of change based on the actual results for 2018-19. The calculation of this percentage for a financial year excludes rebates and discounts applicable on rates and utility charges.

	2018-19 Original Budget	2018-19 Actual	2019-20 Revised Budget (20Q1)	2018-19 Original vs 2019-20 Revised Budget (20Q1)		2018-19 Actual vs 2019-20 Revised Budget (20Q1)	
	\$000	\$000	\$000	Variance \$000	Variance %	Variance \$000	Variance %
General Rates	31,772	32,936	32,423	651	2.0%	(513)	(1.6%)
Separate Charges	11,292	11,038	11,385	93	0.8%	348	3.1%
Special Charges	151	380	390	239	158.1%	10	2.6%
Water Utility and consumption charges	17,102	18,030	17,787	685	4.0%	(243)	(1.3%)
Waste charges	6,644	6,601	6,916	272	4.1%	315	4.8%
Sewerage Charges	10,802	10,744	11,118	316	2.9%	374	3.5%
Total Rates and Charges Levied	77,763	79,729	80,019	2,256	2.9%	290	0.4%

12.3 - QUARTERLY BUDGET REVIEW (20Q1)

20Q1 Estimated Activity Statements

Meeting Date: 22 October 2019

Attachment No: 4

2019-20 QUARTER 1 REVISED ESTIMATED ACTIVITY STATEMENTS

Council has decided by resolution that the Code of Competitive Conduct is to be applied to the following Business Activities for the 2019-20 Financial Year:

	SIGNIFICANT BUSINESS ACTIVITY	OTHER BUSINESS ACTIVITIES		
	Water & Sewerage Operations \$	Waste Operations \$	Building Certification \$	Caravan Parks \$
Operational Revenues for services provided to Council	\$20,000	\$200,000	\$0	\$0
Operational Revenues for services provided to External Clients	\$27,315,456	\$8,410,139	\$220,000	\$333,410
Community Service Obligations	\$0	\$301,500	\$0	\$0
Total Operational Revenue	\$27,335,456	\$8,911,639	\$220,000	\$333,410
Less: Operational Expenditure	\$22,456,911	\$7,781,413	\$156,626	\$306,467
Estimated Operational Surplus before Dividend	\$4,878,545	\$1,130,226	\$63,374	\$26,943
List of Community Service Obligations (CSO)				
Charity Waste and Waste Disposal Vouchers	\$0	\$301,500	\$0	\$0
Total	\$0	\$301,500	\$0	\$0

The CSO value is determined by Council and represents an activity's costs which would not be incurred if the activity's primary objective was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council. The 2019-20 budget provides \$301,500 of CSO's by Council to the waste operations business activity comprised as follows:

Disposal of unwanted materials by approved charities at Council's waste facilities	\$20,000
Waste disposal vouchers provided to residential ratepayers for disposal of eligible waste materials at Council's waste facilities	\$281,500
	\$301,500

13 URGENT BUSINESS/QUESTIONS

Urgent Business is a provision in the Agenda for members to raise questions or matters of a genuinely urgent or emergent nature, that are not a change to Council Policy and can not be delayed until the next scheduled Council or Committee Meeting

14 CLOSURE OF MEETING