



Redland
CITY COUNCIL

MINUTES

SPECIAL BUDGET MEETING

Monday, 25 June 2018

The Council Chambers
91 - 93 Bloomfield Street
CLEVELAND QLD

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**SPECIAL BUDGET MEETING
HELD AT THE COUNCIL CHAMBERS, 91 - 93 BLOOMFIELD STREET, CLEVELAND QLD
ON MONDAY, 25 JUNE 2018 AT 9.30AM**

1 DECLARATION OF OPENING

The Mayor declared the meeting open at 9.32am and acknowledged the Quandamooka people, who are the traditional custodians of the land on which Council meets.

The Mayor also paid Council's respect to their elders, past and present, and extended that respect to other indigenous Australians who were present.

2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE

MEMBERS PRESENT: Cr Paul Bishop (Division 10), Cr Wendy Boglary (Division 1), Cr Mark Edwards (Division 5), Cr Murray Elliott (Division 7), Cr Paul Gleeson (Division 9), Cr Paul Gollè (Division 3), Cr Lance Hewlett (Deputy Mayor and Division 4), Cr Tracey Huges (Division 8), Cr Peter Mitchell (Division 2), Cr Julie Talty (Division 6), Cr Karen Williams (Mayor)

EXECUTIVE LEADERSHIP TEAM: Andrew Chesterman (Chief Executive Officer), John Oberhardt (General Manager Organisational Services), Louise Rusan (General Manager Community & Customer Services), Deborah Corbett-Hall (Chief Financial Officer), Peter Best (General Manager Infrastructure & Operations); Amanda Daly (Head of Human Resources), Andrew Ross (General Counsel)

MINUTES: Liz Gaborit Corporate Meetings & Registers Coordinator

TELECONFERENCING**COUNCIL RESOLUTION 2018/1**

Moved by: Cr Peter Mitchell

Seconded by: Cr Wendy Boglary

That Councillor Huges be permitted to participate in the meeting by teleconferencing.

CARRIED 10/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

Cr Tracey Huges had not yet officially joined the meeting.

COUNCILLOR ABSENCES DURING THE MEETING

Cr Huges entered the meeting at 9.32am (via teleconference)

Cr Elliott left the meeting 9.48am and returned at 9.49am while Standing Orders were suspended.

Cr Mitchell left the meeting at 10.18am and returned at 10.20am while Standing Orders were suspended.

Cr Talty left the meeting at 10.33am and returned at 10.36am while Standing Orders were suspended.

3 MATERIAL PERSONAL INTEREST OR CONFLICT OF INTEREST

Nil

4 BUDGET ADDRESS BY THE MAYOR

The magnitude of managing the many expectations and requirements of a city as diverse as Redlands is never more evident than during Council's budget considerations. Satisfying the needs and wants of everyone is a challenge, especially when our budget is at the mercy of substantial cost increases and decisions, many of which are outside of our control.

In framing the 2018-19 budget, I can assure residents that Councillors worked tirelessly to balance the expectations of our city with the need to keep costs as low as possible. The result is a \$289 million budget which is affordable, achievable and in the best interests of our community.

This budget delivers an average Redland City Council rates and charges rise of 3.99 percent, excluding State Government charges, for residential 1a owner-occupied properties with a property land value of \$241,305. Commercial average rate increases have been kept in line with residential increases - while still providing the level of funding needed to continue our economic development and CBD revitalisation programs. The budget also maintains Council's low-debt status and delivers a \$66.9 million capital works program that focusses on the renewal of vital community infrastructure, such as roads and parks.

By necessity, this budget strikes a balance between maintaining a high level of service to residents, prioritising projects and ensuring we did not compromise our enviable low-debt status. This had to be done against the backdrop of continued hefty increases in the State Government's bulk water charges and cost of waste management, as well as accommodating changes to the way we fund the cost of maintaining this city's canals and lake.

The state's bulk water price increase, 7.3 percent this year, follows consecutive increases over recent years. Between 2013-14 and 2017-18, more than \$168 or almost 49 per cent has been added to the average Redlanders' water bill based on Redlands average consumption of 200kl. These consistent bulk water increases from the State Government are outside of our control but, in response, Council has kept its water and wastewater retail charges at 2015 levels to ease the impact on residents. This is the fourth consecutive year Council has kept the controlled retail component of water on hold - it is our way of trying to save our residents money at the tap.

Waste management is another ever-changing industry and the introduction of the State-imposed waste levy will change how Council manages our waste. To ensure we continue to be a regional leader in waste management practices and in line with our cost recovery model for emptying residents' bins and disposing of and recycling rubbish, waste charges will rise by \$30.90 for a standard 240Lt kerbside waste and recycling service.

After extensive city-wide consultation on how to manage and fund canal and lake maintenance activities and revetment walls, new differential rating categories will be introduced for Raby Bay canal properties. The consultation included establishment of an independent Citizens' Advisory Panel – the first ever formed in the Redlands.

The city will pay for all canal maintenance and dredging at Raby Bay, Aquatic Paradise and Sovereign Waters estates and 10 percent of the cost of work on Raby Bay revetment walls, which is slightly more than the percentage of revetment walls in public ownership, bordering public facilities such as parks. Essentially, Raby Bay canal block residents will continue to pay for their revetment walls through the differential rate, with Council as the project manager providing assurance that funding is there to fix problems should they arise.

The recent announcement by the Federal Government that it would sell Commonwealth land at Birkdale, which Council has been working for some time to secure for the community, has also had an impact. The city's environment separate charge will rise by \$6.48 in 2018-19 to ensure we can fund the acquisition of strategic land such as this Commonwealth land.

We also have committed to Koala Conservation program funding of \$1.1 million to deliver on-the-ground research and science-based actions to protect and improve koala habitat, reduce koala deaths and improve community education around koalas.

I am also pleased to say support for pensioners has been maintained with rebates at \$335 per year for a full pensioner or \$167.50 for a part-pensioner – among the region's most generous.

Another significant issue has come from what makes the Redlands such a great place – our 335km of coastline. Council, for too long, has been picking up the tab for marine infrastructure that should be a State funding responsibility. We are making representations to correct that imbalance.

All of these factors made it incumbent on Council to find better, more cost-effective ways of delivering residents' needs, leading to the application of rigorous prioritisation principles to the capital works program. These will ensure the 2018-19 program is achievable and provides residents with the best value for money.

The Weinam Creek redevelopment is the biggest intergenerational project to receive funding in this budget, with \$3.1 million set aside to commence the project. Otherwise, our 2018-19 program focuses on renewing existing community infrastructure to ensure it remains in good shape, saving money in the long-term.

This budget invests heavily in the renewal of existing roads, transport and community infrastructure, including:

- \$22.9 million for roads projects, including the Green Seal Program, Regional Road Alliance Program and resurfacing and rehabilitation programs
- \$16.6 million for infrastructure, including bus shelter and seat renewals, footpaths and expansion of Redlands IndigiScapes Centre
- \$7.9 million for marine and foreshore projects
- \$6.3 million for water, waste and wastewater projects
- More than \$4.1 million to go towards renewing playgrounds, parks and sports fields
- \$1.9 million for community and cultural development

I am proud to say that we have been able to achieve this while allowing for a small projected operating deficit of about \$2.35 million, a significant improvement on last year. This positions us well in maintaining our financial sustainability to deliver the major projects that will be required in the years ahead.

We have not spent the rates of future generations and that gives us scope to borrow judiciously for intergenerational projects that are vital to our city's future.

This Council's pledge to let the community be our guide is very much reflected in this budget. This includes our approach to differential rating for Raby Bay canal properties, our boosting of the environment separate charge for strategic land acquisition and our project priorities.

It gives me great pleasure to present the 2018-19 Redland City Council Budget.

At the conclusion of the Budget address the Mayor took the opportunity to thank her Council colleagues and the Executive Leadership Team for their dedication, hard work and constructive debate, as well as the many compromises that have made it possible to adopt the 2018-2019 budget. The Mayor also gave special mention to Deborah Corbett-Hall and her Finance Team for their hard work and assistance in preparing the budget.

SUSPEND STANDING ORDERS AT 9.45AM

PROCEDURAL RESOLUTION 2018/2

Moved by: Cr Wendy Boglary

Seconded by: Cr Peter Mitchell

That standing orders be suspended to allow each Councillor to speak.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

Each Councillor addressed Council in regard to the 2018-2019 Budget. Please refer to Redland City Council website for more information.

<http://webcast.redland.qld.gov.au/archive/video18-0625-1.php#placeholder>

RESUME STANDING ORDERS AT 10.44AM

PROCEDURAL RESOLUTION 2018/3

Moved by: Cr Murray Elliott

Seconded by: Cr Paul Gleeson

A motion was moved that Council resume standing orders.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

5 BUSINESS

5.1 STATEMENT OF ESTIMATED FINANCIAL POSITION 2017-2018

Objective Reference: A3135424

Authorising Officer: Deborah Corbett-Hall, Chief Financial Officer

Responsible Officer: Deborah Corbett-Hall, Chief Financial Officer

Report Author: Udaya Panambala Arachchilage, Corporate Financial Reporting Manager

Attachments: 1. [Statement of Estimated Financial Position 2017-2018](#)  

PURPOSE

The purpose of this report is to present Council's Statement of Estimated Financial Position for the 2017-2018 financial year in accordance with section 205(1) of the *Local Government Regulation 2012*. The attachment outlines Council's forecasted financial operations for the 2017-2018 financial year and financial position as at 30 June 2018.

BACKGROUND

The information contained in the attached financial report provides details of the original budget, revised budget and also a forecast position as at the end of June 2018.

ISSUES

The attached Statement of Estimated Financial Position 2017-2018 represents a combination of April year to date actuals and May to June forecast.

The attachment represents an estimated result only, based on forecasted movements in the financial reporting system at a particular point in time.

The final financial position of Council will be determined following the end of the 2017-2018 year and in accordance with the requirements of Australian Accounting Standards and other appropriate accounting obligations. Particular points to note:

- the estimated financial position and operational results do not include accruals or deferrals and other adjustments that would ordinarily be considered as part of the end of year processes;
- comprehensive asset valuations are currently being undertaken on road and stormwater assets, with desktop valuations undertaken on all other material asset classes. These statements do not yet reflect the outcomes of these valuations; and
- final 2017-2018 results and position will be reflected in the audited financial statements for the year ended 30 June 2018 with Queensland Audit Office sign-off expected in October 2018.

STRATEGIC IMPLICATIONS

Legislative Requirements

Section 205(1) of the *Local Government Regulation 2012* requires the Chief Executive Officer to present a statement of estimated financial position to the annual budget meeting.

Risk Management

Finance Officers, the Chief Financial Officer and the Executive Leadership Team review the monthly performance and position and discuss possible courses of action when appropriate. Additionally, Council's Audit Committee reviews the monthly financial statements and discusses variances when necessary.

Financial

This report does not have any financial implications. The attachment compares the adopted original budget and annual revised budget against year-end forecasts for the 2017-2018 financial year. As the figures are anticipated and unaudited, they are subject to change with the completion of the financial year-end accounting process and finalisation of the external audit by Queensland Audit Office later in the calendar year.

People

Nil impact expected as the purpose of the attached report is to provide financial information to Council based upon original budget versus forecasted financial performance and position for the 2017-2018 financial year.

Environmental

Nil impact expected as the purpose of the attached report is to provide financial information to Council based upon original budget versus forecasted financial performance and position for the 2017-2018 financial year.

Social

Nil impact expected as the purpose of the attached report is to provide financial information to Council based upon original budget versus forecasted financial performance and position for the 2017-2018 financial year.

Alignment with Council's Policy and Plans

Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision-making to achieve the community's Redlands 2030 vision and goals.

8.2 Council produces and delivers against sustainable financial forecasts as a result of best practice Capital and Asset Management Plans that guide project planning and service delivery across the city.

CONSULTATION

Finance Officers and the Chief Financial Officer reviewed the forecasted 2017-2018 financial operations and financial position and provide the information in accordance with legislative requirements.

OPTIONS**Option One**

Council resolves that pursuant to section 205 of the *Local Government Regulation 2012*, the statement of estimated financial position for the 2017-2018 financial year, as presented in the attached report, is received and its contents noted.

Option Two

Council resolves to request further information.

COUNCIL RESOLUTION 2018/4

Moved by: Cr Paul Bishop

Seconded by: Cr Mark Edwards

Council resolves that, pursuant to section 205 of the *Local Government Regulation 2012*, the statement of estimated financial position for the 2017-2018 financial year, as presented in the attached report, is received and its contents noted.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

Statement of Estimated Financial Position

for the year ending 30 June 2018





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1. EXECUTIVE SUMMARY

Section 205(1) of the *Local Government Regulation 2012* requires the Chief Executive Officer to present a Statement of Estimated Financial Position to the annual budget meeting.

The estimated financial position and operational results were determined with reference to the actual financial results for the year to date up to 30 April 2018, as well as the forecasted and revised budget movements for the months of May and June 2018. The variance included in this report represents the difference between the annual revised budget and the forecasted position and results for the end of the year.

The following are key items to note:

- * The 2017-2018 original budget was developed and adopted prior to the finalisation of the 2016-2017 financial statements resulting in significant movements between the original and revised annual budgets for the 2017-2018 financial year. During 2017-18 a capital carryover budget review was held on 23 August 2017;
- * the estimated financial position and operating results do not include all accruals or deferrals and other adjustments that would ordinarily be considered as part of the end of year processes; and
- * results of the asset revaluation being undertaken in the 2017-2018 financial year are not fully reflected in these statements.

Forecast Financial Position

Line Item	Comment
Cash & cash equivalents	The higher cash balance is mainly due to the expected 50% advance payment of the 2018-2019 Financial Assistance Grant.
Trade and other receivables	In line with the rating cycle the current forecasted balance is expected to be reduced at the end of the financial year, with April rates notices due for payment in May 2018. The favourable variance is mainly due to infrastructure debtors not budgeted.
Non-current assets held for sale	A number of land parcels were reclassified from property, plant and equipment to non-current assets held for sale representing a change in use of the assets.
Property, plant and equipment	Capitalised works expenditure is behind budget due to timing of works for a number of projects which are delayed or still in the early stages of being progressed, contributing to the lower than anticipated property, plant and equipment balance. Works that are no longer expected to be undertaken in this financial year will be carried over to the 2018-2019 financial year capital expenditure budget to be adopted in August 2018.
Trade and other payables	Trade and other payables are lower due to accruals still to be recognised at year end.
Other current liabilities	The variance is mainly due to unearned operating grants.

Forecast Financial Results (Comprehensive Income)

Line Item	Comment
Operating Result	Council's estimated operating result for the year ended 30 June 2018 reflects a deficit of \$10.97M (forecast recurrent revenue minus forecast recurrent expenses), with a \$0.16M favourable variance to the revised budget.
Capital Revenue	Developers' cash and non-cash contributions received were significantly lower than originally anticipated.
Capital Expenses	This variance is due to losses on disposal of assets and is mainly a result of sale of fleet assets; and infrastructure and parks asset replacement.

Note: As per previous years, finance officers expect movement in the accounts to close out end of year accounting requirements. Therefore the forecasted results will not reflect the final operating or capital performance.





2. STATEMENT OF ESTIMATED FINANCIAL POSITION

For the year ending 30 June 2018

	Annual	Annual	Estimated	Estimated	Estimated
	Original Budget \$'000	Revised Budget \$'000	Forecasted Balance \$'000	Variance to Revised Budget \$'000	Variance to Revised Budget %
CURRENT ASSETS					
Cash and cash equivalents	133,650	140,234	143,990	3,746	2.7%
Trade and other receivables	25,805	27,273	30,678	3,405	12.5%
Inventories	678	556	1,090	534	96.1%
Non-current assets held for sale	4,278	262	11,203	10,941	4168.8%
Other current assets	2,122	2,073	2,110	37	1.8%
Total current assets	166,533	170,398	189,071	18,673	11.0%
NON-CURRENT ASSETS					
Investment property	1,054	1,091	1,091	-	0.0%
Property, plant and equipment	2,483,228	2,598,914	2,572,037	(26,877)	-1.0%
Intangible assets	1,215	1,845	1,926	81	4.4%
Other financial assets	73	73	73	-	0.0%
Investment in other entities	5,961	14,712	14,712	-	0.0%
Total non-current assets	2,491,531	2,616,635	2,589,839	(26,796)	-1.0%
TOTAL ASSETS	2,658,064	2,787,033	2,778,910	(8,123)	-0.3%
CURRENT LIABILITIES					
Trade and other payables	21,411	39,792	29,824	(9,968)	-25.1%
Borrowings	7,701	7,713	7,713	-	0.0%
Provisions	13,126	13,014	9,816	(3,198)	-24.6%
Other current liabilities	1,755	1,747	4,694	2,947	168.7%
Total current liabilities	43,993	62,266	52,047	(10,219)	-16.4%
NON-CURRENT LIABILITIES					
Borrowings	33,461	33,343	32,947	(396)	-1.2%
Provisions	12,356	12,115	13,624	1,509	12.5%
Total non-current liabilities	45,817	45,458	46,571	1,113	2.4%
TOTAL LIABILITIES	89,811	107,724	98,618	(9,106)	-8.5%
NET COMMUNITY ASSETS	2,568,254	2,679,309	2,680,292	983	0.0%
COMMUNITY EQUITY					
Asset revaluation surplus	963,349	1,070,838	1,070,771	(67)	0.0%
Retained surplus	1,498,727	1,503,632	1,518,596	14,964	1.0%
Constrained cash reserves	106,178	104,839	90,925	(13,914)	-13.3%
TOTAL COMMUNITY EQUITY	2,568,254	2,679,309	2,680,292	983	0.0%





3. STATEMENT OF ESTIMATED COMPREHENSIVE INCOME For the year ending 30 June 2018

	Annual	Annual	Estimated	Estimated	Estimated
	Original Budget \$'000	Revised Budget \$'000	Forecasted Results \$'000	Variance to Revised Budget \$'000	Variance to Revised Budget %
Recurrent revenue					
Rates, levies and charges	227,186	227,186	228,685	1,499	0.7%
Fees	13,048	13,048	12,956	(92)	-0.7%
Grants, subsidies and contributions	9,497	9,497	11,828	2,331	24.5%
Interest received	4,361	4,361	4,528	167	3.8%
Investment returns	2,200	2,200	2,000	(200)	-9.1%
Other revenue	5,347	5,347	5,327	(19)	-0.4%
Total recurrent revenue	261,639	261,639	265,324	3,685	1.4%
Capital revenue					
Grants, subsidies and contributions	33,013	33,035	30,248	(2,787)	-8.4%
Non-cash contributions	3,213	3,213	1,182	(2,031)	-63.2%
Total capital revenue	36,226	36,248	31,430	(4,818)	-13.3%
TOTAL INCOME	297,865	297,887	296,754	(1,133)	-0.4%
Recurrent expenses					
Employee benefits	85,677	85,677	85,699	22	0.0%
Material and services	125,787	125,787	125,074	(713)	-0.6%
Finance costs	3,112	3,112	3,316	204	6.6%
Depreciation and amortisation	58,200	58,200	62,207	4,008	6.9%
Total recurrent expenses	272,775	272,775	276,296	3,521	1.3%
Capital expenses					
(Gain)/Loss on disposal of non-current assets	289	36	1,734	1,698	4745.1%
Total capital expenses	289	36	1,734	1,698	4745.1%
TOTAL EXPENSES	273,064	272,811	278,030	5,219	1.9%
NET RESULT	24,801	25,076	18,724	(6,352)	-25.3%
Other comprehensive income/(loss)					
Items that will not be reclassified to net result					
Revaluation of property, plant and equipment	-	-	(67)	(67)	0.0%
TOTAL COMPREHENSIVE INCOME	24,801	25,076	18,657	(6,419)	-25.6%





5.2 NATIONAL COMPETITION POLICY REQUIREMENTS FOR SIGNIFICANT AND OTHER BUSINESS ACTIVITIES IN 2018-2019

Objective Reference: A3135562

Authorising Officer: Deborah Corbett-Hall, Chief Financial Officer

Responsible Officer: Deborah Corbett-Hall, Chief Financial Officer

Report Author: Helen Griffith, Management Accountant Commercial Business

Attachments: 1. Register of Business Activities 2018-2019  

PURPOSE

The purpose of this report is to identify business activities that may be significant business activities (Significant Business Activities) and or business activities prescribed under section 47(7) of the *Local Government Act 2009* (Prescribed Business Activities) for 2018-2019, based on the current financial forecasts for 2018-2019 financial year and financial information for the 2017-2018 financial year, and to identify activities for which it is proposed that Council decide to apply the Code of Competitive Conduct (CoCC).

The financial statements containing the estimated costs of the Significant Business Activity and other business activities will be included in the 2018-2019 Budget Publication for adoption at the Special Budget Meeting on 25 June 2018, in accordance with section 169(3)(i) of the *Local Government Regulation 2012*.

BACKGROUND

Schedule 4 of the *Local Government Act 2009* defines a business activity of a local government as meaning “trading in goods and services by the local government”.

Section 43(4) of the *Local Government Act 2009* states that a Significant Business Activity is an activity of a local government that:

- (a) *is conducted in competition, or potential competition, with the private sector; and*
- (b) *meets the threshold requirement prescribed under a regulation.*

Section 19(2) of the *Local Government Regulation 2012* prescribes threshold expenditure of at least the following for the previous financial year for a significant business activity for the current financial year:

- (a) *for a business activity that is the provision of combined water and sewerage services, \$13.96M;*
- (b) *for another business activity, \$9.35M.*

Section 47(7) of the *Local Government Act 2009* states a local government must decide each financial year, by resolution, whether or not to apply the code of competitive conduct to a business activity prescribed under a regulation – ie a Prescribed Business Activity. If Council resolves not to apply the CoCC to a Prescribed Business Activity, section 47(8) of the *Local Government Regulation 2012* requires that the resolution must state the reasons for not doing so.

Under section 39 of the *Local Government Regulation 2012*, a business activity will be a Prescribed Business Activity if the amount of current expenditure for the business activity for the previous financial year is \$328K or more.

The amount of current expenditure is the total of the following amounts spent in conducting the activity for the year:

- (a) operational costs;
- (b) administrative and overhead costs;
- (c) cost of resources;
- (d) depreciation.

Separately, section 47(3) of the *Local Government Act 2009* requires that Council apply the CoCC to any business activity that is a building certifying activity or a roads activity (other than a roads activity conducted only through a sole supplier arrangement).

Additionally, it is noted that section 47(9) of the *Local Government Act 2009* allows Council to decide to apply the CoCC to a business activity, even if not otherwise required to do so.

Section 34(1) of the *Local Government Regulation 2012* requires that a local government's budget must contain an estimated activity statement for each business activity.

Section 56 of the *Local Government Regulation 2012* requires that Council maintain a register of business activities to which the competitive neutrality principle applies, in accordance with section 56(2).

ISSUES

In determining whether a business activity is a new Significant or Prescribed Business Activity for the 2018-2019 financial year, Council must consider the expenditure for the 2017-2018 financial year of the relevant business activity in accordance with the statutory requirements.

The following table provides a review of Council's business activities regarding the likely application of the statutory threshold requirements (where applicable). There are no other business activities of Council that are expected to meet the threshold for a significant business activity or a Prescribed Business Activity.

Business Activity	Classification	Comments
Redland Water	Significant business activity that is commercialised	No change from 2017-2018
RedWaste	Significant business activity that is commercialised	No change from 2017-2018

Council has reviewed its business activities, and at this stage, subject to review of the 2017-2018 end of year financial statements, it is proposed that Redland Water and RedWaste be the only activities subject to the CoCC in the 2018-2019 financial year. These are also the only activities considered to give rise to any material competition with the private sector.

In relation to other activities conducted by Council, which do not meet the relevant financial thresholds but which have nonetheless been reviewed in preparing this report, the following is noted:

- Council conducts no "roads activities" as defined in section 47(5) of the *Local Government Act 2009*;
- fleet activity does not provide any services external to Council;

- Council's building certification functions are no longer "business activities", as Council now only carries out its regulatory responsibilities under the *Building Act 1975*; and
- marine provides very little commercial revenue and does not compete with any commercial businesses in the Redlands.

STRATEGIC IMPLICATIONS

The 2018-2028 Financial Strategy, which includes the consideration of long-term planning to adequately invest in infrastructure sustainability, has had an annual review and is to be adopted in June at the Special Budget Meeting.

Council also has in place a number of policies to provide a framework to ensure long-term financial and infrastructure sustainability for the community. These policies include Application of Dividends and Tax Equivalent Payments, Constrained Cash Reserves, Capital Works Prioritisation, Revenue, Debt, Investment, Asset Management and Procurement Policies.

Legislative Requirements

In the light of the statutory threshold requirements for Council's Significant or Prescribed Business Activities, this report contains a proposal for the 2018-2019 financial year that will be reviewed again on the completion of the 2017-2018 end of year financial statements.

Risk Management

Risks and opportunities for business activities are discussed as part of both the annual review of the Long-Term Financial Strategy and also the annual budget workshops.

Financial

There are no financial implications impacting Council as a result of this report – all business activities are budgeted for and estimated activity statements are included in the budget publication.

People

Nil impact expected as the purpose of this document is to identify activities that may be Significant or Prescribed Business Activities for the 2018-2019 financial year, including for the purpose of Council deciding whether or not to apply the CoCC to these business activities in accordance with the legislative requirements.

Environmental

Nil impact expected as the purpose of this document is to identify activities that may be Significant or Prescribed Business Activities for the 2018-2019 financial year, including for the purpose of Council deciding whether or not to apply the CoCC to these business activities in accordance with the legislative requirements.

Social

Nil impact expected as the purpose of this document is to identify activities that may be Significant or Prescribed Business Activities for the 2018-2019 financial year, including for the purpose of Council deciding whether or not to apply the CoCC to these business activities in accordance with the legislative requirements.

Alignment with Council's Policy and Plans

This report has a relationship with the following items of the Corporate Plan:

8. Inclusive and ethical governance: Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision-making to achieve the community's Redlands 2030 vision and goals.

8.2 Council produces and delivers against sustainable financial forecasts as a result of best practice Capital and Asset Management Plans that guide project planning and service delivery across the city.

CONSULTATION

As part of Council's annual review of the Financial Strategy and the annual budget development process, Council, the Executive Leadership Team and finance officers have reviewed Council's existing business activities during 2017-2018.

OPTIONS**Option One**

Council resolves to:

1. note that Redland Water and RedWaste are expected to be significant business activities as defined in section 43(4) of the *Local Government Act 2009*, and business activities prescribed for the purposes of section 47(7) of the *Local Government Act 2009*;
2. accordingly, note that it is proposed, subject to review of the 2017-2018 end of year financial statements, that pursuant to section 47(7) of the *Local Government Act 2009*, the code of competitive conduct be applied to Redland Water and RedWaste; and
3. notes that there are no other business activities of Council that are expected to be business activities as defined in section 43(4) of the *Local Government Act 2009*, and business activities prescribed for the purposes of section 47(7) of the *Local Government Act 2009*.

Option Two

Council resolves to request further information.

COUNCIL RESOLUTION 2018/5

Moved by: Cr Lance Hewlett

Seconded by: Cr Peter Mitchell

Council resolves to:

1. note that Redland Water and RedWaste are expected to be significant business activities as defined in section 43(4) of the *Local Government Act 2009*, and business activities prescribed for the purposes of section 47(7) of the *Local Government Act 2009*;
2. accordingly, note that it is proposed, subject to review of the 2017-2018 end of year financial statements, that pursuant to section 47(7) of the *Local Government Act 2009*, the code of competitive conduct be applied to Redland Water and RedWaste; and
3. note that there are no other business activities of Council that are expected to be business activities as defined in section 43(4) of the *Local Government Act 2009*, and business activities prescribed for the purposes of section 47(7) of the *Local Government Act 2009*.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Hugues, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

REDLAND CITY COUNCIL - REGISTER OF BUSINESS ACTIVITIES TO WHICH THE COMPETITIVE NEUTRALITY PRINCIPLE APPLIES

Section 56 of the LG Regulation 2012, requires Council to hold a register of business activities

“Section 56 Register

(1) A local government must establish a register of business activities to which the competitive neutrality principle applies.

(2) The register must state the following—

- a) Business activities to which the local government has applied the competitive neutrality principle, and the date from which the competitive neutrality principle applied to each business activity;
- b) Business activities to which the code of competitive conduct applies, and the date from which the code applied to each business activity;
- c) a list of-
 - (i) Current investigation notices for competitive neutrality complaints; and
 - (ii) The business activities to which the complaints relate; and
 - (iii) The local government’s responses to the QPC’s (Queensland Productivity Commission) recommendations on the complaints.

Business Activity	Business Activity	Competitive Neutrality Commenced	Code of Competitive Conduct Commenced	QPC as a Referee	Investigation Notices for Complaints	Decision on Referees Recommendations
Redland Water	Significant	1 July 1998	1 July 1998	Nil	Nil	
RedWaste	Significant	1 July 1998	1 July 1998	Nil	Nil	

5.3 DEBT POLICY 2018-2019 - POL-1838**Objective Reference:** A3135575**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Katharine Bremner, Acting Finance Manager Financial Planning**Attachments:** 1. POL-1838 Debt Policy  **PURPOSE**

The purpose of this report is to adopt a Debt Policy for the 2018-2019 financial year in accordance with section 192 of the *Local Government Regulation 2012*.

The attached policy outlines the strategic intent of Council with respect to borrowings for the 2018-2019 financial year and an indication of new borrowings.

BACKGROUND

Council has conducted an annual review of its long-term financial strategy (LTFS). The annual financial management policies are finalised in concert with the LTFS and the budget development process. The proposed debt policy and indicative debt schedule were most recently discussed with Councillors at a budget development workshop on 3 May 2018.

ISSUES

The attached policy is as a result of the 2018-2019 budget development workshops. Council reviews its long-term borrowings with respect to new loans at least twice a year, during the development of the annual financial strategy and also during the annual budget development process.

Proposed borrowings are indicative only and the long-term debt schedule is subject to change as per previous years.

STRATEGIC IMPLICATIONS**Legislative Requirements**

Section 192 of the *Local Government Regulation 2012* requires a local government to prepare and adopt a debt policy for a financial year.

The Debt Policy also forms part of the financial management system alongside other key financial policies, in particular Revenue and Investment.

Risk Management

Council ensures its borrowings are financially sustainable and debt is reviewed on a monthly basis.

Council officers work closely with Queensland Treasury Corporation to manage the debt and only propose to borrow monies when the funds are required in addition to surplus cash holdings and the interest and repayment amounts are affordable over the life of the loan based on the forecasts contained in Council's Long-Term Financial Strategy.

Financial

The financial implications contained within the attached policy have been discussed as part of the budget development process and the Key Performance Indicators (KPIs) contained within Council's Financial Strategy demonstrate that the forecast indicative borrowings are financially sustainable.

People

Nil impact is expected as the purpose of the report is to present a debt policy in accordance with section 192 of the *Local Government Regulation 2012*.

Environmental

Nil impact is expected as the purpose of the report is to present a debt policy in accordance with section 192 of the *Local Government Regulation 2012*.

Social

Nil impact is expected as the purpose of the report is to present a debt policy in accordance with section 192 of the *Local Government Regulation 2012*.

Alignment with Council's Policy and Plans

The report has a relationship with the following items of the Corporate Plan:

8. Inclusive and Ethical Governance: Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of participation in local decision-making to achieve the community's Redlands 2030 vision and goals.

8.2 Council produces and delivers against sustainable financial forecasts as a result of best practice Capital and Asset Management Plans that guide project planning and service delivery across the city.

CONSULTATION

The policy objectives and statements were reviewed and confirmed as part of the annual review of Council's long-term financial strategy. Councillors, the Executive Leadership Team and finance officers most recently discussed the proposed debt policy and indicative debt schedule at a budget development workshop on 3 May 2018.

OPTIONS**Option One**

For the purposes of section 192(1) of the *Local Government Regulation 2012*, Council resolves to adopt the attached Debt Policy for 2018-2019.

Option Two

Council resolves to amend the attached Debt Policy for 2018-2019 prior to its adoption.

COUNCIL RESOLUTION 2018/6

Moved by: Cr Peter Mitchell

Seconded by: Cr Wendy Boglary

For the purposes of section 192(1) of the *Local Government Regulation 2012*, Council resolves to adopt the attached Debt Policy for 2018-2019.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

policy document



Statutory POL-1838

Debt Policy

Head of Power

Section 104 of the *Local Government Act 2009* (the Act) requires a Local Government to establish a system of financial management that includes various financial policies, including a debt policy. In turn, section 192(1) of the *Local Government Regulation 2012* requires a Local Government to prepare and adopt a debt policy for a financial year. The Act also defines Council as a statutory body and subsequently Council's borrowing activities continue to be governed by the *Statutory Bodies Financial Arrangements Act 1982*.

Policy Objective

To ensure the sound management of Council's existing and future debt after assessing and minimising all associated risks in accordance with the annually revised and adopted Long-Term Financial Strategy (Financial Strategy). Further, to comply with section 192 of the *Local Government Regulation 2012*, this policy states the new borrowings planned for the 2018-2019 financial year, and the next 9 financial years, and the period over which Council plans to repay existing and new borrowings.

Policy Scope

This policy applies to all of Redland City Council business areas. Redland Investment Corporation (RIC), being a wholly owned separate legal entity, and any of its subsidiaries may utilise the provisions of this policy but are not bound to the Redland City Council policy statements as outlined in this document.

Policy Statement

Council is committed to:

1. only using long-term borrowings (between 2 and 20 years) to finance capital works that will provide services now and into the future. No long-term borrowings will be used to finance recurrent expenditure and the operational activities of the Council;
2. utilising its existing constrained cash reserves when seeking funding for capital works. The use of any existing cash reserves will be subject to the purpose of the reserve in addition to maintaining all relevant financial ratios and measures of sustainability within adopted Financial Strategy targets;
3. undertaking long-term borrowings for capital works only if the interest and debt principal repayments can be serviced and relevant financial ratios and measures are maintained within approved Financial Strategy targets;
4. aligning borrowings to specific projects and/or asset classes rather than being pooled to ensure transparency and accountability is maintained. Borrowings will be nominated through the priority needs of the capital program and will be determined through the normal budgetary and approval process of Council;
5. prepaying debt service payments annually in July in order to minimise Council's interest expense;

CMR Team use only

Department: Organisational Services
Group: Financial Services
Approved by: Special Budget Meeting
Date of Approval: 25 June 2018

Effective date: 1 July 2018
Version: 18
Review date: 30 June
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policy document



Statutory POL-1838

6. reviewing its debt regularly and seeking to repay or restructure its debt to ensure repayment in the shortest possible time or resulting in a reduction in interest payments subject to maintenance of key performance indicators in the Financial Strategy;
7. considering new loans only if the subsequent increase in debt servicing payments allows the total debt servicing ratio to remain within Financial Strategy targets;
8. ensuring the term of any new loans will be a maximum of twenty years for Water, Waste and General requirements. The debt term shall not exceed the finite life of the related asset/s; and
9. recovering costs of new loans taken out on behalf of commercial businesses, commercial opportunities, joint ventures, associates or subordinates through the administration of a management fee in line with current market rates.

Proposed Borrowings

New borrowings are restricted to work that falls into one of the following three categories:

- **Risk Management** – Council's Financial Strategy outlines risks and opportunities in key areas in addition to Council's risk management register;
- **Asset Management** – Council's long-term asset and service management plans will outline capital spending that may need debt funding; or
- **Inter-Generational Projects** – Projects are defined to be inter-generational if the associated assets have estimated useful lives of 25 years or more.

Version Information

Version	Date	Key Changes
17	May 2017	<ul style="list-style-type: none"> • Updated for Budget 2017-18 Process • Item 7 changed from previously only considering new loans where cash balances were insufficient • Added in proposed debt schedule
18	March 2018	<ul style="list-style-type: none"> • Updated for 2018-19 process • Added in Policy Scope to clarify RIC is a separate legal entity • Clarified Head of Power to show requirements of the <i>Local Government Act 2009</i> • Policy Objective amended to confirm policy objectives and compliance with <i>Local Government Regulation 2012</i>

CMR Team use only

Department: Organisational Services
 Group: Financial Services
 Approved by: Special Budget Meeting
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policy document



Statutory POL-1838

Schedule of forecasted debt 2018-2028: Local Government Regulation 2012 section 192(2)(a)

	Budget Year 1 2018-19 \$000s	Forecast Year 2 2019-20 \$000s	Forecast Year 3 2020-21 \$000s	Forecast Year 4 2021-22 \$000s	Forecast Year 5 2022-23 \$000s	Forecast Year 6 2023-24 \$000s	Forecast Year 7 2024-25 \$000s	Forecast Year 8 2025-26 \$000s	Forecast Year 9 2026-27 \$000s	Forecast Year 10 2027-28 \$000s
Opening Balance	40,295	37,364	31,899	28,717	36,423	28,624	25,536	22,265	18,800	17,249
New Loans	2,500	457	3,211	14,704	-	-	-	-	-	-
Interest	2,413	1,985	1,670	1,335	1,569	1,359	1,176	982	902	863
Redemption	5,431	5,922	6,393	6,998	7,799	3,088	3,271	3,465	1,551	781
Closing Balance	37,364	31,899	28,717	36,423	28,624	25,536	22,265	18,800	17,249	16,468

Schedule of forecasted remaining repayment terms in years 2018-2028: Local Government Regulation 2012 section 192(2)(b)

	Budget Year 1 2018-19	Forecast Year 2 2019-20	Forecast Year 3 2020-21	Forecast Year 4 2021-22	Forecast Year 5 2022-23	Forecast Year 6 2023-24	Forecast Year 7 2024-25	Forecast Year 8 2025-26	Forecast Year 9 2026-27	Forecast Year 10 2027-28
Weighted Average (existing loans)	4.66	3.81	3.00	2.38	2.43	1.46	0.52	0.08	0	0
Weighted Average (incl. new loans)	5.63	5.12	6.19	11.51	13.00	12.91	13.15	13.94	13.57	12.58

In accordance with section 192(2)(b):

- Council plans to repay its existing borrowings over their remaining terms, with all existing debt planned to be repaid by 2027 – i.e. within 9 years.
- With respect to new debt, Council will consider the repayment period at the time of the application based on factors including the size of loan and nature of the asset to be funded. Of note, the maximum repayment term will be 20 years for all new borrowings.

CMR Team use only

Department: Organisational Services
Group: Financial Services
Approved by: Special Budget Meeting
Date of Approval: 25 June 2018

Effective date: 1 July 2018
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5.4 CATEGORISATION OF LAND FOR DIFFERENTIAL RATING 2018-2019

Objective Reference: A3135581

Authorising Officer: Deborah Corbett-Hall, Chief Financial Officer

Responsible Officer: Deborah Corbett-Hall, Chief Financial Officer

Report Author: Noela Barton, Finance Manager, Financial Operations

Attachments: 1. Appendix A – Raby Bay Canal Estate Map  

PURPOSE

The purpose of this report is to submit to Council for adoption the differential rating categories for 2018-2019.

BACKGROUND

Section 81(1) of the *Local Government Regulation 2012* (Regulation) says that, before a local government levies differential general rates, it must decide the different categories of rateable land in the local government area. Section 81(2) of the Regulation says that the local government must, by resolution, make the decision at the local government's budget meeting.

ISSUES

Council reviews annually the differential rating categories and determines, in accordance with the objectives and principles outlined in the Revenue Policy and the Long-Term Financial Strategy, the differential rating categories that will be adopted for the following financial year.

The differential rating categories for the 2018-2019 financial year have been determined in the course of budget deliberations about Council objectives, the Revenue Policy and the Long-Term Financial Strategy.

In adopting the rating categories for the 2018-2019 financial year, it is recommended Council:

1. introduces seven (7) new rating categories for the Raby Bay Canal Estate to enable owners with land that adjoins a revetment wall to contribute 90% of the annual cost of the revetment wall program through the differential general rate levy;
2. continues a principle based differential general rate model whereby the rate in the dollar for all rating categories, excluding rating category 1a, is determined by a multiplier applied against the rate in the dollar for residential owner occupied rating category 1a. This methodology maintains consistency across financial years.

The multipliers for 2018-2019 are:

Rating Category	Multiplier (to 3 decimal places)
1a	1.000
1b	0.800
1d	1.650
1e	1.320
2a	1.209
2b	1.028
2d	1.995
2e	1.696

Rating Category	Multiplier (to 3 decimal places)
4a	1.341
4b	2.212
6a	1.700
6b	2.805
8	4.105
10	2.200
11a	2.883
11b	4.758
16	2.200
16a	2.300
16b	2.400
17	1.700
19	1.900

3. continues to take into account whether residential land is a principal place of residence for the owner.

STRATEGIC IMPLICATIONS

Legislative Requirements

Section 81(1) of the Regulation says that, before a local government may levy differential general rates, it must decide the different categories of rateable land in its local government area.

Section 81(2) of the Regulation says that the local government must, by resolution, make the decision at the local government's budget meeting.

Section 81(3) of the Regulation says that the resolution must state the rating categories of rateable land and the description of each category.

Risk Management

The recommendations contained in this report have been reviewed for compliance with the applicable legislation by external legal advisors.

Financial

This determination of rating categories provides the platform for the making and levying of differential general rates for the financial year.

People

The Valuer-General determined that Redland City would not receive an annual valuation effective 30 June 2018.

Environmental

Nil impact expected as the purpose of this report is to submit to Council for adoption the differential rating categories for 2018-2019.

Social

Nil impact expected as the purpose of this report is to submit to Council for adoption the differential rating categories for 2018-2019.

Alignment with Council's Policy and Plans

8. Inclusive and ethical governance

8.2 Council produces and delivers against sustainable financial forecasts as a result of best practice Capital and Asset Management Plans that guide project planning and service delivery across the City.

CONSULTATION

As part of Council's annual budget development process, Council, the Executive Leadership Team and finance officers considered the categories in budget development workshops in March and April, with a final workshop held on 28 May 2018.

OPTIONS

Option One

Pursuant to sections 81(1) and (2) of the *Local Government Regulation 2012*, Council resolves that the categories in to which rateable land is categorised be those set out below in the Officer's recommendation.

Option Two

Council resolves to request further information through a workshop on the Differential General Rating Categories, noting that this would delay adoption of the 2018-2019 annual budget.

COUNCIL RESOLUTION 2018/7

Moved by: Cr Paul Gleeson

Seconded by: Cr Mark Edwards

Pursuant to sections 81(1) and (2) of the *Local Government Regulation 2012*, Council resolves that the categories in to which rateable land is categorised be those stated in the table below:

Rating Category	Rating Category Description
1a	Includes all rateable land that: <ol style="list-style-type: none"> 1) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 2) has a value less than or equal to \$350,000; 3) is the registered owner's principal place of residence; and 4) is NOT categorised in rating category 1d.
1b	Includes all rateable land that: <ol style="list-style-type: none"> 1) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 2) has a value greater than \$350,000; 3) is the registered owner's principal place of residence; and 4) is NOT categorised in rating category 1e.
1d	Includes all rateable land that: <ol style="list-style-type: none"> 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 3) has a value less than or equal to \$350,000; and 4) is the registered owner's principal place of residence.

1e	<p>Includes all rateable land that:</p> <ol style="list-style-type: none"> 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 3) has a value greater than \$350,000; and 4) is the registered owner’s principal place of residence.
2a	<p>Includes all rateable land that:</p> <ol style="list-style-type: none"> 1) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 2) has a value less than or equal to \$350,000; 3) is NOT the registered owner’s principal place of residence; and 4) is NOT categorised in rating category 2d.
2b	<p>Includes all rateable land that:</p> <ol style="list-style-type: none"> 1) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 2) has a value greater than \$350,000; 3) is NOT the registered owner’s principal place of residence; and 4) is NOT categorised in rating category 2e.
2d	<p>Includes all rateable land that:</p> <ol style="list-style-type: none"> 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 3) has a value less than or equal to \$350,000; and 4) is NOT the registered owner’s principal place of residence.
2e	<p>Includes all rateable land that:</p> <ol style="list-style-type: none"> 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 3) has a value greater than \$350,000; and 4) is NOT the registered owner’s principal place of residence.
4a	Includes all vacant rateable land, other than that categorised in rating categories 4b or 10.
4b	Includes all vacant rateable land, other than categorised in rating category 10, that adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map.
6a	Includes all rateable land that, having regard to any improvements or activities conducted upon the land, is primarily used in whole or in part for commercial or industrial purposes, other than land categorised in rating categories 6b or 19.
6b	<p>Includes all rateable land that:</p> <ol style="list-style-type: none"> 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, is primarily used in whole or in part for commercial or industrial purposes; and 3) is NOT categorised in rating category 19.
8	Includes all rateable land that, having regard to any improvements or activities conducted upon the land, is primarily used in whole or in part, or intended for use in whole or in part, for quarry or extractive industry purposes.
10	Includes all rateable land that has been identified as having an insurmountable drainage constraint or a constraint of such nature that it is unlikely a development permit, or permits, for the erection of a dwelling house on the land would be granted. Includes some

	<p>rateable land that has been identified as having significant conservation values. All rateable land included in this category identified with insurmountable drainage problems or conservation values is zoned Conservation Sub-Area CN1 in the Redlands Planning Scheme.</p> <p>This category also includes all rateable land on the Southern Moreton Bay Islands that is vacant and has been included within the Open Space zone of the Redlands Planning Scheme.</p>
11a	Includes subdivided land that is not yet developed in accordance with section 50 of the <i>Land Valuation Act 2010</i> , other than that categorised in rating category 11b.
11b	Includes subdivided land that adjoins a canal revetment wall in the estate commonly referred to as Raby Bay, and shown on Appendix A – Raby Bay Canal Estate Map, that is not yet developed in accordance with section 50 of the <i>Land Valuation Act 2010</i> .
16	<p>One or more land parcels where the land:</p> <ol style="list-style-type: none"> 1) is used for shopping centre purposes, or has the potential predominant use of shopping centre purposes, by virtue of its improvements or the activities conducted upon the land; and 2) is characterised in Council's land records with the property use code of COM071.
16a	<p>One or more land parcels where the land:</p> <ol style="list-style-type: none"> 1) is used for shopping centre purposes, or has the potential predominant use of shopping centre purposes, by virtue of its improvements or the activities conducted upon the land; 2) is characterised in Council's land records with the property use code of COM072; and 3) has a value less than \$20,000,000.
16b	<p>One or more land parcels where the land:</p> <ol style="list-style-type: none"> 1) is used for shopping centre purposes, or has the potential predominant use of shopping centre purposes, by virtue of its improvements or the activities conducted upon the land 2) is characterised in Council's land records with the property use code of COM023; and 3) has a value greater than or equal to \$20,000,000.
17	<p>One or more land parcels where the land:</p> <ol style="list-style-type: none"> 1) is used for shopping centre purposes, or has the potential predominant use of shopping centre purposes, by virtue of its improvements or the activities conducted upon the land; and 2) is characterised in Council's land records with the property use code of COM074.
19	<p>One or more land parcels where:</p> <ol style="list-style-type: none"> 1) two or more self-contained places of business are located in one or more buildings; 2) the buildings are separated by common areas, other areas owned by the owner or a road; and 3) the total land area is greater than or equal to 4,000 square metres.

CARRIED 11/0

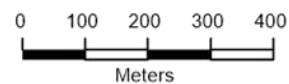
Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.



APPENDIX A – RABY BAY CANAL ESTATE MAP



1:10,000



**Produced by
Spatial Business Intelligence
30 June 2018**

Data correct at time of production 4 June 2018

5.5 ENVIRONMENT SEPARATE CHARGE 2018-2019**Objective Reference:** A3135584**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Katharine Bremner, Acting Finance Manager Financial Planning**Attachments:** Nil**PURPOSE**

The purpose of this report is to submit to Council for adoption the Environment Separate Charge for the 2018-2019 financial year.

BACKGROUND

In accordance with section 94 of the *Local Government Act 2009*, Council may levy a separate charge as defined in section 92(5). Council has determined the community in general will benefit from the protection, management, promotion and enhancement of biodiversity. This includes koala habitat, bushland, green space, waterways, catchments, air and coastal ecosystems in the City that cannot always be effectively protected through Council's regulatory powers or management powers. The charge is applied on a 'per lot' basis and is subject to Council's Farming Concession.

ISSUES

The Environment Separate Charge will be \$115.56 per annum charged on a per lot basis in 2018-2019. The charge will fund operational projects that include activities such as:

- bushland and fire management
- foreshore and catchment rehabilitation and maintenance
- aquatic weed control
- track and trail maintenance and repairs
- koala habitat restoration
- environmental education.

STRATEGIC IMPLICATIONS**Legislative Requirements**

Section 92(5) of the *Local Government Act 2009* states separate rates and charges are for any service, facility or activity that is not subject to another type of rate or charge.

Section 94(1)(b)(iii) of the *Local Government Act 2009* provides that a local government may levy separate rates and charges.

Section 94(2) of the *Local Government Act 2009* says a local government must decide by resolution at the financial year's budget meeting what rates and charges are to be levied for that financial year.

Section 103(3) of the *Local Government Regulation 2012* declares that a local government may levy separate rates or charges for a service, facility or activity, whether or not the service, facility or activity is supplied by the local government.

Risk Management

Council reviews the planned revenue and expenditure on an annual basis in order to best align value for money against the vision outcome communicated to us by the Redlands community in the 2030 Community Plan for a healthy natural environment:

- maintaining unique biodiversity
- protecting, restoring and enhancing the environment
- people supporting the environment.

Financial

The financial implication for the financial year 2018-2019 is revenue in the order of \$8.2M.

People

Nil impact expected as the purpose of the report is to submit to Council for adopting the Environment Separate Charge for 2018-2019.

Environmental

Nil impact expected as the purpose of the report is to submit to Council for adopting the Environment Separate Charge for 2018-2019.

Social

Nil impact expected as the purpose of the report is to submit to Council for adopting the Environment Separate Charge for 2018-2019.

Alignment with Council's Policy and Plans

This report has a relationship with the following items of the Corporate Plan:

1. Healthy natural environment

A diverse and healthy natural environment, with an abundance of native flora and fauna and rich ecosystems will thrive through our awareness, commitment and action in caring for the environment.

CONSULTATION

As part of Council's annual budget development process, Council, the Executive Leadership Team and finance officers considered the 2018-2019 anticipated expenditure, separate charge and revenue streams in a budget development workshop on 26 April and 3 May 2018.

OPTIONS

Option One

Pursuant to section 94 of the *Local Government Act 2009* and section 103 of the *Local Government Regulation 2012*, Council resolves to make and levy a separate charge (to be known as the "Environment Separate Charge"), in the sum of \$115.56 per annum, to be levied equally on all rateable land in the local government area, for the purposes of funding operational projects to protect, manage, promote and enhance biodiversity in the local government area.

Option Two

Council resolves to request further information.

COUNCIL RESOLUTION 2018/8

Moved by: Cr Wendy Boglary

Seconded by: Cr Mark Edwards

Pursuant to section 94 of the *Local Government Act 2009* and section 103 of the *Local Government Regulation 2012*, Council resolves to make and levy a separate charge (to be known as the “Environment Separate Charge”), in the sum of \$115.56 per annum, to be levied equally on all rateable land in the local government area, for the purposes of funding operational projects to protect, manage, promote and enhance biodiversity in the local government area.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

5.6 LANDFILL REMEDIATION SEPARATE CHARGE 2018-2019**Objective Reference:** A3135594**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Katharine Bremner, Acting Finance Manager Financial Planning**Attachments:** Nil**PURPOSE**

The purpose of this report is to submit to Council for adoption the Landfill Remediation Separate Charge for the 2018-2019 financial year.

BACKGROUND

In accordance with section 94 of the *Local Government Act 2009*, Council may levy a separate charge as defined at section 92(5). Council has determined the community in general will benefit from the activity of Council's monitoring and remediating closed landfills and incidental activities. The charge is applied on a 'per lot' basis and is subject to Council's Farming Concession.

Management and expenditure of the charge is determined by policy POL-3091 Landfill Remediation Separate Charge.

ISSUES

The Landfill Remediation Separate Charge will be \$43.88 per annum and charged on a per lot basis in 2018-2019. The charge will fund operational projects relating to the monitoring and remediation of closed landfills including activities such as:

- Remediation South Street Sanitary
- North Stradbroke Site Remediation
- Remediation Redland Bay
- Birkdale Landfill Remediation - Capping
- Russell Island Waste Transfer Closed Landfill Management
- Birkdale Landfill Remediation
- Giles Road Hardfill Remediation
- Judy Holt Northern Landfill Batters
- Landfill Survey and Surface Remediation
- Landfill Monitoring Sharks Football Park, Victoria Point
- Judy Holt Park – Testing, Leachate and Minor Works
- Duncan Road Baseball Fields
- John Fredericks Park – Testing and Minor Works
- Landfill Remediation - Minor Works
- Landfill Site Investigations Program.

STRATEGIC IMPLICATIONS**Legislative Requirements**

Section 92(5) of the *Local Government Act 2009* states that separate rates and charges are for any service, facility or activity that is not subject to another type of rate or charge.

Section 94(1)(b)(iii) of the *Local Government Act 2009* provides that a local government may levy separate rates and charges.

Section 94(2) of the *Local Government Act 2009* says a local government must decide, by resolution at the local government's budget meeting for a financial year, what rates and charges are to be levied for that financial year.

Section 103(3) of the *Local Government Regulation 2012* provides that a local government may levy separate rates or charges for a service, facility or activity, whether or not the service, facility or activity is supplied by the local government.

Risk Management

Council monitors the closed landfill remediation program regularly and also provides for the liability in the Statement of Financial Position.

Financial

The financial implication for the financial year 2018-2019 is revenue in the order of \$3.1M.

People

Nil impact expected as the purpose of the report is to submit to Council for adopting the Landfill Remediation Separate Charge for 2018-2019.

Environmental

Nil impact expected as the purpose of the report is to submit to Council for adopting the Landfill Remediation Separate Charge for 2018-2019.

Social

Nil impact expected as the purpose of the report is to submit to Council for adopting the Landfill Remediation Separate Charge for 2018-2019.

Alignment with Council's Policy and Plans

This report has a relationship with the following items of the Corporate Plan:

1. Healthy natural environment

A diverse and healthy natural environment, with an abundance of native flora and fauna and rich ecosystems will thrive through our awareness, commitment and action in caring for the environment.

CONSULTATION

As part of Council's annual budget development process, Council, the Executive Leadership Team and finance officers considered the 2018-2019 anticipated expenditure, separate charge and revenue streams in a budget development workshop on 26 April 2018.

OPTIONS**Option One**

Pursuant to section 94 of the *Local Government Act 2009* and section 103 of the *Local Government Regulation 2012*, Council resolves to make and levy a separate charge (to be known as the “Landfill Remediation Separate Charge”), in the sum of \$43.88 per annum, to be levied equally on all rateable land in the local government area, for the purposes of funding operational projects relating to the monitoring and remediation of closed landfills.

Option Two

That Council resolves to request further information.

COUNCIL RESOLUTION 2018/9

Moved by: Cr Paul Gleeson

Seconded by: Cr Wendy Boglary

Pursuant to section 94 of the *Local Government Act 2009* and section 103 of the *Local Government Regulation 2012*, Council resolves to make and levy a separate charge (to be known as the “Landfill Remediation Separate Charge”), in the sum of \$43.88 per annum, to be levied equally on all rateable land in the local government area, for the purposes of funding operational projects relating to the monitoring and remediation of closed landfills.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

5.7 REDLAND CITY SES ADMINISTRATION SEPARATE CHARGE 2018-2019**Objective Reference:** A3135619**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Katharine Bremner, Acting Finance Manager Financial Planning**Attachments:** Nil**PURPOSE**

The purpose of this report is to submit to Council for adoption the Redland City SES Administration Separate Charge for the 2018-2019 financial year.

BACKGROUND

Under section 4A(c) of the *Disaster Management Act 2003*, local governments should primarily be responsible for managing [disaster] events in their respective local government areas.

On 14 July 2016, and in each subsequent financial year, Council has levied the Redland City SES Administration Separate Charge, determining that the community in general will benefit from:

- 1) improved governance and proactive management of the SES resources through a full-time employee to undertake the function of an SES Local Controller and Community Resilience Officer; and
- 2) visibility of the costs associated to the operational funding of the Redland SES.

ISSUES**Disaster Management**

Events across Queensland in recent years have highlighted the importance of a quick and well-resourced response from volunteer emergency services. Redland SES has demonstrated its on-going capacity to provide services across Redland City in responding to a variety of emergency response incidents.

The response of the Redland SES is not restricted geographically, with the benefit of its services being applied throughout the entire city.

SES Local Controller

The appointment and functions of a SES local controller are set out in sections 134 and 135 of the *Fire and Emergency Services Act 1990*. In brief, a local controller is a member of an SES unit and is nominated by the local government for the area and is appointed by the Commissioner of the Queensland Fire and Emergency Services. The function of a local controller is to maintain the operational effectiveness of a SES unit by ensuring:

- the unit's members have the necessary skills to competently perform their roles within the unit;
- the unit's equipment is maintained in an appropriate condition; and

- the unit performs its functions and other activities in a way that is consistent with departmental or local government policies about the performance of the functions and activities.

The revenue raised from the Redland City SES Administration Separate Charge will fund the on-going costs of maintaining the Redland SES to an appropriate level of operational readiness, covering the local controller's salary and administration costs, along with the purchase and maintenance of critical equipment.

In 2018-2019 the Redland City SES Administration Separate Charge is set at \$7.00 per annum and is charged on a per rateable property basis.

STRATEGIC IMPLICATIONS

Legislative Requirements

Section 92(5) of the *Local Government Act 2009* states that separate rates and charges are for any other service, facility or activity (i.e. other than services, facilities or activities funded by other rates or charges).

Section 94(1)(b)(iii) of the *Local Government Act 2009* provides that a local government may levy separate rates and charges.

Section 94(2) of the *Local Government Act 2009* says a local government must decide by resolution at the financial year's budget meeting what rates and charges are to be levied for that financial year.

Section 103(3) of the *Local Government Regulation 2012* declares that a local government may levy separate rates or charges for a service, facility or activity, whether or not the service, facility or activity is supplied by the local government.

Section 4 of the *Disaster Management Act 2003* states that the Act's objects are to be achieved primarily by making provision about the following:

- a) establishing disaster management groups for the State, disaster districts and local government areas;
- b) preparing disaster management plans and guidelines;
- c) ensuring communities receive appropriate information about preparing for, responding to and recovering from a disaster;
- d) declaring a disaster situation;
- e) establishing the Office of the Inspector-General of Emergency Management.

Section 4A(c) of the *Disaster Management Act 2003* states that local governments should primarily be responsible for managing events in their respective local government area.

Section 4A(d) of the *Disaster Management Act 2003* states that district groups and the State group should provide local governments with appropriate resources and support to help the local governments carry out disaster operations.

Section 80(1) of the *Disaster Management Act 2003* sets out the functions of local government under the Act as follows:

- a) to ensure it has a disaster response capability (which means the ability to provide equipment and a suitable number of persons using the resources of the local government to effectively

deal with or help another entity to deal with an emergency situation or a disaster in the local government's area);

- b) to approve its local disaster management plan prepared under part 3 [of the Act];
- c) to ensure information about an event or a disaster in its area is promptly given to the district disaster coordinator for the disaster district in which its area is situated;
- d) to perform other functions given to the local government under this Act.

Risk Management

The establishment of a paid full-time position has improved governance and the management of SES assets and resources as the incumbent is not required to undertake duties other than that required of the position. The engagement improves the focus on resilience and preparedness for community engagement and preparedness programming.

Financial

The Redland City SES Administration Separate Charge will fully meet Council's operational requirements of the Redland SES for the financial year 2018-2019.

The financial implication for the financial year 2018-2019 is revenue in the order of \$478K.

People

Nil impact expected as the purpose of the report is to submit to Council for adopting the Redland City SES Administration Separate Charge for 2018-2019.

Environmental

Nil impact expected as the purpose of the report is to submit to Council for adopting the Redland City SES Administration Separate Charge for 2018-2019.

Social

Nil impact expected as the purpose of the report is to submit to Council for adopting the Redland City SES Administration Separate Charge for 2018-2019.

Alignment with Council's Policy and Plans

This report has a relationship with the following items of the Corporate Plan:

1. Healthy natural environment

A diverse and healthy natural environment, with an abundance of native flora and fauna and rich ecosystems will thrive through our awareness, commitment and action in caring for the environment.

2. Strong and connected communities

The community's preparedness for disasters is improved through community education, training and strong partnerships between Council and other agencies.

CONSULTATION

As part of Council's annual budget development process, Council, the Executive Leadership Team, Disaster Planning and Operations Unit, representatives of Queensland Fire and Emergency Services and finance officers considered the 2018-2019 anticipated expenditure, separate charge and revenue streams in a budget development workshop on 22 March 2018.

OPTIONS**Option One**

Pursuant to section 94 of the *Local Government Act 2009* and section 103 of the *Local Government Regulation 2012*, Council resolves to make and levy a separate charge (to be known as the "Redland City SES Administration Separate Charge"), in the sum of \$7.00 per annum, to be levied equally on all rateable land in the local government area, for the purposes of funding the Redland City State Emergency Services Unit.

Option Two

Council resolves to request more information.

COUNCIL RESOLUTION 2018/10

Moved by: Cr Wendy Boglary

Seconded by: Cr Paul Gollè

Pursuant to section 94 of the *Local Government Act 2009* and section 103 of the *Local Government Regulation 2012*, Council resolves to make and levy a separate charge (to be known as the "Redland City SES Administration Separate Charge"), in the sum of \$7.00 per annum, to be levied equally on all rateable land in the local government area, for the purposes of funding the Redland City State Emergency Services Unit.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

5.8 SOUTHERN MORETON BAY ISLANDS TRANSLINK OPERATIONS SPECIAL CHARGE 2018-2019 OVERALL PLAN AND ANNUAL IMPLEMENTATION PLAN**Objective Reference:** A3135627**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Bradley Salton, Group Manager City Infrastructure**Report Author:** Noela Barton, Finance Manager, Financial Operations**Attachments:** 1. SMBI Translink Map  **PURPOSE**

This report presents an amended overall plan for the Southern Moreton Bay Islands TransLink Operations Special Charge and its associated annual implementation plan to Council for adoption.

BACKGROUND

The history of the Southern Moreton Bay Islands TransLink Operations Special Charge is outlined below:

19 June 2013 – Council resolved to raise a special charge in the annual budget for 2013-2014 to fund the contribution agreed to under the Funding Agreement executed 18 December 2012 between Redland City Council and the State of Queensland (represented by the Department of Transport and Main Roads) for ferry operations to the Southern Moreton Bay Islands to 31 December 2015.

27 June 2013 – Council adopted the Southern Moreton Bay Islands TransLink Operations Special Charge overall plan and the 2013-2014 Annual Implementation Plan.

26 June 2014 – Council adopted the 2014-2015 Southern Moreton Bay Islands TransLink Operations Special Charge annual implementation plan.

10 December 2015 – Renewal of the Funding Agreement between the State of Queensland (represented by the Department of Transport and Main Roads) and Redland City Council was executed, extending ferry operations to 31 December 2018.

14 July 2016 – Council adopted:

- an amended Overall Plan for the Southern Moreton Bay Islands TransLink Operations Special Charge to extend the funding agreement until 31 December 2018; and
- the Southern Moreton Bay Islands TransLink Operations Special Charge 2016-2017 Annual Implementation Plan.

ISSUES

The State of Queensland (State) and Redland City Council (RCC) agree that each party respectively wishes to promote and improve public transport to all communities in Redland City. Both are committed to the staged extension of public transport services between Weinam Creek and the Southern Moreton Bay Islands (SMBI) to reduce the costs of living and broaden the economic benefits to these Islands.

On 18 December 2012, RCC entered into a Funding Agreement with the State for TransLink to provide ferry operations between Weinam Creek, Karragarra, Lamb, Macleay, Perulpa and Russell Islands for a trial period through to 31 December 2015, which was referred to as the Southern Moreton Bay Islands Transport Operations trial (SMBI Transport Operations trial) that provides public transport services between the stated points.

On 10 December 2015, RCC executed a new Funding Agreement taking effect 1 January 2016 with the State extending ferry operations to 31 December 2018.

Under section 92(3) of the *Local Government Act 2009*, special rates and charges are for services, facilities and activities that have a special association with particular rateable land. Council has established the activity of Council's funding of the ferry operations according to Council's contribution under the Funding Agreement has a special association to the rateable land to which the Southern Moreton Bay Islands TransLink Operations Special Charge applies. This is because that land or its occupier will specially benefit from Council's activity of (partially) funding the SMBI Transport Operations trial which extends public transport services and broadens economic benefits to the SMBI.

The State agrees that funds raised under the SMBI TransLink Operations Special Charge will be used only for the purpose of providing the State Services and the Ticketing Services identified in the amended overall plan.

The special charge levied amount is quarantined in a reserve account for financial transparency.

OVERALL PLAN (AS AMENDED)

Council amends the overall plan for the Southern Moreton Bay Islands TransLink Operations Special Charge in accordance with section 94 of the *Local Government Regulation 2012* as follows.

Description of service, facility, or activity

The description of the service, facility or activity is amended and now described as follows:

In accordance with clause 4 of the Funding Agreement for Ferry Operations to the SMBI, as renewed on 10 December 2015, Council's payment of its annual funding amount under that agreement to the State.

Additional information

For its part, the State has agreed to use Council's annual funding amount under the Funding Agreement for the purpose of providing ticketing and State services.

Ticketing services includes all services necessary to provide Go Card including, but not limited to, the provision and maintenance of the ticketing hardware system and includes the trial of ticketing integration of the SMBI Service into the TransLink mass transit area.

State services include

- SMBI ferry routes between Weinam Creek, Karragarra, Lamb, Macleay, Perulpa and Russell Islands to be known as a Translink route.
- Integration of the SMBI route into the TransLink mass transit network. This includes the utilisation of a single integrated ticket for travel across the Translink network in South East Queensland and access to related products and benefits from 1 January 2016.
- Inter-island travel between SMBI free of charge for island resident passengers utilising a paper ticket.

- All ancillary and incidental activities to procure, provide, manage and promote the service, including representation at the steering committee.

The rateable land to which the special charge applies

The rateable land to which the special charge applies is all rateable land on the Southern Moreton Bay Islands of Karragarra, Lamb, Macleay, Perulpa and Russell Islands, excluding rateable land categorised for differential general rate purposes as rating category 10.

The estimated cost for carrying out the overall plan

The estimated cost for carrying out the overall plan (as amended) is:

- \$482,125 in 2018-2019; and
- \$5,199,905 for the total period of the overall plan from 1 July 2013 to 31 December 2018.

The estimated time for carrying out the overall plan

The estimated time for carrying out the overall plan (as amended) is from 1 July 2013 ending on 31 December 2018.

The annual implementation plan is made in accordance with section 94(7) of the *Local Government Regulation 2012*.

The actions to be carried out under this plan are as follows

Council will undertake the action of paying its contribution payable to the State under the Funding Agreement for the 2018-2019 financial year in the sum of \$482,125 being for two quarters only to close out the special charge on 31 December 2018.

Additional information

The SMBI TransLink Operations Special Charge (Special Charge) for 2018-2019 will be \$45.48, which will be levied on a quarterly basis in the months of July and October. The charge will be levied on a 'per property' basis. It will be identified on the rate notice as the 'SMBI TransLink Operations Special Charge'.

\$482,125 will be paid by Council to the State to meet the ongoing cost of funding the Southern Moreton Bay Islands Transport Operations trial (as stated in the Annual Implementation Plan).

STRATEGIC IMPLICATIONS**Legislative Requirements**

Section 94 of the *Local Government Act 2009* (Act) provides that local governments may levy a special rates and charges. Under section 94(2) of the Act, Council must decide the rates and charges (including special rates and charges) to be levied for a financial year by resolution at Council's budget meeting for that financial year.

Section 92(3) of the Act describes special rates and charges as being for services, facilities and activities that have a special association with particular land because:

- a) the land or its occupier—
 - i) specially benefits from the service, facility or activity; or
 - ii) has or will have special access to the service, facility or activity; or
- b) the land is or will be used in a way that specially contributes to the need for the service, facility or activity; or

c) the occupier of the land specially contributes to the need for the service, facility or activity.

Section 94(2) of the *Local Government Regulation 2012* (Regulation) requires that a local government's resolution to levy special rates or charges must identify the rateable land to which the special rates or charges apply and the overall plan for the service, facility or activity to which the special rates or charges apply.

Section 94(3) of the Regulation sets out the information that must be included in an overall plan.

Section 94(4) of the Regulation requires the local government to adopt the overall plan before, or at the same time as, the local government first resolves to levy the special rates or charges.

Section 94(6) of the Regulation requires that, if an overall plan is for more than 1 year, the local government is to also adopt an annual implementation plan for each year.

Section 94(7) of the Regulation sets out the information that must be included in an annual implementation plan adopted each financial year.

Section 94(9) of the Regulation enables a local government to at any time, by resolution, amend an overall plan or annual implementation plan.

Risk Management

The adoption of a special charge for the payment of the financial obligations under the Funding Agreement will provide transparency for the SMBI residents and ratepayers in the benefited area regarding the purpose of the funds collected.

Financial

It is proposed the Special Charge will be set at \$45.48 for 2018-2019 and charged on a 'per property' basis. The Special Charge levied amount is quarantined in a reserve account for financial transparency.

The amount of the Special Charge has been determined by apportioning an equal share of the payment across the Southern Moreton Bay Island rateable properties, excluding rateable land categorised for the purposes of the differential general rate as rating category 10.

The annual implementation plan is the payment of the annual funding amount of the service pursuant to the agreement between the Council and the State of Queensland (represented by the Department of Transport and Main Roads) for the provision of the service. The amount for 2018-2019 is \$482,125.

People

Nil impact expected as the purpose of the report is to adopt an amended overall plan and annual implementation plan for the SMBI Translink Operations Special Charge.

Environmental

Nil impact expected as the purpose of the report is to adopt an amended overall plan and annual implementation plan for the SMBI Translink Operations Special Charge.

Social

Nil impact expected as the purpose of the report is to adopt an amended overall plan and annual implementation plan for the SMBI Translink Operations Special Charge.

Alignment with Council's Policy and Plans

This report aligns with Council's Corporate Plan key outcomes:

2. Green Living

2.5 Transport planning reflects a desire to maximise economic, environmental and liveability outcomes through quality road design, public transport, pedestrian and cycling strategies.

6. Supportive and vibrant economy

6.1 Council supports infrastructure that encourages business and tourism growth.

CONSULTATION

As part of Council's annual budget development process, Council, the Executive Leadership Team, senior management of City Infrastructure and finance officers considered the 2018-2019 anticipated expenditure, separate charge and revenue streams in a budget development workshop on 3 May 2018.

OPTIONS**Option One**

Council resolves to:

1. adopt the amended overall plan described in this report for the Southern Moreton Bay Islands TransLink Operations Special Charge, as the identified overall plan for the purposes of section 94(2)(b) of the *Local Government Regulation 2012*;
2. adopt the 2018-2019 Southern Moreton Bay Islands TransLink Operations Special Charge annual implementation plan described in this report, as the annual implementation plan, for the purposes of section 94(7) of the *Local Government Regulation 2012*; and
3. pursuant to section 94 of the *Local Government Act 2009* and section 94 of the *Local Government Regulation 2012*, make and levy a special charge (to be known as the "Southern Moreton Bay Islands TransLink Operations Special Charge") in the sum of \$45.48 per annum, on all rateable land to which the overall plan applies (being all rateable land on Karragarra, Lamb, Macleay, Perulpa and Russell Islands, excluding rateable land that is included in rating category 10 for the purposes of levying a differential general rate), to fund the provision of ferry services to the Southern Moreton Bay Islands, via payment to the State under clause 4 of the Funding Agreement for Ferry Operations to the SMBI, as renewed on 10 December 2015.

Option Two

Council resolves to request further information.

COUNCIL RESOLUTION 2018/11

Moved by: Cr Mark Edwards

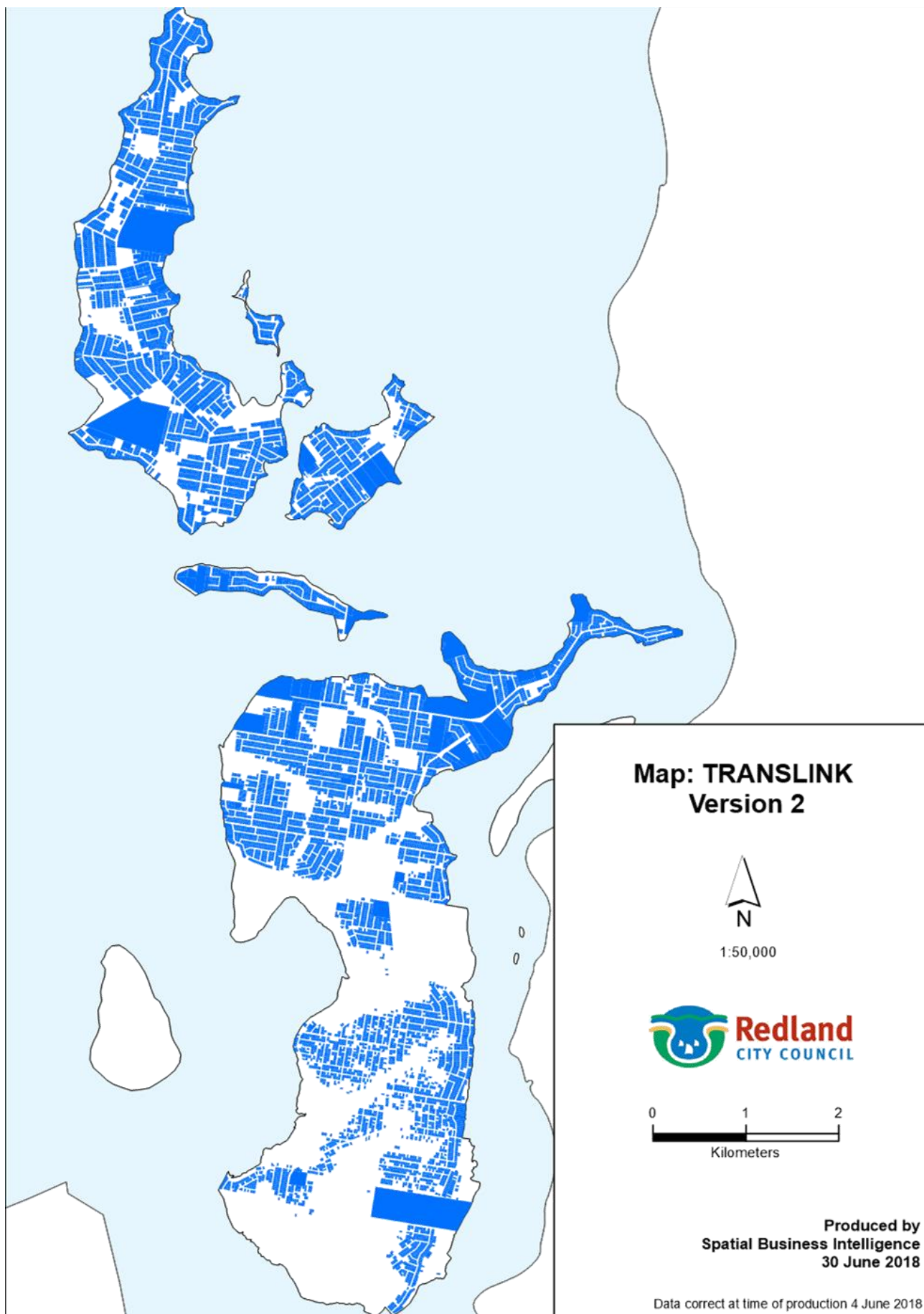
Seconded by: Cr Paul Gleeson

Council resolves to:

1. adopt the amended overall plan described in this report for the Southern Moreton Bay Islands TransLink Operations Special Charge, as the identified overall plan for the purposes of section 94(2)(b) of the *Local Government Regulation 2012*;
2. adopt the 2018-2019 Southern Moreton Bay Islands TransLink Operations Special Charge annual implementation plan described in this report, as the annual implementation plan, for the purposes of section 94(7) of the *Local Government Regulation 2012*; and
3. pursuant to section 94 of the Local Government Act 2009 and section 94 of the *Local Government Regulation 2012*, make and levy a special charge (to be known as the "Southern Moreton Bay Islands TransLink Operations Special Charge") in the sum of \$45.48 per annum, on all rateable land to which the overall plan applies (being all rateable land on Karragarra, Lamb, Macleay, Perulpa and Russell Islands, excluding rateable land that is included in rating category 10 for the purposes of levying a differential general rate), to fund the provision of ferry services to the Southern Moreton Bay Islands, via payment to the State under clause 4 of the Funding Agreement for Ferry Operations to the SMBI, as renewed on 10 December 2015.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.



5.9 RURAL FIRE BRIGADE SPECIAL CHARGE 2018-2019 OVERALL PLAN

Objective Reference: A3135641

Authorising Officer: Deborah Corbett-Hall, Chief Financial Officer

Responsible Officer: Deborah Corbett-Hall, Chief Financial Officer

Report Author: Noela Barton, Finance Manager, Financial Operations

Attachments:

1. Rural Fire Map  
2. Rural Fire Brigade 2018-2019 Income and Expenditure Forecast  

PURPOSE

The purpose of this report is to submit to Council for adoption the Rural Fire Brigade Special Charge Overall Plan for the 2018-2019 financial year.

BACKGROUND

Since 2015-2016 Council has levied a Rural Fire Brigade Special Charge (Special Charge). The collected funds will be distributed annually in June to each Island Brigade under the direction of the Southern Moreton Bay Islands Local Area Finance Committee (LAFC).

The LAFC comprises a representative from Queensland Fire and Emergency Services (QFES), a nominee from each Island brigade, the Redland City Council elected member for Division 5 and a representative from Financial Services.

ISSUES

OVERALL PLAN

A rural fire service is provided in areas where there is no urban fire service and it is fully staffed by volunteers from the community. In the 2018-2019 financial year, the Special Charge will be levied on ratepayers of identified rateable land on Karragarra, Lamb, Macleay, Perulpa and Russell Islands to contribute funding to the rural fire service.

Description of service, facility, or activity

The activity that Council is to carry out is the contribution of funds to Island rural fire brigades received under the levying of a special charge where such funds are distributed under the direction of the LAFC to the brigades.

The brigades provide the following services (among others) to the Southern Moreton Bay Islands:

- responding to the outbreak of fires
- working in conjunction with Rural Operations staff from QFES undertaking a range of planning and preparation activities throughout the year to ensure communities are prepared for the fire season, including hazard reduction burns
- controlling the use of fire by providing authorised Fire Wardens to manage permits to light fires
- allowing brigade members to engage in delivering community education and awareness on fire behaviour and prevention.

The rateable land to which the special charge applies

The rateable land to which the Special Charge applies is all rateable land on Karragarra, Lamb, Macleay, Perulpa and Russell Islands excluding rateable land that is included in rating category 10 for the purposes of levying a differential general rate. Land to which the Special Charge applies receives a special benefit from the provision of the activity (for the purposes of section 92(3) of the *Local Government Act 2009*) because the activity funds the provision of a rural fire service to that land and for which a rural fire service would not otherwise be available.

The estimated cost of carrying out the overall plan is \$240,480.

For the 2018-2019 financial year the Special Charge is \$20.00 per annum per parcel of rateable land to which the Special Charge applies.

The Special Charge of \$20.00 will be levied on a quarterly basis in the months of July, October, January and April.

Estimated time for carrying out the overall plan

The estimated time for carrying out the overall plan is 1 year, ending on 30 June 2019.

STRATEGIC IMPLICATIONS**Legislative Requirements**

Section 128A of the *Fire and Emergency Services Act 1990* states that a local government may make and levy special rates and charges and contribute the amounts raised to the rural fire brigades.

Section 91 of the *Local Government Act 2009* (Act) states that rates and charges are levies that a local government imposes on land and for a service, facility or activity that is supplied or undertaken by the local government or by someone on behalf of the local government.

Section 94(1) of the Act states that a local government may decide to levy a special rate or charge. Under section 94(2) of the Act, Council must decide the rates and charges (including special rates and charges) to be levied for a financial year by resolution at Council's budget meeting for the financial year.

Section 94(2) of the *Local Government Regulation 2012* (Regulation) requires that where a local government decides to levy special rates or charges, the resolution must identify:

- a) the rateable land to which the special rates or charges apply; and
- b) the overall plan for the service, facility or activity to which the special rates or charges apply.

The effect of section 94(6) of the Regulation is that if an overall plan is for no more than one year there is no requirement to also adopt an Annual Implementation Plan.

Section 96 of the Regulation requires that, if an overall plan is implemented and not all the funds levied are spent by the end of the overall plan, the funds must be paid back to the current owners of the rateable land on which the special rates or charges were levied as soon as is practicable. There is no requirement to return any unspent charges from the Special Charge, provided Council has discharged its duty by providing (in the manner stated) the revenue raised to each rural fire brigade in each financial year they were imposed. Council will discharge its duty for the time limit for carrying out the overall plan by an annual payment of all revenue collected from the Special Charge to the brigades under the direction of the LAFC.

Risk Management

Council annually reviews special charges during the budget process. For the 2018-2019 financial year Council has established a position that it will support the LAFC by raising revenue through a special charge in order for the Island brigades to continue to provide an essential service to the local community.

Financial

The levy proposed for the 2018-2019 financial year has been set in consultation with Council, Executive Leadership Team, Finance Officers and the QFES.

Based on the number of rateable lots (12,024) it is forecast that \$240,480 will be raised in the 2018-2019 financial year.

People

Nil impact expected as the purpose of the report is to submit to Council for adopting the Overall Plan Rural Fire Brigade Special Charge 2018-2019.

Environmental

The Special Charge supports the Island brigades in providing an essential service to their local communities. The activities undertaken by the brigades' members include responding to the outbreak of fires within their local area and in surrounding areas in support of other rural fire brigades and emergency service workers.

The brigades work in conjunction with Rural Operations staff from QFES undertaking a range of planning and preparation activities throughout the year to ensure communities are prepared for the fire season, which includes hazard reduction burns. They control the use of fire by providing authorised Fire Wardens to manage permits to light fires. Brigade members also engage in delivering community education and awareness on fire behaviour and prevention.

Social

Nil impact expected as the purpose of the report is to submit to Council for adopting the Overall Plan Rural Fire Brigade Special Charge 2018-2019.

Alignment with Council's Policy and Plans

This report has a relationship with the following items of the Corporate Plan:

7. Strong and connected communities
- 7.5 The community's preparedness for disasters is improved through community education, training and strong partnerships between Council and other agencies.

CONSULTATION

Financial Operations staff met with the Queensland Fire and Emergency Services on 29 March 2018 to establish the Overall Plan for 2018-2019.

As part of Council's annual budget development process, Council, the Executive Leadership Team and finance officers considered the 2018-2019 anticipated expenditure, separate charge and revenue streams in a budget development workshop on 3 May 2018.

OPTIONS**Option One**

Council resolves to:

1. adopt the Overall Plan described in this report for the Rural Fire Brigade Special Charge for the 2018-2019 financial year, as the identified overall plan for the purposes of section 94(2)(b) of the *Local Government Regulation 2012*; and
2. pursuant to section 94 of the *Local Government Act 2009*, section 94 of the *Local Government Regulation 2012* and section 128A of the *Fire and Emergency Services Act 1990*, Council resolves to make and levy a special charge (to be known as the "Rural Fire Brigade Special Charge for the 2018-2019 financial year") in the sum of \$20.00 per annum, on all rateable land to which the overall plan applies (being all rateable land on Karragarra, Lamb, Macleay, Perulpa and Russell Islands, excluding rateable land that is included in rating category 10 for the purposes of levying a differential general rate), to fund the ongoing contribution of funding, via the Southern Moreton Bay Islands Local Area Finance Committee, to rural fire brigades servicing the Southern Moreton Bay Islands.

Option Two

Council resolves not to raise a Rural Fire Brigade Special Charge for the 2018-2019 financial year, noting that without these funds the Island Brigades will be unable to provide a rural fire service for the Islands.

COUNCIL RESOLUTION 2018/12

Moved by: Cr Paul Gleeson

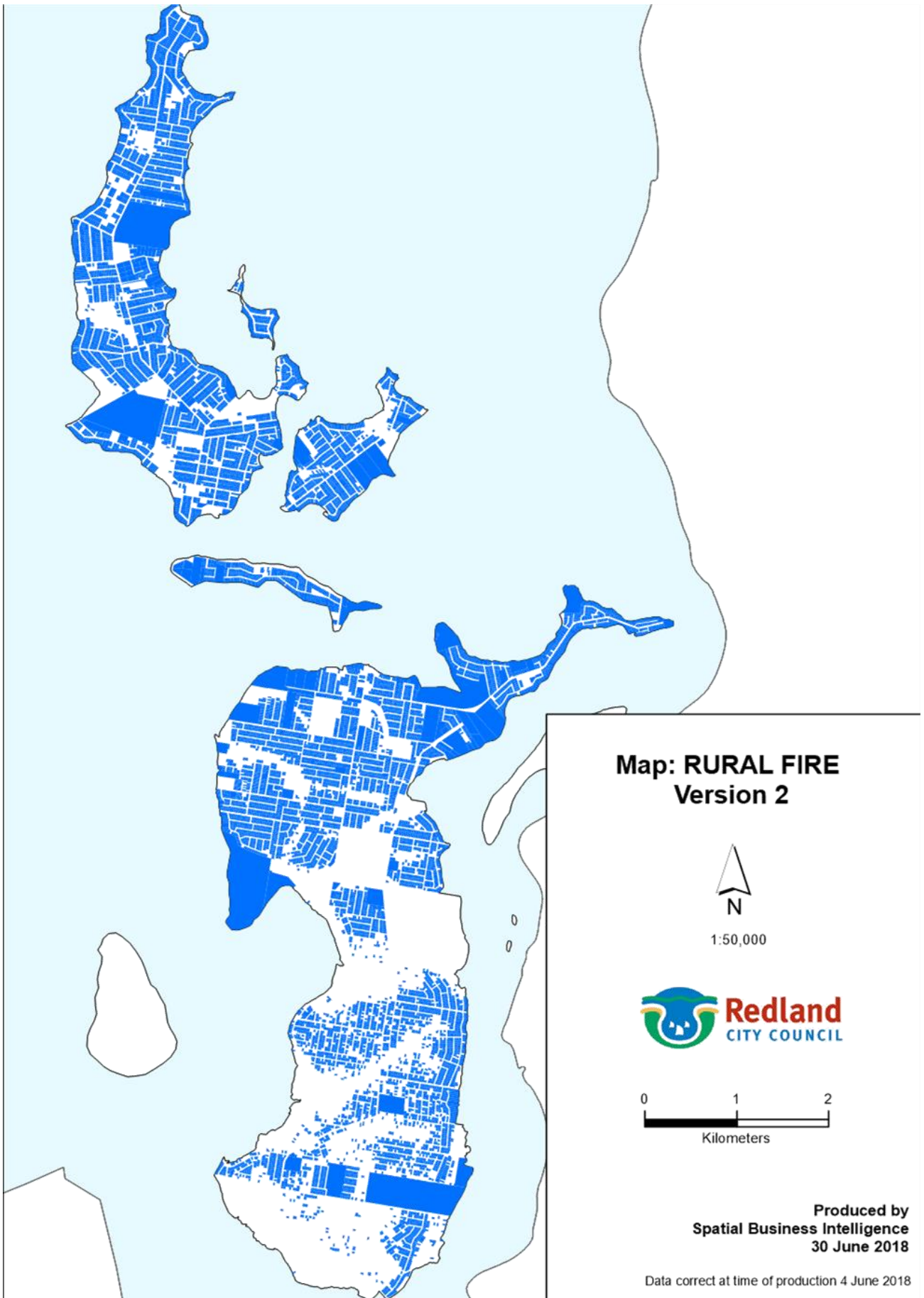
Seconded by: Cr Paul Gollè

Council resolves to:

1. adopt the Overall Plan described in this report for the Rural Fire Brigade Special Charge for the 2018-2019 financial year, as the identified overall plan for the purposes of section 94(2)(b) of the *Local Government Regulation 2012*; and
2. pursuant to section 94 of the *Local Government Act 2009*, section 94 of the *Local Government Regulation 2012* and section 128A of the *Fire and Emergency Services Act 1990*, Council resolves to make and levy a special charge (to be known as the "Rural Fire Brigade Special Charge for the 2018-2019 financial year") in the sum of \$20.00 per annum, on all rateable land to which the overall plan applies (being all rateable land on Karragarra, Lamb, Macleay, Perulpa and Russell Islands, excluding rateable land that is included in rating category 10 for the purposes of levying a differential general rate), to fund the ongoing contribution of funding, via the Southern Moreton Bay Islands Local Area Finance Committee, to rural fire brigades servicing the Southern Moreton Bay Islands.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.



Southern Moreton Island L AFC 2018-2019	Rateable Properties (Charge per Lot)	Brigade Classification	Number of Appliances	Number of Slip-on Units or Trailers	Number of Stations	Number of Incidents Last Year	Area Served By the Brigade (Sq Km)	Cash		Income		Operational Expenditure 2018-2019							Capital Expenditure 2018-2019				Total Funds Required	Surplus/ Deficit	
								Bank Balances June 2018	Charge 18-19	Total Collected for L AFC 18-19	Station Operating	Vehicle Operating	Equipment Operating	PPE	Public Relations	Training	Minor Equipment	Administration	Total Operating Costs	Vehicle Acquisition	Station Construction	Furniture and Storage			Total Capital Expenditure
Karragarra Island	267	Village	1	1	1	2	1	16,562.39	20	\$ 5,340	\$ 3,290	\$ 1,000	\$ 2,020	\$ 2,500	\$ 500	\$ 860	\$ 9,832	\$ 3,220	\$ 23,222	\$ -	\$ 11,000	\$ -	\$ 11,000	\$ 34,222	-\$ 28,882
Lamb Island	753	Village	1	0	1	19	1	11,325.00	20	\$ 15,060	\$ 5,391	\$ 1,000	\$ 1,369	\$ 1,105	\$ 1,030	\$ 3,768	\$ 2,445	\$ 1,291	\$ 17,399	\$ -	\$ 57,000	\$ 600	\$ 57,600	\$ 74,999	-\$ 59,939
Macleay Island	3,726	iZone	4	0	1	71	6	142,173.62	20	\$ 74,520	\$ 1,450	\$ 1,000	\$ 1,908	\$ 1,182	\$ 510	\$ 10,203	\$ 397	\$ 3,745	\$ 20,395	\$ 10,000	\$ 50,000	\$ 10,000	\$ 70,000	\$ 90,395	-\$ 15,875
Russell Island	7,278	iZone	3	0	1	82	15	237,843.39	20	\$ 145,560	\$ 5,975	\$ 1,000	\$ 2,189	\$ 2,112	\$ 740	\$ 2,266	\$ 5,747	\$ 8,914	\$ 28,943	\$ 31,250	\$ 50,000	\$ -	\$ 81,250	\$ 110,193	\$ 35,367
Average											\$ 4,027	\$ 1,000	\$ 1,872	\$ 1,725	\$ 695	\$ 4,274	\$ 4,605	\$ 4,293	\$ 22,490						
Total	12,024		9	1	4	174	23	407904.4		\$ 240,480	\$ 16,106	\$ 4,000	\$ 7,486	\$ 6,899	\$ 2,780	\$ 17,097	\$ 18,421	\$ 17,170	\$ 89,959	\$ 41,250	\$ 168,000	\$ 10,600	\$ 219,850	\$ 309,809	-\$ 69,329

5.10 ADOPTION OF BUDGET ESTIMATES AND FIXING OF RATES AND CHARGES 2018-2019**Objective Reference:** A3135645**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Noela Barton, Finance Manager, Financial Operations**Attachments:** 1. Budget Publication 2018-2019  **PURPOSE**

The purpose of this report is to present to Council:

- for adoption, the 2018-2019 Annual Budget, including Revenue Statement;
- the list of business activities to which it is proposed to apply the code of competitive conduct; and
- rates and charges proposed to be levied for the financial year, and related matters, including in relation to periods for levying and payment, interest, concessions and identification of the rating category of rateable land.

BACKGROUND**Annual Budget**

Section 104(5)(a)(iv) of the *Local Government Act 2009* (Act) requires the system of financial management established by Council to include an annual budget including a revenue statement.

Section 12(4)(b) of the Act requires the Mayor to prepare a budget to present to the local government. In turn, section 107A(1) of the Act requires Council to consider the budget presented by the Mayor and, by resolution, adopt the budget with or without amendment.

Section 170 of the *Local Government Regulation 2012* (Regulation) says Council must adopt its budget for a financial year after 31 May in the year before the financial year or before 1 August in the financial year, or a later date decided by the Minister.

Section 169(8) of the Regulation requires the budget to be consistent with Council's 5-year corporate plan and annual operational plan.

Section 169(2)(b) of the Regulation requires Council to include a revenue statement, prepared in accordance with section 172 of the Regulation, in Council's budget.

Rates and Charges

Section 94(2) of the Act requires Council to decide, by resolution at its budget meeting for a financial year, the rates and charges that are to be levied for that financial year.

As detailed in the Issues and Legislative Implication sections below, the Act and Regulation also require a number of other resolutions and decisions in relation to rates and charges.

Code of Competitive Conduct

Section 47(7) of the Act requires Council to decide each financial year, by resolution, whether or not to apply the code of competitive conduct to a business activity prescribed under a regulation.

Section 32 of the Regulation sets out the elements of the code of competitive conduct (code) that must be applied if Council applies the code to a business activity.

ISSUES

Budget Publication 2018-2019

Section 107A(2) of the Act requires the Mayor to give a copy of the proposed budget to each councillor at least two weeks before Council is to consider adopting the budget.

In accordance with this section the proposed budget was distributed in the Budget Publication on 9 June 2018.

Annual Budget

The 2018-2019 annual budget presented with this report has been prepared in accordance with section 169 of the Regulation.

Revenue Statement

The 2018-2019 Revenue Statement presented with this report, as part of the budget, has been prepared in accordance with section 172 of the Regulation.

Rates and Charges

The power for Council to levy rates and charges is provided for under section 94 of the Act. Section 92 of the Act defines four types of rates and charges that Council has the power to levy:

- general rates (including differential rates);
- special rates and charges;
- utility charges; and
- separate rates and charges.

As per previous years, for the 2018-2019 financial year it is proposed that Council will levy all four types of rates and charges.

Under section 94 of the Act, Council must levy general rates on all rateable land within its local government area and may levy special rates and charges, utility charges and separate rates and charges.

Under section 80 of the Regulation, Council may levy general rates that differ for different categories of rateable land (differential general rates). For the 2018-2019 year, 21 rating categories are proposed. Sections 81(4) and (5) of the Regulation require that, after deciding the rating categories and descriptions, Council must identify the rating category of each parcel of rateable land, in the way Council considers appropriate.

Under section 77 of the Regulation, Council may fix a minimum amount of general rates.

In accordance with section 94 of the Regulation, the following special charges are proposed in the localised areas of:

- Karragarra, Lamb, Macleay, Perulpa and Russell Islands
 - o Rural Fire Brigade Special Charge
 - o Southern Moreton Bay Islands TransLink Operations Special Charge.

In accordance with section 103 of the Regulation, it is proposed Council will levy separate charges (Environment Charge, Landfill Remediation Charge and Redland City SES Administration Charge)

where it has been determined the community in general will benefit from the service, facility or activity for which the separate charges are levied.

In accordance with section 99 of the Regulation, it is proposed Council will levy utility charges for services supplied for waste, water, wastewater, and trade waste.

Under section 118 of the Regulation, Council must, by resolution, at its budget meeting, decide the date by which, or the period within which, rates or charges must be paid. It is proposed rates and charges must be paid within 30 days after a rate notice for the rates or charges is issued.

Section 119 of the Regulation provides Council may grant a concession for rates or charges for land. It is proposed that a concession on differential general rates will be provided to eligible pensioner ratepayers in accordance with section 120(1)(a) of the Regulation and on the basis of Council's Policy POL-2557 Council Pensioner Rebate Policy.

It is also proposed a concession will be provided to pensioner ratepayers under section 120(1)(a) of the Regulation on Separate and Special charges who fulfil the eligibility criteria of an eligible pensioner detailed in Policy POL-2557 if they are the owner occupiers of adjoining residential lots that are amalgamated for rating purposes and either –

- the main roof structure of the occupied dwelling is constructed over the boundary line of these lots; or
- one of the adjoining lots would, if sold separately, be unable to lawfully accommodate a dwelling; or
- one of the adjoining lots would not be issued a building permit unless an existing approved structure was removed.

In accordance with section 120(1)(f), it is proposed that a concession will be provided on water access and wastewater charges, and separate and special charges to eligible owners carrying on a business of primary production where the land is used exclusively for the purpose of farming as detailed in the Revenue Statement 2018-2019.

It is proposed that charitable organisations, community groups, sporting associations and independent schools may also attract concessions under section 120(1)(b)(i) of the Regulation, or reduced charges under a Community Service Obligation granted by Council as defined in relevant resolutions.

Under section 133 of the Regulation interest is payable on overdue rates and charges. It is proposed that the interest rate for the 2018-2019 financial year will be 11 per cent and payable from the day the rates or charges become overdue.

The rates and charges proposed to be levied for the 2018-2019 financial year are detailed within the 2018-2019 Revenue Statement that is presented for adoption with the 2018-2019 Annual Budget.

Competitive Neutrality

In accordance with sections 43 and 47 of the Act it is proposed that for the 2018-2019 financial year the significant business activities of RedWaste and Redland Water will be operated as commercialised business activities, and be subject to the code of competitive conduct. It is noted that there are no other business activities of Council which meet the threshold prescribed in section 39 of the Regulation, for the purposes of section 47(7) of the Act.

STRATEGIC IMPLICATIONS

Legislative Requirements

Section 107A(1) of the Act requires Council to consider the budget presented by the Mayor and, by resolution, adopt the budget with or without amendment.

Section 170(2) of the Regulation provides that, if the budget does not comply with section 169 of the Regulation when it is adopted, the adoption of the budget is of no effect.

Section 107A(3) of the Act and section 170(1) of the Regulation require the budget to be adopted after 31 May in the year before the relevant financial year or before 1 August in the financial year or a later day decided by the Minister.

Section 169(2)(b) of the Regulation requires Council to include a revenue statement in accordance with section 172 of the same Regulation in the budget.

Section 94(2) of the Act requires Council to decide, by resolution at its budget meeting for a financial year, the rates and charges that are to be levied for that financial year.

As further detailed in the Issues section above, the Act and Regulation also require a number of other resolutions and decision in relation to rates and charges.

Section 47(7) of the Act requires Council to decide each financial year, by resolution, whether or not to apply the code of competitive conduct to a business activity prescribed under section 39 of the Regulation.

Risk Management

The preparation for the annual budget and rates and charges for the 2018-2019 financial year involved extensive modelling and successive review by Council and the Executive Leadership Team. Council's budget meeting documentation was also reviewed by external legal advisers for compliance with legislation.

Financial

The financial implications of the 2018-2019 annual budget are in line with Council's:

- Community Plan
- Long-Term Financial Strategy
- 5-year Corporate Plan
- Annual Operational Plan

Council's long-term financial forecast remains sustainable with 9 out of the 11 key performance indicators expected to be met or exceeded in the 2018-2019 financial year. The key performance indicators not expected to meet the target are the Operating Surplus Ratio and the Asset Sustainability ratio.

The Operating Surplus Ratio is -0.84 per cent for 2018-2019. At less than -1 per cent, this ratio is practically on target and is in large part due to increases in depreciation (non-cash) expenses. The proposed Long-Term Financial Strategy anticipates recurrent and non-recurrent savings and growth in revenues that will continue to provide long term financial sustainability.

There continues to be a focus on asset renewal expenditure in Council's capital program driven by Council's Asset and Service Management Plans (ASMPs). Council's newly formed Corporate Strategy and Performance Group will improve asset management processes and practices in the

coming years through implementing the outcomes and recommendations from the Asset Management Project.

People

Nil impact expected as the purpose of the report is to present the 2018-2019 annual budget to Council for adoption.

Environmental

Nil impact expected as the purpose of the report is to present the 2018-2019 annual budget to Council for adoption.

Social

Nil impact expected as the purpose of the report is to present the 2018-2019 annual budget to Council for adoption.

Alignment with Council's Policy and Plans

This report aligns with Council's Corporate Plan key outcome:

8. Inclusive and Ethical Governance: Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision-making to achieve the community's Redlands 2030 vision and goals.

- 8.2 Council produces and delivers against sustainable financial forecasts as a result of best practice Capital and Asset Management Plans that guide project planning and service delivery across the city.

CONSULTATION

As part of Council's annual budget development process, Council, the Executive leadership Team, Senior Management Team and finance officers considered the 2018-2019 anticipated expenditure and revenue stream in budget development workshops between March and May 2018.

OPTIONS**Option One**

Council makes each of the resolutions set out in the Officer's recommendation.

Option Two

Council makes only some, or none, of the listed resolutions in the Officer's recommendation.

COUNCIL RESOLUTION 2018/13

Moved by: Cr Lance Hewlett

Seconded by: Cr Peter Mitchell

Council makes each of the following resolutions:

1. Code of Competitive Conduct

Subject to review of the 2017-2018 end of year financial statements, in accordance with section 47(7) of the *Local Government Act 2009*, Council resolves to apply the code of competitive conduct to the following significant business activities and operate each as a commercialised business activity:

- a. RedWaste
- b. Redland Water

2. Identification of rating categories of rateable land

Pursuant to sections 81(4) and 81(5) of the *Local Government Regulation 2012*, Council delegates to the Chief Executive Officer the power to identify the rating category to which each parcel of rateable land belongs.

3. Differential general rates

Pursuant to section 94 of the *Local Government Act 2009* and section 80 of the *Local Government Regulation 2012*, the differential general rate to be made and levied for each differential general rate category, and pursuant to section 77 of the *Local Government Regulation 2012*, the minimum general rate to be make and levied for each differential general rate category is as follows:

Rating Category	Rate in the dollar (Local Government Act 2009, s.94; Local Government Regulation 2012, s.80)	Minimum differential general rate (Local Government Act 2009, s.94; Local Government Regulation 2012, s.77)	
		Minimum general rate	Minimum general rate threshold
1a	0.00430841	\$1,000	\$232,104
1b	0.00344675	\$1,508	\$437,513
1d	0.00710887	\$1,526	\$214,661
1e	0.00568714	\$2,488	\$437,478
2a	0.00521054	\$1,093	\$209,767
2b	0.00442901	\$1,824	\$411,830
2d	0.00859740	\$1,571	\$182,730
2e	0.00730787	\$3,009	\$411,748
4a	0.00577553	\$1,120	\$193,922
4b	0.00952962	\$1,563	\$164,015
6a	0.00732430	\$1,282	\$175,034
6b	0.01208509	\$1,685	\$139,428
8	0.01768467	\$2,227	\$125,928
10	0.00947784	\$312	\$32,919
11a	0.01242265	N/A	N/A
11b	0.02049737	N/A	N/A
16	0.00947850	\$35,228	\$3,716,620
16a	0.00990934	\$80,481	\$8,121,728
16b	0.01034019	\$166,803	\$16,131,522
17	0.00732430	\$2,595	\$354,300
19	0.00818599	\$4,558	\$556,805

4. Wastewater Utility Charges

Pursuant to section 94 of the *Local Government Act 2009* and section 99 of the *Local Government Regulation 2012*, Council makes and levies wastewater utility charges, for the supply of wastewater services by the Council, as follows:

Wastewater charges are applied in accordance with Policy POL-3027 Application of Wastewater Charges.

Charge Description	Charge Amount \$	Charge Basis
Wastewater Fixed Access Charge	27.03	per unit

5. Water Utility Charges

Pursuant to section 94 of the *Local Government Act 2009* and section 99 of the *Local Government Regulation 2012*, Council makes and levies water utility charges, for the supply of water services by the Council, as follows:

Fixed Water Access charges will be applied in accordance with Policy POL-3028 Application of Water Charges.

Type of Charge	Charge Amount \$	Charge Basis
Fixed Water Access (domestic)	263.60	per meter/lot

Domestic Residential 25mm to 150mm and Units, Flats, Guest Houses, Multiple Dwellings 20mm to 150mm	
Meter Size	Charge Amount \$
20mm	263.60
25mm	411.88
32mm	674.82
40mm	1,054.41
50mm	1,647.52
80mm	4,217.64
100mm	6,590.06
150mm	14,827.64

Commercial and Industrial	
Meter Size	Charge Amount \$
20mm	342.68
25mm	535.44
32mm	877.27
40mm	1,370.73
50mm	2,141.77
80mm	5,482.93
100mm	8,567.08
150mm	19,275.93

The consumption charge is calculated at a flat rate for Residential and Concessional and at a separate flat rate for Non-residential and Council.

Charge Description	Retail Water Price (RCC) \$ Per Kilotitre	State Bulk Water Price \$ Per Kilotitre	Total Price \$ Per Kilotitre
Residential	0.59	2.748	3.338
Concessional	0.59	2.748	3.338
Non – residential	1.35	2.748	4.098
Council	1.35	2.748	4.098

Trade Waste charges are comprised of three parts, one for access, one based on the volume and one based on strength and quantity of waste accepted by Council for treatment.

Charge Description	Charge Amount \$	Charge Basis
Trade Waste Generator Charge	403.92	per annum
Trade Waste Discharge - Volume:	2.24	per kL
Trade Waste Discharge - Quality:	C.O.D (Chemical Oxygen Demand)	1.64 per kg
	T.S.S. (Total Suspended Solids)	0.74 per kg
	T.O.G (Total Oil and Grease)	0.74 per kg
	Phosphorus	6.79 per kg
	Nitrogen	2.03 per kg
	Food waste disposal units based on power of motor	34.96 as charge 'C' (see policy)
	Constant 'd' for use when determining 'additional Charge' for excess strength waste	1.0

6. Waste Management Utility Charges

Pursuant to section 94 of the *Local Government Act 2009* and section 99 of the *Local Government Regulation 2012*, Council makes and levies waste management utility charges, for the supply of waste management services by Council, as follows:

Residential Kerbside Waste Services		
RedWaste Utility Charges	Mainland	Bay Islands
	Annual Amount \$	Annual Amount \$
240L Waste / 240L Recycling	387.40	409.40
140L Waste / 240L Recycling (existing only)	324.40	384.40
240L Waste / 340L Recycling	387.40	409.40
140L Waste / 340L Recycling	324.40	384.40
140L Waste / 140L Recycling	302.40	371.40
240L Green Waste	59.60	N/A
Additional Bin and Service - Scheduled Days		
240L Additional Waste Bin	189.20	250.20
240L Additional Recycling Bin	104.20	129.20
140L Additional Waste Bin	158.20	247.20
340L Additional Recycling Bin	113.20	143.20
240L Additional Green Waste Bin	59.60	N/A

Residential Kerbside Waste Services		
Additional Service Existing Bin (Temporary Lift) - Scheduled Days	Amount Per Lift \$	
140L Waste Bin per lift	12.60	N/A
240L Waste Bin per lift	11.20	N/A
240L Recycling Bin per lift	13.20	N/A
340L Recycling Bin per lift	9.20	N/A
240L Green Waste Bin per lift	6.40	N/A
Additional Service Existing Bin (Temporary Lift) - Outside Scheduled Days	Amount Per Lift \$	
240L Additional Waste Service per lift	47.40	N/A
140L Additional Waste Service per lift	35.00	N/A
240L Additional Recycling Service per lift	26.20	N/A
340L Additional Recycling Service per lift	27.40	N/A
Commercial Kerbside Collection Services		
	Mainland	Bay Islands
RedWaste Utility Charges	Annual Amount \$	Annual Amount \$
240L Waste / 240L Recycling	387.40	409.40
140L Waste / 240L Recycling (existing only)	324.40	384.40
240L Waste / 340L Recycling	387.40	409.40
140L Waste / 340L Recycling	324.40	384.40
140L Waste / 140L Recycling	302.40	371.40
240L Recycling (Stand Alone) Bin	104.20	129.20
340L Recycling (Stand Alone) Bin	113.20	143.20
240L Green Waste	59.60	N/A
240L Additional Waste Bin	216.20	262.20
Residential Bulk Waste Bin Collection Service		
	Mainland	Bay Islands
RedWaste Utility Charges - Size (m ³)	Annual Amount \$	Annual Amount \$
Waste Service Bulk Bin size (m ³) - 1 service per week		
0.66 m ³	925.00	N/A
1.10 m ³ (Rear lift)	1,299.00	N/A
1.10 m ³ (Front lift)	1,449.00	N/A
1.50 m ³	1,449.00	2,626.00
2.25 m ³	2,171.00	3,930.00
3.00 m ³	2,893.00	5,236.00
4.00 m ³	3,856.00	6,977.00
Additional Waste Service Bulk Bin size (m ³) - Lift only; 1 service per week	Amount Per Lift \$	Amount Per Lift \$
0.66 m ³	36.80	N/A
1.10 m ³	45.00	N/A
1.50 m ³	36.80	72.20
2.25 m ³	54.60	99.80
3.00 m ³	66.40	124.80
4.00 m ³	84.80	156.60

Temporary Waste Service (≤ 3 months) Bulk Bin size (m^3) - Bin and Lift; 1 service	Amount Per Bin & Lift \$	Amount Per Bin & Lift \$
0.66 m^3	88.00	N/A
1.10 m^3	164.00	N/A
1.50 m^3	167.00	191.00
2.25 m^3	179.00	214.40
3.00 m^3	191.00	238.00
4.00 m^3	207.00	269.40
Residential and Commercial Bulk Recycling Bin Service		
	Main land	Bay Islands
RedWaste Utility Charges - Size (m^3)	Annual Amount \$	Annual Amount \$
Recycle Service Bulk Bin size (m^3) - 1 service per fortnight		
1.10 m^3	842.00	N/A
1.50 m^3	956.00	1,746.00
2.25 m^3	1,431.00	2,473.00
3.00 m^3	1,905.00	3,349.00
4.00 m^3	2,307.00	4,093.00
Additional Recycling Service Bulk Bin size (m^3) Lift only; 1 service	Amount Per Lift \$	Amount Per Lift \$
1.10 m^3	132.00	N/A
1.50 m^3	135.00	221.40
2.25 m^3	139.00	221.40
3.00 m^3	142.00	221.40
4.00 m^3	147.00	221.40
Temporary Recycling Service (≤ 3 months) Bulk Bin Size (m^3) - Bin and Lift; 1 service	Amount Per Bin & Lift \$	Amount Per Bin & Lift \$
1.10 m^3	235.20	N/A
1.50 m^3	177.00	406.00
2.25 m^3	193.60	406.00
3.00 m^3	210.40	406.00
4.00 m^3	232.40	406.00
Commercial Bulk Waste Bin Collection Service		
	Mainland	Bay Islands
RedWaste Utility Charges - Size (m^3)	Annual Amount \$	Annual Amount \$
Waste Service Bulk Bin size (m^3) - 1 service per week		
0.66 m^3	1,031.00	N/A
1.10 m^3 (Rear lift)	1,358.80	N/A
1.10 m^3 (Front lift)	1,549.20	N/A
1.50 m^3	1,549.20	2,626.00
2.25 m^3	2,225.00	3,932.00
3.00 m^3	2,965.20	5,238.00
4.00 m^3	3,951.80	6,978.00
Additional Waste Service Bulk Bin size (m^3) Lift only; 1 service per week	Amount Per Lift \$	Amount Per Lift \$
0.66 m^3	38.80	N/A
1.10 m^3	45.00	N/A

1.50 m ³	36.80	72.20
2.25 m ³	54.60	99.80
3.00 m ³	72.00	124.80
4.00 m ³	92.00	156.60
Temporary Waste Service (<3months) Bulk Bin size (m³) Bin and Lift, 1 service	Amount Per Bin & Lift \$	Amount Per Bin & Lift \$
0.66 m ³	89.20	N/A
1.10 m ³	164.00	N/A
1.50 m ³	167.00	191.00
2.25 m ³	179.00	214.40
3.00 m ³	191.00	238.00
4.00 m ³	207.00	269.40

7. Interest

Pursuant to section 133 of the *Local Government Regulation 2012*, compound interest on daily rests at the rate of eleven per cent (11%) per annum is to be charged on all overdue rates or charges.

8. Levy and Payment

- a) Pursuant to section 107 of the *Local Government Regulation 2012* and section 114 of the *Fire and Emergency Services Act 1990*, Council's rates and charges, and the State Government's Emergency Management, Fire and Rescue Levy be levied quarterly on the first day of July, October, January and April.
- b) Pursuant to section 118 of the *Local Government Regulation 2012*, Council's rates and charges, and the State Government's Emergency Management, Fire and Rescue Levy, must be paid no later than 30 days after the date of the issue of the rate notice.

9. Rates Concessions

- a) Pursuant to sections 120, 121 and 122 of the *Local Government Regulation 2012*, a rebate of the differential general rate will be granted to all ratepayers who are pensioners on the basis of Policy POL-2557 Council Pensioner Rebate during the 2018-2019 financial year:
 - For ratepayers in receipt of the maximum rate of pension
 - o \$335.00 per annum
 - For ratepayers not in receipt of the maximum rate of pension
 - o \$167.50 per annum
- b) Pursuant to sections 120, 121 and 122 of the *Local Government Regulation 2012*, a rebate will be provided to land that Council is satisfied is being used exclusively for the purpose of farming by an owner who is carrying on a business of primary production on the land.

Council will remit all but one of each Water Fixed Access charge, Wastewater Fixed Access charge, Separate and Special charge that may be properly made and levied on the subject land parcels.

The farming concession is available to eligible land owners with contiguous parcels of

land in the same ownership name. Land will be considered contiguous when separated by a road. Land will not be considered contiguous where water connections are made to separate parcels of land.

For the purposes this concession farming includes activities such as aquaculture production, horticulture and agriculture production and the raising, breeding or production of poultry or livestock for the purpose of selling them or their bodily produce.

10. Adoption of Budget including the rates and charges to be levied for 2018-2019

Pursuant to section 170A of the *Local Government Act 2009* and sections 169 and 170 of the *Local Government Regulation 2012*, Council's Budget for the 2018-2019 financial year, incorporating the:

- i. statement of financial position
- ii. statement of cash flows
- iii. statement of income and expenditure including:
 - a. statement of comprehensive income
 - b. contributions from developers
 - c. significant business activities including:
 - i. statement of income and expenditure for Redland Water
 - ii. statement of income and expenditure for RedWaste
- iv. statement of changes in equity
- v. relevant measures of financial sustainability
- vi. total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget as tabled, be adopted
- vii. long-term financial forecast
- viii. revenue policy (adopted by Council resolution on 6 June 2018)
- ix. revenue statement including the rates and charges to be levied for 2018-2019.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

Budget 2018-2019



MAKE A
DIFFERENCE
MAKE IT
COUNT





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Mayor's Message

The magnitude of managing the many expectations and requirements of a city as diverse as Redlands is never more evident than during Council's budget considerations. Satisfying the needs and wants of everyone is a challenge, especially when our budget is at the mercy of substantial cost increases and decisions, many of which are outside of our control.

In framing the 2018-19 budget, I can assure residents that Councillors worked tirelessly to balance the expectations of our city with the need to keep costs as low as possible. The result is a \$289 million budget which is affordable, achievable and in the best interests of our community.

This budget delivers an average Redland City Council rates and charges rise of 3.99 percent, excluding State Government charges, for residential 1a owner-occupied properties with a property land value of \$241,305. Commercial average rate increases have been kept in line with residential increases - while still providing the level of funding needed to continue our economic development and CBD revitalisation programs. The budget also maintains Council's low-debt status and delivers a \$66.9 million capital works program that focusses on the renewal of vital community infrastructure, such as roads and parks.

By necessity, this budget strikes a balance between maintaining a high level of service to residents, prioritising projects and ensuring we did not compromise our enviable low-debt status. This had to be done against the backdrop of continued hefty increases in the State Government's bulk water charges and cost of waste management, as well as accommodating changes to the way we fund the cost of maintaining this city's canals and lake.

The state's bulk water price increase, 7.3 per cent this year, follows consecutive increases over recent years. Between 2013-14 and 2017-18, more than \$168 or almost 49 per cent has been added to the average Redlanders' water bill based on Redlands average consumption of 200kl. These consistent bulk water increases from the State Government are outside of our control but, in response, Council has kept its water and wastewater retail charges at 2015 levels to ease the impact on residents. This is the fourth consecutive year Council has kept the controlled retail component of water on hold - it is our way of trying to save our residents money at the tap.

Waste management is another ever-changing industry and the introduction of the State-imposed waste levy will change how Council manages our waste. To ensure we continue to be a regional leader in waste management practices and in line with our cost recovery model for emptying residents' bins and disposing of and recycling rubbish, waste charges will rise by \$30.90 for a standard 240Lt kerbside waste and recycling service.

After extensive city-wide consultation on how to manage and fund canal and lake maintenance activities and revetment walls, new differential rating categories will be introduced for Raby Bay canal properties. The consultation included establishment of an independent Citizens' Advisory Panel – the first ever formed in the Redlands.

The city will pay for all canal maintenance and dredging at Raby Bay, Aquatic Paradise and Sovereign Waters estates and 10 percent of the cost of work on Raby Bay revetment walls, which is slightly more than the percentage of revetment walls in public ownership, bordering public facilities such as parks. Essentially, Raby Bay canal block residents will continue to pay for their revetment walls through the differential rate, with Council as the project manager providing assurance that funding is there to fix problems should they arise.

The recent announcement by the Federal Government that it would sell Commonwealth land at Birkdale, which Council has been working for some time to secure for the community, has also had an impact. The city's environment separate charge will rise by \$6.48 in 2018-19 to ensure we can fund the acquisition of strategic land such as this Commonwealth land.



We also have committed to Koala Conservation program funding of \$1.1 million to deliver on-the-ground research and science-based actions to protect and improve koala habitat, reduce koala deaths and improve community education around koalas.

I am also pleased to say support for pensioners has been maintained with rebates at \$335 per year for a full pensioner or \$167.50 for a part-pensioner – among the region's most generous.

Another significant issue has come from what makes the Redlands such a great place – our 335km of coastline. Council, for too long, has been picking up the tab for marine infrastructure that should be a State funding responsibility. We are making representations to correct that imbalance.

All of these factors made it incumbent on Council to find better, more cost-effective ways of delivering residents' needs, leading to the application of rigorous prioritisation principles to the capital works program. These will ensure the 2018-19 program is achievable and provides residents with the best value for money.

The Weinam Creek redevelopment is the biggest intergenerational project to receive funding in this budget, with \$3.1 million set aside to commence the project. Otherwise, our 2018-19 program focuses on renewing existing community infrastructure to ensure it remains in good shape, saving money in the long-term.

This budget invests heavily in the renewal of existing roads, transport and community infrastructure, including:

- \$22.9 million for roads projects, including the Green Seal Program, Regional Road Alliance Program and resurfacing and rehabilitation programs.
- \$16.6 million for infrastructure, including bus shelter and seat renewals, footpaths and expansion of Redlands IndigiScapes Centre.
- \$7.9 million for marine and foreshore projects.
- \$6.3 million for water, waste and wastewater projects.
- More than \$4.1 million to go towards renewing playgrounds, parks and sports fields.
- \$1.9 million for community and cultural development.

I am proud to say that we have been able to achieve this while allowing for a small projected operating deficit of about \$2.35 million, a significant improvement on last year. This positions us well in maintaining our financial sustainability to deliver the major projects that will be required in the years ahead.

We have not spent the rates of future generations and that gives us scope to borrow judiciously for intergenerational projects that are vital to our city's future.

This Council's pledge to let the community be our guide is very much reflected in this budget. This includes our approach to differential rating for Raby Bay canal properties, our boosting of the environment separate charge for strategic land acquisition and our project priorities.

It gives me great pleasure to present the 2018-19 Redland City Council Budget.

Councillor Karen Williams
Mayor of Redland City





Elected Members

Mayor
Cr Karen Williams

Div 1
Cr Wendy Boglary

Div 2
Cr Peter Mitchell

Div 10
Cr Paul Bishop

Div 3
Cr Paul Gollè

Div 9
Cr Paul Gleeson

Deputy Mayor
Div 4
Cr Lance Hewlett

Div 8
Cr Tracey Hugues

Div 7
Cr Murray Elliott

Div 6
Cr Julie Talty

Div 5
Cr Mark Edwards





Council's Corporate Plan Outcomes

On 9 May 2018, Redland City Council ('Council') adopted its Corporate Plan for the five year period 2018-2023, to commence 1 July 2018. The Corporate Plan contains the themes or 'Vision Outcomes' as communicated by the Redlands community, in the 2010-30 Community Plan. Council's current Corporate Plan identifies the following eight Vision Outcomes:

1. Healthy Natural Environment

A diverse and healthy natural environment, with an abundance of native flora and fauna and rich ecosystems will thrive through our awareness, commitment and action in caring for the environment.

2. Green Living

Our green living choices will improve our quality of life and our children's lives, through our sustainable and energy efficient use of resources, transport and infrastructure, and our well informed responses to risks such as climate change.

3. Embracing the Bay

The benefits of the unique ecosystems, visual beauty, spiritual nourishment and coastal lifestyle provided by the islands, beaches, foreshores and water catchments of Moreton Bay will be valued, protected and celebrated.

4. Quandamooka Country

The rich Aboriginal heritage of the Redlands (Quandamooka) and the Traditional Owners' ongoing custodianship of Quandamooka land and waters will be widely understood and respected, and we will work together for the future of Quandamooka Country.

5. Wise Planning and Design

We will carefully manage population pressures and use land sustainably while advocating and taking steps to determine the limits of growth and carrying capacity on a local and national basis, recognising environmental sensitivities and the distinctive character, heritage and atmosphere of local communities. A well-planned network of urban, rural and bushland areas and responsive infrastructure and transport systems will support strong, healthy communities.

6. Supportive and Vibrant Economy

Businesses will thrive and jobs will grow from opportunities generated by low impact industries, cultural and outdoor lifestyle activities, ecotourism and quality educational experiences.

7. Strong and Connected Communities

Our health, wellbeing and strong community spirit will be supported by a full range of services, programs, organisations and facilities, and our values of caring and respect will extend to people of all ages, cultures, abilities and needs.

8. Inclusive and Ethical Governance

Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision-making to achieve the community's Redlands 2030 vision and goals.

The Corporate Plan 2018-2023 also includes new commitments to reflect Council's strategic priorities.

Council's 2018-2019 budget supports, and is consistent with, the 2018-2023 Corporate Plan in delivering services, programs and facilities to its community.



2018-19 Annual Budget at a Glance

Capital Expenditure



- Indigiscapes Visitor Centre Extension
- Charlie Buckler Sports Field Car Park Extension
- Footpaths
- Bus Shelter and Seat Renewals
- Seawall Upgrades
- Revetment Wall Upgrades
- Masters Ave Barge Ramp – Victoria Point
- Village Green Upgrade – Wellington Point

- Sewerage Pump Station, St Andrews Ave, Birkdale
- Redlands Performing Arts Centre
- Redland Art Gallery – Public art and acquisitions
- Willards Farm Restoration
- Station Masters Cottage Restoration
- Wellington Point Streetscape
- Water Feature Renewal – Cascade Gardens
- Collins St and School of Arts Rd Upgrade



Rates and Charges

TOTAL COUNCIL (RCC) RATES AND CHARGES

- An increase of 3.99% for an average residential owner occupied property in rating category 1a (excluding State Government controlled charges, i.e. bulk water and the emergency management levy)

ENVIRONMENT SEPARATE CHARGE

- Increased by \$6.48 from \$109.08 per annum to \$115.56 per annum, this increase will fund future land acquisitions for the community

LANDFILL REMEDIATION SEPARATE CHARGE

- Increased by \$1.92 per annum from \$41.96 to \$43.88

WATER PRICING – RCC CONTROLLED

- Water fixed access (domestic) charge remains unchanged again at \$263.60 per annum for 2018-19
- Water consumption - Variable Water Residential charge also remains unchanged for 2018-19 at \$0.59 per kilolitre

WATER PRICING – STATE CONTROLLED

- Water consumption - State Controlled Bulk Water increased from \$2.561 per kilolitre to \$2.748 per kilolitre for 2018-19, an increase of 7.30%

WASTEWATER PRICING

- Average domestic wastewater charge remains unchanged at \$675.75 per annum for 2018-19

Comparative Bill for Pricing 2018-19				
Domestic Average Water User				
	2017-18	2018-19	Variance	Variance
	\$	\$	\$	%
Water Access	263.60	263.60	0.00	0.00%
Water Consumption (200kl)*:				
Bulk (State Controlled)	512.20	549.60	37.40	7.30%
Retail (RCC Controlled)	118.00	118.00	0.00	0.00%
Total Water excluding Wastewater	893.80	931.20	37.40	4.18%
Wastewater	675.75	675.75	0.00	0.00%
TOTAL WATER CHARGES	1,569.55	1,606.95	37.40	2.38%

** RCC calculates average annual consumption by applying historical consumption data to derive a residential daily average usage.*

FUTURE WASTE LEVY IN QUEENSLAND

- The Queensland State Government has announced it will introduce a waste levy in early 2019. Redland City Council is one of the affected Councils and is yet to receive full details about a calculation for a rebate on disposed tonnage. Council will update the Redlands community once it has more information from the State Government.



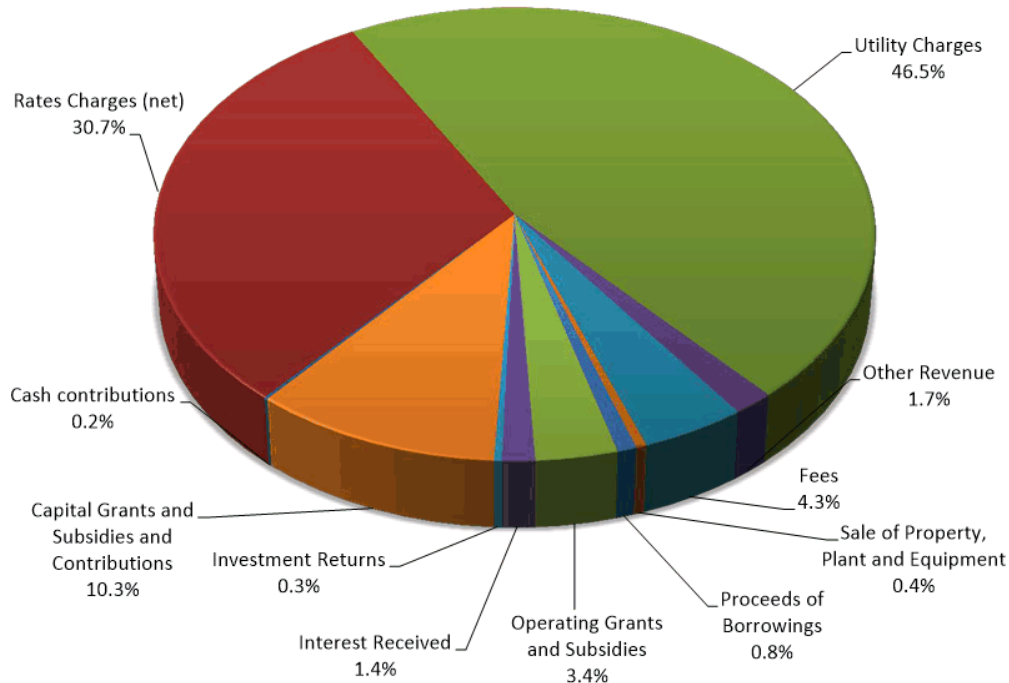
Financial Budget Overview 2018-2019

Where does the money come from?

Redland City Council’s cash funding originates from a range of sources, with general rate charges at 30.7%, and the majority generated from utility charges at a total of 46.5%; comprising of 12% State Bulk Water charges, 9% RCC water charges, and the remaining 26% is net utility charges excluding water. Council monitors its key performance indicator ‘level of dependence on general rate revenue’ which demonstrates the reliance on general rates.

Capital and operating grants, subsidies and contributions are forecast to provide 13.9% of cash funding and this revenue assists Council in delivering a variety of capital programs and various operational maintenance activities. Additionally, fees collected from the issue of permits and consideration of applications and community related services contribute to approximately 4.3% of the funds.

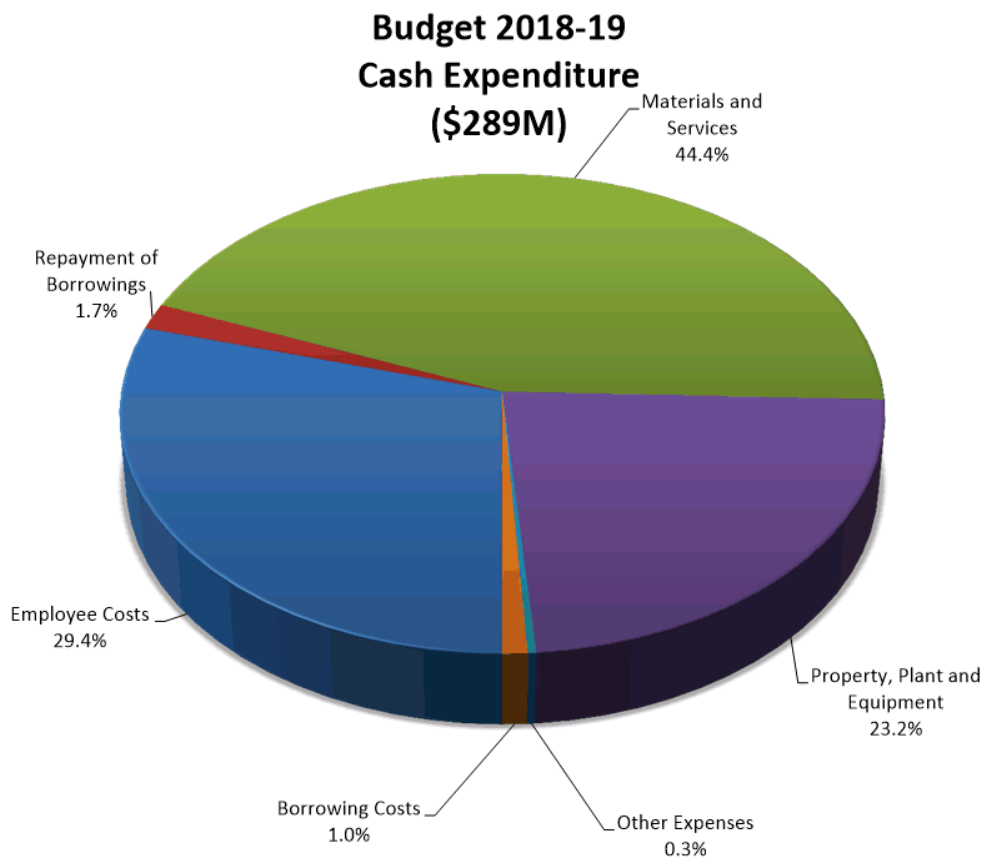
**Budget 2018-19
Cash Funding
(\$289M)**





Where does the money go?

For 2018-19, 44.4% of the budget has been allocated towards the maintenance programs needed to support the Redlands community, while 23.2% has been set aside for new infrastructure and other capital programs. A further 29.4% is required for Council employees who contribute towards the delivery of services and maintenance programs to the Redlands community.



Borrowing costs are the expenses relating to the interest that has accrued on loans. The repayment of borrowings is the expenditure associated with the principal amount borrowed.

Council’s Financial Strategy includes the outcomes of a ten year financial model that has been updated to align to Budget 2018-19 and provides a more recent long-term financial forecast. The following policies have also been updated for the 2018-19 financial year: Debt, Investment, Revenue, Constrained Cash Reserves and Application of Dividends and Tax Equivalent Payments to provide Council with a framework to ensure long-term financial and infrastructure sustainability for the community.



Budgeted Financial Statements

These statements provide key revenue, expense and balance sheet items. Future years' estimates result from our internal financial strategy and forecasting model, drawing on assumptions and parameters that are revised throughout the year.

Financial Budget Summary

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Revenue from Operating Activities	279,136	288,064	300,556
Expenses from Operating Activities	278,648	284,813	298,300
Finance Costs	2,840	2,449	2,146
Result from Operating Activities	(2,351)	802	109
Capital Revenue	39,369	40,080	41,067
Capital Expenses	289	376	(1,242)
Total Change in Community Equity	36,729	40,506	42,419

Key Balance Sheet Items

The budgeted assets and liabilities are reflective of the actual opening balances as at 1 July 2017, except where items have been specifically budgeted to the balance sheet, such as cash and cash equivalents, borrowings and property, plant and equipment. Budgeted balances for all other line items do not necessarily reflect actual movements during 2017-18. Finalised and audited opening balances as at 1 July 2018 will be reflected in the annual report.

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Total Assets	2,822,606	2,831,384	2,872,264
Total Liabilities	105,807	74,080	72,541
Net Community Assets	2,716,799	2,757,304	2,799,724
Total Cash at Year End	167,263	146,966	161,859
Total Debt at Year End	37,364	31,899	28,717



Redland City Council – Statement of Financial Position

The statement below includes the community's assets, Council's liabilities and equity, as required by section 169(1)(b)(i) of the *Local Government Regulation 2012*.

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
CURRENT ASSETS			
Cash and cash equivalents	167,263	146,966	161,859
Trade and other receivables	27,273	23,104	24,181
Inventories	556	556	556
Non-current assets held for sale	262	262	262
Other current assets	2,073	2,073	2,073
Total current assets	197,428	172,961	188,931
NON-CURRENT ASSETS			
Investment property	1,091	1,091	1,091
Property, plant and equipment	2,608,476	2,641,438	2,665,302
Intangible assets	826	1,110	2,156
Other financial assets	73	73	73
Investment in other entities	14,712	14,712	14,712
Total non-current assets	2,625,178	2,658,423	2,683,333
TOTAL ASSETS	2,822,606	2,831,384	2,872,264
CURRENT LIABILITIES			
Trade and other payables	40,840	13,945	14,947
Borrowings	7,713	6,315	6,813
Provisions	13,742	13,505	13,835
Other current liabilities	1,747	1,796	1,846
Total current liabilities	64,041	35,561	37,440
NON-CURRENT LIABILITIES			
Borrowings	29,651	25,584	21,904
Provisions	12,115	12,934	13,196
Total non-current liabilities	41,766	38,518	35,101
TOTAL LIABILITIES	105,807	74,080	72,541
NET COMMUNITY ASSETS	2,716,799	2,757,304	2,799,724
COMMUNITY EQUITY			
Asset revaluation surplus	1,070,838	1,070,838	1,070,838
Retained surplus	1,517,043	1,556,678	1,597,754
Constrained cash reserves	128,918	129,789	131,131
TOTAL COMMUNITY EQUITY	2,716,799	2,757,304	2,799,724



Redland City Council – Statement of Cash Flows

Cash movement is illustrated for the three areas: operating, investing and financing, as required by section 169(1)(b)(ii) of the *Local Government Regulation 2012*.

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	261,712	277,013	284,114
Payments to suppliers and employees	(213,794)	(248,302)	(233,418)
	47,919	28,711	50,696
Interest received	4,289	4,699	4,826
Rental income	912	951	962
Non-capital grants and contributions	11,223	7,953	7,929
Borrowing costs	(2,809)	(1,985)	(1,670)
Net cash inflow from operating activities	61,533	40,330	62,743
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	(66,880)	(90,417)	(82,387)
Payments for intangible assets	-	(900)	(900)
Proceeds from sale of property, plant and equipment	1,410	1,322	2,941
Capital grants, subsidies and contributions	32,501	33,283	34,100
Other cash flows from investing activities*	1,000	1,549	1,579
Net cash outflow from investing activities	(31,969)	(55,162)	(44,667)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings	2,500	457	3,211
Repayment of borrowings	(5,035)	(5,922)	(6,393)
Net cash inflow / (outflow) from financing activities	(2,535)	(5,465)	(3,182)
Net increase / (decrease) in cash held and cash equivalents	27,030	(20,297)	14,893
Cash and cash equivalents at the beginning of year	140,234	167,263	146,966
Cash and cash equivalents at the end of the financial year	167,263	146,966	161,859

*Other cashflows from investing activities are the planned dividends from Redland City Council's wholly owned subsidiary, Redland Investment Corporation.



Redland City Council – Statement of Income and Expenditure

In accordance with section 169(1)(b)(iii) of the *Local Government Regulation 2012*, the following items are components of Council's statement of income and expenditure:

- statement of comprehensive income, in compliance with section 169(3)(a) to (h) of the *Local Government Regulation 2012*
- contributions from developers, in compliance with section 169(3)(b) of the *Local Government Regulation 2012* (also captured in the statement of comprehensive income)
- estimated costs of Council's significant business activities and business units, in compliance with section 169(3)(i) of the *Local Government Regulation 2012*

STATEMENT OF COMPREHENSIVE INCOME

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Recurrent revenue			
Rates, levies and charges	243,611	254,016	265,196
Fees	13,673	14,521	15,422
Rental income	912	938	964
Interest received	4,289	4,699	4,826
Investment returns	1,000	1,500	1,529
Sales revenue	3,735	3,840	3,947
Other income	694	713	733
Grants, subsidies and contributions	11,223	7,837	7,940
Total recurrent revenue	279,136	288,064	300,556
Capital revenue			
Grants, subsidies and contributions	32,501	33,283	34,100
Non-cash contributions	6,868	6,798	6,968
Total capital revenue	39,369	40,080	41,067
TOTAL INCOME	318,505	328,144	341,623
Recurrent expenses			
Employee benefits	86,248	89,442	91,679
Materials and services	128,894	132,201	142,975
Finance costs	2,840	2,449	2,146
Depreciation and amortisation	63,505	63,170	63,646
Total recurrent expenses	281,487	287,262	300,446
Capital expenses			
(Gain) / Loss on disposal of non-current assets	289	376	(1,242)
Total capital expenses	289	376	(1,242)
TOTAL EXPENSES	281,776	287,638	299,204
NET RESULT	36,729	40,506	42,419
Other comprehensive income / (loss)			
Items that will not be reclassified to a net result			
Revaluation of property, plant and equipment	-	-	-
TOTAL COMPREHENSIVE INCOME	36,729	40,506	42,419



CONTRIBUTIONS FROM DEVELOPERS

Section 169(3)(b) of the *Local Government Regulation 2012* requires the disclosure of contributions from developers in Council’s annual budget. Forecast capital and operational developer contributions are reflected in the table below. Capital contributions and donations are cash contributions from developers. Non-cash contributions are developer contributed assets.

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Operating Developer Contributions	479	497	516
Capital Developer Contributions	30,949	31,709	32,505
Developer Non-Cash Contributed Assets	6,868	6,798	6,968
Total Developer Contributions	38,295	39,004	39,989



SIGNIFICANT BUSINESS ACTIVITIES

In accordance with section 169(3)(i) of the *Local Government Regulation 2012*, Council's budget must include the estimated costs for the local government's significant business activities carried on using a full cost pricing basis. Of note, the two significant business activities of Council are also Commercial Business Units. The following estimated activity statements are in accordance with section 34 of the *Local Government Regulation 2012*.

These statements provide key revenue, expense and balance sheet items. Future years' estimates result from our internal financial strategy and forecasting models, drawing on assumptions and parameters that are revised throughout the year.

REDLAND WATER OPERATING STATEMENT

	Budget Year 1 2018-19 \$000	Estimate Year 2 2019-20 \$000	Estimate Year 3 2020-21 \$000
Revenue			
Levies and utility charges	109,823	115,628	119,423
<i>Less: Pensioner remissions and rebates</i>	(505)	(565)	(577)
Fees	307	314	321
Operating grants and subsidies	-	-	-
Operating contributions and donations	-	-	-
Interest external	553	565	578
Community service obligation	505	516	528
Other revenue	2,062	2,108	2,156
Total revenue	112,745	118,567	122,429
Expenses			
Employee benefits	8,821	9,042	9,268
Materials and services	52,182	56,668	61,511
Finance costs other	-	-	-
Other expenditure	-	-	-
Net internal costs	5,294	5,401	5,536
Total expenses	66,297	71,110	76,315
Earnings before interest, tax and depreciation (EBITD)	46,448	47,457	46,114
Internal interest	15,352	15,796	16,192
Depreciation and amortisation	23,228	23,767	24,375
Operating surplus/(deficit)	7,868	7,894	5,547



REDLAND WATER CAPITAL FUNDING STATEMENT

	Budget Year 1 2018-19 \$000	Estimate Year 2 2019-20 \$000	Estimate Year 3 2020-21 \$000
Proposed sources of capital funding			
Capital contributions and donations	6,798	6,951	7,125
Capital grants and subsidies	-	-	-
Proceeds on disposal of non-current assets	-	-	-
Capital Transfer to/from Reserves	(6,608)	(2,708)	(1,878)
Non cash contributions	6,648	6,798	6,968
New loans	-	-	-
Funding from utility revenue	5,614	7,643	4,469
Total sources of capital funding	12,452	18,683	16,684
Proposed application of capital funds			
Contributed assets	6,648	6,798	6,968
Capitalised goods & services	5,595	11,672	9,497
Capitalised employee costs	209	214	219
Loan redemption	-	-	-
Total Application of Capital Funds	12,452	18,683	16,684
Other budgeted items			
Transfers to constrained operating reserves	-	-	-
Transfers from constrained operating reserves	-	-	-
WDV of assets disposed	-	-	-
Income tax payable to Council	6,394	6,493	5,892
Dividend payable to Council	11,190	11,362	10,311

REDLAND WATER COMMUNITY SERVICE OBLIGATIONS (CSOs)

Job Name	Description of the nature of the CSO	Budget	Estimate	Estimate
		Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000
Water concession not for profit	Reduced charges for water for charities and not for profit organisations	211	216	221
Wastewater concession not for profit	Reduced charges for wastewater for charities and not for profit organisations	293	300	307
		505	516	528



REDWASTE OPERATING STATEMENT

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Revenue			
Levies and utility charges	24,307	27,439	28,638
<i>Less: Pensioner remissions and rebates</i>	-	-	-
Fees	371	395	420
Operating grants and subsidies	-	-	-
Operating contributions and donations	-	-	-
Interest external	71	74	76
Community service obligation	138	142	146
Other revenue	1,014	1,044	1,076
Total revenue	25,901	29,094	30,356
Expenses			
Employee benefits	1,535	1,574	1,613
Materials and services	16,385	18,947	19,515
Finance costs other	1	1	1
Other expenditure	-	-	-
Net internal costs	1,234	1,271	1,309
Total expenses	19,155	21,792	22,438
Earnings before interest, tax and depreciation (EBITD)	6,746	7,302	7,918
Interest expense	30	31	32
Internal interest	-	-	-
Depreciation and amortisation	216	223	229
Operating surplus/(deficit)	6,500	7,049	7,657



REDWASTE CAPITAL FUNDING STATEMENT

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Proposed sources of capital funding			
Capital contributions and donations	-	-	-
Capital grants and subsidies	-	-	-
Proceeds on disposal of non-current assets	-	-	-
Capital Transfer (to) / from Reserves	-	-	-
Non-cash contributions	-	-	-
New loans	-	-	-
Funding from general revenue	547	1,544	6,606
Total sources of capital funding	547	1,544	6,606
Proposed application of capital funds			
Contributed assets	-	-	-
Capitalised goods & services	427	1,421	6,479
Capitalised employee costs	29	30	31
Loan redemption	91	93	96
Total Application of Capital Funds	547	1,544	6,606
Other budgeted items			
Transfers to constrained operating reserves	-	-	-
Transfers from constrained operating reserves	-	-	-
WDV of assets disposed	-	-	-
Income tax payable to Council	1,950	2,115	2,297
Dividend payable to Council	2,275	2,467	2,680



REDWASTE COMMUNITY SERVICE OBLIGATIONS (CSOs)

Job Name	Description of the nature of the CSO	Budget	Estimate	Estimate
		Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000
Clean Up Australia Day	Acceptance of Clean Up Australia Day waste at transfer stations, provision of bulk waste bins and waste disposal for clean-up sites.	1	1	1
Waste Disposal from Community Groups and Islands	Disposal of commercial and industrial, and construction and demolition waste originating from islands and not accepted at island waste transfer stations; and waiving of disposal fees for community groups and not for profit organisations via Policy POL-0057.	36	37	39
In-Home Waste, Recycling and Green Waste Collection Service	In-Home wheelie bin collection services to residents who are unable to place their bin at the kerb for collection due to ill health, physical or mental capacity.	75	78	80
Bulky Item Collection Service (Elderly & Disabled)	Removal and disposal of bulky items and green waste to eligible elderly and disabled clients.	25	26	27
		138	142	146



Redland City Council – Statement of Changes in Equity

The movement in reserves and retained earnings for the following three years is forecast below, as required by section 169(1)(b)(iv) of the *Local Government Regulation 2012*.

	Asset Revaluation Surplus	Retained Surplus	Constrained Cash Reserves	Total Community Equity
	\$000	\$000	\$000	\$000
Balance as at 1 July 2018	1,070,838	1,504,393	104,839	2,680,070
Net result	-	36,729	-	36,729
Total comprehensive income for the year	-	36,729	-	36,729
Transfers to and from reserves:				
Transfers to reserves	-	(43,497)	43,497	-
Transfers from reserves	-	19,419	(19,419)	-
Total transfers to and from reserves	-	(24,079)	24,079	-
Balance as at 30 June 2019	1,070,838	1,517,043	128,918	2,716,799

	Asset Revaluation Surplus	Retained Surplus	Constrained Cash Reserves	Total Community Equity
	\$000	\$000	\$000	\$000
Balance as at 1 July 2019	1,070,838	1,517,043	128,918	2,716,799
Net result	-	40,506	-	40,506
Total comprehensive income for the year	-	40,506	-	40,506
Transfers to and from reserves:				
Transfers to reserves	-	(40,472)	40,472	-
Transfers from reserves	-	39,601	(39,601)	-
Total transfers to and from reserves	-	(870)	870	-
Balance as at 30 June 2020	1,070,838	1,556,678	129,789	2,757,304

	Asset Revaluation Surplus	Retained Surplus	Constrained Cash Reserves	Total Community Equity
	\$000	\$000	\$000	\$000
Balance as at 1 July 2020	1,070,838	1,556,678	129,789	2,757,304
Net result	-	42,419	-	42,419
Total comprehensive income for the year	-	42,419	-	42,419
Transfers to and from reserves:				
Transfers to reserves	-	(42,123)	42,123	-
Transfers from reserves	-	40,780	(40,780)	-
Total transfers to and from reserves	-	(1,343)	1,343	-
Balance as at 30 June 2021	1,070,838	1,597,754	131,131	2,799,724



Redland City Council – Operating Statement

The information below outlines the revenue and expenditure for operational activities, projects and programs by line item and category.

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Revenue			
Rates charges	100,486	104,366	108,724
Levies and utility charges	146,618	153,270	160,236
<i>Less: Pensioner remissions and rebates</i>	(3,493)	(3,621)	(3,764)
Fees	13,673	14,521	15,422
Operating grants and subsidies	10,744	7,340	7,423
Operating contributions and donations	479	497	516
Interest external	4,289	4,699	4,826
Investment returns	1,000	1,500	1,529
Other revenue	5,340	5,490	5,644
Total revenue	279,136	288,064	300,556
Expenses			
Employee benefits	86,248	89,442	91,679
Materials and services	129,100	132,416	143,199
Finance costs other	427	464	476
Other expenditure	507	523	540
Net internal costs	(713)	(738)	(764)
Total expenses	215,570	222,106	235,130
Earnings before interest, tax and depreciation (EBITD)	63,566	65,957	65,425
Interest expense	2,413	1,985	1,670
Depreciation and amortisation	63,505	63,170	63,646
OPERATING SURPLUS / (DEFICIT)	(2,351)	802	109

Please refer to the Redland Water and RedWaste operating and capital funding statements on pages 17 to 21 for the estimated costs of Council's commercial business activities. The costs are included in the above RCC statements although are broken out for transparency as part of full operating and capital funding statements for these commercial businesses.



Redland City Council – Capital Funding Statement

This statement displays the capital funds expected by Council and how these funds will be allocated to capital projects and activities.

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Proposed sources of capital funding			
Capital contributions and donations	30,949	31,709	32,505
Capital grants and subsidies	1,552	1,573	1,594
Proceeds on disposal of non-current assets	1,410	1,322	2,941
Capital transfers (to) / from reserves	(20,277)	5,872	5,697
Non-cash contributions	6,868	6,798	6,968
New loans	2,500	412	2,786
Funding from general revenue	56,177	56,349	44,157
Total sources of capital funding	79,179	104,036	96,648
Proposed application of capital funds			
Contributed assets	6,868	6,798	6,968
Capitalised goods and services	60,420	83,034	75,733
Capitalised employee costs	6,461	8,282	7,554
Loan redemption	5,431	5,922	6,393
Total application of capital funds	79,179	104,036	96,648

Redland City Council – Other Budgeted Items

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Other budgeted items			
Transfers to constrained operating reserves	(12,548)	(8,763)	(8,878)
Transfers from constrained operating reserves	8,747	8,971	9,702
Written down value (WDV) of assets disposed	1,699	1,699	1,699

Please refer to the Redland Water and RedWaste operating and capital funding statements on pages 17 to 21 for the estimated costs of Council's commercial business activities. The costs are included in the above RCC statements although are broken out for transparency as part of full operating and capital funding statements for these commercial businesses.



Financial Stability Ratios and Measures of Sustainability Overview

Council's ten year financial forecast is frequently updated to reflect changes to policy direction, budget review movements and market influences. The figures below are reflecting assumptions, parameters and indices as agreed for 2018-19 budget development and as in previous years are subject to change following budget adoption. The below measures of financial sustainability are provide in accordance with the requirements of section 169(4) and (5) of the *Local Government Regulation 2012*.

A definition of each of the ratios is given in the Glossary - Key Performance Indicators on page 55.

Redland City Council	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Operating Surplus Ratio	-0.84%	0.28%	0.04%	1.54%	1.81%	2.31%	3.18%	3.96%	2.88%	3.30%
Target between 0% and 10% (on average over the long-term)										
Asset Sustainability Ratio (Infrastructure Assets Only)	47.12%	55.21%	48.44%	44.47%	43.96%	40.11%	38.18%	39.12%	35.81%	34.40%
Greater than 90% (on average over the long-term)										
Net Financial Liabilities Ratio	-32.82%	-34.33%	-38.72%	-46.53%	-53.83%	-63.63%	-74.47%	-84.77%	-93.15%	-103.24%
Less than 60% (on average over the long-term)*										

*The Net Financial Liabilities Ratio exceeds the target range when current assets are greater than total liabilities (and the ratio is negative)

Redland City Council	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Level of dependence on General Rate Revenue	34.93%	35.15%	35.10%	35.15%	35.28%	35.29%	35.23%	35.14%	34.98%	34.80%
(Excludes Utility Revenues) - Threshold set < 40%										
Ability to pay our bills - Current Ratio	3.08	4.86	5.05	5.88	7.01	7.86	8.78	10.19	11.15	12.21
Target between 1.1 and 4.1**										
Ability to repay our debt - Debt Servicing Ratio (%)	2.81%	2.74%	2.68%	2.67%	2.89%	1.32%	1.26%	1.21%	0.64%	0.41%
Target less than or equal to 15%										
Cash Balances - \$ 000s	167,263	146,966	161,859	198,568	220,240	257,698	302,082	348,165	392,521	447,580
Target greater than or equal to \$50M										
Cash Balances - cash capacity in months	9.27	7.05	8.26	9.92	10.64	11.99	13.57	15.08	16.07	17.53
Target greater than 3 months										
Longer term financial stability - debt to asset ratio (%)	1.32%	1.13%	1.00%	1.24%	0.96%	0.85%	0.72%	0.60%	0.54%	0.51%
Target less than or equal to 10%										
Operating Performance	22.12%	13.88%	21.07%	22.53%	22.80%	23.00%	23.48%	23.99%	22.85%	22.69%
Target greater than or equal to 10%										
Interest Coverage Ratio	-0.67%	-0.94%	-1.05%	-1.35%	-1.57%	-1.88%	-2.34%	-2.85%	-3.34%	-3.85%
Target less than 5% ***										

** The current ratio is still favourable when exceeding 4.1, more current assets than current liabilities

*** The Interest Coverage Ratio exceeds the target range when interest revenue is greater than interest expense (and the ratio is a negative)

Redlands Rates Comparison

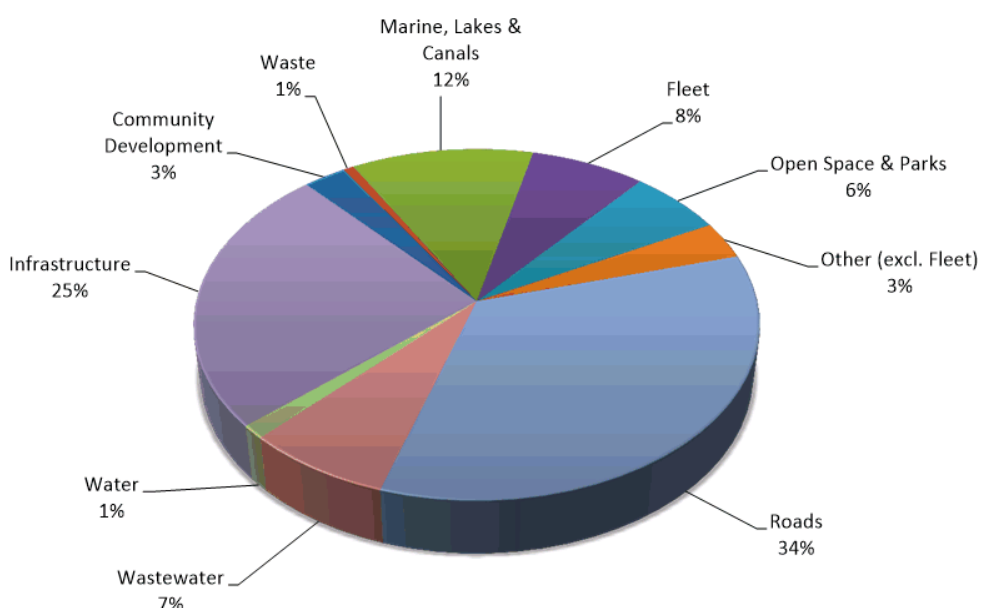
Section 169(6) of the *Local Government Regulation 2012* requires the disclosure of the following information in Council's annual budget: *The budget must include the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget.*

The total increase in the rates and charges levied for the 2018-19 budget compared with the rates and utility charges levied in the 2017-18 budget is 7.2%. Of note, the State Government Bulk Water Charge is set to increase by 7.30% in 2018-19, and this accounts for nearly a third of the increase in budgeted rates and charges.

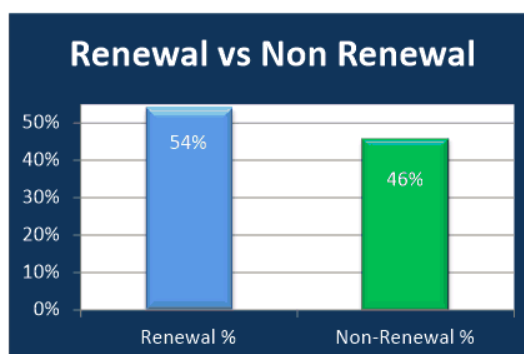


Capital Expenditure 2018-2019

Council reviewed its latest 10 year capital program throughout the 2018-19 budget development process, ensuring its sustainability and deliverability. As per previous years, financial and asset sustainability were the focus of the capital program, with Council considering renewal of existing assets more favourably than the purchase of new assets. New assets not only impact on capital expenditure but also bring associated whole of life operating and maintenance costs with them. Key factors in the construction of the capital expenditure program are deliverability and community desire. A total of \$66.88M has been planned for capital works in 2018-19 which has been allocated across the work programs as displayed in the chart below.



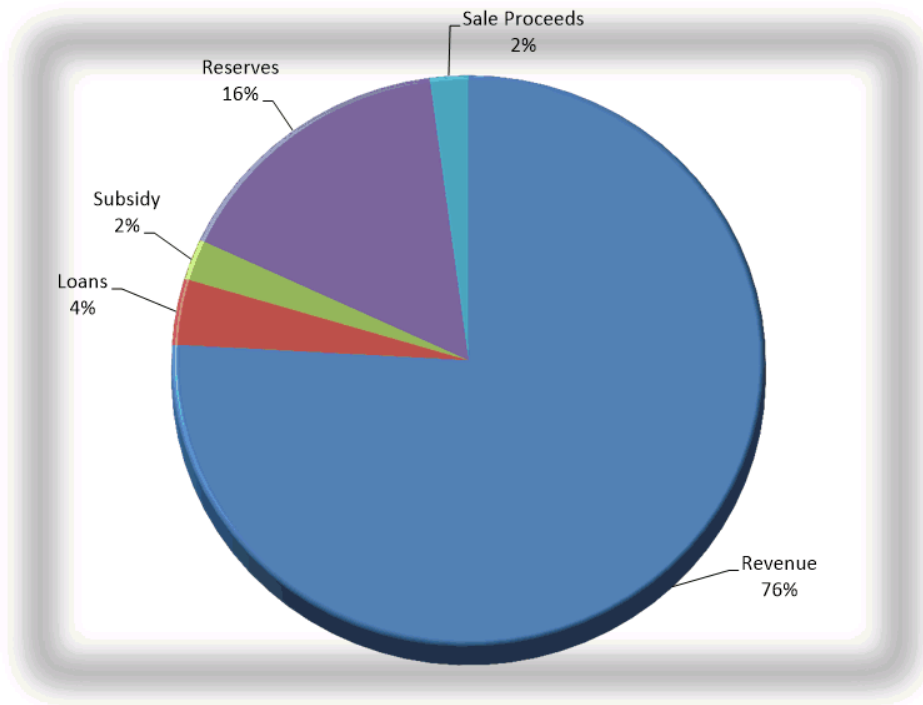
Category	Amount \$000	2018-19 %
Community Development	1,866	3%
Waste	456	1%
Marine, Lakes & Canals	7,925	12%
Fleet	5,000	8%
Open Space & Parks	4,105	6%
Other (excl. Fleet)	2,296	3%
Roads	22,871	34%
Wastewater	4,974	7%
Water	830	1%
Infrastructure	16,558	25%
Total	66,880	100%





Capital Expenditure Funding Sources 2018-2019

The sources of Capital Expenditure funding are shown below:



Source of Funding	Amount \$000	2018-19 %
Revenue	50,746	76%
Loans	2,500	4%
Subsidy	1,552	2%
Reserves	10,672	16%
Sale Proceeds	1,410	2%
Total	66,880	100%



Capital Works 2018-2019

The capital works program for 2018-19 has been constructed to address the priorities of the 2018-2023 Corporate Plan, as well as the outputs from the Asset and Service Management Plans. These plans have ensured Council focuses on renewing and maintaining assets to provide financial and asset sustainability to the community.

Additionally, the program also includes capital investment into Council's technology and capability that will assist in the delivery and maintenance of the infrastructure throughout the City. The overall expenditure on capital works is budgeted to be \$66.88M for 2018-19 and is listed below by category of expenditure.

Works Program	\$
Libraries	1,326,344
Public Art and Redlands Performing Arts Centre (RPAC)	540,000
Community and Cultural Development	1,866,344
Transport (footpaths, bikeways, carparks, bus stops/shelters)	6,421,740
Buildings	9,813,632
Stormwater	322,375
Infrastructure	16,557,747
Marine SMBI, NSI and Mainland and Foreshore Protection	2,531,393
Lake and Canal Estates	5,393,772
Marine and Foreshore	7,925,165
Infrastructure - Open Space	1,717,679
Parks and Conservation	2,387,405
Open Space Infrastructure, Parks and Conservation	4,105,084
Fleet Replacement	5,000,000
Information Management Replacements, Upgrades and Projects	250,000
Land Actions and Acquisitions, Project Delivery and Administrative	2,045,500
Other	7,295,500
Reseals and Resurfacing	13,750,000
Road Upgrade Programs and Intersection Safety Improvements	3,134,750
Road Reconstruction, Maintenance and Other	5,985,801
Roads	22,870,551
Wastewater Pump Stations	1,472,700
Wastewater Treatment Plants, Mains and Maintenance	3,501,100
Wastewater	4,973,800
Waste	455,986
Water	830,052
Grand Total	66,880,228



Long-Term Financial Forecast

As per section 169(2)(a) of the *Local Government Regulation 2012*, Council's budget is required to include a long-term financial forecast. The forecast includes Council's Income, Expenditure and the value of Council's Assets, Liabilities and Community Equity.

Year one of the forecast depicts the adopted budget for financial year 2018-19. From year two to year ten of the forecast, values have been derived from Council's Long-Term Financial Forecast that works towards balancing the increase in revenue from the community to fund the replacement and renewal of assets.

	Year 1	Year 2	Year 3	Year 4	Year 5
	Budget	Forecast	Forecast	Forecast	Forecast
	2018-19	2019-20	2020-21	2021-22	2022-23
	\$000	\$000	\$000	\$000	\$000
Total Income	318,505	328,144	341,623	353,714	367,449
Total Expenses	281,776	287,638	299,204	308,036	318,935
Total Assets	2,822,606	2,831,384	2,872,264	2,926,553	2,968,482
Total Liabilities	105,807	74,080	72,541	81,151	74,567
Community Equity	2,716,799	2,757,304	2,799,724	2,845,401	2,893,915

	Year 6	Year 7	Year 8	Year 9	Year 10
	Forecast	Forecast	Forecast	Forecast	Forecast
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000	\$000	\$000	\$000	\$000
Total Income	382,980	400,803	418,553	430,350	447,927
Total Expenses	330,147	341,543	353,214	372,048	386,901
Total Assets	3,019,495	3,076,814	3,139,984	3,198,554	3,260,173
Total Liabilities	72,747	70,806	68,637	68,905	69,499
Community Equity	2,946,748	3,006,008	3,071,347	3,129,649	3,190,674

Please note that Redland City Council's ten year financial forecast is updated during the formal budget review processes and also as part of the annual budget development. The figures above are reflecting assumptions, parameters and indices as part of the 2018-19 budget development and as in previous years are subject to change following budget adoption due to the fact that Council's ten year financial forecast is a living document.

The difference between the City's assets and liabilities is Community Equity, which is estimated to be \$2.72 billion at the end of the 2018-19 financial year. Community Equity continues to grow each year as the City grows and develops. The increase in Community Equity is largely driven by capital revenues from infrastructure charges, grants and subsidies and contributed assets.

Community Equity continues to demonstrate that Council owns more than it owes. Key financial indicators including debt to asset ratio and net financial liabilities, (refer to page 25), also illustrate the current financial position is within the target range.



Investment Policy (POL-3013)

Head of Power

Section 104 of the *Local Government Act 2009* (Act) requires a local government to establish a system of financial management that includes various financial policies, including an investment policy. In turn, section 191 of the *Local Government Regulation 2012* requires a local government to prepare and adopt an investment policy for a financial year. The Act also defines Council as a statutory body and subsequently Council must also consider the *Statutory Bodies Financial Arrangements Act 1982*.

This policy applies to Council's investment in wholly owned subsidiaries.

Policy Objective

To maximise earnings from authorised financial investments of surplus funds after assessing and minimising all associated risks in accordance with the annually revised and adopted Long-Term Financial Strategy (Financial Strategy). Further, to comply with section 191 of the *Local Government Regulation 2012*, this policy outlines Council's investment objectives and overall risk philosophy, and procedures for achieving the goals related to investment stated in this policy.

Policy Scope

This policy applies to all of Redland City Council business areas. Redland Investment Corporation (RIC), being a wholly owned separate legal entity, and any of its subsidiaries may utilise the provisions of this policy but are not bound to the Redland City Council policy statements as outlined in this document.

Policy Statement

1. Council's philosophy for investments is to protect the capital value of investments with the goal of maximising returns through an active investment strategy within this overall risk philosophy.
2. Council is committed to achieving this goal through the following procedures:
 - investing only in investments as authorised under current legislation;
 - investing only with approved institutions;
 - investing to facilitate diversification and minimise portfolio risk;
 - investing to protect the capital value of investments (balancing risk with return opportunities);
 - investing to facilitate working capital requirements;
 - reporting on the performance of its investments on a monthly basis as part of the monthly financial reports to Council;
 - conducting an annual review of all investments and associated returns as part of the annual review of the Long-Term Financial Strategy; and
 - ensuring no more than 30% of Council's investments are held with one financial institution, or one fund manager for investments outside of the Queensland Treasury Corporation (QTC) or the Queensland Investment Corporation (QIC) cash funds or Bond Mutual Funds.
3. Council will follow an active investments management strategy over the next ten financial years in order to maximise the returns generated from investing cash balances. Council's investment objectives are to exceed the benchmark of the Bloomberg AusBond Bank Bill Index.
4. Council may also consider investing in commercial opportunities, joint ventures, associates and subsidiaries. Prior to investment, a comprehensive analysis will be undertaken to ensure the benefits of the investment outweigh the risks and costs. The analysis will ensure any proposal for investment outside a financial institution/fund manager will maintain or improve all relevant financial ratios and measures of sustainability within adopted Financial Strategy targets. Any investment outside of a financial institution/fund manager must also be consistent with the principles and objectives contained in Council's Revenue and Dividend Policies.



Debt Policy (POL-1838)

Head of Power

Section 104 of the *Local Government Act 2009* requires a local government to establish a system of financial management that includes various financial policies, including a debt policy. In turn, section 192(1) of the *Local Government Regulation 2012* requires a Local Government to prepare and adopt a debt policy for a financial year. The Act also defines Council as a statutory body and subsequently Council's borrowing activities continue to be governed by the *Statutory Bodies Financial Arrangements Act 1982*.

Policy Objective

To ensure the sound management of Council's existing and future debt after assessing and minimising all associated risks in accordance with the annually revised and adopted Long-Term Financial Strategy (Financial Strategy). Further, to comply with section 192 of the *Local Government Regulation 2012*, this policy states the new borrowings planned for the 2018-2019 financial year, and the next 9 financial years, and the period over which Council plans to repay existing and new borrowings.

Policy Scope

This policy applies to all of Redland City Council business areas. Redland Investment Corporation (RIC), being a wholly owned separate legal entity, and any of its subsidiaries may utilise the provisions of this policy but are not bound to the Redland City Council policy statements as outlined in this document

Policy Statement

Council is committed to:

1. only using long-term borrowings (between 2 and 20 years) to finance capital works that will provide services now and into the future. No long-term borrowings will be used to finance recurrent expenditure and the operational activities of the Council;
2. utilising its existing constrained cash reserves when seeking funding for capital works. The use of any existing cash reserves will be subject to the purpose of the reserve in addition to maintaining all relevant financial ratios and measures of sustainability within adopted Financial Strategy targets;
3. undertaking long-term borrowings for capital works only if the interest and debt principal repayments can be serviced and relevant financial ratios and measures are maintained within approved Financial Strategy targets;
4. aligning borrowings to specific projects and/or asset classes rather than being pooled to ensure transparency and accountability is maintained. Borrowings will be nominated through the priority needs of the capital program and will be determined through the normal budgetary and approval process of Council;
5. prepaying debt service payments annually in July in order to minimise Council's interest expense;
6. reviewing its debt regularly and seeking to repay or restructure its debt to ensure repayment in the shortest possible time or resulting in a reduction in interest payments subject to maintenance of key performance indicators in the Financial Strategy;
7. considering new loans only if the subsequent increase in debt servicing payments allows the total debt servicing ratio to remain within Financial Strategy targets;
8. ensuring the term of any new loans will be a maximum of twenty years for Water, Waste and General requirements. The debt term shall not exceed the finite life of the related asset/s; and
9. recovering costs of new loans taken out on behalf of commercial businesses, commercial opportunities, joint ventures, associates or subordinates through the administration of a management fee in line with current market rates.



Proposed Borrowings

New borrowings are restricted to work that falls into one of the following three categories:

- **Risk Management** – Council’s Financial Strategy outlines risks and opportunities in key areas in addition to Council’s risk management register;
- **Asset Management** – Council’s long-term asset and service management plans will outline capital spending that may need debt funding; or
- **Inter-Generational Projects** – Projects are defined to be inter-generational if the associated assets have estimated useful lives of 25 years or more.

Schedule of forecasted debt 2018-2028: Local Government Regulation 2012 section 192(2)(a)										
	Budget Year 1 2018-19 \$000	Forecast Year 2 2019-20 \$000	Forecast Year 3 2020-21 \$000	Forecast Year 4 2021-22 \$000	Forecast Year 5 2022-23 \$000	Forecast Year 6 2023-24 \$000	Forecast Year 7 2024-25 \$000	Forecast Year 8 2025-26 \$000	Forecast Year 9 2026-27 \$000	Forecast Year 10 2027-28 \$000
Opening Balance	40,295	37,364	31,899	28,717	36,423	28,624	25,536	22,265	18,800	17,249
New Loans*	2,500	457	3,211	14,704	-	-	-	-	-	-
Interest	2,413	1,985	1,670	1,335	1,569	1,359	1,176	982	902	863
Redemption	5,431	5,922	6,393	6,998	7,799	3,088	3,271	3,465	1,551	781
Closing Balance	37,364	31,899	28,717	36,423	28,624	25,536	22,265	18,800	17,249	16,468

Schedule of forecasted remaining repayment terms in years 2018-2028: Local Government Regulation 2012 section 192(2)(b)										
	Budget Year 1 2018-19	Forecast Year 2 2019-20	Forecast Year 3 2020-21	Forecast Year 4 2021-22	Forecast Year 5 2022-23	Forecast Year 6 2023-24	Forecast Year 7 2024-25	Forecast Year 8 2025-26	Forecast Year 9 2026-27	Forecast Year 10 2027-28
Weighted Average (existing loans)	4.66	3.81	3.00	2.38	2.43	1.46	0.52	0.08	0.00	0.00
Weighted Average (incl. new loans)	5.63	5.12	6.19	11.51	13.00	12.91	13.15	13.94	13.57	12.58

*Indicative/planned borrowings – subject to annual review during each budget development process.

In accordance with section 195(2)(b):

- Council plans to repay its existing borrowings over their remaining terms, with all existing debt planned to be repaid by 2027 – i.e. within 9 years
- With respect to new debt, Council will consider the repayment period at the time of the application based on factors including the size of the loan and the nature of the asset to be funded. Of note, the maximum repayment term will be 20 years for all new borrowings.



Constrained Cash Reserves Policy (POL-3010)

Head of Power

Section 104 of the *Local Government Act 2009* requires a local government to establish a system of financial management to ensure financial sustainability. Under section 104(2), a local government is financially sustainable if the local government is able to maintain its financial capital and infrastructure capital over the long-term.

Policy Objective

To ensure Council's constrained cash reserves:

- are only restricting funds for identified planned expenditure; and
- do not exceed cash balances at the end of the financial year, to align with the disclosure requirements of the Department of Local Government, Racing and Multicultural Affairs and the Queensland Audit Office.

Policy Scope

This policy applies to all of Redland City Council business areas. Redland Investment Corporation (RIC), being a wholly owned separate legal entity, and any of its subsidiaries may utilise the provisions of this policy but are not bound to the Redland City Council policy statements as outlined in this document.

Policy Statement

1. Council's philosophy is to ensure funds held in constrained cash reserves are restricted to deliverables consistent with the:
 - *Planning Act 2016* (sections 120 and 143) which requires that a levied charge may be only for extra demand placed on trunk infrastructure that development will generate, and may only be used to provide trunk infrastructure;
 - Long-Term Financial Strategy;
 - Long-Term Asset and Service Management Plan;
 - Corporate Plan; and
 - Annual Operational Plan and Budget.
2. Council is committed to achieving this goal by:
 - reporting on constrained cash reserves on a monthly basis as part of the monthly financial reports to General Meeting;
 - reporting constrained cash reserves as a subset of cash balances in annual statutory reporting;
 - ensuring constrained cash reserves do not exceed cash balances at the end of the financial year;
 - conducting regular reviews of all constrained cash reserves for relevance and future requirements in accordance with the Long-Term Financial Strategy and other appropriate strategies and plans;
 - ensuring that infrastructure charges are constrained for the purposes of new trunk infrastructure and not renewal work;
 - reviewing forecast reserve movements as an integral part of the annual budget development process; and
 - transferring funds from constrained cash reserves back to retained earnings when the purpose of the reserve is no longer valid or required or when the funds have been expended on planned works.



Application of Dividends and Tax Equivalent Payments (POL-3117)

Head of Power

The establishment of this policy is consistent with *the Local Government Act 2009*, *Local Government Regulation 2012* and also the Local Government Tax Equivalent Regime (LGTER).

Policy Objective

The objective is to clarify Council's intention for its use of financial returns received from commercialised or corporatised business activities and any subsidiaries or associates.

Policy Scope

This policy applies to all of Redland City Council business areas. Redland Investment Corporation (RIC), being a wholly owned separate legal entity, and any of its subsidiaries may utilise the provisions of this policy but are not bound to the Redland City Council policy statements as outlined in this document.

Policy Statement

Council:

- receives dividends and tax equivalent payments from its commercialised business activities;
- receives dividends from its wholly owned subsidiary RIC; and
- will look to receive dividends and tax equivalent payments from any corporatised business activities, subsidiaries or associates in the future.

Council is committed to:

1. transparently accounting, reconciling and reporting the receipt of such financial returns in accordance with the Australian Accounting Standards, the LGTER and, where applicable, the *Local Government Regulation 2012* (including, in particular, section 25 and schedule 4, section 8); and
2. applying all financial returns to the provision of community benefit.

Associated Documents

- Long-Term Financial Strategy
- Annual Budget
- Annual Report
- Dividend Policy – Significant and Prescribed Business Activities (POL-0019)



Revenue Policy (POL-1837)

Head of Power

According to section 104(5)(c)(iii) of the *Local Government Act 2009* (Act), the system of financial management established by Council must include a revenue policy.

Section 169(2)(c) of the *Local Government Regulation 2012* (Regulation) requires a local government to include in its financial budget a revenue policy. Section 170 of the Regulation requires a local government to adopt a budget each financial year.

Section 193(3) of the Regulation requires a local government to review its revenue policy annually in sufficient time to allow an annual budget that is consistent with the revenue policy to be adopted for the next financial year.

Policy Objective

In accordance with section 193 of the Regulation, this Revenue Policy states:

- (1) The principles that Council intends to apply in the 2018-2019 financial year for:
 - a) levying of rates and charges
 - b) granting concessions for rates and charges
 - c) recovering overdue rates and charges
 - d) cost-recovery methods.
- (2) The purpose for concessions that Council intends to grant for rates and charges.
- (3) The extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development.

This Revenue Policy also states principles that Council intends to apply in a financial year for:

- community service obligations
- applying user pays models
- raising revenue from commercial activities and
- raising revenue from other external sources.

Policy Statement

(1) Principles that Council intends to apply in the 2018-2019 financial year

(a) Principles for levying of rates and charges

Council will be guided by the following principles in relation to matters under this Part 1(a).

- **Accountability** — Council will be accountable to the providers of funds to ensure those funds are applied efficiently and effectively to satisfy the objective for which the funds were raised.
- **Transparency** — Council will be transparent in its revenue raising activities and will endeavour to use systems and practices able to be understood by the community.
- **Representation** — Council will act in the interests of the whole community in making decisions about rates and charges.
- **Sustainable financial management** — Council will ensure it manages revenue diligently and that the application of funds is founded on sustainable strategic objectives that result in timely and optimal investment in identified priorities.
- **Fairness** — While the rating legislation requires Council to use property valuations as the basis for raising rate revenue, Council will monitor the impact of valuation changes and moderate increases where possible.



- **Differentiation of categories** — Council will apply different rates to various categories of property that will reflect the particular circumstances of the categories and Council’s policy objectives related to those categories.
- **Special needs and user pays** — Council will draw from various revenue sources to fund special needs including (but not necessarily limited to):
 - separate rates or charges for whole of community programs
 - special rates or charges for recovery of costs from beneficiaries
 - utility charges for specific services based generally on usage
 - statutory fees and charges in accordance with legislation, regulation or local laws
 - commercial fees and charges where users can clearly be identified and
 - where practicable recovering credit card fees through a surcharge on credit card transactions.
- **Social conscience** — Council will apply a range of concessions (e.g. for pensioners and institutions) and will accommodate special circumstances where hardship can be demonstrated.

In levying rates and charges, Council will schedule the issue of rate notices quarterly in the months of July, October, January and April.

Differential General Rates

General Rate revenue provides essential whole of community services not funded through subsidies, grants, contributions or donations received from other entities, or not provided for by other levies or charges.

Council will consider full cost recovery options before calculating the differential general rate.

Rating legislation requires the general rate to be calculated on the value of the land. However, Council recognises that various sections of the community impact on the delivery of, and use services, activities, and facilities differently.

Separate multipliers, established on the rate in the dollar applied to rating category 1a, will be assigned to all rating categories to maintain consistency in the distribution of revenue across financial years.

When determining differential rating categories, the ongoing changes to community characteristics will be considered along with revaluations, which can have a significant impact on properties.

Separate and Special Charges

Where it is appropriate, Council will use separate and special charges to recover the cost of the delivery of services, activities, and facilities that benefit the whole community generally, or which benefits specific rateable land or owners of such land within the community, respectively.

Utility Charges

In setting Utility charges, Council will take into consideration factors such as:

- legislative requirements, including National Competition policy
- Council policy objectives
- recovery of sufficient revenue to cover costs and a return on assets and
- other sources of revenue where appropriate.



(b) Granting concessions for rates and charges

Chapter 4, Part 10 of the Regulation provides Council with the powers to grant concessions to individuals and classes of land owners.

In granting concessions for rates or charges, Council will comply with the criteria in section 120 of the Regulation and will be guided by sustainable financial management practices and the principles of:

- **Transparency** — Council will be transparent and endeavour to use systems and practices able to be understood by the community.
- **Representation** — Council will act in the interests of the whole community in making decisions about concessions for classes of ratepayers.
- **Fairness** — Council will consider all reasonable concessional requests in a consistent non-biased manner.
- **Social conscience** — Council will apply a range of concessions (e.g. for pensioners and institutions) and will accommodate special circumstances where hardship can be demonstrated.

(c) Recovering overdue rates and charges

In accordance with section 120(1)(c), 121(b) and 122(1)(b) of the Regulation, Council will continue to provide flexibility to rate payers and sundry debtors experiencing demonstrated financial hardship by entering into short to long term concessional arrangements.

Interest will be charged on rates and charges outstanding past the due date unless a mutually agreed arrangement is in place and is honoured. If an arrangement defaults, it will be cancelled and interest charged.

Cost effective processes will be applied in the recovery of overdue rates and charges.

(d) Cost-recovery methods

Section 97 of the Act allows Council to set cost-recovery fees.

Council recognises the validity of fully imposing the user pays principle for its cost-recovery fees, unless the imposition of the fee is contrary to its express social, economic, environmental and other corporate goals (such as, for example, the community service obligations outlined below). This is considered to be the most equitable and effective revenue approach, and is founded on the basis that the City's revenue base cannot subsidise the specific users or clients of Council's regulatory products and services.

However, in setting its cost-recovery fees, Council will be mindful of the requirement that such a fee must not be more than the cost to Council of providing the service or taking the action to which the fee applies.

Other Matters

(e) Community service obligations

In accordance with Corporate Policy POL-2658 Community Service Obligations, Council may subsidise the operations of commercialised business units or activities in order to achieve social, economic, environmental or other objectives associated with, or incidental to, the delivery of services by those business units or activities.

Council may charge for such activities at a rate less than the full cost price of a service. The difference between the full cost price and the actual charge will be treated as a Community Service Obligation (CSO). CSOs must be transparent, fully costed, and funded. Each CSO will be funded from an identified budget.



Council will continue to support existing community service obligations for Water and Wastewater charges provided for under:

- Corporate Policy POL-3028 — Application of Water Charges
- Corporate Policy POL-3027 — Application of Wastewater Charges
- Corporate Policy POL-1234 — Trade Waste.

These CSOs will be reviewed regularly to ensure they continue to form part of Council's strategic objectives.

In addition Council will provide the following Water Charge Remission Policies:

- Corporate Policy POL-2592 Concealed Leaks Policy
- Corporate Policy POL-0027 Water Charge Remissions for Home Dialysis Machine Users.

(f) Applying user pays models

Council supports the principle that there is an increased focus on user pays models and that these will be developed where they are considered appropriate and in accordance with policy, including where practicable, Council will recover credit card fees through a surcharge on credit card transactions.

Council has adopted the policy of a conservative approach to increases in fees and charges with a view to minimising excessive impacts on user pays groups. There is also a need to consider Community Service Obligations when considering this principle.

(g) Raising revenue from commercial activities

In order to minimise price increases on residents through the General Rate, Council is committed to exploring additional or alternative revenue streams through the establishment of business activities under the National Competition Policy framework where this is appropriate and in accordance with policy.

In doing this the following principles will be considered:

- Council will comply with the Act's and Regulation's requirements in relation to the application of the competitive neutrality principle to significant business activities, and the code of competitive conduct where applicable.
- The adoption of a business activity recognises the activity is conducted, or has the potential to be conducted, in competition with the private sector giving greater transparency to the community over the activity and clarity of the revenue stream.
- The determination of the standard and quality of each business activity required is based upon community/customer expectations and achieving best value for money, irrespective of whether the service is delivered by an internal or external provider.
- By concentrating upon outcomes rather than processes, service specification is likely to encourage innovation and new solutions to meeting the needs and expectations of the community and customers.

(h) Raising revenue from other external sources

Where possible, Council will seek to supplement revenue through application for external grants and subsidies. Every opportunity will be taken to maximise revenue in support of capital and operational spending. External funding, however, must be strategically targeted and in alignment with community and corporate objectives.

(2) Purpose of concessions for rates and charges

Council has determined that pensioner owner occupiers as defined by the *Local Government Regulation 2012* are entitled to receive concessions on rates and various other services that Council provides to the community. Other charitable organisations, community groups, sporting associations and independent schools may also be entitled to concessions (or exemptions under section 93(i)(ii) of the Act and section 93 of the Regulation).



The purpose of these concessions is to:

- ease the cost of living for approved pensioners living in their own homes who have limited financial capacity.
- acknowledge the role that qualifying charitable and community organisations, associations, independent schools and groups perform in the community through concessions on rates and charges.

Pursuant to sections 120(1)(d) and (f) of the Regulation Council will provide a concession to ratepayers whose land is being exclusively used for the purpose of farming (primary production) to assist and encourage endurance in that particular industry. The purpose of this concession is to acknowledge the economic benefit that such an industry provides for the City as a whole.

(3) Infrastructure cost recovery

Council will levy adopted infrastructure charges for trunk infrastructure with approvals for new development. The amounts of those adopted infrastructure charges are determined by Council resolution made under the *Sustainable Planning Act 2009* or the *Planning Act 2016*.



Revenue Statement 2018-2019

Outline and Explanation of Measures Adopted for Revenue Raising

Council has developed its revenue raising for the 2018-19 budget, which includes the levying of rates and charges, in accordance with its Revenue Policy POL-1837.

Council seeks to establish sound and sustainable financial decisions, which are under-pinned by a rigorous financial framework supported by financial modelling. Objectives specific to revenue raising considerations are:

- Recurrent (operating) revenue is sufficient to cover an efficient operating expense base including depreciation.
- Adequate funding is available to provide efficient and effective core services to the community.
- Key intergenerational infrastructure and service issues are addressed, which allows any significant financial burden to be spread over a number of years and not impact adversely on current or future ratepayers.
- Continuation of good asset management to ensure that all community assets are well maintained and are fit for purpose.

For the purposes of section 172(2)(b) of the *Local Government Regulation 2012*, it is confirmed that for 2018-19 financial year, Council has not made a resolution limiting the increase of any rates or charges.

Rates and Charges

DIFFERENTIAL GENERAL RATES

Redland City Council has adopted a differential rating scheme for the 2018-19 financial year that has 21 rating categories.

A separate rate-in-the-dollar and minimum general rate will apply to land identified within each category except for category 11. The minimum general rate will be applied to land below a certain (threshold) valuation and is determined by Council's opinion of what reflects a fair contribution towards the activities, facilities and services provided to all ratepayers as well as basic general administration costs.

For the purposes of categorisation the following definitions apply:

Categorisation of Land: Following the adoption of the rating categories, Council will identify the rating category to which each parcel of rateable land belongs in accordance with sections 81(4) and (5) of the *Local Government Regulation 2012*. Later categorisation of land for the following reasons will be determined under section 82 of the *Local Government Regulation 2012*:

- land has inadvertently not been categorised; or
- land becomes rateable land; or
- Council considers that the rating category of a parcel of land should be changed, in view of the description of each rating category; or
- two or more parcels of rateable land are amalgamated into a single parcel of rateable land.

Common Area: Is the common property in a Community Title Scheme, a Building Unit Plan or Group Titles Plan that is owned by the owners of the lots in the scheme or plan.

Extractive Industry: An extractive industry is any activity that removes material substance from the ground.



Principal place of residence: A residential dwelling, in which at least one of the registered owners of the land, or a person who is a life tenant of the dwelling made under a Will or Court Order, lives on an ongoing daily basis. Where the occupation is transient (i.e. less than 3 months), temporary or of a passing nature this is not sufficient to establish occupation as a principal place of residence.

Standard Lot: A single parcel of land or contiguous parcels of land in the same ownership name where the roof line of a residential dwelling extends over more than one lot.

Vacant land: Land that has no building erected thereon capable of being used for a residential dwelling or commercial or industrial purposes. It may include land with an erected structure such as a storage shed, garage, or derelict building.

Value: Means the value assigned under the *Land Valuation Act 2010*. In a Community Title Scheme, Building Unit Plan or Group Title Plan the value assigned to a lot is the value of the scheme land apportioned between the lots included in the scheme in proportion to the interest schedule lot entitlement for each lot.

Rating Category	Rating Category Description	Charge Code (RCC Use)	Rate in the Dollar (RID)	Multiplier	Minimum General Rate	Minimum General Rate Value Threshold
					Rate	
1a	Includes all rateable land that: <ol style="list-style-type: none"> 1) having regard to any improvements or activities conducted upon the land, used primarily for residential purposes; 2) has a value less than or equal to \$350,000; 3) is the registered owner's principal place of residence; and 4) is NOT categorised in rating category 1d. 	GR20	0.00430841	1.000	\$1,000	\$232,104
1b	Includes all rateable land that: <ol style="list-style-type: none"> 1) having regard to any improvements or activities conducted upon the land, used primarily for residential purposes; 2) has a value greater than \$350,000; 3) is the registered owner's principal place of residence; and 4) is NOT categorised in rating category 1e. 	GR20	0.00344675	0.800	\$1,508	\$437,513
1d	Includes all rateable land that: <ol style="list-style-type: none"> 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 3) that has a value less than or equal to \$350,000; and 4) and is the registered owner's principal place of residence. 	GR70	0.00710887	1.650	\$1,526	\$214,661
1e	Includes all rateable land: <ol style="list-style-type: none"> 1) that adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, used primarily for residential purposes 	GR70	0.00568714	1.320	\$2,488	\$437,478



Rating Category	Rating Category Description	Charge Code (RCC Use)	Rate in the Dollar (RID)	Multiplier	Minimum General Rate	Minimum General Rate Value Threshold
	3) that has a value greater than \$350,000; and 4) is the registered owner's principal place of residence.					
2a	Includes all rateable land that: 1) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 2) has a value less than or equal to \$350,000; 3) is NOT the registered owner's principal place of residence; and 4) is NOT categorised in rating category 2d.	GR25	0.00521054	1.209	\$1,093	\$209,767
2b	Includes all rateable land that: 1) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 2) has a value greater than \$350,000; 3) it is NOT the registered owner's principal place of residence; and 4) in NOT categorised in rating category 2e.	GR25	0.00442901	1.028	\$1,824	\$411,830
2d	Includes all rateable land: 1) that adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 3) has a value less than or equal to \$350,000; and 4) it is NOT the registered owner's principal place of residence.	GR75	0.00859740	1.995	\$1,571	\$182,730
2e	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 3) has a value greater than \$350,000; and 4) is NOT the registered owner's principal place of residence.	GR75	0.00730787	1.696	\$3,009	\$411,748
4a	Includes all vacant rateable land, other than that categorised in rating categories 4b or 10.	GR12	0.00577553	1.341	\$1,120	\$193,922
4b	Includes all vacant rateable land, other than that categorised in rating category 10, that adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map.	GR72	0.00952962	2.212	\$1,563	\$164,015
6a	Includes all rateable land that, having regard to any improvements or activities conducted upon the land, is primarily used in whole or in part for commercial or	GR21	0.00732430	1.700	\$1,282	\$175,034



Rating Category	Rating Category Description	Charge Code (RCC Use)	Rate in the Dollar (RID)	Multiplier	Minimum General Rate	Minimum General Rate Value Threshold
	industrial purposes, other than land categorised in rating categories 6b or 19.					
6b	Includes all rateable land that: <ol style="list-style-type: none"> 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, is primarily used in whole or in part for commercial or industrial purposes; and 3) is NOT categorised in rating category 19. 	GR71	0.01208509	2.805	\$1,685	\$139,428
8	Includes all rateable land that, having regard to any improvements or activities conducted upon the land, is primarily used in whole or in part, or intended for use in whole or in part, for quarry or extractive industry purposes.	GR22	0.01768467	4.105	\$2,227	\$125,928
10	Includes all rateable land that has been identified as having an insurmountable drainage constraint or a constraint of such nature that it is unlikely a development permit, or permits, for the erection of a dwelling house on the land would be granted. Includes some rateable land that has been identified as having significant conservation values. All rateable land included in this category identified with insurmountable drainage problems or conservation values is zoned Conservation Sub-Area CN1 in the Redlands Planning Scheme. This category also includes all rateable land on the Southern Moreton Bay Islands that is vacant and has been included within the Open Space zone of the Redlands Planning Scheme.	GR06	0.00947784	2.200	\$312	\$32,919
11a	Includes subdivided land that is not yet developed in accordance with section 50 of the <i>Land Valuation Act 2010</i> , other than that categorised in rating category 11b.	GR05	0.01242265	2.883	N/A	N/A
11b	Includes subdivided land that adjoins a canal revetment wall in the estate commonly referred to as Raby Bay, and shown on Appendix A – Raby Bay Canal Estate Map, that is not yet developed in accordance with section 50 of the <i>Land Valuation Act 2010</i> .	GR73	0.02049737	4.758	N/A	N/A
16	One or more land parcels where the land: <ol style="list-style-type: none"> 1) is used for shopping centre purposes, or has the potential predominant use of shopping centre purposes, by virtue of its improvements or the activities conducted upon the land; and 2) is characterised in Council's land records with the property use code of COM071. 	GR14	0.00947850	2.200	\$35,228	\$3,716,620



Rating Category	Rating Category Description	Charge Code	Rate in the Dollar (RID)	Multiplier	Minimum General Rate	Minimum General Rate Value Threshold
		(RCC Use)				
16a	One or more land parcels where the land: <ol style="list-style-type: none"> 1) is used for shopping centre purposes, or has the potential predominant use of shopping centre purposes, by virtue of its improvements or the activities conducted upon the land; 2) is characterised in Council's land records with the property use code of COM072; and 3) has a value less than \$20,000.000. 	GR37	0.00990934	2.300	\$80,481	\$8,121,728
16b	One or more land parcels where the land: <ol style="list-style-type: none"> 1) is used for shopping centre purposes, or has the potential predominant use of shopping centre purposes, by virtue of its improvements or the activities conducted upon the land; 2) is characterised in Council's land records with the property code of COM023; and 3) has a value greater than or equal to \$20,000,000. 	GR38	0.01034019	2.400	\$166,803	\$16,131,522
17	One or more land parcels where the land: <ol style="list-style-type: none"> 1) is used for shopping centre purposes, or has the potential predominant use of shopping centre purposes, by virtue of its improvements or the activities conducted upon the land; and 2) is characterised in Council's land records with the property use code of COM074. 	GR13	0.00732430	1.700	\$2,595	\$354,300
19	One or more land parcels where: <ol style="list-style-type: none"> 1) two or more self-contained places of business are located in one or more buildings; 2) the buildings are separated by common areas, other areas owned by the owner or a road; and 3) the total land area is greater than or equal to 4,000 square metres. 	GR17	0.00818599	1.900	\$4,558	\$556,805

Separate Charges

ENVIRONMENT SEPARATE CHARGE

Section 94 of the *Local Government Act 2009* provides Council may levy a separate charge as defined in section 92(5). Council has determined that the community in general will benefit from the protection, management, promotion and enhancement of biodiversity. This includes koala habitat, bushland, green space, waterways, catchments, air and coastal ecosystems in the City that cannot always be effectively protected through Council's regulatory powers or management powers.

In prior years the revenue raised through the Environment Separate Charge funded both capital and operational components. Past revenues collected are currently quarantined in reserve for capital components, predominantly for land purchase, acquisition of the conservation interests in land, and the funding of ancillary facilities that support or enhance environmental outcomes. Council has determined that in 2018-19 the revenue raised through this charge will fund operational projects and activities, predominantly directed towards waterway, pest and land management, foreshore and catchment rehabilitation and maintenance, track and trail maintenance and repairs, koala habitat



restoration, environmental education, strengthening stewardship of the natural environment and implementation of environment strategies and policies:

- POL-3130 Green Living Policy
- POL-3128 Natural Environment Policy

In the financial year 2018-19 the Environment Separate Charge will be levied in accordance with section 103 of the *Local Government Regulation 2012* and will be applied on a per lot basis and is subject to Council's Farming Concession.

Charge Code (RCC Use)	Charge	Charge Amount \$	Charge Basis
EN01	Environment Separate Charge	115.56 per annum	Charge per lot

LANDFILL REMEDIATION SEPARATE CHARGE

Section 94 of the *Local Government Act 2009* provides Council may levy a separate charge as defined in section 92(5).

Council has determined the community in general will benefit from the monitoring and remediation of all closed landfills to prevent environmental harm. This is financed by a separate charge levied in accordance with section 103 of the *Local Government Regulation 2012*. The funds raised from the Landfill Remediation Separate charge will be expended in accordance with corporate policy POL-3091 Landfill Remediation Separate Charge Policy.

This charge is applied on a per lot basis and will be subject to Council's Farming Concession.

Charge Code (RCC Use)	Charge	Charge Amount \$	Charge Basis
EN03	Landfill Remediation Separate Charge	43.88 per annum	Charge per lot

REDLAND CITY SES ADMINISTRATION SEPARATE CHARGE

Under section 4A(c) of the *Disaster Management Act 2003*, a local government is primarily responsible for managing (disaster) events in their local government area.

Section 94 of the *Local Government Act 2009* provides Council may levy a separate charge as defined in section 92(5).

Council has determined the community in general will benefit from improved governance and proactive management of SES resources through the engagement of a full-time Senior Project Officer to undertake the function of an SES Local Controller and Community Resilience Officer. Revenue raised through this charge will fund the on-going costs of maintaining the Redland SES to an appropriate level of operational readiness.

In the financial year 2018-19 the Redland City SES Administration charge will be levied in accordance with section 103 of the *Local Government Regulation 2012* and will be applied on a per rateable property basis.

Charge Code (RCC Use)	Charge	Charge Amount \$	Charge Basis
SES01	Redland City SES Administration Separate Charge	7.00 per annum	Charge per rateable property



Special Charges

RURAL FIRE BRIGADE SPECIAL CHARGE

In accordance with section 94 of the *Local Government Regulation 2012* and section 128A of the *Fire and Emergency Services Act 1990* Council has determined that each parcel of rateable land identified as the whole of Karragarra, Lamb, Russell, Macleay and Perulpa Islands (refer Appendix B – Rural Fire Map) will specially benefit from Council contributing funds to the Rural Fire Brigades. Funds raised through the Rural Fire Brigade Special Charge will be paid to the Rural Fire Brigades established within the benefited area on an annual basis under the direction of the Rural Fire Service Southern Moreton Bay Islands Local Area Finance Committee to purchase and maintain equipment and provide a fire service to properties within the benefited area. Council adopted the Overall Plan for the Rural Fire Brigade Special Charge on 25 June 2018.

This charge is applied on a per lot basis and will be subject to Council's Farming Concession.

Charge Code (RCC Use)	Charge	Charge Amount \$	Charge Basis
FL06	Rural Fire Brigade Special Charge	20.00 per annum	Charge per lot

SOUTHERN MORETON BAY ISLANDS (SMBI) TRANSLINK OPERATIONS SPECIAL CHARGE

In accordance with section 94 of the *Local Government Regulation 2012*, Council will make and levy a Special Charge, to be known as the SMBI Translink Operations Special Charge (the 'Special Charge') as follows:

1. The service, facility or activity funded by the Special Charge is Council's contribution of funding for ferry operations to the Southern Moreton Bay Islands (refer Appendix C – SMBI Translink Map) agreed to under the Funding Agreement executed 18 December 2012, as renewed on 10 December 2015, between Redland City Council and the State of Queensland (represented by the Department of Transport and Main Roads). The contract with Translink is set to expire on 31 December 2018.
2. This service, facility or activity specially benefits the land or its occupier for the reasons stated in the said SMBI Translink Operations Special Charge Overall Plan adopted 27 June 2013, amended 25 June 2015, 14 July 2016, 26 June 2017 and 25 June 2018.
3. The rateable land to which the Special Charge applies is all rateable land on the Southern Moreton Bay Islands of Karragarra, Lamb, Macleay, Perulpa and Russell Islands, excluding land categorised for the purposes of the differential general rate as Rating Category 10.
4. The Overall Plan for the supply of the service, facility or activity funded by the Special Charge was adopted by Council resolution at the Special Meeting 27 June 2013, amended 25 June 2015, 14 July 2016, 26 June 2017 and 25 June 2018.
5. The Annual Implementation Plan for 2018-19 was adopted by Council 25 June 2018 and is set out in the report 'Southern Moreton Bay Island Translink Operations Special Charge 2018-2019 Amended Overall Plan and Annual Implementation Plan' tabled at the Special Meeting 25 June 2018.
6. The Special Charge for the year 2018-19 is \$45.48.

Charge Code (RCC Use)	Charge	Charge Amount \$	Charge Basis
TL01	SMBI Translink Operations Special Charge	45.48 per annum*	Per rateable property, excluding Constrained land

*Charge is to be levied July and October quarters only



Utility Charges

Utility charges are made and levied in accordance with Chapter 4 Part 7 of the *Local Government Regulation 2012* and Council's corporate policies associated to each charge.

Council will apply utility charges for Community Titles Scheme land in accordance with:

- sections 195 and 196 of the *Body Corporate and Community Management Act 1997*
- section 64(1)(d) of the *Building Units and Group Titles Act 1980*.

WASTE/RECYCLING CHARGE

Waste and recycling charges are Utility charges that are made and levied in accordance with section 99 of the *Local Government Regulation 2012* and Council's Corporate Policy POL-2836 Waste, Recycling and Green Waste Collection Services.

The waste/recycling charge is determined by Council, together with other revenue sources, to ensure that it is able to cover the costs associated with the provision of the waste management service. The costs include payment to contractors for waste collection, a kerbside recycling service and a voluntary green waste service. Disposal costs are also factored into the charge to cover contractor costs for disposal, site development works, environmental monitoring, management, statutory charges and administration costs, as well as other costs associated with the use of Council's transfer stations by residents and other users. For 2018-19 Council has moved to a full cost pricing model.

Services in excess of those listed in the following schedules are subject to Special Quotation.

Residential Kerbside Waste Services				
	Mainland		Bay Islands	
	Charge Code (RCC Use)	Annual Amount \$	Charge Code (RCC Use)	Annual Amount \$
RedWaste Utility Charges				
240L Waste / 240L Recycling	RF01	387.40	RF201	409.40
140L Waste / 240L Recycling (existing only)	RF15	324.40	RF215	384.40
240L Waste / 340L Recycling	RF301	387.40	RF218	409.40
140L Waste / 340L Recycling	RF302	324.40	RF219	384.40
140L Waste / 140L Recycling	RF303	302.40	RF220	371.40
240L Green Waste	RFG01	59.60	N/A	N/A
Additional Bin and Service - Scheduled Days				
240L Additional Waste Bin	RF09	189.20	RF209	250.20
240L Additional Recycling Bin	RF16	104.20	RF216	129.20
140L Additional Waste Bin	RF17	158.20	RF217	247.20
340L Additional Recycling Bin	RF53	113.20	RF253	143.20
240L Additional Green Waste Bin	RFG02	59.60	N/A	N/A
Additional Service Existing Bin (Temporary Lift) - Scheduled Days		Amount Per Lift \$		
140L Waste Bin per lift	RF12	12.60	N/A	N/A
240L Waste Bin per lift	RF13	11.20	N/A	N/A
240L Recycling Bin per lift	RF14	13.20	N/A	N/A
340L Recycling Bin per lift	RF54	9.20	N/A	N/A
240L Green Waste Bin per lift	RFG03	6.40	N/A	N/A



Residential Kerbside Waste Services				
Additional Service Existing Bin (Temporary Lift) - Outside Scheduled Days		Charge Code	Amount Per Lift \$	Bay Islands
240L Additional Waste Service per lift	RF40		47.40	N/A
140L Additional Waste Service per lift	RF41		35.00	N/A
240L Additional Recycling Service per lift	RF42		26.20	N/A
340L Additional Recycling Service per lift	RF55		27.40	N/A

Commercial Kerbside Collection Services				
RedWaste Utility Charges	Mainland		Bay Islands	
	Charge Code (RCC Use)	Annual Amount \$	Charge Code (RCC Use)	Annual Amount \$
240L Waste / 240L Recycling	RFC01	387.40	RFC201	409.40
140L Waste / 240L Recycling (existing only)	RFC15	324.40	RFC215	384.40
240L Waste / 340L Recycling	RFC301	387.40	RFC218	409.40
140L Waste / 340L Recycling	RFC302	324.40	RFC219	384.40
140L Waste / 140L Recycling	RFC303	302.40	RFC220	371.40
240L Recycling (Stand Alone) Bin	RFC16	104.20	RFC216	129.20
340L Recycling (Stand Alone) Bin	RFC53	113.20	RFC253	143.20
240L Green Waste	RFG01	59.60	N/A	N/A
240L Additional Waste Bin	RFC09	216.20	RFC209	262.20

Residential Bulk Waste Bin Collection Service				
RedWaste Utility Charges - Size (m ³)	Mainland		Bay Islands	
	Charge Code (RCC Use)	Annual Amount \$	Charge Code (RCC Use)	Annual Amount \$
Waste Service Bulk Bin size (m³) - 1 service per week				
0.66 m ³	RF20	925.00	N/A	N/A
1.10 m ³ (Rear lift)	RF23	1,299.00	N/A	N/A
1.10 m ³ (Front lift)	RF19	1,449.00	N/A	N/A
1.50 m ³	RF26	1,449.00	RF106	2,626.00
2.25 m ³	RF29	2,171.00	RF109	3,930.00
3.00 m ³	RF32	2,893.00	RF112	5,236.00
4.00 m ³	RF35	3,856.00	RF115	6,977.00
Additional Waste Service Bulk Bin size (m³) - Lift only; 1 service per week		Amount Per Lift \$		Amount Per Lift \$
0.66 m ³	RF21	36.80	N/A	N/A
1.10 m ³	RF24	45.00	N/A	N/A
1.50 m ³	RF27	36.80	RF107	72.20
2.25 m ³	RF30	54.60	RF110	99.80
3.00 m ³	RF33	66.40	RF113	124.80
4.00 m ³	RF36	84.80	RF116	156.60



Residential Bulk Waste Bin Collection Service				
Temporary Waste Service (≤ 3 months) Bulk Bin size (m^3) - Bin and Lift; 1 service		Amount Per Bin & Lift \$		Amount Per Bin & Lift \$
0.66 m^3	RF22	88.00	N/A	N/A
1.10 m^3	RF25	164.00	N/A	N/A
1.50 m^3	RF28	167.00	RF108	191.00
2.25 m^3	RF31	179.00	RF111	214.40
3.00 m^3	RF34	191.00	RF114	238.00
4.00 m^3	RF37	207.00	RF117	269.40

Residential and Commercial Bulk Recycling Bin Service				
RedWaste Utility Charges - Size (m^3)	Mainland		Bay Islands	
	Charge Code (RCC Use)	Annual Amount \$	Charge Code (RCC Use)	Annual Amount \$
Recycle Service Bulk Bin size (m^3) - 1 service per fortnight				
1.10 m^3	RF63	842.00	N/A	N/A
1.50 m^3	RF66	956.00	RF136	1,746.00
2.25 m^3	RF69	1,431.00	RF139	2,473.00
3.00 m^3	RF72	1,905.00	RF142	3,349.00
4.00 m^3	RF75	2,307.00	RF145	4,093.00
Additional Recycling Service Bulk Bin size (m^3) Lift only; 1 service		Amount Per Lift \$		Amount Per Lift \$
1.10 m^3	RF65	132.00	N/A	N/A
1.50 m^3	RF68	135.00	RF138	221.40
2.25 m^3	RF71	139.00	RF141	221.40
3.00 m^3	RF74	142.00	RF144	221.40
4.00 m^3	RF77	147.00	RF147	221.40
Temporary Recycling Service (≤ 3 months) Bulk Bin Size (m^3) - Bin and Lift; 1 service		Amount Per Bin & Lift \$		Amount Per Bin & Lift \$
1.10 m^3	RF64	235.20	N/A	N/A
1.50 m^3	RF67	177.00	RF137	406.00
2.25 m^3	RF70	193.60	RF140	406.00
3.00 m^3	RF73	210.40	RF143	406.00
4.00 m^3	RF76	232.40	RF146	406.00



Commercial Bulk Waste Bin Collection Service				
RedWaste Utility Charges - Size (m ³)	Mainland		Bay Islands	
	Charge Code (RCC Use)	Annual Amount \$	Charge Code (RCC Use)	Annual Amount \$
Waste Service Bulk Bin size (m³) - 1 service per week				
0.66 m ³	RFC20	1,031.00	N/A	N/A
1.10 m ³ (Rear lift)	RFC23	1,358.80	N/A	N/A
1.10 m ³ (Front lift)	RFC19	1,549.20	N/A	N/A
1.50 m ³	RFC26	1,549.20	RFC106	2,626.00
2.25 m ³	RFC29	2,225.00	RFC109	3,932.00
3.00 m ³	RFC32	2,965.20	RFC112	5,238.00
4.00 m ³	RFC35	3,951.80	RFC115	6,978.00
Additional Waste Service Bulk Bin size (m³) - Lift only; 1 service per week		Amount Per Lift \$		Amount Per Lift \$
0.66 m ³	RFC21	38.80	N/A	N/A
1.10 m ³	RFC24	45.00	N/A	N/A
1.50 m ³	RFC27	36.80	RFC107	72.20
2.25 m ³	RFC30	54.60	RFC110	99.80
3.00 m ³	RFC33	72.00	RFC113	124.80
4.00 m ³	RFC36	92.00	RFC116	156.60
Temporary Waste Service (≤3 months) Bulk Bin size (m³) - Bin and Lift; 1 service		Amount Per Bin & Lift \$		Amount Per Bin & Lift \$
0.66 m ³	RFC22	89.20	N/A	N/A
1.10 m ³	RFC25	164.00	N/A	N/A
1.50 m ³	RFC28	167.00	RFC108	191.00
2.25 m ³	RFC31	179.00	RFC111	214.40
3.00 m ³	RFC34	191.00	RFC114	238.00
4.00 m ³	RFC37	207.00	RFC117	269.40

WATER CHARGES

Two-part tariff pricing will apply to all properties within the city (including residential vacant land) that are connected or have access to Council's water transportation system. The two-part tariff will be composed of:

- a) a water access charge; and
- b) a water usage charge, namely a single tier charge for each kilolitre of water consumed.

This is a requirement of section 41 of the *Local Government Regulation 2012*. The prices are set to eventually recover sufficient revenue so that the water supply business covers its costs including a contribution to Council and a return on assets employed in the business. This full cost pricing is a requirement of National Competition Policy and section 41(1)(d) of the *Local Government Regulation 2012*.



FIXED ACCESS WATER CHARGE

Fixed Water Access charges cover costs associated with asset replacement, administration, billing, replacement of water meters, and repair of the reticulation system.

Fixed Water Access charges will be applied in accordance with Corporate Policy POL-3028 Application of Water Charges.

Attribute Type (RCC Use)	Type of Charge	Charge Amount \$	Charge Basis
VBW01, VBW03, VBW04 VCW01, VCW03, VCW04	Fixed Water Access (domestic)	263.60	per meter/lot

Units, Flats, Guest Houses, Multiple Dwellings 20mm to 150mm and Residential 25mm to 150mm		
Attribute Type (RCC Use)	Meter Size	Charge Amount \$
VBW20 VCBM20	20mm	263.60
VBW25 VCBM25	25mm	411.88
VBW32 VCBM32	32mm	674.82
VBW40 VCBM40	40mm	1,054.41
VBW50 VCBM50	50mm	1,647.52
VBW80 VCBM80	80mm	4,217.64
VBW100 VCBM100	100mm	6,590.06
VBW150 VCBM150	150mm	14,827.64

Commercial and Industrial		
Attribute Type (RCC Use)	Meter Size	Charge Amount \$
VBW20 VCBW20 VCW20	20mm	342.68
VBW25 VCBW25 VCW25	25mm	535.44
VBW32 VCBW32 VCW32	32mm	877.27
VBW40 VCBW40 VCW40	40mm	1,370.73
VBW50 VCBW50 VCW50	50mm	2,141.77
VBW80 VCBW80 VCW80	80mm	5,482.93
VBW100 VCBW100 VCW100	100mm	8,567.08
VBW150 VCBW150 VCW150	150mm	19,275.93



CONSUMPTION CHARGE

The consumption charge is calculated at a flat rate for Residential and Concessional and at a separate flat rate for Non-residential and Council. The consumption charge is made up of two components; the first is the State Government's Bulk Water Charge for the purchase of potable water and the second is Council's retail charge for distribution to the households which includes administration, billing, replacement of water meters, and repair of the reticulation system.

Attribute Type (RCC Use)	Charge Description	Retail Water Price (RCC) \$ Per Kilolitre	State Bulk Water Price \$ Per Kilolitre	Total Price \$ Per Kilolitre
VWCRES	Residential*	0.59	2.748	3.338
VWCCNC	Concessional	0.59	2.748	3.338
VWCCOM	Non – residential**	1.35	2.748	4.098
VWCRC	Council	1.35	2.748	4.098

*Residential means where premises are used ordinarily for a residential purpose and may include a house, unit, flat, guest house and multiple dwellings.

**Non-residential means where premises are not used for ordinary residential purposes and may include premises used for a commercial, business or industrial purpose. Non-residential includes premises used as a caravan park.

WASTEWATER CHARGES

The Wastewater Fixed Access charge is set as one tariff based on sewer units. Commercial and industrial properties are charged on a per lot and/or, per pedestal or equivalent pedestal (urinal) basis. The prices are set to eventually recover sufficient revenue so that the sewerage business covers its costs including a contribution to Council and a return on the assets employed in the business. This full cost pricing is also a requirement of National Competition Policy.

Wastewater Fixed Access charge covers costs associated with asset replacement for seven treatment plants, approximately 120 pump stations, the treatment of wastewater, administration, billing and repair to mains and reticulation systems.

Wastewater charges are applied in accordance with Corporate Policy POL-3027 Application of Wastewater Charges.

Attribute Type (RCC Use)	Charge Description	Charge Amount \$	Charge Basis
VSW01 VSW02 VSW03 VCSW01	Wastewater Fixed Access Charge	27.03	per unit



TRADE WASTE CHARGES

Some seweraged properties are required to pay Trade Waste charges if they discharge higher strength waste to the sewer. Trade Waste charges are comprised of three parts, one for access, one based on the volume and one based on strength and quantity of waste accepted by Council for treatment. The same philosophy for setting wastewater charges applies for Trade Waste charges.

Attribute Type (RCC Use)	Charge Description	Charge Amount \$	Charge Basis
VTP01 and VTP02	Trade Waste Generator Charge	403.92	per annum
VTW01 and VTW02	Trade Waste Discharge - Volume:	2.24	per kL
VTW02	Trade Waste Discharge - Quality:	C.O.D (Chemical Oxygen Demand)	1.64 per kg
		T.S.S. (Total Suspended Solids)	0.74 per kg
		T.O.G (Total Oil and Grease)	0.74 per kg
		Phosphorus	6.79 per kg
		Nitrogen	2.03 per kg
		Food waste disposal units based on power of motor	34.96 as charge 'C' (see policy)
		Constant 'd' for use when determining 'additional Charge' for excess strength waste	1.0

Interest on Overdue Rates

Under section 133 of the *Local Government Regulation 2012*, interest, calculated on daily rates and applied as compound interest, may be charged on overdue rates from as soon as a rate becomes overdue. For 2018-19 interest will be applied at the rate of 11% per annum as provided by the above section.

Rates Concessions

Chapter 4, Part 10 of the *Local Government Regulation 2012* provides Council with the powers to grant concessions for individuals and classes of land owners. Council has determined that pensioners as defined by the aforementioned *Regulation* are entitled to receive a concession on rates. Other charitable organisations, community groups, sporting associations, independent schools, and property owners who use their land for the business of farming may also be entitled to concessions or reduced charges under a Community Service Obligation.

Pensioner Concessions

Pensioner concessions on Differential General Rates are provided to eligible pensioner ratepayers on the basis of Council's Policy: POL- 2557 Council Pensioner Rebate.

The concessions available to eligible pensioners on the Differential General Rate for 2018-19 are:

- For ratepayers in receipt of a maximum pension \$335.00 per financial year
- For ratepayers NOT in receipt of maximum pension \$167.50 per financial year



A pensioner concession on Separate and Special Charges (Canal, Environment, Landfill Remediation and Rural Fire charges) is available to pensioners who fulfil the eligibility criteria established in Council's Corporate Policy POL-2557 and are owner/occupiers of adjoining residential lots in the same ownership name, which are amalgamated for rating purposes, and either:

- the main roof structure of an occupied dwelling is constructed over the adjoining boundary line of those lots; or
- one of the adjoining lots would, if sold separately, be unable to lawfully accommodate a dwelling; or
- one of the adjoining lots would not be issued a building permit unless an existing approved structure was removed;

whereby only one of each Separate and Special Charge that may be properly made and levied on the adjoining lots will be applied. All other adjoining lots will be charged Separate and Special Charges on a per lot basis.

Farming Concessions

In accordance with Chapter 4 Part 10 of the *Local Government Regulation 2012*, Council will provide a concession under section 120(1)(f) in respect of land the Council is satisfied is being used exclusively for the purpose of farming by an owner who is carrying on a business of primary production on the land.

Council will remit all but one of each Water Fixed Access charge, Wastewater Fixed Access charge, Separate and Special charge that may be properly made and levied on the subject land parcels.

The farming concession is available to eligible land owners with contiguous parcels of land in the same ownership name. Land will be considered as contiguous when separated by a road. Land will not be considered contiguous where water connections are made to separate parcels of land.

For the purposes of this concession farming includes activities such as aquaculture production, horticulture and agriculture production and the raising, breeding or production of poultry or livestock for the purpose of selling them or their bodily produce.

Other Matters

- The Council will continue to collect adopted infrastructure charges in accordance with the State Planning Regulatory Policy, *Sustainable Planning Act 2009* and *Planning Act 2016* which provides for the Council to recover through developer contributions a proportion of the cost of infrastructure needed to meet growth in the City.
- Cost-Recovery fees are established under section 97 of the *Local Government Act 2009*. Council has set cost-recovery fees at a level to recover up to the full cost price of administering the fee, but no more. This includes direct and indirect costs, operating and maintenance overheads, and use of capital. Some cost-recovery fees may be subsidised by revenue representing community service obligations to achieve policy objectives and desired community outcomes.
- Pursuant to section 262 of the *Local Government Act 2009*, Council has, in the support of its responsibilities, the power to charge for a service or facility, other than a service or facility for which a cost-recovery fee may be fixed. These business activity charges are subject to the goods and services tax and may be reviewed by Council at any time. The nature, level and standard of the service or facility is considered by Council in the setting of charges for business activities. Charges for business activities include (but are not limited to) rents, plant hire, private works and hire of facilities.



Glossary – Key Performance Indicators

Definition of Ratios	
Level of Dependence on General Rate Revenue: <i>This ratio measures Council's reliance on operating revenue from general rates (excludes utility revenues)</i>	General Rates - Pensioner Remissions Total Operating Revenue - Gain on Sale of Developed Land
Current Ratio: <i>This measures the extent to which Council has liquid assets available to meet short term financial obligations</i>	Current Assets Current Liabilities
Debt Servicing Ratio: <i>This indicates Council's ability to meet current debt instalments with recurrent revenue</i>	Interest Expense + Loan Redemption Total Operating Revenue - Gain on Sale of Developed Land
Cash Balance - \$M:	Cash Held at Period End
Cash Capacity in Months: <i>This provides an indication as to the number of months cash held at period end would cover operating cash outflows</i>	Cash Held at Period End [(Cash Operating Costs + Interest Expense) / Period in Year]
Debt to Asset Ratio: <i>This is total debt as a percentage of total assets, i.e. to what extent will our long-term debt be covered by total assets</i>	Current and Non-current loans Total Assets
Operating Performance: <i>This ratio provides an indication of Redland City Council's cash flow capabilities</i>	Net Cash from Operations + Interest Revenue and Expense Cash Operating Revenue + Interest Revenue
Operating Surplus Ratio*: <i>This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes</i>	Net Operating Surplus Total Operating Revenue
Net Financial Liabilities*: <i>This is an indicator of the extent to which the net financial liabilities of Council can be serviced by operating revenues</i>	Total Liabilities - Current Assets Total Operating Revenue
Interest Coverage Ratio: <i>This ratio demonstrates the extent which operating revenues are being used to meet the financing charges</i>	Net Interest Expense on Debt Service Total Operating Revenue
Asset Sustainability Ratio*: <i>This ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out</i>	Capital Expenditure on Replacement of Infrastructure Assets (Renewals) Depreciation Expenditure on Infrastructure Assets

* These targets are set to be achieved on average over the long-term

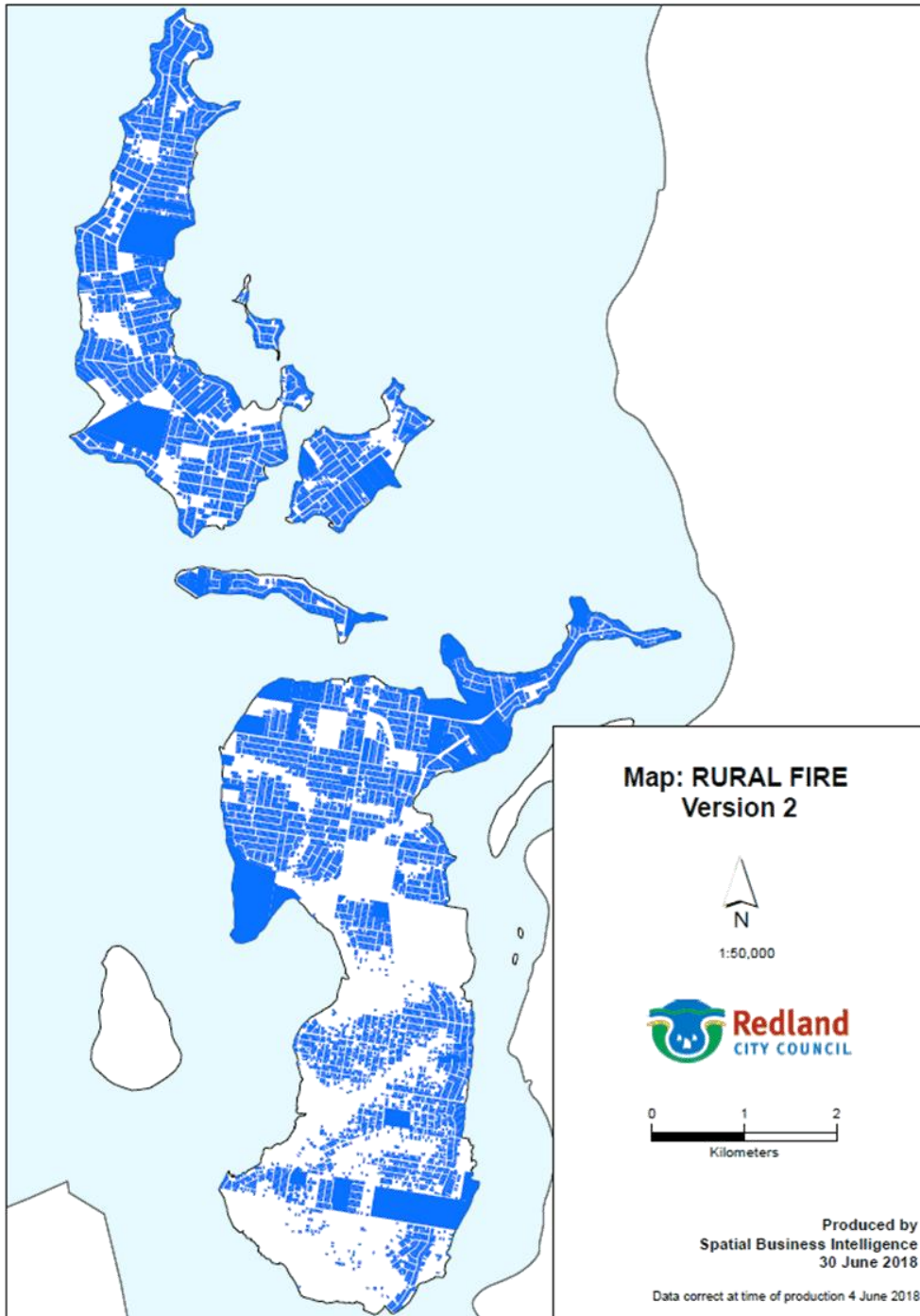


Appendix A – Raby Bay Canal Estate Map



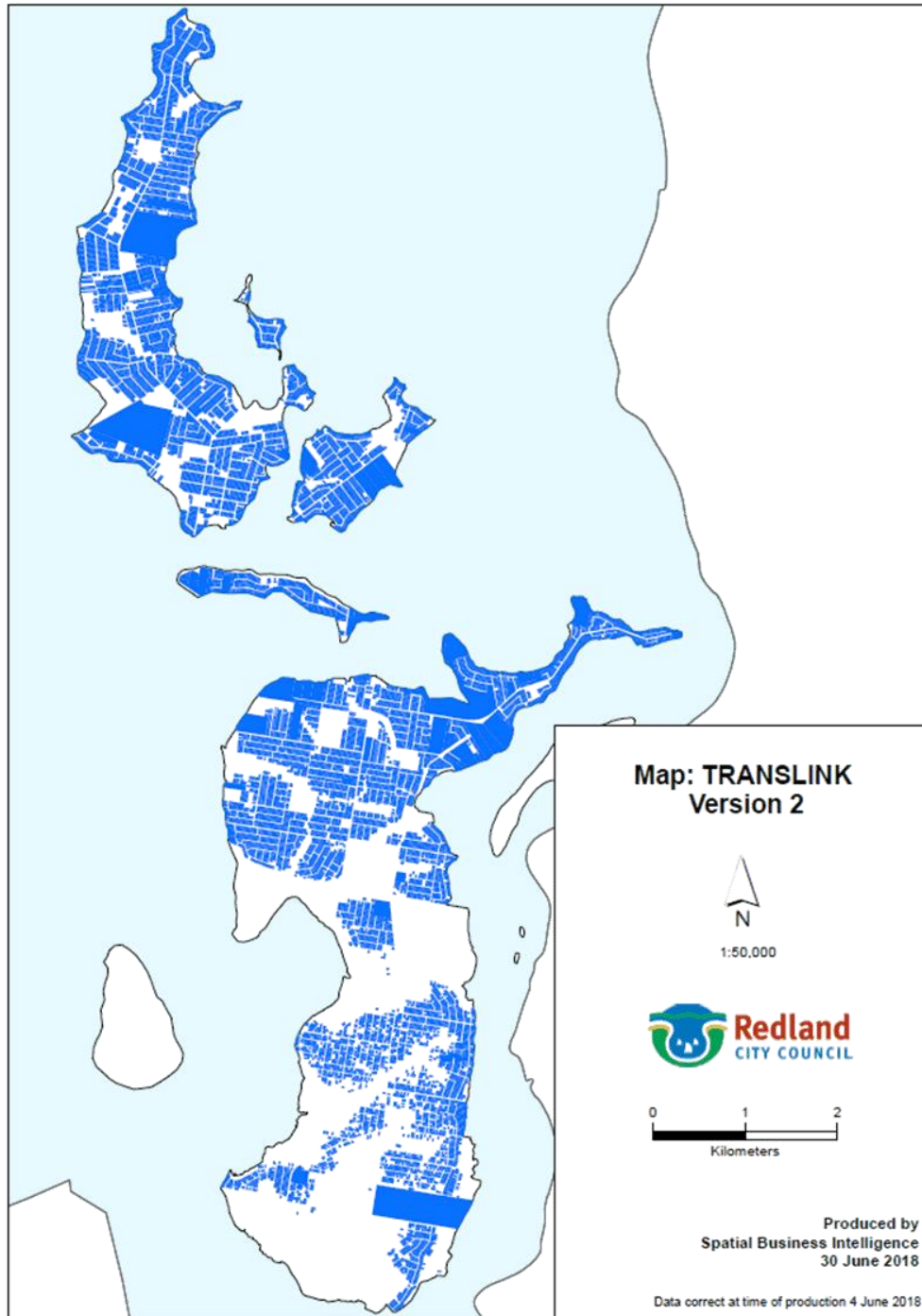


Appendix B – Rural Fire Map





Appendix C – SMBI Translink Map





MAKE A
DIFFERENCE
MAKE IT
COUNT

Disclaimer

While every care has been taken in preparing this publication, Redland City Council accepts no responsibility for decisions or actions taken as a result of any data, information, statement or advice, expressed or implied, contained within. To the best of our knowledge the content was correct at the time of publishing.



5.11 ADOPTION OF 2018-2019 RATE NOTICE DUE DATES**Objective Reference:** A3135651**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Noela Barton, Finance Manager, Financial Operations**Attachments:** Nil**PURPOSE**

The purpose of this report is for Council to adopt the dates by which the rates and charges levied by Council must be paid in the 2018-2019 financial year.

BACKGROUND

Section 118 of the *Local Government Regulation 2012* (Regulation) requires a local government to decide the date by which, or the period within which, rates or charges must be paid. The dates must be resolved at the budget meeting.

ISSUES

Under section 118(2)(a) of the Regulation, the dates by which, or the period within which, rates or charges must be paid must be at least 30 days after the rate notice for the rates or charges is issued.

Council is required to decide a date or period that is at least 30 days after the rate notice, for the rates and charges, is issued. It is proposed to adopt this minimum timeframe of 30 days. Based on that proposal, and the intended issue dates for rates notices for the 2018-2019 financial year, the following table shows the dates by which rates and charges would be payable for each quarter, for that financial year.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Charge date for levy	1 July 2018	1 October 2018	1 January 2019	1 April 2019
Rate notice issue date	6 July 2018	5 October 2018	11 January 2019	5 April 2019
Due date for payment	6 August 2018	5 November 2018	11 February 2019	7 May 2019

STRATEGIC IMPLICATIONS**Legislative Requirements**

Section 118(1) of the Regulation requires a local government to decide the date by which, or the period within which, rates or charges must be paid.

Section 118(2) of the Regulation specifies that the date by which, or the period within which, the rates or charges must be paid must be at least 30 days after the rate notice for the rates or charges is issued, or subject to part 10 (Concessions) the same date or period for each person liable to pay the rates or charges.

Section 118(3) of the Regulation specifies the local government must by resolution make the decision at its budget meeting.

Risk Management

The due dates for 2018-2019 have been prepared in consultation with key staff in the Billing Services Team and with consideration to approved public holidays.

Financial

There is no anticipated financial impact on the organisation with respect to the dates that have been determined.

People

Customer contact escalates with the issue of each rate notice and again on the due date. Departmental areas, such as the Integrated Customer Contact Centre and teams within the Financial Operations unit are required to ensure staffing levels are appropriate during these times to accommodate the increased customer contact.

Environmental

Nil impact expected as the purpose of the report is to adopt the due dates for payments of rates and charges for the 2018-2019 financial year.

Social

Nil impact expected as the purpose of the report is to adopt the due dates for payments of rates and charges for the 2018-2019 financial year.

Alignment with Council's Policy and Plans

This report aligns with Council's Corporate Plan key outcome:

8. Inclusive and ethical governance – Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision-making to achieve community's Redlands 2030 vision and goals.

CONSULTATION

The due dates for the payment of rates and charges for the 2018-2019 financial year have been prepared in consultation with key staff in the Financial Operations unit and with consideration to approved public holidays and the date of the special budget meeting.

OPTIONS**Option One**

Council resolves as follows:

Pursuant to section 118 of the *Local Government Regulation 2012*, that Council's rates and charges, and the State Government's Emergency Management, Fire and Rescue Levy, be paid within 30 days of the date of issue of the rates notice.

Option Two

Council resolves to request further information.

COUNCIL RESOLUTION 2018/14

Moved by: Cr Paul Gleeson

Seconded by: Cr Peter Mitchell

Council resolves as follows:

Pursuant to section 118 of the *Local Government Regulation 2012*, that Council's rates and charges, and the State Government's Emergency Management, Fire and Rescue Levy, be paid within 30 days of the date of issue of the rates notice.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

5.12 OPERATIONAL PLAN 2018-2019**Objective Reference:** A3135669**Authorising Officer:** John Oberhardt, General Manager Organisational Services**Responsible Officer:** Vivek Vivekandam, Group Manager Corporate Strategy and Performance**Report Author:** Lorraine Lee, Senior Adviser Corporate Planning and Performance
Crystal Byth, Principal Adviser Strategy & Performance**Attachments:** 1. **Operational Plan 2018-2019**  **PURPOSE**

The purpose of this report is to recommend the adoption of the Redland City Council Operational Plan 2018-2019.

BACKGROUND

The *Local Government Act 2009* (the Act) requires Council to prepare and adopt an annual operational plan for each financial year which is consistent with its annual budget. The Operational Plan 2018-2019 forms an important part of Council's strategic planning framework and sets out the work Council plans to deliver towards achievement of the Corporate Plan 2018-2023.

The draft Operational Plan 2018-2019 is structured to reflect the eight key outcomes of the Redlands 2030 Community Plan and the Corporate Plan 2018-2023. It includes significant activities that will be delivered in the 2018-2019 financial year which contribute to the delivery of the 2023 outcomes in the Corporate Plan 2018-2023.

ISSUES

The Operational Plan 2018-2019 is an important statutory document which sets out how Council intends to implement the Corporate Plan 2018-2023 and progress the longer term Redlands 2030 Community Plan. It includes a wide range of significant activities which directly contribute to the delivery of Council's strategic 2023 outcomes. The attached draft Operational Plan 2018-2019 is presented to Council for adoption.

STRATEGIC IMPLICATIONS**Legislative Requirements**

The *Local Government Act 2009* and *Local Government Regulation 2012* require Council to adopt an annual operational plan for each financial year which is consistent with the annual budget, states how Council will progress implementation of the Corporate Plan and manage operational risks, and include annual performance plans for each commercial business unit. Council must discharge its responsibilities in a way that is consistent with its annual operational plan, and may amend the plan at any time during the financial year by resolution.

The Chief Executive Officer is required to present a written assessment of Council's progress towards implementing the annual operational plan at meetings of Council, held at regular intervals of not more than 3 months.

Risk Management

Council's annual planning process includes the consideration of operational risks, and a broad range of risks are addressed in the significant activities of the Operational Plan 2018-2019.

Failure to deliver against the Operational Plan 2018-2019 presents a risk to Council relating to the progression of 2023 outcomes set out in the Corporate Plan 2018-2023. To mitigate this risk, each significant activity has assigned accountability which is managed by the relevant area of Council, and quarterly reporting is undertaken to monitor and manage progress.

Financial

The Operational Plan 2018-2019 is consistent with and will be funded from the 2018-2019 Budget.

People

Significant activities in the Operational Plan 2018-19 are managed by the appropriate areas of Council. Key accountability and delivery partners involved in the implementation of significant activities are identified, and delivery of the plan is undertaken by assigned resources.

Environmental

Specific projects and activities in the Operational Plan 2018-2019 directly contribute to Council's environmental commitments, in particular those related to Outcome 1 'Healthy natural environment'.

Social

Specific projects and activities in the Operational Plan 2018-2019 directly contribute to Council's social commitments, in particular those related to Outcome 7 'Strong and connected communities'.

Alignment with Council's Policy and Plans

The Operational Plan 2018-2019 is a key planning document that outlines projects and activities necessary to deliver the commitments and eight outcomes of the Corporate Plan 2018-2023.

CONSULTATION

Councillors, the Executive Leadership Team, the Senior Management Team and other officers were consulted for the development of the Operational Plan 2018-19.

OPTIONS

1. That Council resolves to adopt the attached Operational Plan 2018-2019.
2. That Council resolves to adopt the attached Operational Plan 2018-2019, subject to amendments.

COUNCIL RESOLUTION 2018/15

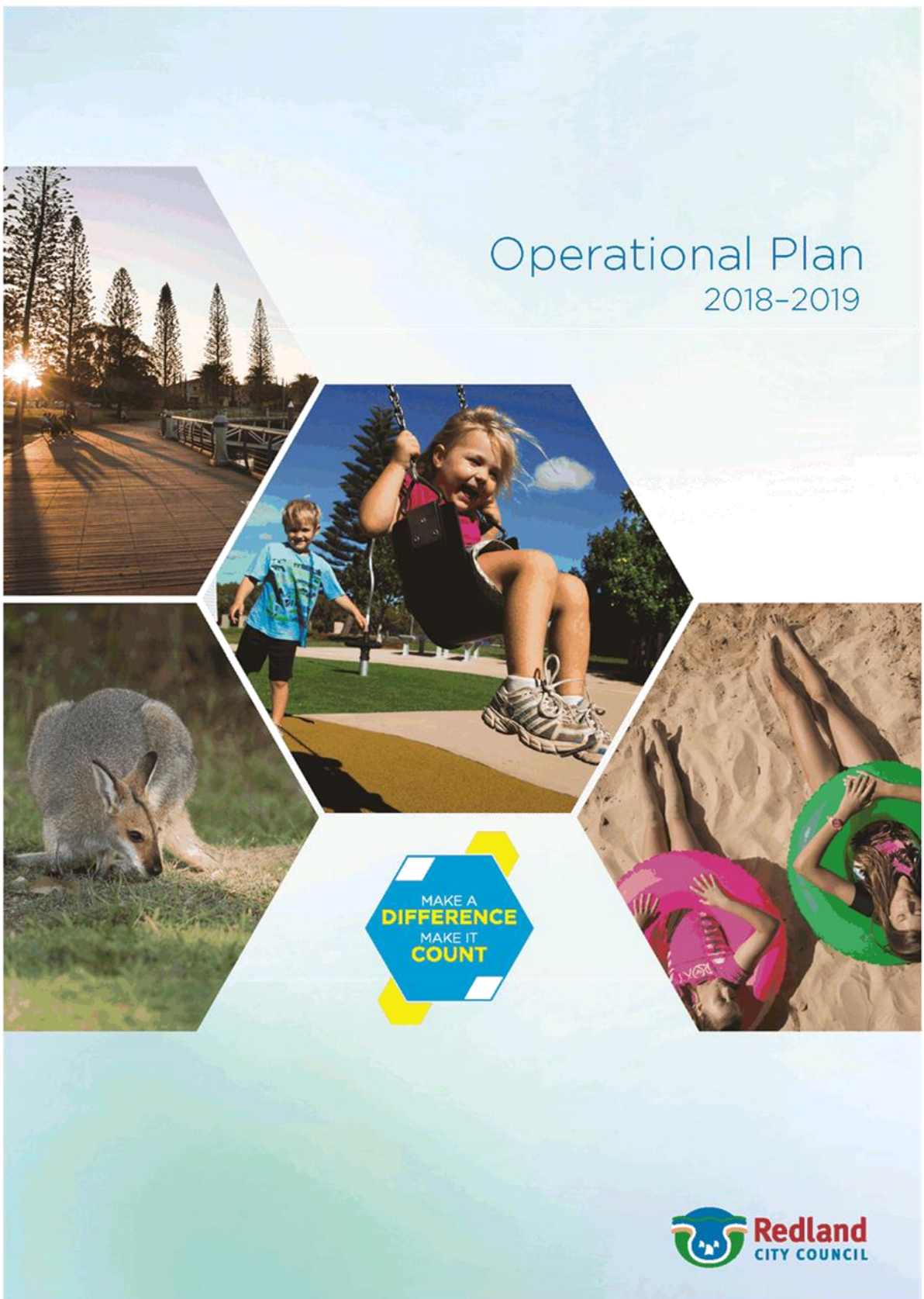
Moved by: Cr Wendy Boglary

Seconded by: Cr Paul Gleeson

That Council resolves to adopt the attached Operational Plan 2018-2019.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.



About the Operational Plan

Under the *Local Government Act 2009*, Redland City Council is required to produce and adopt an annual operational plan. The Operational Plan details how Council will deliver the significant activities identified within the Corporate Plan 2018 - 2023 and the Redlands 2030 Community Plan in the current financial year.

The Operational Plan helps Council deliver its Corporate Plan through the prioritisation of activities.

Council may amend its Operational Plan at any time by resolution. Council must undertake its responsibilities in a way consistent with its annual Operational Plan.

In accordance with the *Local Government Regulation 2012*, the Operational Plan also includes annual performance plans for Council's commercialised business units Redland Water and RedWaste.

Strategic Alignment

The Redlands 2030 Community Plan sets out Council's long term vision and outlines eight vision outcomes for the Redlands.



The Corporate Plan 2018 - 2023 identifies outcomes and priorities, in the medium term, that are considered to be transformational for the City. The Corporate Plan is informed by the Community Plan, Council Priorities, the Financial Strategy, Long Term Asset Management Plan, and Council's strategies.

Council's Operational Plan 2018 - 2019 specifies the significant activities that Council plans to undertake in 2018 - 2019 to progress each of the vision outcomes identified in the Corporate Plan 2018 - 2023.

Performance Reporting

The Operational Plan 2018 - 2019 is a key component of Council's Corporate Plan that contributes to deliver transformational outcomes for the City by 2023. The Operational Plan is the foundation of Council's 2018 - 2019 annual budget which provides resourcing for the identified projects and activities. In addition to the achievement of the strategic 2023 outcomes, Council continues to deliver a range of community and customer services. The Operational Plan is not intended to include every activity that Council undertakes.

In accordance with the *Local Government Regulation 2012* the Operational Plan shall:

- Be consistent with Council's annual budget.
- State how Council will progress implementation of the Corporate Plan.
- Manage operational risks.
- Include an annual performance plan for each commercial business unit of Council.

Council shall monitor progress against the Operational Plan and present updates to Council quarterly.

Managing operational risks

Council has a comprehensive Enterprise Risk Management Framework which outlines its methodologies and how Council manages its risks in line with laws, regulations, policies and standards. Council maintains risks registers for strategic, operational and project level risks, which are overseen by the Operational Risk Management Committee.

Council follows the principles set out in the Australian Standard AS/NZS ISO 31000:2009 Risk Management – principles and guidelines.

Council is committed to:

- Promoting a culture of awareness and the active management of risks.
- All staff (and other stakeholders) assuming responsibility for managing risks within their own areas.
- Regular education and training for staff in risk management practices.
- Regular assessment of risk exposure and the development of treatment plans to reduce levels of risk.
- Prioritisation of risks so that resources can be devoted to managing high priority risks.
- Regular monitoring of risk management plans to ensure they are achieved.
- Developing systems that continually improve the ability to manage risks and reduce exposures.

Council's goal is to eliminate all risks which fall within the extreme category and to manage high risks without inhibiting the necessary functions of Council. As Council has a legal responsibility to provide services to the community sometimes it is not possible to eliminate all risks. In these circumstances, effective risk management strategies will ensure Council will deliver on its obligations.

Risks should only be accepted when one or more of the following apply:

- The financial cost of reducing the risk outweighs the benefits.
- The reduction of one risk creates one or more risks of an equal or greater risk rating.
- Removal of the risk significantly interferes with the achievement of Council's objectives and / or outcome of delivery.

When developing the Operational Plan, managers were asked to consider what operational risks would be likely to impact their activities. As a result, a broad range of operational risks have been considered in the Operational Plan 2018 - 2019.

Internal Audit and Risk also reviews operational risk registers to inform Council's departmental audit reporting. This function provides assurance to management and Council that the system of internal control is working effectively. The focus is on controls, risk management, legal compliance and governance practices.

1. Healthy natural environment		
A diverse and healthy natural environment, with an abundance of native flora and fauna and rich ecosystems, will thrive through our awareness, commitment and action in caring for the environment.		
2023 Strategic Outcome	#1.1	Redland City's natural assets including flora, fauna, habitats, biodiversity, ecosystems and waterways are managed, maintained and monitored.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#1.1.1	Plan and implement a program of works to restore native vegetation. a) Identify properties and specific sites. b) Develop a program of works and costings. c) Undertake restoration activities including weed removal and vegetation.	Infrastructure and Operations
#1.1.2	Plan and deliver conservation restoration activities. a) Rehabilitate riparian corridors on Council land to prevent entry of sediments and nutrients to waterways.	Infrastructure and Operations
#1.1.3	Engage and deliver restoration through partnership with community and external groups. a) Deliver community bush care. b) Finalise the Biosecurity Plan 2018 – 2021 and commence implementation.	Community and Customer Services
#1.1.4	Implement programs to monitor sediments and nutrients and enforce the requirements of the Environmental Protection Act 1994. a) Respond to and investigate customer service requests for erosion and sediment control. b) Monitor compliance with development approvals for sediment and erosion control matters. c) Finalise Redlands contribution to the draft Lower Brisbane - Redlands Coastal Catchment Action Plan 2018-2021.	Community and Customer Services
#1.1.5	Continue implementing a program to plant one million native plants in the Redlands by 2026. a) Prepare sites for planting. b) Implement a planting and maintenance program.	Infrastructure and Operations
2023 Strategic Outcome	#1.2	Threatened species are maintained and protected, including the vulnerable koala species.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#1.2.1	Implement the Natural Environment Policy. a) Deliver Council's Koala Conservation Action Plan 2016 - 2021. b) Deliver Council's Wildlife Connections Action Plan 2018 – 2028. c) Develop Significant Vegetation Strategy.	Community and Customer Services
#1.2.2	Enhance community understanding of wildlife management issues. a) Deliver Council's Community Behaviour Change Program - Koalas and Dog Owners. b) Deliver Council's Koala Conservation Action Plan 2016 - 2021 and community engagement activities.	Community and Customer Services

1. Healthy natural environment		
A diverse and healthy natural environment, with an abundance of native flora and fauna and rich ecosystems, will thrive through our awareness, commitment and action in caring for the environment.		
2023 Strategic Outcome	#1.3	Community and private landholder stewardship of natural assets increases.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#1.3.1	Achieve improved environmental outcomes through extension programs. a) Provide extension services with private land owners and the community such as Land for Wildlife, Habitat Protection, Koala Conservation and Waterways Extension programs. b) Provide education programs and training events at IndigiScapes.	Community and Customer Services
2023 Strategic Outcome	#1.4	Visitors experience our natural assets through high standard facilities, trails, interpretation and low impact commercial ventures.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#1.4.1	Enhance the visitor experience of Redland's natural assets. a) Undertake a program of mapping the City's trails for recreational opportunities. b) Undertake works to enhance the conservation values of all Council owned and managed land.	Infrastructure and Operations
#1.4.2	Continue to improve the customer experience at IndigiScapes. a) Progress stage 3 construction of the IndigiScapes expansion.	Community and Customer Services

2. Green Living		
Our green living choices will improve our quality of life and our children's lives, through our sustainable and energy efficient use of resources, transport and infrastructure, and our well informed responses to risks such as climate change.		
2023 Strategic Outcome	#2.1	Council's policies and plans support ecologically sustainable development and respond to climate change issues.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#2.1.1	Continue to reduce Council emissions and carbon footprint. a) Finalise Council's carbon and energy dashboard to establish baseline carbon footprint and track against targets. b) Monitor cost savings as a result of energy saving pilot programs such as electric vehicles and use of renewable (e.g. solar) energy alternatives. c) Provide information to raise community awareness and education on being climate smart.	
		Community and Customer Services
2023 Strategic Outcome	#2.2	Sustainable building design (for example, solar panels and water tanks) is supported through education and advocacy.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#2.2.1	Provide information to raise community awareness and education. a) Provide educational programs and information.	
		Community and Customer Services
2023 Strategic Outcome	#2.3	Council's waste management plans address current and future needs, and include plans for closed landfills and regional collaboration.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#2.3.1	Plan and deliver waste management services to meet current and future needs of the City. a) Undertake three year statutory review of the Waste Reduction and Recycling Plan 2015 - 2020 including a review of relevant external factors. b) Continue to research and scope information for a waste disposal plan. c) Complete northern batter capping and leachate management works at Judy Holt Park.	
		Infrastructure and Operations
2023 Strategic Outcome	#2.4	Council and the community actively recycle and reduce waste.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#2.4.1	Provide kerbside recycling bins and encourage the community to increase their recycling. a) Collect and process recycling materials from residents. b) Provide flexible bin menu options on Council's website. c) Operate waste transfer stations. d) Support Council's Waste Education Officer to develop and implement resource and waste education projects and programs.	
		Infrastructure and Operations

2. Green Living

Our green living choices will improve our quality of life and our children's lives, through our sustainable and energy efficient use of resources, transport and infrastructure, and our well informed responses to risks such as climate change.

2023 Strategic Outcome	#2.5	Transport planning reflects a desire to maximise economic, environmental and liveability outcomes through quality road design, public transport, pedestrian and cycling strategies.
2018/19 Significant Activity	Significant Activity Description (What and How)	
	Key Accountability	
#2.5.1	Manage planning for transport initiatives and services across the City. a) Commence implementation of an approved transport strategy.	
#2.5.2	Manage planning for transport connectivity for the Southern Moreton Bay Islands (SMBI). a) Ensure appropriate transport planning in consideration of Weinam Creek PDA.	
#2.5.3	Expand the footpath and cycleway network. a) Undertake expansion projects for pathways. b) Continue detailed design on the Moreton Bay Cycleway.	
		Community and Customer Services
		Community and Customer Services
		Infrastructure and Operations

3. Embracing the bay		
The benefits of the unique ecosystems, visual beauty, spiritual nourishment and coastal lifestyle provided by the islands, beaches, foreshores and water catchments of Moreton Bay will be valued, protected and celebrated.		
2023 Strategic Outcome	#3.1	Council collaborates with partners to understand, nurture and protect Moreton Bay's marine health and values.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#3.1.1	Partner with Healthy Land and Water to monitor and improve the values of waterways and the bay, and enhance the community's experience of the bay. a) Participate in the Healthy Land and Water partnership network. b) Undertake catchment water quality monitoring. c) Develop Bay and Creeks Strategy. d) Monitor the recreational water quality in partnership with Healthy Land and Water.	Community and Customer Services
2023 Strategic Outcome	#3.2	Communities on the islands and foreshores enjoy equitable access to development opportunities and community services.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#3.2.1	Partner with Education Queensland in activating the community use of schools for sport and recreation purposes. a) Establish partnership agreements with stakeholders. b) Investigate funding options for joint development and infrastructure requirements.	Infrastructure and Operations
2023 Strategic Outcome	#3.3	Our community is ready for and adapting to changing coastlines, storm tide and severe weather.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#3.3.1	Continue to develop and implement the Redland City Council Coastal Adaptation Strategy. a) Deliver phase 2 of the Coastal Adaptation Strategy which includes management options and implementation plans addressing future climate change risks for the City. b) Develop an implementation plan for the Amity Point Shoreline Erosion Management Plan.	Infrastructure and Operations

3. Embracing the bay		
The benefits of the unique ecosystems, visual beauty, spiritual nourishment and coastal lifestyle provided by the islands, beaches, foreshores and water catchments of Moreton Bay will be valued, protected and celebrated.		
2023 Strategic Outcome	#3.4	Redland City's residents and visitors can easily access the foreshore and use recreation infrastructure for boating and non-boating activities.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#3.4.1	Improve access provisions to Moreton Bay. a) Manage and plan the delivery of local government marine infrastructure.	Infrastructure and Operations
2023 Strategic Outcome	#3.5	Priority Development Areas support equitable outcomes for island residents, such as access to transport and facilities.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#3.5.1	Progress development of Priority Development Area (PDA) activities with a focus on ensuring island residents have equal access to transport and community facilities. a) Work in partnership with Economic Development Queensland to progress development activity within the Weinam Creek PDA, to deliver economic and lifestyle benefits for island residents.	Community and Customer Services

4. Quandamooka Country		
The rich Aboriginal heritage of the Redlands (Quandamooka) and the Traditional Owners' ongoing custodianship of Quandamooka land and waters will be widely understood and respected, and we will work together for the future of Quandamooka Country.		
2023 Strategic Outcome	#4.1	Council's organisational and staff capacity to deliver positive outcomes for Aboriginal communities, including the Quandamooka People, is improved through policy, cultural awareness training and cultural heritage training for elected members and Council staff.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#4.1.1	Council is committed to continuing its collaborative work with Quandamooka Yoolooburrabee Aboriginal Corporation (QYAC). a) Develop an employment and training strategy for all Aboriginal communities, including the Quandamooka People, across all of the Redland City area.	Office of the CEO
#4.1.2	Implement culturally appropriate protocols. a) Update Council's Indigenous Community Policy. b) Develop Council's Indigenous Community Guideline. c) Develop an internal Reconciliation Action Plan.	Organisational Services
2023 Strategic Outcome	#4.2	Council's and the community's respect and understanding of the Quandamooka peoples' relationship with their traditional land and waters continue to improve.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#4.2.1	Promote awareness and understanding of Quandamooka culture. a) Promote Quandamooka culture through Council channels including digital media, publications and events.	Organisational Services
#4.2.2	Promote traditional knowledge. a) Engage and coordinate with key Council areas to be involved in National Aborigines and Islanders Day Observance Committee (NAIDOC) and National Reconciliation Week (NRW). b) Promote cultural awareness to staff through NAIDOC week celebration, the NAIDOC ambassador program, and thank you events and discussions.	Organisational Services
#4.2.3	Maintain and further develop partnerships with the Quandamooka People. a) Work in partnership with Quandamooka artists to develop quality exhibitions, programs and performances that can be considered for inclusion in Redland Art Gallery and Redland Performing Arts Centre programs. b) Continue to grow the holdings of contemporary Indigenous art by Quandamooka artists in the Redland Art Gallery collection. c) Contribute to the Quandamooka Festival.	Community and Customer Services

4. Quandamooka Country		
The rich Aboriginal heritage of the Redlands (Quandamooka) and the Traditional Owners' ongoing custodianship of Quandamooka land and waters will be widely understood and respected, and we will work together for the future of Quandamooka Country.		
2023 Strategic Outcome	#4.3	Council continues to support and resource the delivery of commitments under the Indigenous Land Use Agreement (ILUA) with the Quandamooka People.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#4.3.1	Support delivery of Indigenous Land Use Agreement (ILUA) commitments. a) Manage Council's commitments under the ILUA by coordinating the ILUA Consultative Committee. b) Monitor progress on ILUA activities delivered by key Council areas and report to Council's Executive Leadership Team and Councillors quarterly.	
	Key Accountability	
	Organisational Services	
2023 Strategic Outcome	#4.4	Council works with the Quandamooka Traditional Owners to help them achieve their goal of establishing North Stradbroke Island (Minjerrabah) as a global eco-cultural tourism destination.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#4.4.1	Contribution to implementation of North Stradbroke Island Economic Transition Strategy. a) Engage with Quandamooka Yoolooburrabee Aboriginal Corporation regarding economic development opportunities. b) Engage with Quandamooka Yoolooburrabee Aboriginal Corporation through the Redlands Tourism Subcommittee.	
	Key Accountability	
	Community and Customer Services	
#4.4.2	Promote Quandamooka tourism initiatives. a) Promote Quandamooka tourism initiatives through Council channels including digital media and publications. b) Ensure a Quandamooka Yoolooburrabee Aboriginal Corporation representative is a member of the Redlands Tourism Subcommittee.	
	Key Accountability	
	Organisational Services	

5. Wise planning and design		
We will carefully manage population pressures and use land sustainably while advocating and taking steps to determine the limits of growth and carrying capacity on a local and national basis, recognising environmental sensitivities and the distinctive character, heritage and atmosphere of local communities. A well-planned network of urban, rural and bushland areas and responsive infrastructure and transport systems will support strong, healthy communities.		
2023 Strategic Outcome	#5.1	Growth and development in the City is sustainably managed through the adoption and implementation of the Redland City Plan and Local Government Infrastructure Plan.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#5.1.1	Commence the Redland City Plan. a) Undertake a regular program of amendments to the City Plan.	Community and Customer Services
#5.1.2	Ensure that infrastructure necessary to support growth in the City is provided through the development assessment process and capital works program. a) Implement the new Local Government Infrastructure Plan.	Community and Customer Services
2023 Strategic Outcome	#5.2	Redland City's character and liveability are enhanced through a program of master planning, place-making and centre improvement strategies, including maximising opportunities through the catalyst Toondah Harbour Priority Development Area and Redlands Health and Wellbeing Precinct projects to build a strong and connected Cleveland.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#5.2.1	Coordinate a place management program for key activity centres in Redland City and contribute to master planning for precincts in Redland City. a) Collaborate with stakeholders to deliver place making programs and activities. b) Develop a plan for delivery of the Redlands Health and Wellness Precinct.	Community and Customer Services
#5.2.2	Coordinate planning and guidance for future development and infrastructure delivery for local areas in the City. a) Finalise a structure plan for the Victoria Point Local Development Area. b) Complete a future land use investigation of opportunities and constraints of the Southern Thornlands area. c) Activate Capalaba's town centre through the Capalaba Place project.	Community and Customer Services
#5.2.3	Identify and protect places of European heritage significance. a) Investigate options in relation to identifying and protecting places of European heritage significance.	Community and Customer Services
#5.2.4	Develop master plan for Redland Aquatic Redevelopment. a) Prepare a schematic design and master plan for whole of precinct. b) Conduct community consultation on the Precinct Master Plan. c) Prepare and lodge a development application for the whole of precinct.	Infrastructure and Operations

5. Wise planning and design

We will carefully manage population pressures and use land sustainably while advocating and taking steps to determine the limits of growth and carrying capacity on a local and national basis, recognising environmental sensitivities and the distinctive character, heritage and atmosphere of local communities. A well-planned network of urban, rural and bushland areas and responsive infrastructure and transport systems will support strong, healthy communities.

2023 Strategic Outcome	#5.3	An effective and efficient development assessment process delivers quality development that is consistent with legislation, best practice and community expectations.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#5.3.1	Maintain effective systems and processes that underpin quality and timely decision making for development applications. <ul style="list-style-type: none"> a) Implement the Redland City Plan. b) Amend systems and processes to ensure effective implementation of planning instruments. c) Seek funding from the State Government Innovation and Improvement fund to continue to progress paperless office. 	
	Community and Customer Services	
2023 Strategic Outcome	#5.4	Regional collaboration and targeted advocacy drives external funding for key infrastructure upgrades and enhanced community outcomes.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#5.4.1	Contribute to establishing a South East Queensland City Deal. <ul style="list-style-type: none"> a) Investigate development of a Redland City advocacy document. b) Participate in regional collaboration initiatives and targeted advocacy, including participation in Council of Mayors SEQ (COMSEQ) advocacy and economic development working groups. c) Promote collaborative economic outcomes through Logan Redland Regional Development Australia initiatives. 	
	Community and Customer Services	

6. Supportive and vibrant economy		
Businesses will thrive and jobs will grow from opportunities generated by low impact industries, cultural and outdoor lifestyle activities, eco-tourism and quality educational experiences.		
2023 Strategic Outcome	#6.1	Council supports infrastructure that encourages business and tourism growth.
2018/19 Significant Activity	Significant Activity Description (What and How)	
2018/19 Significant Activity	Key Accountability	
#6.1.1	Lead the implementation of actions in the Redland City Tourism Strategy and Action Plan 2015 - 2020. a) Develop a new tourism website for Redland City.	
#6.1.2	Contribute to potential development of a Smart and Connected Cities Framework. a) Collaborate with industry stakeholders through the Advancing Regional Innovation Program to identify opportunities for infrastructure that can support Smart and Connected Cities initiatives. b) Investigate development of an infrastructure advocacy document.	
#6.1.2	Organisational Services	
#6.1.2	Community and Customer Services	
2023 Strategic Outcome	#6.2	Redland City delivers events, activities and performances that bring economic and social benefits to the community.
2018/19 Significant Activity	Significant Activity Description (What and How)	
2018/19 Significant Activity	Key Accountability	
#6.2.1	Lead the implementation of actions in the Redland City Events Strategy and Action Plan 2017 - 2022. a) Develop and launch an events portal for event organisers on the new Redland City tourism website.	
#6.2.2	Deliver events, activities and workshops that contribute to bringing economic and social benefits to the community. a) Deliver a program of events / workshops targeted at community and business sectors i.e. business workshops, Youth Week and Seniors Week.	
#6.2.3	Contribute to economic and social impacts across the City. a) Provide quality community development through the Creative Arts program and Library's program.	
#6.2.4	Deliver a destination brand for Redland City. a) Roll out new destination brand through digital media and investigate corporate and community partnerships for co-operative campaigns, publications and promotions.	
#6.2.1	Organisational Services	
#6.2.2	Community and Customer Services	
#6.2.3	Community and Customer Services	
#6.2.4	Organisational Services	

6. Supportive and vibrant economy		
Businesses will thrive and jobs will grow from opportunities generated by low impact industries, cultural and outdoor lifestyle activities, eco-tourism and quality educational experiences.		
2023 Strategic Outcome	#6.3	Council's involvement in the State Government's North Stradbroke Island Economic Transition Committee supports and aligns with Council's strategic objectives, which help deliver long-term economic sustainability for North Stradbroke Island (Minjerrabah).
2018/19 Significant Activity	Significant Activity Description (What and How)	
#6.3.1	Coordination of Council's involvement in the North Stradbroke Island Economic Transition Strategy. <ul style="list-style-type: none"> a) Coordinate monthly meetings with internal stakeholders and representatives from the Queensland Government. b) Participate in North Stradbroke Island Economic Transition Strategy Implementation Committee meetings. c) Deliver Project 13 Location and Interpretive Signage. 	
2023 Strategic Outcome	#6.4	Council receives a return on the community's investment in land to enhance economic and community outcomes.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#6.4.1	Identify and develop strategic opportunities for Redland City Council land holdings. <ul style="list-style-type: none"> a) Develop a range of projects which deliver economic and lifestyle benefits to the community through collaboration with Council, key external stakeholders and the community. 	
2023 Strategic Outcome	#6.5	Growth in key sectors identified in Council's Economic Development Framework is supported through the development and implementation of action plans by the Industry Economic Development Advisory Board.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#6.5.1	Provide secretariat support to the Redlands Economic Development Advisory Board. <ul style="list-style-type: none"> a) Coordinate board meetings. b) Prepare an update report for Council following each board meeting. 	
#6.5.2	Deliver industry-enabling action plans and a targeted investment attraction strategy. <ul style="list-style-type: none"> a) Engage with industry stakeholders to develop and implement industry action plans. b) Investigate development of an investment attraction strategy. 	

6. Supportive and vibrant economy		
Businesses will thrive and jobs will grow from opportunities generated by low impact industries, cultural and outdoor lifestyle activities, eco-tourism and quality educational experiences.		
2023 Strategic Outcome	#6.6	Development will be facilitated specifically in the Toondah Harbour Priority Development Area (PDA) and Weinam Creek PDA with a focus on economic growth.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#6.6.1	<p>Facilitate the development of the Toondah Harbour PDA in partnership with Economic Development Queensland.</p> <p>a) Through the Redland Investment Corporation, facilitate an environmental impact assessment and community engagement for the Toondah Harbour Priority Development Area.</p>	Community and Customer Services
#6.6.2	<p>Facilitate the development of the Weinam Creek PDA in partnership with Economic Development Queensland.</p> <p>a) Finalise a revised master plan for the Weinam Creek Priority Development Area and manage progress of the development.</p>	Community and Customer Services
#6.6.3	<p>Collaborate with stakeholders on planning for Priority Development Areas.</p> <p>a) Participate as a Local Representative Committee member.</p>	Community and Customer Services

7 Strong and connected communities		
Our health, wellbeing and strong community spirit will be supported by a full range of services, programs, organisations and facilities, and our values of caring and respect will extend to people of all ages, cultures, abilities and needs.		
2023 Strategic Outcome	#7.1	Festivals, events and activities bring together and support greater connectivity between cross-sections of the community.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#7.1.1	Celebrate the cultural life of the region. a) Cultivate new initiatives, develop new audiences and promote a unique identity for the Redlands. b) Provide interpretative spaces and experiences that cater for the interests of families, young people, and the wider community that is accessible to people of all ages and abilities.	Community and Customer Services
2023 Strategic Outcome	#7.2	Council maximises community benefit from the use of its parklands and facilities by improving access to, and the quality and shared use of, public spaces and facilities by groups for sporting, recreational and community activities.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#7.2.1	Plan, provide and advocate for essential social infrastructure for community activities. a) Commence review of the Community Safety and Graffiti Management Strategies. b) Develop a new Age Friendly Cities initiative. c) Commence review of the Social Infrastructure Strategy. d) Continue to investigate opportunities with stakeholders for a community hub.	Community and Customer Services
#7.2.2	Develop innovative and accessible library services as part of the implementation of the Library Services Strategy 2017 - 2022. a) Introduce radio frequency identification technology across all libraries. b) Streamline processes to improve customer service.	Community and Customer Services
#7.2.3	Plan for effective sport and recreation at Heinemann Road, Redland Bay. a) Engage a project manager. b) Undertake a needs analysis to determine the end users. c) Commence an infrastructure needs analysis and the development of a master plan.	Infrastructure and Operations
#7.2.4	Manage community access of Council sport and recreation facilities. a) Manage field bookings including user agreements and tenure arrangements. b) Provide safe access to beaches and foreshore areas. c) Continue to investigate recreational vehicle (RV) parking options for the City.	Infrastructure and Operations
#7.2.5	Encourage community use and participation. a) Support signature sport and recreation events throughout the City. b) Create greater opportunities for informal recreation and physical activity in parks and open spaces. c) Continue to progress the restoration and future use of Willard's Farm. d) Complete the renovation of the Station Master's Cottage.	Infrastructure and Operations

7 Strong and connected communities		
Our health, wellbeing and strong community spirit will be supported by a full range of services, programs, organisations and facilities, and our values of caring and respect will extend to people of all ages, cultures, abilities and needs.		
2023 Strategic Outcome	#7.3	Council's assessment of community issues and needs provides timely opportunities to pursue grants and partnerships that realise long-term benefits.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#7.3.1	Deliver Council's Grants and Sponsorship Program. a) Continue to deliver and refine Council's Community Grants and Sponsorship Program to ensure best grants investment outcomes for the Redlands community.	
#7.3.2	Develop programs to encourage reading and all forms of literacy as part of the implementation of the Library Services Strategy 2017-2022. a) Deliver the State funded First 5 Forever program to 31 December 2018 for children aged 0-5 years and their families and carers. b) Deliver a volunteer based adult literacy program within libraries and community venues.	
		Community and Customer Services
		Community and Customer Services
2023 Strategic Outcome	#7.4	Council supports volunteerism and participation in civic projects through clear and supportive Council processes to reduce red-tape, and engage and recruit volunteers for Council projects.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#7.4.1	Provide volunteering and work experience opportunities for the community. a) Review current volunteer processes to ensure they are efficient and inclusive.	
		Office of the CEO
2023 Strategic Outcome	#7.5	The community's preparedness for disasters is improved through community education, training and strong partnerships between Council and other agencies.
2018/19 Significant Activity	Significant Activity Description (What and How)	
		Key Accountability
#7.5.1	Improve disaster preparedness. a) Review and update the City's Disaster Management Plan. b) Deliver a healthy and safe city through community education, engagement and resilience building. c) Provide an annual management report to Council's Executive Leadership Team on the performance of the State Emergency Service operations. d) Ensure staff preparedness through disaster management training and exercises. e) Where practical, implement and / or incorporate into business as usual activities, the recommendations of the Bushfire Review.	
		Organisational Services

8. Inclusive and ethical governance		
Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision-making to achieve the community's Redlands 2030 vision and goals.		
2023 Strategic Outcome	#8.1	Council's Information Management Strategy and technology systems are engineered to increase efficiency and provide excellent customer service outcomes.
2018/19 Significant Activity	Significant Activity Description (What and How)	
#8.1.1	Transition hardware to a new data centre. a) Migrate all hardware to the new Portable Data Centre at the South Street Depot.	
	Organisational Services	
#8.1.2	Transition hardware to a new disaster recovery site. a) Migrate all hardware to the new Disaster Recovery Site in the Cleveland Administration building.	
	Organisational Services	
2023 Strategic Outcome	#8.2	Council produces and delivers against sustainable financial forecasts as a result of best practice Capital and Asset Management Plans that guide project planning and service delivery across the City.
2018/19 Significant Activity	Significant Activity Description (What and How)	
	Key Accountability	
#8.2.1	Improve whole of Council asset management. a) Develop and implement Strategic Asset Management Plan. b) Implement Asset Management Policy and Framework. c) Review asset consumption methodology. d) Develop and implement whole of Council asset management lifecycle model. e) Procure and implement an asset management technology enabler.	
	Organisational Services	
2023 Strategic Outcome	#8.3	Implementation of the Corporate Plan is well coordinated across Council and through a delivery mechanism that provides clear line of sight, accountability and performance measurement for all employees.
2018/19 Significant Activity	Significant Activity Description (What and How)	
	Key Accountability	
#8.3.1	Improve strategic alignment. a) Continue implementation of strategic planning and performance framework. b) Strengthen relationship and line of sight between strategic, tactical and operational planning.	
	Organisational Services	
#8.3.2	Prioritise Council's portfolio of projects. a) Review and implement the capital works prioritisation model and improve alignment with service criteria and implement financial assessment criteria. b) Ensure appropriate engagement with key stakeholders to develop and operate the model.	
	Organisational Services	
#8.3.3	Improve alignment between individual and Council performance. a) Continue to promote MyGoals conversations that align individual contribution with Council objectives.	
	Office of the CEO	

8. Inclusive and ethical governance		
Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision-making to achieve the community's Redlands 2030 vision and goals.		
2023 Strategic Outcome	#8.4	A continuous improvement focus underpins the organisation, creating a supportive environment for ideas and positive, well-managed change that enhance internal and external outcomes.
2018/19 Significant Activity	Significant Activity Description (What and How)	
	Key Accountability	
#8.4.1	Continue to build change management capability. a) Embed the Awareness, Desire, Knowledge, Ability & Reinforcement (ADKAR) methodology across the organisation.	
	Office of the CEO	
#8.4.2	Drive improvements in efficiency and effectiveness. a) Develop and implement the business transformation program. b) Establish and implement reporting on improvement benefits.	
	Organisational Services	
2023 Strategic Outcome	#8.5	Council uses meaningful tools to engage with the community on diverse issues so that the community is well informed and can contribute to decision making.
2018/19 Significant Activity	Significant Activity Description (What and How)	
	Key Accountability	
#8.5.1	Conduct community engagement on a diverse range of issues. a) Use a range of tools to inform the community about Council programs and initiatives and seek community views on a range of issues.	
	Organisational Services	

REDLAND WATER

A commercial business unit of Redland City Council

Water & Wastewater services

Annual Performance Plan 2018 - 2019

Redland City Council - Redland Water – Annual Performance Plan 2018-19

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1 Introduction

Redland Water is a commercial business unit (CBU) of Redland City Council (Council).

The *Local Government Act 2009* (the Act) and the *Local Government Regulation 2012* (the Regulation) govern the operation of business units run by local governments.

In deciding whether an activity should be a significant business activity for the 2018-19 financial year, local governments must consider the operating expenditure for the 2017-18 financial year less any depreciation included therein and any expenditure included therein to achieve competitive neutrality which is not actually incurred by the local government plus any loan redemption payments in that year.

Section 19 of the *Local Government Regulation 2012* states the thresholds for the 2018-19 financial year as follows:

- for water and sewerage combined activities - \$13.96m; and
- for any other business activity - \$9.35m.

Section 175 of the *Local Government Regulation 2012* states:

- 1) The annual operational plan for a local government must:
 - (a) be consistent with its annual budget; and
 - (b) state how the local government will:
 - (i) progress the implementation of the 5-year corporate plan during the period of the annual operational plan; and
 - (ii) manage operational risks; and
 - (c) include an annual performance plan for each commercial business unit of the local government.
 - 2) An annual performance plan for a commercial business unit is a document stating the following for the financial year, the:
 - (a) unit's objectives;
 - (b) nature and extent of the significant business activity the unit is to conduct;
 - (c) unit's financial and non-financial performance targets;
 - (d) nature and extent of the community service obligations the unit must perform;
 - (e) cost of, and funding for, the community service obligations;
 - (f) unit's notional capital structure, and treatment of surpluses;
 - (g) unit's proposed major investments;
 - (h) unit's outstanding, and proposed, borrowings;
 - (i) unit's policy on the level and quality of service consumers can expect;
 - (j) delegations necessary to allow the unit to exercise autonomy in its commercial activities;
 - (k) type of information that the unit's reports to the local government must contain.
 - 3) A local government may omit information from the copies of the annual performance plan made available to the public if:
 - (a) the information is of a commercially sensitive nature to the commercial business unit; and
 - (b) the information is given to each of the local government's councillors.
- b) *Note* – See also section 171 (Use of information by councillors) of the Act.
- 4) The local government may change an annual performance plan for a commercial business unit at any time before the end of the financial year.

The *Regulation* also requires the CBU's performance to be monitored by the local government against performance targets mentioned in the Annual Performance Plan (APP).

2 Key principles of a commercial business unit

This APP supports the key principles of commercialisation as detailed in section 28 of the *Regulation*, which are:

- (a) clarity of objectives;
- (b) management autonomy and authority;
- (c) accountability for performance; and
- (d) competitive neutrality.

3 Redland City Council vision

“Forward thinking, engaged and focused on enriching community lifestyles”.

4 Redland Water vision, objectives and functions

4.1 Business focus

4.1.1 Vision

To be recognised as a professional water management business that continually improves and adapts our service to customers in support of Council’s vision and objectives for the city.

4.1.2 Mission

To meet or exceed agreed standards of water and wastewater services while managing the business for long-term success.

4.1.3 Key drivers

The key business drivers are:

- customer service;
- business efficiency;
- environmental sustainability;
- pricing arrangements that reflect true costs, full cost recovery and regulatory requirements;
- competitiveness; and
- the provision of a safe working environment.

5 Roles of each party

5.1 Redland City Council’s role

- Owner of business
- Specifies levels of service
- Customer of Redland Water

5.2 Redland Water’s role

- Service provider for planning and operation of assets
- Customer of Council
- Owner of water and wastewater assets

6 Undertakings by the parties

6.1 Redland City Council

Council has delegated management autonomy to Redland Water's management team for:

- entering into contracts in the name of the business unit as a commercial business of Council in line with Council delegations;
- completing approved programs in accordance with Council's budget, operational and corporate plans as well as Redland Water's performance plan;
- promoting and presenting Redland Water to the community as a professional commercial business by undertaking educational, promotional and customer activities;
- developing and implementing budgets and long-term pricing models and financial plans.

Council will compensate Redland Water the cost of providing any community service obligations (CSOs) in line with section 24 of the *Regulation*. These will be reviewed on an annual basis as part of the performance plan and the budget development process.

Council will buy water and wastewater services from Redland Water under the same terms and conditions as customers.

Council will operate in accordance with various policies and the corporate plan.

6.2 Redland Water

Redland Water will:

- provide water and wastewater operations;
- conduct its business and operations in compliance with the requirements of the *Environmental Protection (Water) Policy 2009* of the *Environmental Protection Act 1994*, the *South-East Queensland Water (Distribution and Retail Restructuring) Regulation 2010* of the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*, the *Local Government Act 2009*, the *Water Act 2000*, the *Water Supply (Safety and Reliability) Regulation 2011* of the *Water Supply (Safety and Reliability) Act 2008*, the *Local Government Regulation 2012* and other relevant acts and regulations;
- operate within National Competition Policy (NCP) guidelines and deliver an annual net return to Council as detailed in this annual performance plan;
- adopt the principles of ecologically sustainable development;
- plan for, build, operate and maintain assets to ensure nominated service levels are maintained;
- commit to the overall Council vision of operating within a best value framework - value for money will be superior to lowest pricing;
- use Council's full range of corporate services by entering into service level agreements (SLAs) with Council;
- implement the Netserv Plan
- provide monthly reports on its financial and non-financial performance;
- show due diligence in immediately reporting any serious non-compliances or incidents to Council;
- pursue and undertake private works on a full cost plus profit basis provided the works fall within the scope, skill and competencies of assigned staff and contractors. Financial risk of Council must be considered when undertaking significant private works projects;
- develop and action a strategic asset management plan (SAMP).

7 Redland City Council corporate plan objectives

To address key strategies within Council's Corporate Plan 2015-2020, Redland Water will:

- supply healthy water in an ecologically sustainable manner by planning, designing, constructing, operating and maintaining a high quality water distribution system; and
- process wastewater in an ecologically sustainable manner by planning, designing, constructing, operating and maintaining a system for the collection, treatment and disposal of wastewater and biosolids.

8 Redland Water's strategies for achieving objectives

Redland Water will strive to show high levels of performance in the following areas in achieving the objectives:

- quality products and service;
- customer services including timely response to complaints and requests; and
- environmental and safety standards.

Other initiatives that will be undertaken to support the objectives are:

- improving the value of the business and meeting Council's capital structure and net return targets;
- managing costs to improve value to customers;
- strengthening demand management to meet the south-east Queensland (SEQ) regional targets for per capita water consumption;
- monitoring and reporting on key financial and non-financial performance indicators; and
- meeting the objectives of the Council of Australian Governments (COAG) and NCP reforms.

9 Redland Water services

Chapter 3A Part 2 of the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* states that, from the end of June 2012, Redland Water, as a commercialised business unit of Council, will be a service provider subject to the *Water Supply (Safety and Reliability) Act 2008*.

Chapter 2 Part 3 Division 2 of the *Water Supply (Safety and Reliability) Act 2008* provides Redland Water with the general power of a service provider to operate water and wastewater services within the Council area with current service delivery areas.

The nature and scope of Redland Water's main activities and undertakings are:

9.1 Water supply service

Redland Water's undertaking for water supply will include the planning, construction, operation and maintenance of the following assets:

- reticulation network;
- trunk mains;
- services;
- meters;
- hydrants;
- pump stations;
- reservoirs; and
- water boosters.

9.2 Wastewater service

Redland Water's undertaking for wastewater supply will include the planning, construction, operation and maintenance of the following assets:

- wastewater treatment plants (WWTPs);
- pump stations;
- pressure mains;
- reticulation network;
- manholes;
- effluent mains;
- developing recycled water opportunities;
- irrigation and reuse systems; and
- the provision of trade waste services.

10 Reporting

10.1 Reporting structure

In line with the key principles of commercialisation in section 28(b)(ii) of the *Local Government Regulation 2012*, Redland Water has autonomy in its day-to-day operations.

The reporting structure is such that the General Manager Infrastructure & Operations reports to the Chief Executive Officer (CEO) of Council regarding Redland Water.

10.2 Reporting

Redland Water will provide the following reports:

Monthly:

- monthly key performance indicators (KPIs) as shown in the attached Redland Water scorecard indicators – 2018-19;
- standard set of financial reports; and
- WWTP performance.

Yearly:

- yearly KPIs as shown in the attached Redland Water scorecard indicators – 2018-19;
- statement of financial performance;
- statement of financial position; and
- annual budget as part of corporate process.

11 Meeting our customers' needs

11.1 Customer service standards

Water and wastewater

Section 115 of the *Water Supply (Safety & Reliability) Act 2008* requires service providers to prepare a customer service standard (CSS) for its water and wastewater services. It also requires the service provider to clearly state the level of service to be provided to customers, the process for service connection, billing, metering, accounting, customer consulting, complaints and dispute resolution.

The CSS also contains any other matters as mentioned in guidelines issued by the Department of Environment & Water Supply (DEWS). It is reviewed annually and customers are advised of significant changes.

A copy of Redland Water's CSS is available online or from Council's customer service centres.

Redland City Council – Redland Water – Annual Performance Plan 2018-19

For 2018-19 CSS, Redland Water will make every effort to:

Water

- respond to discoloured water complaints within 4 hours;
- make sure at least 98% of properties, when tested, have a minimum 22 metres static head and flow to the atmosphere of at least 30 litres a minute at the meter;
- improve inadequate water pressure and flow within 28 working days of a test for water services otherwise we will advise of actions required;
- make sure there are no more than 12 water quality incidents per month caused by the distribution network;
- respond to general requests within 5 working days;
- respond to loss of supply within 1 hour on mainland;
- restore 97% of mainland interruptions caused by disruptions in the distribution network within 5 hours;
- make sure there are no more than 8 water main breaks and leaks per month for every 100 kilometres within the distribution network; and
- connect new water services for mainland standard connections within 20 working days of the application payment.

Wastewater

- restore service to customers within 5 hours following a mainland incident;
- respond to 90% of mainland wastewater blockages or overflows within 1 hour;
- make sure there are no more than 7 dry weather overflows each month;
- respond to reports of odour on the mainland within 5 hours;
- make sure there are no more than 3 odour complaints per month; and
- respond to general requests within 5 working days.

11.2 Customer advice

Redland Water will provide a range of information relating to service advice, accounts and charges on request.

Redland Water will make available information to customers through the use of fact sheets, Redland Water's internet pages, community education programs and so on.

The CSS for water and wastewater also contains useful advice on sustainable water supply and a complaints resolution process for dealing with customer requests and concerns.

11.3 Seeking feedback from our customers and community

Redland Water will collect community feedback information and participate in community consultations. Feedback from surveys and consultation will be used to gauge acceptance of service levels. This mechanism is seen by the CBU as a valuable input into improving services delivery.

Customer feedback may be collected through some or all of the following forms:

- recording unsolicited complaints and comments;
- management or staff attendance at community consultation sessions; and
- formal surveys by a third party consultant or formal surveys by in-house staff as part of Council process.

12 Planning for the future

12.1 Financial planning

- Redland Water will review its financial model on a yearly basis. The financial model will be for a period of no less than 10 years.
- Redland Water's budget will be formulated on an annual basis and reviewed during the financial year in accordance with the timeframes set by Council, the anticipated capital structure and Council's net return expectations.

12.2 Assets

Redland Water will optimise assets and strive for best value of operations by:

- regularly assessing assets and development of planning reports;
- implementing and improving preventative maintenance programs;
- enhancing asset condition ratings and information;
- timely updating of asset databases;
- improving data for calculation of valuations;
- considering contemporary valuation methodologies in accordance with effective NCP pricing principles;
- preparing and actioning an Asset Service Management Plan (ASMP); and
- considering the risk of possible obsolescence when evaluating use of advancing technology.

12.3 Employment and training plan

Redland Water will make sure the intellectual property of the CBU is retained and operational processes are maintained in perpetuity by implementing the corporate human resource plan which will:

- recognise the need for succession planning;
- adopt the staff performance appraisal process;
- adopt Council's policy on remuneration packages for staff; and
- undertake staff training programs based on legislative requirements and a skills gap analysis.

12.4 Financial risk

Redland Water will adopt strategies to minimise financial risk by:

- continually reviewing and refining the costing and quotation of jobs;
- following a structured but flexible process for quotation and tendering in line with corporate processes;
- maximising the use of grants and/or subsidies for works;
- ensuring appropriate levels of headworks payments are collected from developers and property owners where applicable;
- adopting Council's policies on funding, so that an appropriate level of depreciation ensures long-term cash flows are not jeopardised;
- ensuring developer contributions are transferred to reserves where appropriate;
- holding an appropriate level of insurance cover; and
- monitoring the sundry debtors to ensure revenues are maximised.

13 Revenue

Revenues are collected by Council and transferred to Redland Water for all services it provides.

13.1 Collection of charges

Redland Water's water and wastewater charges will be integrated on a Council rate notice. All outstanding charges will appear in Redland Water's balance sheets.

13.2 Collection of fees, charges and miscellaneous incomes

Revenues for fees and charges will be collected in the following manner:

- prepayment for works associated with developments, new properties or alterations to infrastructure; and
- revenue for other works including trade waste fees will be by invoice with a 30-day payment period.

13.3 Community service obligations (CSOs)

CSO payments will be made by Council for services supplied for less than full cost price in accordance with Council pricing, Council policy or Council operations. A summary of the CSOs will be provided in Council's annual report in accordance with the *Local Government Regulation 2012*.

CSOs may include:

- concessions provided to sporting bodies or clubs;
- concessions, remissions or rebates for specific persons stated in a policy;
- any non-commercially driven concession or remission provided by resolution of Council;
- community services; and
- special audits and assessments outside commercial requirements.

Current CSOs for Council 2018-19 are:

Job Name	Description of the nature of the CSO	Budget Year
		2018-19 \$000
Water concession not for profit	Reduced charges for water for charities and not for profit organisations	211
Wastewater concession not for profit	Reduced charges for wastewater for charities and not for profit organisations	293
		505

13.4 Measurement of water consumptions

All water supplied will be measured through a water meter (including consumption through fire hydrants and water filling stations). Water meters will be read 4 times per annum and water meters upgraded as part of a progressive replacement program.

A permit will be required to draw water from the water supply network. Permits will provide authorisation to draw water via fixed water filling stations located in the Redland City area. Connection to the water network using a hydrant standpipe will be limited to fire purposes only or exceptional circumstances approved by Redland Water. The cost of water taken from the network will be charged as per Council's fees and charges schedule. A bond and hire fee will be applied to any approved metered hydrant standpipe issued by Redland Water. Recycled water will be provided via designated recycled water filling stations only.

14 Financial Structure

Redland Water shows as a separate unit within Council's financial ledgers.

A separate accounts payable and receivable ledger will operate within Council's financial system to allow for easy identification of payments.

14.1 Capital structure

The consolidated capital structure of the CBU will comprise community equity to the value of assets less liabilities.

The 10-year Debt to Debt + Equity level shall be in the range of 35-55%, currently the planned level for 2018-19 shall be 37.5%

14.2 Physical assets

In accordance with the initial CBU establishment plan, the capital structure of Redland Water will include all current and non-current assets and liabilities and equity shown in the financial statements.

14.3 Monetary assets

All current assets as recorded in Redland Water including reserves, debtors and prepayments are to be managed by the CBU.

14.4 Investment

Council's financial services section will invest all excess cash held by Redland Water at the best possible interest rate.

14.5 Cash balances

The cash balances shall be held at a level that equates to 3-4 months annualised average operational costs.

14.6 Loans

The CBU will use debt to fund large infrastructure projects associated with the generation of revenue in line with corporate guidelines and Executive Leadership Team (ELT) direction.

14.7 Subsidy

Redland Water will optimise the use of available grants and subsidies by managing the forward planning of future works programs.

14.8 Recognition of assets

Assets will be recognised using industry standards and the methodologies developed through Council's asset valuation policy, the *Local Government Regulation 2012*, and the *Australian Accounting Standards*.

14.9 Depreciation

Redland Water will depreciate its assets in accordance with the *Australian Accounting Standards* having regard for contemporary depreciation methods.

14.10 Pricing policies

Redland Water will price its services in accordance with NCP methodologies while taking into account Council policy. This may include introducing additional user pays type fees and charges.

Water charges are set as a 2-part tariff – an access charge and a consumption charge.

Wastewater charges are set as one tariff based on sewer units.

Commercial and industrial properties are charged on a per lot and/or per pedestal or equivalent pedestal (urinal) basis.

Redland City Council – Redland Water – Annual Performance Plan 2018-19

14.11 Net return to Council

Redland Water will provide to Council a surplus made up of dividend, income tax and internal debt finance structuring to the value of the following:

Tax on operating capability @ 30% - calculated for each individual product, i.e. water and wastewater.

Dividend: 75% on earnings after tax and other agreed exclusions – calculated for each individual product, i.e. water and wastewater.

To achieve the surplus the following parameters will need to be considered:

Revenue: Water increased in line with long-term pricing and financial modeling of Maximum Allowable Revenue (MAR).

Revenues should be modeled to meet the requirements and commercial rates of return required by NCP reforms.

Expenses: Wages increases in line with enterprise bargaining agreement (EBA) and commercial activity needs.

Goods and services increased by no greater than CPI, growth and environmental or legislative influences.

Net Return to Council: The net return to Council is made up of the following:

+ Tax

+ Dividend

+ Internal interest

14.12 Reserves

Constrained capital works reserves (Redland Water 5134 & Wastewater 5135)

Developer cash contributions received by Redland Water are transferred to constrained cash reserves. It is the purpose of this reserve is to fund future capital works that relate to projects that are classified as upgrade, expansion or new projects.

14.13 Developer contributions

Redland Water will appropriate developer contributions to the capital works reserve less a portion to be recorded as operating revenue that equates to the interest on Queensland Treasury Corporation (QTC) loans for that year.

Donated assets will be recorded as revenue and the value recorded to the balance sheet as a non-current asset. Donated assets will be recorded in the electronic asset register and as constructed data recorded in the GIS system.

ATTACHMENTS

ATTACHMENT 1 – OPERATIONAL BUDGET 2018-19 – 3 YEARS

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Revenue			
Levies and utility charges	109,823	115,628	119,423
<i>Less: Pensioner remissions and rebates</i>	(505)	(565)	(577)
Fees and charges	307	314	321
Operating grants and subsidies	-	-	-
Operating contributions and donations	-	-	-
Interest external	553	565	578
Community service obligation	505	516	528
Other revenue	2,062	2,108	2,156
Total revenue	112,745	118,567	122,429
Expenses			
Employee benefits	8,821	9,042	9,268
Materials and services	52,182	56,668	61,511
Finance costs other	-	-	-
Other expenditure	-	-	-
Net internal costs	5,294	5,401	5,536
Total expenses	66,297	71,110	76,315
Earnings before interest, tax and depreciation (EBITD)	46,448	47,457	46,114
Internal interest	15,352	15,796	16,192
Depreciation and amortisation	23,228	23,767	24,375
Operating surplus/(deficit)	7,868	7,894	5,547

ATTACHMENT 2 – CAPITAL FUNDING 2018-19 – 3 YEARS

	Budget Year 1 2018-19 \$000	Estimate Year 2 2019-20 \$000	Estimate Year 3 2020-21 \$000
Proposed sources of capital funding			
Capital contributions and donations	6,798	6,951	7,125
Capital grants and subsidies	-	-	-
Proceeds on disposal of non-current assets	-	-	-
Capital Transfer to/from Reserves	(6,608)	(2,708)	(1,878)
Non cash contributions	6,648	6,798	6,968
New loans	-	-	-
Funding from utility revenue	5,614	7,643	4,469
Total sources of capital funding	12,452	18,683	16,684
Proposed application of capital funds			
Contributed assets	6,648	6,798	6,968
Capitalised goods & services	5,595	11,672	9,497
Capitalised employee costs	209	214	219
Loan redemption	-	-	-
Total Application of Capital Funds	12,452	18,683	16,684
Other budgeted items			
Transfers to constrained operating reserves	-	-	-
Transfers from constrained operating reserves	-	-	-
WDV of assets disposed	-	-	-
Income tax payable to Council	6,394	6,493	5,892
Dividend payable to Council	11,190	11,362	10,311

ATTACHMENT 3 – KEY PERFORMANCE INDICATORS 2018-19

Water:	1,298km mains	Wastewater:	1,195km mains
No. active meters	58,328	No. of active services residential (incl vacant land 978)	51,575
No. connected residential properties (incl. vacant land 7,451)	65,704	No. of active services non-residential	1,873
No. connected non-residential properties	2,472	Total no. of connected properties (incl. vacant land)	53,448
Total no. connected (charged access fees Q4 1 April 2018 charge date)	68,176		

Included in above data:

No. MPPM (Multiple properties per meter, charged per ratio to lot entitlement as advised by DNRME)	
Parent meters	638
Child properties	6,524
No. of CTS (Community Title Scheme) Properties:	
Main Meters (Parents)	169
Sub metered (child properties)	2,550

KRA and Goals	REDLAND WATER SCORECARD WATER & WASTEWATER INDICATORS – 2018-19	Monthly Target	Unit	Reporting Frequency	Annual Target
Financial management Ensure the long term financial viability of the city and provide public accountability in financial management.	Operating revenue (actual to budget)	+/- 5%	%	Monthly	+/-5%
	Operating goods and services expenditure (actual to budget)	+/- 5%	%	Monthly	+/-5%
	Capital expenditure (actual to budget)	+/- 5%	%	Monthly	+/-5%
	Treatment costs per property serviced (wastewater)	\$14.39	\$	Monthly	\$172.70
	Maintenance costs per property serviced (water)	\$4.02	\$	Monthly	\$48.30
	Maintenance costs per property serviced (wastewater)	\$9.68	\$	Monthly	\$116.22
Deliver essential services Provide and maintain water, waste services, roads, drainage and support the provision of transport and waterways infrastructure to sustain our community.	Number WWTP non-conformances with EHP licence	max 0.5	#	Monthly	max 6
	% compliance with Australian Drinking Water Guidelines (ADWG) within distribution system. Does not include non-compliant water received at the point of transfer to the distribution system, i.e. from the bulk water authority or the bulk transport authority.	min 98	%	Monthly	min 98
People management Development of organisational cultural values and people behaviours in order to meet agreed community expectations.	Number of LTIs	0	#	Annually	0

REDWASTE

A commercial business unit of Redland City Council

Performance Plan 2018-19

Redland City Council - RedWaste – Annual Performance Plan 2018-19

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1. Introduction

RedWaste is a Commercial Business Unit (CBU) of Redland City Council (Council).

The *Local Government Act 2009* (the *Act*) and the *Local Government Regulation 2012* (the *Regulation*) govern the operation of business units run by local governments.

In deciding whether an activity should be a significant business activity for the 2018-19 financial year, local governments must consider the operating expenditure for the 2017-18 financial year less any depreciation included therein and any expenditure included therein to achieve competitive neutrality which is not actually incurred by the local government plus any loan redemption payments in that year.

Section 19 of the *Regulation* was recently amended to increase the thresholds. The thresholds for the 2018-19 financial year are therefore as follows:

- for water and sewerage combined activities - \$13.96m; and
- for any other business activity - \$9.35m.

Section 175 of the *Regulation* states:

- 4) The annual operational plan for a local government must:
 - (a) be consistent with its annual budget; and
 - (b) state how the local government will:
 - (i) progress the implementation of the 5-year corporate plan during the period of the annual operational plan; and
 - (ii) manage operational risks; and
 - (c) include an annual performance plan for each CBU of the local government.
 - 5) An annual performance plan for a CBU is a document stating the following for the financial year, the:
 - (a) unit's objectives;
 - (b) nature and extent of the significant business activity the unit is to conduct;
 - (c) unit's financial and non-financial performance targets;
 - (d) nature and extent of the community service obligations the unit must perform;
 - (e) cost of, and funding for, the community service obligations;
 - (f) unit's notional capital structure, and treatment of surpluses;
 - (g) unit's proposed major investments;
 - (h) unit's outstanding and proposed, borrowings;
 - (i) unit's policy on the level and quality of service consumers can expect;
 - (j) delegations necessary to allow the unit to exercise autonomy in its commercial activities;
 - (k) type of information that the unit's reports to the local government must contain.
 - 6) A local government may omit information from the copies of the annual performance plan made available to the public if-
 - (c) the information is of a commercially sensitive nature to the commercial business unit; and
 - (d) the information is given to each of the local government's councillors.
- c) *Note* – See also section 171 (Use of information by councillors) of the *Act*.
- 5) The local government may change an annual performance plan for a commercial business unit at any time before the end of the financial year.

The *Regulation* also requires the CBU's performance to be monitored by the local government against performance targets mentioned in the Annual Performance Plan (APP).

Redland City Council - RedWaste – Annual Performance Plan 2018-19

2. Key principles of a commercial business unit

This APP supports the key principles of commercialisation as detailed in section 28 of the *Regulation*, which are:

- (e) clarity of objectives;
- (f) management autonomy and authority;
- (g) accountability for performance; and
- (h) competitive neutrality.

3. Redland City Council vision

“Forward thinking, engaged and focused on enriching community lifestyles”.

4. RedWaste vision, objectives and functions

4.1 Business' focus

4.1.1 Vision

To be recognised as a professional waste management business that continually improves and adapts our service to customers in support of Council's vision and objectives for the city.

4.1.2 Mission

To meet or exceed agreed standards for the management of solid waste while managing the business for long-term success.

4.1.3 Key drivers

The key business drivers are:

- customer service;
- business efficiency;
- environmental sustainability;
- pricing arrangements that reflect true costs, full cost recovery and regulatory requirements;
- competitiveness; and
- the provision of a safe working environment.

5. Roles of each party

5.1 Role of Redland City Council

- Owner of business
- Specifies levels of service
- Customer of RedWaste

5.2 Role of RedWaste

- Service provider for planning and operation of assets
- Customer of Redland City Council
- Owner of waste management assets

6. Undertakings by the parties

6.1 Redland City Council

Council has delegated management autonomy to RedWaste's management team for:

- entering into contracts in the name of the business unit as a commercial business of Council in line with Council delegations;

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- completing approved programs in accordance with Council's budget, operational and corporate plans as well as RedWaste's performance plan;
- promoting and presenting RedWaste to the community as a professional commercial business by undertaking educational, promotional and customer activities;
- developing and implementing budgets and long-term pricing models and financial plans.

Council will compensate RedWaste the cost of providing any community service obligations (CSOs) in line with section 24 of the *Regulation*. These will be reviewed on an annual basis as part of the performance plan and the budget development process.

Council will buy waste management services from RedWaste under the same terms and conditions as customers.

Council will operate in accordance with various policies and the corporate plan.

6.2 RedWaste

RedWaste will:

- provide mandatory waste and recycling, and optional green waste collection services to domestic premises;
- provide waste, recycling and green waste collection services to commercial premises on request;
- operate a network of waste disposal and recycling facilities;
- conduct its business and operations in compliance with the requirements of the *Environmental Protection Act 1994*, *Local Government Act 2009*, *Waste Reduction & Recycling Act 2011*, other relevant acts and regulations and Council policies and guidelines;
- operate within National Competition Policy (NCP) guidelines and deliver an annual net return to Council as detailed in this plan;
- adopt the principles of ecologically sustainable development;
- operate and maintain assets to ensure nominated service levels are maintained;
- commit to the overall Council vision of operating within a best value framework - value for money will be superior to lowest pricing;
- use Council's full range of corporate services by entering into service level agreements (SLAs) with Council;
- implement the approved asset management plans in its day-to-day operations;
- provide monthly reports on its financial and non-financial performance;
- show due diligence in immediately reporting any serious non-compliances or incidents to Council and Department of Environment and Science (DES) as appropriate;
- pursue and undertake asset maintenance and repair works on a full cost basis provided the works fall within the scope, skill and competencies of the contractors.

7. Redland City Council corporate plan objectives

To address key strategies within Council's Corporate Plan for 2015-2020, RedWaste will:

- manage the kerbside collection of domestic and commercial solid wastes and recyclable materials and transport to a suitably approved handling facility;
- oversee the operation, management and maintenance of a network of assets for the segregation and disposal of solid waste and recyclable materials generated from domestic and commercial sources; and
- engage with the community and businesses within the city to improve the overall performance of RedWaste and improve sustainability awareness and implementation.

8. RedWaste's strategies for achieving objectives

8.1 Waste Reduction and Recycling Plan

Reducing, reusing and recycling waste is an opportunity to divert resources from landfill. Despite the success of Council recycling programs, leading to a domestic resource recovery performance of 44% in 2017-18, just over half of the total waste received is still sent to landfill.

The Waste Reduction and Recycling Plan (the Plan) aims to tip the balance the other way so that less than half of the waste is landfilled. This means greater focus on resource efficiency. Advancing resource efficiency means moving from a linear model (where resources are extracted, processed, used and then disposed) to a cyclical model (where resources are separated and recovered then recycled again and again).

A key focus of this Plan is to minimise cost pressures by taking a practical and realistic approach to continuous improvement in waste reduction and resource recovery. The more recycling the Redlands community undertakes, the less waste will go to landfill. Recycling actions that can be undertaken relatively easily, quickly and without substantial investment are preferred. Continued growth in the optional green bin service across the mainland is a key target area in 2018/19.

A statutory three year review of this Plan is due by December 2018.

8.2 Queensland Waste Strategy

On 22 December 2014, the State Government released Queensland's Waste Avoidance and Resource Productivity Strategy (2014-2024).

On 20 March 2018 the Queensland Government announced the re-introduction of a waste disposal levy expected to occur in later 2018/19. A new strategy will also be developed that is expected to co-ordinate a levy reinvestment program into recycling and remanufacturing infrastructure and provide targets and actions that transition into a circular waste economy.

A stakeholder advisory group has been established that includes the Local Government Association of Queensland, advocating for Councils requirements such as Redland City Council. Councils have signalled a commitment to zero waste to landfill by 2028 underpinned by nation-leading Waste to Energy solutions

RedWaste will incorporate the key requirements arising from new waste policy direction into the review of its own strategic waste plan in 8.1.

8.3 Other strategies

RedWaste will strive to provide high levels of performance in the following areas in achieving the objectives:

- quality waste and resource recovery services;
- customer services including timely response to requests and complaints;
- environmental standards through implementation and regular reviews of the site-based environmental plans and associated environmental monitoring; and
- workplace health and safety standards as required under the Council safety system.

Other initiatives that will be undertaken to support the objectives are:

- improving the value of the business and meeting Council's capital structure and net return targets;
- managing costs and maximising the recovery and sale of commodities to improve value to customers;
- investigating new waste and resource recovery solutions;
- implementing actions identified within Council's waste management strategy and other environmental programs;
- monitoring and reporting on key financial and non-financial performance indicators;

Redland City Council - RedWaste – Annual Performance Plan 2018-19

- meeting the objectives of the Council of Australian Governments (COAG) and NCP reforms; and
- keeping updated of changes in the external regulatory environment that affect RedWaste through participation and advocacy with industry partners.

9. RedWaste Services

RedWaste's undertaking for waste management will include the operation and maintenance of the following assets:

- waste transfer stations;
- kerbside and bulk waste, recycling and green organics bin network;
- South Street waste collection contractor vehicle depot; and
- RecycleWorld.

In addition, developing strategies and forward planning is undertaken for new infrastructure requirements as part of the implementation of the *Waste Reduction & Recycling Plan 2015-2020*.

The management of closed landfills is excluded from the RedWaste services and managed under the landfill remediation program.

10. Reporting

10.1 Reporting structure

In line with the key principles of commercialisation in section 28(b)(ii) of the *Regulation*, RedWaste has autonomy in its day-to-day operations.

The reporting structure is such that the General Manager Infrastructure & Operations reports to the Chief Executive Officer (CEO) of Council regarding RedWaste.

10.2 Reporting

RedWaste will provide the following reports:

Monthly:

- monthly key performance indicators (KPIs) as shown in the attached scorecard indicators – 2018-19; and
- a standard set of financial reports.

Yearly:

- yearly KPIs as shown in the attached scorecard indicators – 2018-19;
- statement of financial performance;
- statement of financial position; and
- annual budget as part of corporate process.

11. Meeting our customers' needs

11.1 Customer service standards (CSSs)

For 2018-19 CSS, RedWaste will make every effort to:

- respond to a missed service on the mainland within 1 working day of the report being registered with RedWaste where the missed service was the fault of the CBU;
- commence new waste services within 2 working days (mainland) and next scheduled collection day (island) of the request being lodged with RedWaste;
- provide exchanges or alterations to bin services within 2 working days (mainland) and on the next scheduled collection day (island) of the request being lodged; and
- respond to non-urgent general requests within 5 working days.

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11.2 Customer advice

RedWaste will provide a range of information relating to service advice, accounts and charges on request.

RedWaste will make available information to customers through the use of fact sheets, internet pages, community education programs and other like programs.

11.3 Seeking feedback from our customers and community

RedWaste will collect community feedback information and participate in community consultations. Feedback from surveys and consultation will be used to gauge acceptance of service levels. This mechanism is seen by the CBU as a valuable input into improving service delivery.

Customer feedback may be collected through some or all of the following forms:

- recording unsolicited complaints and comments;
- management or staff attendance at community consultation sessions; and
- formal surveys by a third party consultant or formal surveys by in-house staff as part of Council process.

12. Planning for the future

12.1 Financial planning

- RedWaste will review its financial model on a yearly basis. The financial model will be for a period of no less than 10 years.
- RedWaste's budget will be formulated on an annual basis and reviewed during the financial year in accordance with the timeframes set by Council, the anticipated capital structure and Council's net return expectations.

12.2 Assets

RedWaste will optimise assets and strive for best value of operations by:

- regularly assessing assets and development of planning reports and Asset Management Plans;
- implementing and improving preventative maintenance programs;
- enhancing asset condition ratings and information;
- timely updating of asset databases;
- improving data for calculation of valuations;
- considering contemporary valuation methodologies in accordance with effective NCP pricing principles; and
- considering the risk of possible obsolescence when evaluating use of advancing technology.

12.3 Employment and training plan

RedWaste will make sure the intellectual property of the CBU is retained and operational processes are maintained in perpetuity by implementing the corporate human resource plan which will:

- recognise the need for succession planning;
- adopt the staff performance appraisal process;
- adopt Council's policy on remuneration packages for staff: and
- undertake staff training programs based on legislative requirements and a skills gap analysis.

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12.4 Financial risk

RedWaste will adopt strategies to minimise financial risk by:

- continually reviewing and refining the costing and quotation of jobs;
- following a structured but flexible process for quotation and tendering in line with corporate processes;
- maximising the use of grants and/or subsidies for works;
- adopting Council's policies on funding, so that an appropriate level of depreciation ensures long-term cash flows are not jeopardised;
- holding an appropriate level of insurance cover; and
- monitoring the sundry debtors to ensure revenues are maximised.

13. Revenue

Revenues collected by Council are transferred to RedWaste for all services it provides.

13.1 Collection of rates

RedWaste's waste management service charges will be integrated on Council rate notice. All outstanding rates will appear in RedWaste's balance sheets.

13.2 Collection of fees, charges and miscellaneous incomes

Revenues for fees and charges will be collected in the following manner:

- revenue for other works including waste disposal fees will be by invoice with a 30-day payment period;
- direct gate fee payment at the time of transaction or monthly account invoice for commercial and non-resident customers, and customers without proof of residency; and
- sale of recoverable materials including scrap metal and cardboard.

13.3 Community service obligations (CSOs)

CSO payments will be made by Council for services supplied for less than full cost price in accordance with Council pricing, Council policy or Council operations. A summary of the CSOs will be provided in Council's annual report in accordance with Section 35 of the *Regulation*.

CSOs may include (but are not limited to):

- concessions to services provided under the former home assist secure program;
- provision of on-demand bulky household item collection service;
- concessions, remissions or rebates for specific persons stated in a policy;
- any non-commercially driven concession or remission provided by resolution of Council;
- community services such as Clean Up Australia Day;
- special audits and assessments outside commercial requirements;
- waiver of disposal fees for charities, schools, clubs, and non-profit organisations that meet the conditions of Corporate Policy POL-0057 Exemption of waste disposal fees and charges at Council waste handling facilities for community service organisations;
- waiver of fees for disposal of asbestos, construction and demolition waste from the Bay Islands to Birkdale waste transfer station; and
- emergency disposal of debris from major catastrophes, e.g. storms/floods.

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Current CSOs for Council 2018-19 are:

Job Name	Description of the nature of the CSO	Budget Year
		2018-19 \$000
Clean Up Australia Day	Acceptance of Clean Up Australia Day waste at transfer stations, provision of bulk waste bins and waste disposal for clean-up sites.	1
Waste Disposal from Community Groups and Islands	Disposal of commercial and industrial, and construction and demolition waste originating from islands and not accepted at island waste transfer stations; and waiving of disposal fees for community groups and not for profit organisations via Policy POL-0057.	36
In-Home Waste, Recycling and Green Waste Collection Service	In-Home wheelie bin collection services to residents who are unable to place their bin at the kerb for collection due to ill health, physical or mental capacity.	75
Bulky Item Collection Service (Elderly & Disabled)	Removal and disposal of bulky items and green waste to eligible elderly and disabled clients.	25
		138

14. Financial structure

RedWaste is a separate unit within Council's financial ledgers.

A separate accounts payable and receivable ledger will operate within Council's financial system to allow for easy identification of payments.

14.1 Capital structure

The consolidated capital structure of the CBU will comprise community equity to the value of assets less liabilities.

The 10-year average Debt to Debt + Equity level shall be in the range of 30-50%.

14.2 Physical assets

In accordance with the initial CBU establishment plan, the capital structure of RedWaste will include all current and non-current assets and liabilities and equity shown in the financial statements.

14.3 Monetary assets

All current assets as recorded in RedWaste including debtors and prepayments are to be managed by the CBU.

14.4 Investment

Council's Financial Services group will invest all excess cash held by RedWaste at the best possible interest rate.

14.5 Cash balances

The cash balances shall be held at a level that equates to 3-4 months annualised average operational costs.

14.6 Loans

The CBU will utilise debt to fund large infrastructure projects that are associated with the generation of revenue in line with corporate guidelines and Executive Leadership team (ELT) direction.

14.7 Subsidy

RedWaste will optimise the use of available grants and subsidies by managing the forward planning of future works programs.

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14.8 Recognition of assets

Assets will be recognised using industry standards and the methodologies developed through Council's asset valuation policy, the *Local Government Regulation 2012*, and the *Australian Accounting Standards*.

14.9 Depreciation

RedWaste will depreciate its assets in accordance with the *Australian Accounting Standards* having regard for contemporary depreciation methods.

14.10 Pricing policies

RedWaste will price its services in accordance with NCP methodologies while taking into account Council policy. This may include introducing additional user pays type fees and charges.

The waste/recycling charge is determined by Council to ensure that it is able to cover costs associated with the provisions of the service. The costs include payment to contractors for both refuse collection and a kerbside recycling service. Disposal costs are also factored into the charge to cover contractor costs for disposal, site development works, transfer station operations, management and administration costs.

14.11 Net return to Council

RedWaste will provide to Council a surplus made up of dividend, income tax and internal debt finance structuring to the value of the following:

Tax on operating capability @ 30%.

Dividend: 50% on earnings after tax and other agreed exclusions.

To achieve the surplus the following parameters will need to be considered:

Revenue:	Revenues should be modeled to meet the requirements and commercial rates of return required by NCP reforms.
Expenses:	Wages increases in line with enterprise bargaining agreement (EBA) and commercial activity needs. Goods and services increased in line with market pricing, growth and environmental or legislative influences.
Retained earnings:	All surplus profit after tax and dividend will be transferred to retained earnings for use by the entity for capital or operational projects as required.
Net Return to Council:	The net return to Council is made up of the following: <ul style="list-style-type: none"> + Tax + Dividend + Internal interest

Redland City Council - RedWaste – Annual Performance Plan 2018-19

ATTACHMENTS**ATTACHMENT 1 – OPERATIONAL BUDGET 2018-2019 – 3 YEARS**

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Revenue			
Levies and utility charges	24,307	27,439	28,638
<i>Less: Pensioner remissions and rebates</i>	-	-	-
Fees and charges	371	395	420
Operating grants and subsidies	-	-	-
Operating contributions and donations	-	-	-
Interest external	71	74	76
Community service obligation	138	142	146
Other revenue	1,014	1,044	1,076
Total revenue	25,901	29,094	30,356
Expenses			
Employee benefits	1,535	1,574	1,613
Materials and services	16,385	18,947	19,515
Finance costs other	1	1	1
Other expenditure	-	-	-
Net internal costs	1,234	1,271	1,309
Total expenses	19,155	21,792	22,438
Earnings before interest, tax and depreciation (EBITD)	6,746	7,302	7,918
Interest expense	30	31	32
Internal interest	-	-	-
Depreciation and amortisation	216	223	229
Operating surplus/(deficit)	6,500	7,049	7,657

ATTACHMENT 2 – CAPITAL FUNDING 2018-2019 – 3 YEARS

	Budget	Estimate	Estimate
	Year 1	Year 2	Year 3
	2018-19	2019-20	2020-21
	\$000	\$000	\$000
Proposed sources of capital funding			
Capital contributions and donations	-	-	-
Capital grants and subsidies	-	-	-
Proceeds on disposal of non-current assets	-	-	-
Capital Transfer (to) / from Reserves	-	-	-
Non-cash contributions	-	-	-
New loans	-	-	-
Funding from general revenue	547	1,544	6,606
Total sources of capital funding	547	1,544	6,606
Proposed application of capital funds			
Contributed assets	-	-	-
Capitalised goods & services	427	1,421	6,479
Capitalised employee costs	29	30	31
Loan redemption	91	93	96
Total Application of Capital Funds	547	1,544	6,606
Other budgeted items			
Transfers to constrained operating reserves	-	-	-
Transfers from constrained operating reserves	-	-	-
WDV of assets disposed	-	-	-
Income tax payable to Council	1,950	2,115	2,297
Dividend payable to Council	2,275	2,467	2,680

ATTACHMENT 3 – KEY PERFORMANCE INDICATORS 2018-19

Vision outcome	RedWaste indicators – 2018-19	Monthly target	Unit	Reporting frequency	Annual target
<p>Green living Our green living choices will improve our quality of life and our children’s lives, through our sustainable and energy efficient use of resources, transport and infrastructure, and our well informed responses to risks such as climate change.</p>	Municipal solid waste resource recovery rate	min 45.8	%	Quarterly	45.8
<p>Healthy & natural environment A diverse and healthy natural environment, with an abundance of native flora and fauna and rich ecosystems will thrive through our awareness, commitment and action in caring for the environment</p>	% compliance with environmental licence requirements for waste management facilities	min 98	%	Quarterly	min 98
<p>An efficient and effective organisation Council is well respected and seen as an excellent organisation which manages resources in an efficient and effective way.</p>	Waste operating revenue	+/- 5	%	Monthly	+/- 5
	Waste operating goods & services	+/- 5	%	Monthly	+/- 5
	Waste capital expenditure	+/- 5	%	Monthly	+/- 5
	Lost time injuries	0	#	Annually	0
	Missed service complaints	<0.035	%	Annually	<0.035



5.13 FINANCIAL STRATEGY 2018-2028**Objective Reference:** A3135679**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Katharine Bremner, Acting Finance Manager Financial Planning**Attachments:** 1. Financial Strategy 2018-2019  **PURPOSE**

The purpose of this report is to present the Financial Strategy 2018-2028 to Council, including the proposed Long-Term Financial Forecast required by section 104(5)(a)(iii) of the *Local Government Act 2009* and section 171 of the *Local Government Regulation 2012*. It is noted that, under section 169 of the *Local Government Regulation 2012*, Council's budget is required to include the Long-Term Financial Forecast. Formal adoption of the Long-Term Financial Forecast will occur when Council resolves to adopt its 2018-2019 budget.

The attached document has been developed in conjunction with the draft 2018-2019 budget and draft ten year capital works program to set parameters to ensure financial sustainability. Council has reviewed the attached Financial Strategy as part of the 2018-19 budget development process and discussed:

- Key Performance Indicators and associated targets;
- financial policy positions;
- parameters and assumptions; and
- ten year capital works program.

BACKGROUND

Council adopted its current Financial Strategy on 26 June 2017 to outline the financial forecast for the period 2017-2027. The Financial Strategy provides Council with an agreed roadmap for managing its financial resources and contains the outputs and assumptions of the Long-Term Financial Forecast. The financial forecast includes ten year financial statements at entity level including a Statement of Comprehensive Income, Statement of Cash Flows and Statement of Financial Position. Since June 2017, the financial forecast has been updated to reflect the:

- 2018-2019 budget development process;
- 2016-2017 end of year accounts finalisation (opening balances impacts);
- financial policy updates made by Council;
- revised Key Performance Indicator targets;
- update to risks and opportunities identified during the review; and
- changes in associated indexation rates, assumptions and parameters.

Regular updates of the forecast ensure Council continues to set clear financial objectives and targets in order to demonstrate long-term financial sustainability and stewardship.

ISSUES

The Long-Term Financial Forecast highlights a number of areas for consideration and action in formulating decisions on revenue raising and operational and capital resourcing over the life of the financial strategy. These can be summarised as current forecasts predicting:

- increases in general rate revenue to be generally in line with the Redland City Council (RCC) Blended CPI (excluding 2018-2019);
- increases in cash balances through the later years of the strategy which result from improved operating surpluses and unspent capital funds;
- significant efficiency targets and cost savings required to achieve operating surpluses;
- an operating surplus for the life of the Financial Strategy with the exclusion of the first year;
- low amounts of borrowing and the costs of servicing these debts is within relevant measures of financial sustainability; and
- continuing challenges in improving the Asset Sustainability Ratio and reconciling identified asset renewal requirements with depreciation charges.

The Financial Strategy provides a clear indication of a solid financial position and performance for Council over the life of the Strategy and ensures that plans are in place for the achievement of financial sustainability measures.

Within the framework of the Financial Strategy, guidance is provided to support decision-making with respect to capital and operating revenue and expenditure and asset and service management levels. The content of the Financial Strategy encompassing the Long-Term Financial Forecast represents a point in time and is subject to change.

STRATEGIC IMPLICATIONS

Legislative Requirements

The adoption of a Financial Strategy is good business practice but is also supported by section 104(5)(iii) of the *Local Government Act 2009* and section 171 of the *Local Government Regulation 2012*, which require Council to adopt a long-term financial forecast. Council's budget is required to include a long-term financial forecast under section 169(2) of the *Local Government Regulation 2012*.

Risk Management

The Long-Term Financial Forecast is reviewed annually in accordance with section 171(2)(b) of the *Local Government Regulation 2012*, formal budget reviews and the annual budget development process, and is also continuously monitored throughout the financial year.

Financial

The attached document supports the decisions made through the 2018-2019 annual budget development process. The assumptions in the Strategy will be regularly reviewed and updated where required. There are no immediate financial implications from adopting the attached Strategy as all forecast revenues, costs and efficiencies have been reviewed in the lead up to the adoption of the 2018-2019 budget.

People

Nil impact expected from this report. The Strategy includes a financial forecast for Council to work towards and amend as necessary. Specific people impacts as a result of implementing the Strategy will be raised with Council if and when they arise.

Environmental

Nil impact expected from this report. The Strategy includes a financial forecast for Council to work towards and amend as necessary. Specific environmental impacts as a result of implementing the Strategy will be raised with Council if and when they arise.

Social

Nil impact expected from this report. The Strategy includes a financial forecast for Council to work towards and amend as necessary. Specific social impacts as a result of implementing the Strategy will be raised with Council if and when they arise.

Alignment with Council's Policy and Plans

This report has a relationship with the following items for the Corporate Plan:

8. Inclusive and Ethical Governance: Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision-making to achieve the community's Redlands 2030 vision and goals.
 - 8.2 Council produces and delivers against sustainable financial forecasts as a result of best practice Capital and Asset Management Plans that guide project planning and service delivery across the city.

CONSULTATION

The Strategy has been compiled with the input and feedback from Council, the Executive Leadership Team and finance officers. As in previous years, the key financial policies were reviewed as part of the 2018-2019 annual budget development process. Following the 2016-2017 accounts finalisation, capital carryover review and 2018-2019 budget development process, the ten year financial forecast was updated in May 2018.

OPTIONS**Option One**

Council resolves to adopt the Financial Strategy 2018-2028.

Option Two

Council resolves not to adopt the Financial Strategy 2018-2028 and to continue further development.

COUNCIL RESOLUTION 2018/16

Moved by: Cr Paul Gollè

Seconded by: Cr Paul Bishop

Council resolves to adopt the Financial Strategy 2018-2028.

CARRIED 11/0

Crs Paul Bishop, Wendy Boglary, Mark Edwards, Murray Elliott, Paul Gleeson, Paul Gollè, Lance Hewlett, Tracey Huges, Peter Mitchell, Julie Talty and Karen Williams voted FOR the motion.

Financial Strategy

2018 - 2028



MAKE A
DIFFERENCE
MAKE IT
COUNT





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Document Version Control

Version	Date	Change Description	Author
1.0	12 September 2016	Roll forward from previous year, update with recent developments and propose new risks or opportunities. Align layout to financial statements.	Matthew O'Connor
1.1	12 June 2017	Incorporate final 2017-18 budget and forecast 10 year CAPEX and revised operating assumptions.	Matthew O'Connor
1.2	May 2018	Insert scope. Incorporate final 2018-19 budget and forecast 10 year CAPEX and revised operating assumptions. Review and refresh of risks, opportunities and key performance indicators.	Rukmie Lutherus/ Deborah Corbett-Hall



1. Executive Summary, Overview and Scope

1.1 Executive Summary

1.1.1 THE FINANCIAL STRATEGY AND LONG-TERM FINANCIAL FORECAST

The Financial Strategy (Strategy) is Council’s long-term financial plan that is underpinned by a series of policies, plans, risk responses and associated financial stability and sustainability targets to measure performance. The Strategy establishes the financial framework under which sound and sustainable financial decisions can be made and is reviewed annually with the inclusion of a Long-Term Financial Forecast (LTFF) in accordance with section 171 of the *Local Government Regulation 2012* (Regulation). The LTFF is included in Council’s annual budget, as required by section 169(2)(a) of the Regulation.

A key component of the Strategy is the Long-Term Financial Forecast. The LTFF is Council’s ten year financial forecast which is underpinned by a long-term financial model and includes income, expenditure, cash flow projections, assets, liabilities and community equity. Council refers to this model when considering financial decisions, for example new borrowings, long-term operational projections as well as capital expenditure forecasts. The LTFF is revised following formal budget reviews, government announcements that will impact on Council and also in conjunction with the annual budget development process.

Council’s Financial Strategy and Long-Term Financial Forecast are elements within our broader Financial Management System that includes the:

- Corporate Plan
- Long-Term Asset and Service Management Plans (ASMPs)
- Annual Budgets
- Operational Plans
- Financial Policies
- Ten Year Capital Program (input to the LTFF).





Outputs from the Ten Year Financial Model – Key Performance Indicators

LONG TERM FINANCIAL FORECAST – MEASURES OF SUSTAINABILITY										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Operating Surplus Ratio	-0.84%	0.28%	0.04%	1.54%	1.81%	2.31%	3.18%	3.96%	2.88%	3.30%
Asset Sustainability Ratio (Infrastructure Assets Only)	47.12%	55.21%	48.44%	44.47%	43.96%	40.11%	38.18%	39.12%	35.81%	34.40%
Net Financial Liabilities Ratio	-32.82%	-34.33%	-38.72%	-46.53%	-53.83%	-63.63%	-74.47%	-84.77%	-93.15%	-103.24%

LONG TERM FINANCIAL FORECAST – FINANCIAL STABILITY RATIOS										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Level of Dependence on General Rate Revenue	34.93%	35.15%	35.10%	35.15%	35.28%	35.29%	35.23%	35.14%	34.98%	34.80%
Ability to Pay Our Bills - Current Ratio	3.08	4.86	5.05	5.88	7.01	7.86	8.78	10.19	11.15	12.21
Ability to Repay our Debt - Debt Servicing Ratio	2.81%	2.74%	2.68%	2.67%	2.89%	1.32%	1.26%	1.21%	0.64%	0.41%
Cash Balances - \$000	167,263	146,966	161,859	198,568	220,240	257,698	302,082	348,165	392,521	447,580
Cash Balances - Cash Capacity in Months	9.27	7.05	8.26	9.92	10.64	11.99	13.57	15.08	16.07	17.53
Longer Term Financial Stability - Debt to Asset Ratio	1.32%	1.13%	1.00%	1.24%	0.96%	0.85%	0.72%	0.60%	0.54%	0.51%
Operating Performance	22.12%	13.88%	21.07%	22.53%	22.80%	23.00%	23.48%	23.99%	22.85%	22.69%
Interest Coverage Ratio	-0.67%	-0.94%	-1.05%	-1.35%	-1.57%	-1.88%	-2.34%	-2.85%	-3.34%	-3.85%



Outputs from the Ten Year Financial Model - Summary Financial Statements

LONG TERM FINANCIAL FORECAST – PROJECTED STATEMENT OF COMPREHENSIVE INCOME										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total recurrent revenue	279,136	288,064	300,556	312,509	324,206	337,507	352,063	367,510	382,967	399,309
Total capital revenue	39,369	40,080	41,067	41,205	43,243	45,473	48,739	51,042	47,383	48,618
TOTAL INCOME	318,505	328,144	341,623	353,714	367,449	382,980	400,803	418,553	430,350	447,927
Total recurrent expenses	281,487	287,262	300,446	307,704	318,333	329,712	340,880	352,950	371,923	386,137
Total capital expenses	289	376	(1,242)	332	602	436	663	263	125	764
TOTAL EXPENSES	281,776	287,638	299,204	308,036	318,935	330,147	341,543	353,214	372,048	386,901
NET RESULT	36,729	40,506	42,419	45,678	48,514	52,833	59,259	65,339	58,302	61,026
Other Comprehensive Income/(Loss)	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)	36,729	40,506	42,419	45,678	48,514	52,833	59,259	65,339	58,302	61,026

LONG TERM FINANCIAL FORECAST – PROJECTED STATEMENT OF FINANCIAL POSITION										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total current assets	197,428	172,961	188,931	226,561	249,100	287,491	333,000	380,183	425,621	481,726
Total non-current assets	2,625,178	2,658,423	2,683,333	2,699,992	2,719,382	2,732,003	2,743,814	2,759,801	2,772,933	2,778,447
TOTAL ASSETS	2,822,606	2,831,384	2,872,264	2,926,553	2,968,482	3,019,495	3,076,814	3,139,984	3,198,554	3,260,173
Total current liabilities	64,041	35,561	37,440	38,502	35,527	36,596	37,938	37,295	38,158	39,444
Total non-current liabilities	41,766	38,518	35,101	42,649	39,040	36,151	32,869	31,342	30,747	30,055
TOTAL LIABILITIES	105,807	74,080	72,541	81,151	74,567	72,747	70,806	68,637	68,905	69,499
NET COMMUNITY ASSETS	2,716,799	2,757,304	2,799,724	2,845,401	2,893,915	2,946,748	3,006,008	3,071,347	3,129,649	3,190,674
TOTAL COMMUNITY EQUITY	2,716,799	2,757,304	2,799,724	2,845,401	2,893,915	2,946,748	3,006,008	3,071,347	3,129,649	3,190,674



Outputs from the Ten Year Financial Model - Summary Financial Statements contd

LONG TERM FINANCIAL FORECAST – PROJECTED STATEMENT OF CASH FLOWS										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net cash inflow/(outflow) from operating activities	61,533	40,330	62,743	69,812	73,337	77,001	81,968	87,479	86,843	89,929
Net cash inflow/(outflow) from investing activities	(31,969)	(55,162)	(44,667)	(40,809)	(43,867)	(36,454)	(34,313)	(37,930)	(40,937)	(34,089)
Net cash inflow/(outflow) from financing activities	(2,535)	(5,465)	(3,182)	7,706	(7,799)	(3,088)	(3,271)	(3,465)	(1,551)	(781)
Net increase/(decrease) in cash and cash equivalents held	27,030	(20,297)	14,893	36,709	21,672	37,459	44,383	46,084	44,355	55,059
Cash and cash equivalents at beginning of the financial year	140,234	167,263	146,966	161,859	198,568	220,240	257,698	302,082	348,165	392,521
Cash and cash equivalents at end of the financial year	167,263	146,966	161,859	198,568	220,240	257,698	302,082	348,165	392,521	447,580



1.1.2 THE FINANCIAL STRATEGY OBJECTIVES

The primary objective of the Strategy is to ensure Council remains financially sustainable as defined by section 104 of the *Local Government Act 2009* (Act):

“A local government is financially sustainable if the local government is able to maintain its financial capital and infrastructure capital over the long-term”.

The then Department of Infrastructure, Local Government and Planning (currently the Department of Local Government, Racing and Multicultural Affairs) produced the Financial Management (Sustainability) Guideline 2013 (last updated in 2015) encompassing definitions and also financial sustainability targets. ‘Long-term’ refers to a period of ten years or more, hence Council compiles a long-term financial model and strategy that spans ten years. ‘Financial capital’ in the definition above is the productive capacity provided by the difference between current assets and current liabilities (working capital). ‘Infrastructure Capital’ is the productive capacity provided by significant asset classes (roads, water, sewerage, footpaths, community buildings, etc.).

Secondary objectives of the Strategy provide specifics to support the primary objective:

- achieve financial sustainability aimed at ensuring that our recurrent (operating) revenue is sufficient to cover an efficient operating expense base including depreciation, that is, positive operational ratios
- to ensure adequate funding is available to provide efficient and effective core services to the community
- continuation of good asset management to ensure that all community assets are well maintained and are fit for purpose
- address key intergenerational infrastructure and service issues, which allows any significant financial burden to be spread over a number of years and not impact adversely on current or future ratepayers
- provide good financial and asset risk management which gives assurance that major risks have been considered and are reflected in future financial and asset management planning.

Council’s vision is to be *forward thinking, engaged and focused on enriching community lifestyles*. Underpinning the Vision is our Mission: *Make a difference, make it count*. Both Council’s Vision and Mission demonstrate a commitment to financial sustainability through improved forecasting and being fiscally responsible with community’s assets and funds.





Council identified six strategic priorities to shape the Council vision for the current local government term:

- Economic Development
- Transport and Connectivity
- Planning Scheme
- Sports, Education and Arts
- Branding and Identity
- Digital Cities / Smart Cities

Council plans to progress these priorities through a combination of program management and business as usual activities within a portfolio management framework.

1.1.3 ORGANISATIONAL AND COMMUNITY OUTCOMES

We will deliver against the Strategy objectives because:

- it demonstrates sound financial governance to the community and to external stakeholders such as the State and Federal Governments and represents Council as a responsible and accountable custodian of community services and assets
- our community services and assets will be well maintained and fit for purpose which means that current and future generations will benefit from effective and efficient financial and asset management
- it protects future generations from bearing the full burden of future infrastructure needs whilst addressing the immediate needs for strategic responses to major issues facing local government
- it ensures that our planning is integrated and effective and that there is clear linkage between community expectations and service delivery within affordable limits.

1.1.4 KEY PRINCIPLES

We will achieve these outcomes through implementation of sections 12 and 13 of the Act. Section 12 states the responsibilities of councilors; section 13 states the responsibilities of local government employees and includes *effective, efficient and economical management of public resources* in addition to *excellence in service delivery and continual improvement*.

Additionally, we will:

- maximise organisational efficiencies through the implementation of initiatives such as:
 - continued assessment of core business and service level reviews
 - reform of business service delivery modes where appropriate
 - continuing to deliver through the most efficient and effective means to reduce goods and services costs
 - challenging the priority and need for discretionary operational projects
- continue with rating reform including applying user pays principles where it is appropriate to do so
- optimise capital and borrowing programs to ensure delivery of projects which maximise synergies, gain economies of scale and balance the objectives of the Corporate Plan and Financial Strategy. This includes assessing borrowing levels over the medium to long term and assessing the deliverability of projects
- utilise returns from cash investments to minimise financial impacts on ratepayers
- investigate new services or types of business where appropriate and feasible to generate additional returns for Council and minimise financial impacts on ratepayers.



1.1.5 ACCOUNTABILITY AND TRANSPARENCY

Council prioritises two attributes of public sector reporting; 'accountability' and 'transparency'. We will demonstrate accountability and transparency by:

- having clear financial stability and sustainability ratios, and associated targets which demonstrate if Strategy objectives are being achieved
- applying full cost pricing to services where it is appropriate which will ensure that the full cost of services including providing Community Service Obligations (CSOs) are clearly identified and accounted for in their own right
- clearly linking revenue and spending decisions to corporate plans and specific project initiatives
- periodically obtaining independent assessment of the sustainability of our Strategy through the Queensland Treasury Corporation (QTC) which will provide confirmation or otherwise of progress against strategic objectives and provide guidance on any necessary changes.

1.1.6 REVIEWING AND REFINING THE FINANCIAL STRATEGY

The Strategy will be continually revised by:

- ensuring that any changes to corporate plans are reflected in the Strategy
- being responsive to any emerging issues and including these in our forward planning and risk assessment
- capturing the budget revisions in our LTFF and analysing the impacts of any changes on our financial stability ratios and measures of sustainability
- undertaking annual reviews of our capital and operational projects
- considering policy changes before changing our spending plans
- considering the outcomes of any future community and/or rating consultation processes.

1.2 Overview

1.2.1 BACKGROUND

The Strategy provides us with an agreed roadmap for managing our financial resources and processes and is aligned with the objectives and priorities of our corporate plans. In May 2018, Council adopted its 2018-2023 Corporate Plan to commence on 1 July 2018. Within the framework of the Strategy, guidance is provided to support decision making with respect to capital and operating revenue and expenditure, asset and service management levels and procurement operations.

The Strategy is influenced by:

- global, national, regional and local economic conditions
- population growth
- changes in population demographics (for example an ageing population)
- legislative and statutory requirements
- changes in regulated frameworks (water operations)
- known changes in Federal and State Government funding.



A key component of the Strategy is the LTFF which is derived from a ten year financial model. The model is reviewed regularly to ensure it aligns with Council's adopted budgets. It is used to support resource allocation, borrowing and investment decisions and additionally provides an indication of forecast performance against financial measures.

The financial forecast contains details of the assumptions used to estimate growth rates, price increases, general rates and charges increases and also provides outputs in the form of the forecast statements. The first year of these forecast statements aligns with the adopted budget and drives the next annual budget development process by way of outlining the 'affordability envelope'. These revenue and expenditure streams are cascaded through the organisation during each annual budget development process.

The LTFF provides transparency into our financial performance and planning, giving the community a view of how its services are being funded and where the money goes. It is a tool for validating and maintaining alignment with the Corporate Plan and with legislative requirements. It reflects the efforts we are making to meet current and future community expectations and serves to signal the decisions and actions needed to ensure our future financial sustainability.

1.2.2 KEY ASSUMPTIONS

The Financial Strategy statement outputs are underpinned by the following general assumptions:

- the proposed budget for 2018-19 is the base year for the LTFF
- no material growth in employee numbers for the life of the model
- efficiency targets are built into the operational goods and services line item although in reality may be allocated between
 - operational goods and services
 - operational employee costs
- one-off efficiency targets (in dollars) which are added in any particular year will not be escalated in subsequent years
- new borrowings are subject to change to respond to the needs of the ten year capital program, ASMPs and also the Capital Works Prioritisation Policy
- all borrowing costs are expensed, irrespective of whether Council has qualifying assets property, plant and equipment is based on current revised figures and subject to change post each end of year accounts finalisation when any appropriate revaluations are taken to the accounts
- provisions are based on current revised figures and subject to change post each end of year accounts finalisation when discounting rates are released
- water business modeling forms a subset of Council's whole of organisation modeling. Due to the complexities of the water business modeling and impacts from state bulk water price path, the water business is allocated its own parameters and the outputs of the water model form inputs to the whole of Council LTFF.

One of the most significant factors impacting Council's financial position is growth in rateable properties. Council has adopted parameters for the life of the forecast based on a projected growth forecast (mid series) calculated by the Queensland Government Statistician's Office (QGSO).

The Australian Bureau of Statistics Consumer Price Index (ABS CPI – Brisbane capital city) is utilised in the ten year forecast. The CPI rate is reviewed every quarter as statistics become available. Since the early 1990s, the Reserve Bank of Australia has an inflation target of between 2 and 3 per cent (on average) over the cycle. This target range is considered as a contributing factor when forecasting Council's Cost Index which draws on the Brisbane CPI.



1.2.3 FINANCIAL STABILITY AND MEASURES OF SUSTAINABILITY

A key objective of the Strategy is to achieve financial sustainability by maintaining Council's financial capital and infrastructure capital over the long-term.

Sustainability in Council can be defined as and measured by:

- ensuring healthy cash flow capabilities (Operating Performance Ratio)
- ensuring a reasonable operating surplus exists to fund future growth requirements (Operating Surplus Ratio)
- ensuring the reliance on general rates revenue is not too high, i.e. Council has diversified revenue streams (Level of Dependence on General Rate Revenue Ratio)
- ensuring that we have the ability to pay our bills while also ensuring the optimal level of cash is held (Current Ratio, Cash Balance and Cash Capacity in Months Ratio)
- ensuring that borrowing is only undertaken in an affordable manner and in line with Debt Policy (Debt Servicing Ratio, Interest Coverage Ratio, Net Financial Liabilities Ratio and Debt to Asset Ratio)
- ensuring that our infrastructure assets are maintained and fit for purpose (Asset Sustainability Ratio).

1.2.4 FINANCIAL SUSTAINABILITY SUMMARY

The three required measures of financial sustainability and a further eight adopted financial stability indicators are all within target ranges, or exceeding them, for the term of this strategy, with the exception of the Operating Surplus Ratio for year 1 only and the Asset Sustainability Ratio.

The Asset Sustainability Ratio remains well below the target minimum of 90% as in previous forecasts. Council identifies appropriate asset renewal expenditure for each coming budget year and forecasts through Asset Service Management Plans, the expected longer term asset renewal requirements.

Council's Asset Management Project seeks to improve and optimise the forecast of asset renewal requirements. It is anticipated that this work will produce greater alignment with accounting depreciation calculations and help to move this ratio closer to the target range over time. In addition, Council will consider the inclusion of further asset financial ratios, such as the asset renewal funding ratio and asset consumption ratio that will produce a more balanced view of the asset management position, following completion of the Asset Management Project.

The Queensland Audit Office (QAO) issued its report titled 'Forecasting Long-Term Sustainability of Local Government' (Report2: 2016-17) in October 2016. The report recommended, amongst other things, that councils improve the quality of their long-term forecasts and financial planning by maintaining complete and accurate asset condition data and asset management plans and by implementing a scalable project decision making framework for all infrastructure asset investments. Council is already addressing these recommendations through its current Asset Management and embedding of the Portfolio Management Office (PMO).

The current Asset Management Project is looking to improve the accuracy and completeness of Council's asset data for long-term planning and forecasting, building on the accurate asset reporting that is externally audited each year by QAO. The PMO was established to enhance governance, accountability and deliverability over operational and capital projects.



1.2.5 KEY FINANCE POLICIES

Council has a suite of financial policies that it reviews on an annual basis.

Investment Policy

- Council is looking to get higher returns on its investments whilst protecting the capital value.
- Council will do this by moving to a more active investment strategy when funds permit and continues to monitor the community's cash on a daily basis to realise the highest possible rate of return.

Debt Policy

- Whilst cash balances remain well in excess of the minimum target for cash capacity (of at least 3 months), Council will use existing surplus funds and only borrow when necessary for intergenerational capital projects.
- Council is making annual debt repayments so as to settle existing loans one year ahead of schedule. Council will continue to seek opportunities to use any surplus funds available to reduce the liabilities on the community's balance sheet.
- Council will only borrow for works that fall into at least one of the following categories:
 - risk management
 - asset management
 - intergenerational projects.

Revenue Policy

- Council will be guided by the following principles when levying rates and charges:
 - accountability
 - transparency
 - representation
 - sustainable financial management
 - fairness
 - differentiation of categories
 - special needs and user pays
 - social conscience.

Procurement Policy

- Council is committed to achieving value for money when procuring.
- Council also outlines other sound contracting principles including open and effective competition, ethical behaviour and fair dealing and environmental protection.
- As part of the Redlands community, Council has also adopted a principle of the development of competitive local businesses and industry.

Asset and Services Management Policy

- The Executive Leadership Team works with officers to ensure the Asset and Service Management Plan (ASMP) outputs align to inputs of the annual budget development process.
- Each ASMP is linked to and supports other corporate planning and reporting processes.
- Council's ten year capital program is compiled to respond to the ASMPs.



Capital Works Prioritisation Policy

- Council’s Capital Works Prioritisation Policy ensures the community’s existing infrastructure will be maintained and further supports the objectives of the Asset and Services Management Policy.
- Capital expenditure will be prioritised into renewal programs before asset upgrades or the creation of new assets.
- Council continues to monitor the asset sustainability ratio and focuses on renewal capital works to move this long-term measure upwards to the target zone.

Constrained Cash Reserves Policy

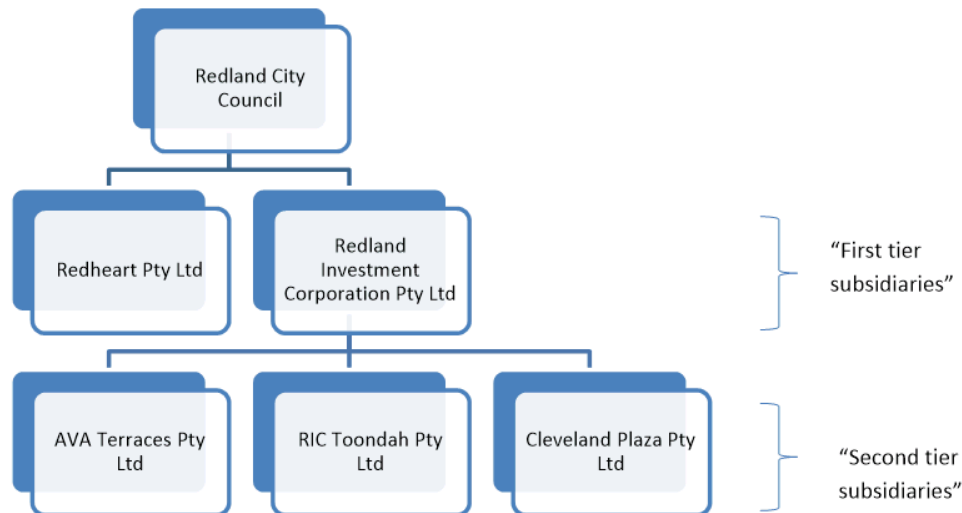
- Council has collected rates, utilities and other revenue streams over the years and has ring-fenced the monies for particular purposes. Council plans to utilise the reserves before increasing debt on the community’s balance sheet and has also committed to conducting an annual review of the constrained reserves to ensure the purpose of each reserve is still current and in the interest of the community.
- Council’s reserves are cash backed and form a subset of cash balances.

Application of Dividends and Tax Equivalent Payment Policy

- Council receives dividends and tax equivalent payments from its commercial business activities (namely Redland Water and RedWaste).
- Council receives returns from its wholly owned subsidiary Redland Investment Corporation (RIC).
- All financial returns to Council will be applied to the provision of community benefit.

1.3 Scope

This Financial Strategy includes the risks, opportunities and financial statements for Redland City Council. The Redland City Council group (refer diagram below) financial information is consolidated on an annual basis.



Redland Investment Corporation Pty Ltd (RIC) compiles its own strategies, policies and plans. The benefits and opportunities of Council owning RIC are included in this parent entity Financial Strategy.



2. Parameters and Measures

2.1 Parameters

Council has a range of parameters grouped into the following categories:

- growth increases (%)
- price increases (%)
- efficiency targets (%)
- additional amendments (\$ and %)
- water business pricing model outputs.

The parameters are the main drivers in the model although of note, the capital expenditure for each year and associated funding is derived from the ten year capital program.

Growth Increases %	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28
General Rates Charges	1.36	1.33	1.33	1.28	1.28	1.28	1.28	1.28	0.90	0.90
Waste Utility Charges	3.99	1.33	1.33	1.28	1.28	1.28	1.28	1.28	0.90	0.90
General Fees	1.36	1.33	1.33	1.28	1.28	1.28	1.28	1.28	0.90	0.90
Employee Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Operating Costs	1.36	0.66	0.66	0.64	0.64	0.64	0.64	0.64	0.45	0.45

Price Increases %	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Underlying CPI	1.72	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
RCC Blended CPI	2.27	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81
Employee Costs (EBA)	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
General Rates	4.82	2.50	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81
General Fees	3.59	4.81	4.81	4.81	4.81	4.81	4.81	4.81	4.81	4.81
Interest Rates	2.38	2.49	2.60	2.70	2.75	2.80	3.00	3.20	3.40	3.60

Efficiency Targets %	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Operational Goods & Services	0.0	0.25	0.25	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Additional Amendments \$000	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Remove non-recurrent operating expenditure		17,235	17,788	18,399	19,031	19,685	20,362	21,062	21,746	22,453
Add back non-recurrent operating expenditure as per 10 year plan		11,360	14,530	10,599	9,909	10,384	10,326	10,222	16,448	18,477

Water Business \$000	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Water Access Revenue	18,665	18,838	19,012	19,188	19,365	19,544	19,725	19,907	20,092	20,277
Water Consumption Revenue	46,207	50,338	54,700	57,684	60,842	64,186	67,728	71,478	75,450	79,657
Wastewater Revenue	44,951	45,766	46,596	47,441	48,303	49,181	50,075	50,987	51,916	52,862
Employee Costs	8,041	9,042	9,268	9,499	9,770	10,048	10,334	10,665	11,006	11,358
Operational Goods & Services	56,972	62,022	66,942	70,386	74,149	78,093	82,232	86,698	91,406	96,382



2.2 Financial Sustainability Targets

Council continues to measure against more ratios than the legislative requirement to demonstrate its ongoing commitment to financial sustainability. Council has seven long standing performance measures outlined in the table below. The targets and target ranges are set by Council and reviewed annually to maintain relevance to business activities and goals. Council also chooses to set targets for, measure and report against the interest coverage ratio as this was previously labeled as a measure of sustainability by the Department of Local Government, Racing and Multicultural Affairs (Department) and provides the community with an understanding of the relationship between interest expense and interest revenue.

Each ratio is defined in the glossary and Council reports on its performance against both the target and the anticipated performance based on revised budget on a monthly basis.

Financial Stability Ratios	Target
Level of Dependence on General Rate Revenue (%)	Target less than 40%*
Ability to Pay Our Bills - Current Ratio	Target between 1.1 and 4.1
Ability to Repay Our Debt - Debt Servicing Ratio (%)	Target less than or equal to 15%*
Cash Balance \$M	Target greater than or equal to \$50M
Cash Balances - Cash Capacity in Months	Target at least 3 months
Longer Term Financial Stability - Debt to Asset Ratio (%)	Target less than or equal to 10%
Operating Performance (%)	Target greater than or equal to 10%*
Interest Coverage Ratio (%)	Target less than 5%

*During the annual review of this Strategy, Council revised targets on three Financial Stability Ratios to reflect the changes in its operations.

In addition to the ratios above, the *Local Government Regulation 2012* requires councils to measure and report against:

- asset sustainability ratio
- net financial liabilities
- operating surplus ratio.

Targets for these ratios are set by the Department and all are deemed to be long-term target ranges.

The ratios are defined in the glossary and Council reports on its performance against both the target and the anticipated performance based on revised budget on a monthly basis. In accordance with section 169(5) of the *Local Government Regulation 2012*, Council's annual budget includes these measures for the relevant financial year and the following nine financial years.

Measures of Sustainability	Target
Asset Sustainability Ratio (%)	Target greater than 90% (on average over the long-term)
Net Financial Liabilities (%)	Target less than 60% (on average over the long-term)
Operating Surplus Ratio (%)	Target between 0% and 10% (on average over the long-term)



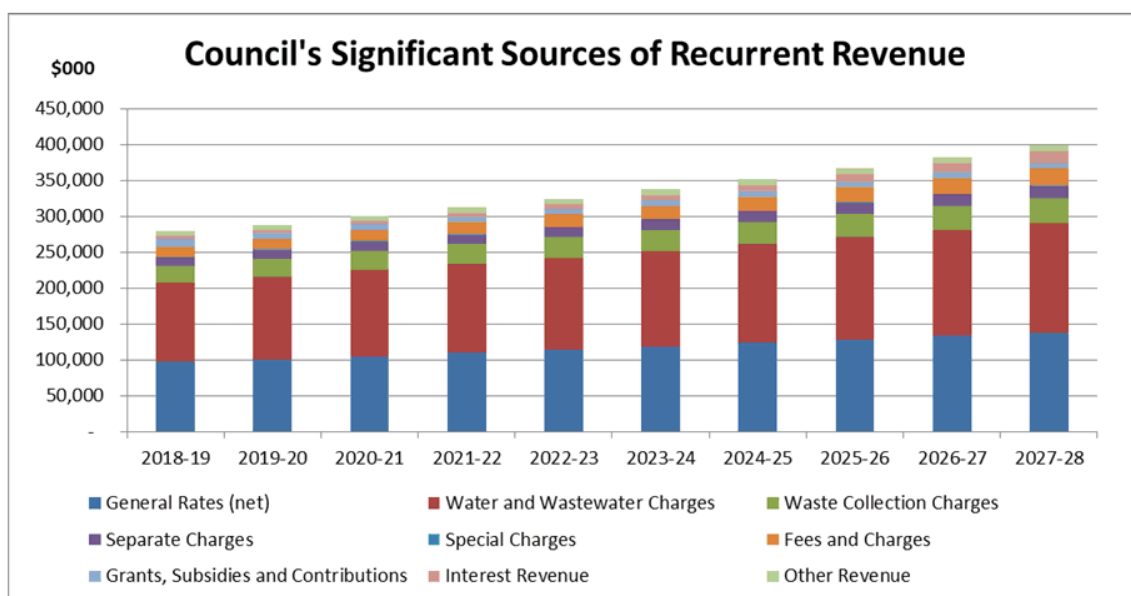
3. Revenue Management

3.1 Background

Council’s significant sources of recurrent revenue include:

- general rates
- water and wastewater charges (water access, water consumption and sewerage charges)
- waste collection charges
- environment, landfill remediation and Redland City SES administration separate charges
- fees
- Federal and State grants, subsidies and contributions
- interest on investments
- other revenue (including sales of services and goods).

The following chart provides an analysis of the total recurrent revenue by source and identifies the proportion of revenue from each of those sources.



Of note, the increases in water revenues are largely driven by the increase in costs associated with the purchase of bulk water from the State Government.

In relation to the LTFF, the following operational revenue streams continue to be classified as those which will require close management attention in order to support the achievement of the financial sustainability targets:

- General rates - risk that future increases in general rates may be less than Council’s Cost Index – Council is looking to diversify its revenue streams and ensure commercial opportunities forecast returns that support balanced or surplus budgets without excessive rate increases.
- Federal and State grants and subsidies.



Council will continue to price its separate and special charges through comprehensive financial modeling that takes into consideration the associated costs, appropriate indices and the desired program of delivery. With respect to water, wastewater and waste collection modeling and pricing, please refer to the chapter on commercial opportunities.

Council's significant capital funding streams include:

- infrastructure charges
- Federal and State capital grants and subsidies
- borrowings
- general revenue.

In relation to the LTFF, the following capital funding streams will require continued management attention in order to support the achievement of the financial sustainability targets:

- Federal and State grants and subsidies
- infrastructure charges – due to the seasonality of development and difficulty in estimating charge. Council's Infrastructure Planning and Charges Unit will address this risk
- borrowings – to ensure affordability of borrowings to fund capital expenditure that is aligned to the Debt Policy.

3.2 Revenue Policy Statements

3.2.1 REVENUE POLICY STATEMENT

The generation of an appropriate level of revenue to support the delivery of the corporate planning goals is an essential element of the Strategy. With respect to operational revenue streams, each year during the annual budget development process Council works towards a 'balanced budget' where total recurrent revenues meet or slightly exceed total recurrent expenses. Whilst this is a desirable position, in years of high volumes of intergenerational works or initial investment, Council will not pass through the total costs to the community, but will forecast an operating deficit. Throughout the financial year Council will then focus on strategies to improve on the adopted position to move back towards a balanced budget or operating surplus (complete projects ahead of schedule and budget, save through better procurement and contracting, drive efficiencies through better work practices).

Council will be guided by the following principles for levying of rates and charges:

- Accountability — Council will be accountable to the providers of funds to ensure those funds are applied efficiently and effectively to satisfy the objective for which the funds were raised.
- Transparency — Council will be transparent in its revenue raising activities and will endeavour to use systems and practices able to be understood by the community.
- Representation — Council will act in the interests of the whole community in making decisions about rates and charges.
- Sustainable financial management — Council will ensure it manages revenue diligently and that the application of funds is founded on sustainable strategic objectives that result in timely and optimal investment in identified priorities.
- Fairness — while the rating legislation requires Council to use property valuations as the basis for raising rate revenue, Council will monitor the impact of valuation changes and moderate increases where possible.
- Differentiation of categories — Council will apply different rates to various categories of property that will reflect the particular circumstances of the categories and Council's policy objectives related to those categories.



- Special needs and user pays — Council will draw from various revenue sources to fund special needs including (but not necessarily limited to):
 - separate rates or charges for whole of community programs
 - special rates or charges for recovery of costs from beneficiaries
 - utility charges for specific services based generally on usage
 - statutory fees in accordance with legislation, regulation or local laws
 - commercial fees where users can clearly be identified
 - where practicable recovering credit card fees through a surcharge on credit card transactions.
- Social conscience — Council will apply a range of concessions (e.g. for pensioners and institutions) and will accommodate special circumstances where hardship can be demonstrated.

General rate revenue provides essential whole of community services not funded through subsidies, grants, contributions or donations received from other entities, or not provided for by other levies or charges.

Council will consider full cost recovery options before calculating the differential general rate.

3.2.2 INVESTMENT POLICY STATEMENT

Council's Investment Policy objective is to maximise earnings from authorised financial investments of surplus funds after assessing and minimising all associated risks in accordance with this strategy. Council's current focus is to protect the capital value of investments.

In accordance with Council's Investment Policy, Council has committed to the following:

- investing only in investments as authorised under current legislation
- investing only with approved institutions
- investing to facilitate diversification and minimise portfolio risk
- investing to protect the capital value of investments (balancing risk with return opportunities)
- investing to facilitate working capital requirements
- reporting on the performance of its investments on a monthly basis as part of the monthly financial reports to Council
- conducting an annual review of all investments and associated returns as part of the annual review of this strategy
- ensuring no more than 30% of Council's investments are held with one financial institution, or one fund manager for investments outside of the Queensland Treasury Corporation (QTC) or the Queensland Investment Corporation (QIC) cash funds or Bond Mutual Funds.

3.3 Revenue Assumptions in the Long-Term Financial Forecast

With respect to revenue sources, the LTFF contains the following assumptions:

- focusing on bottom line when considering general rate increases to minimise impact on the community
- maintaining the retail and distribution component of water and wastewater charges at current levels in recognition of Council's previous water pricing path which was designed to smooth prices resulting from planned major increases in the State Bulk Water Charge
- where possible and appropriate setting fees such as waste collection on a full cost recovery basis with an appropriate level of return to Council in accordance with the current *Local Government Act 2009* and *Local Government Regulation 2012* requirements
- seeking to maximise revenue from external grants and subsidies where possible
- seeking to increase the level of commercial returns and broaden commercial opportunities
- adopting the QGSO (medium series) growth forecast from 2018-19 for the remaining life of the strategy.



3.4 Key Risks, Issues and Mitigation Strategies

3.4.1 REVENUE AND PRICING KEY RISKS, ISSUES AND MITIGATION STRATEGIES

The Strategy has identified the following opportunities and risks in relation to revenue and pricing which have been assessed in accordance with Council's adopted Enterprise Risk Management framework.

Opportunity	Likelihood	Consequence	Rating
Council diversifies its revenue streams to reduce the dependence on general rates	Possible	Low	Medium
Investment income increases beyond forecast due to higher cash balances and rate increases	Possible	Low	Medium
Council receives additional funding from State and Federal Governments as a result of recruiting a dedicated resource with closer alignment to PMO to target projects with increased eligibility for funding	Likely	Medium	High
Council's Activity Based Costing project will provide more granularity for cost recovery fees and provide net financial benefit over the medium to long term	Almost Certain	Low	High
Support economic development and business growth through master planning of key precincts; incentives/stimulus packages; trade and investment attraction; and development and implementation of action plans for key industry sectors identified in the Redland City Economic Development Framework 2014-2041	Likely	Low	Medium

Risk	Likelihood	Consequence	Rating
Potential financial impact of further water reform by State	Possible	Major	High
Potential reduction in service delivery due to insufficient funding from external parties	Likely	Medium	High
Water usage patterns have an adverse impact on revenues beyond current forecasts (e.g. due to droughts, water restrictions)	Possible	Medium	Medium
Ageing population increases burden on pensioner remissions and community subsidies	Likely	Low	Medium
General rate increases continue to increase on par with ABS or Council's Cost Index	Likely	Low	Medium
Financial impact of waste recycling global pressures due to China declining certain Australian waste	Likely	Low	Medium
NSI and SMBI funding will be restricted	Possible	Medium	Medium
New accounting standards require deferral of contractual revenue, resulting in timing differences	Likely	Low	Medium



In order to mitigate the above risks or explore the opportunities, the following projects and actions progress across Council:

- continue to enhance monthly cash management forecasting using the corporate Finance System in order to increase returns on investments when interests rates are low; signal issues (if applicable) relating to cash-flow and continue to reduce borrowings
- consider moving towards rolling forecasts to improve future estimates and increase the frequency of reviewing indices, parameters and assumptions
- continues to review the existing Service Level Agreements (SLAs) and Activity Based Costing (ABC) methodologies to ensure:
 - full cost recovery is reflected in pricing for Council's commercialised business units and
 - appropriate pricing for Council's cost-recovery based and commercial fees
- further develop the grants management process – continue strong relationships with State and Federal stakeholders to explore opportunities in sourcing available monies and support to business areas to ensure external funding sources are considered every time to reduce the burden on current and future ratepayers
- investigate and measure the potential impacts further water reform and State bulk water pricing may have on Council's financial performance
- continue to consider other commercial opportunities in addition to Council's wholly owned subsidiary Redland Investment Corporation that may reduce Council's reliance on income streams from water and wastewater.

3.4.2 INVESTMENT KEY RISKS, ISSUES AND MITIGATION STRATEGIES

The Strategy has identified the following opportunities and risks in relation to investments management which have been assessed in accordance with Council's adopted Enterprise Risk Management framework.

Opportunity	Likelihood	Consequence	Rating
Opportunities around strategic investments - see commercial opportunities chapter	Possible	Severe	Extreme
Interest revenues continue to exceed interest expenses due to high cash balances and debt reduction	Almost Certain	Medium	High
Appropriately term-diversified investment portfolio results in additional revenue	Likely	Low	Medium
Utilising cash holdings to replace projected borrowings to minimise interest expenses	Likely	Low	Medium

Risk	Likelihood	Consequence	Rating
Constrained cash reserve balances exceed cash balances at the end of a financial year	Unlikely	Low	Low
Interest rates significantly below benchmark resulting in lower returns	Unlikely	Low	Low
Council's net debt position deteriorates as cash balances reduce quicker than debt balances	Unlikely	Low	Low



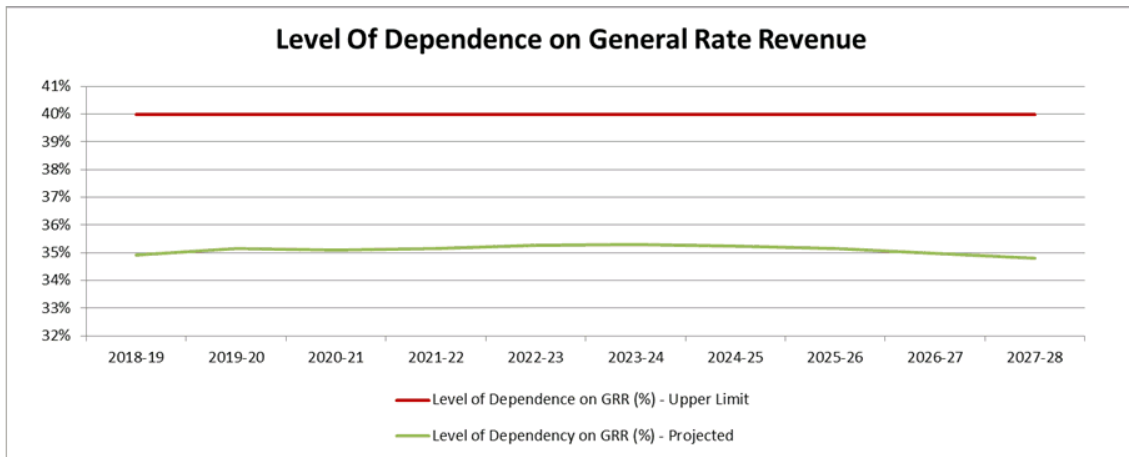
In order to mitigate the above risks or explore the opportunities, the following projects and actions progress across Council:

- continued review of investment returns and consideration of options in times of low interest rates – Council’s returns on investments consistently exceed the Bloomberg AusBond Bank Bill index (BAUBIL) industry benchmark
- regular reviews of constrained cash reserves balances and recommendations to Council to utilise constrained funds or extinguish the reserves as appropriate
- continued support organisation-wide to review funds held in trust (off balance sheet), managing accordingly (refund where applicable or transfer to Council assets if appropriate and in accordance with legislative requirements).

3.5 Key Performance Information

The following graph shows how the indicator performs over the life of the Strategy compared to the adopted target. As indicated by the ten year financial forecast statements and outputs, it is forecast that Council will be under the target for the level of dependence on general rate revenue under the current assumptions.

This ratio provides Council and the community with an indication of the diversification of revenue streams, through Council’s reliance on general rate revenue.





4. Asset Management

4.1 Background

Council holds a range of assets including cash and cash equivalents, accounts receivable, investments property, investments in other entities, work in progress and property, plant and equipment.

Council is responsible for provision of a diverse range of services to meet community needs and expectations. A significant number of these services are provided through infrastructure and other non-current assets (referred to as property, plant and equipment). Council owns, manages, maintains and creates assets that are valued in the order of \$2.6 billion.

Effective asset management is critical to achieving Council's corporate objectives and strategic themes as driven by our community.

In continuing to provide these asset-based services, Council continues to overcome the following challenges:

- decreasing availability and increased competition for funds
- population growth pressures and changing demographics directly influencing the quantity and type of assets (and services) required
- the continuous requirement to renew the infrastructure in place that helps to deliver services
- escalation in the quantity and complexity of related reporting demanded by business regulators, statutory bodies and other levels of government.

In relation to the LTFF, the following asset and services management issues have been identified as ones which will require continued management attention in order to support the achievement of the financial sustainability targets:

- capital expenditure will be prioritised towards asset renewals before asset upgrades or the creation of new assets
- performance of Asset Sustainability Ratio – due to not meeting the Department's target for the life of the Strategy. Council remains committed to funding all asset renewal requirements and moving this long term measure upwards towards the target zone. Council is moving towards including additional indicators to provide a more balanced view of the asset management financial position
- asset category definitions and granularity of reporting – to ensure that accurate expenditure is identified for renewal capital projects
- condition of asset base – strengthen understanding of remaining useful lives to ensure a true prediction of assets life cycle
- valuation and depreciation methodologies – to optimise depreciation cost allocation.



4.2 Asset and Services Management Policy Statement

Council's Asset and Services Management Policy objective or goal is to meet a required level of service in a financially sustainable manner, to provide for present and future customers and communities through all stages of assets:

- creation
- acquisition
- operation
- maintenance
- renewal
- disposal.

4.3 Asset and Services Management Guidelines

The Strategy has adopted the following guidelines in relation to asset and services management:

- Asset and Services Management Plans will drive borrowing decisions
- identification, scoping and completion of renewal projects in the ten year capital program will continue to be prioritised
- the integration of Asset and Service Management Plans and budgets is effected to ensure that whole-of-life asset and services costs are captured in order to understand the implications of the achievement of long-term financial sustainability.

Council's policy is designed to provide guidance in the implementation and improvement of corporate asset and services management processes and seeks to achieve the following outcomes:

- identify the key activities, roles and relationships associated with the implementation of an overarching asset management philosophy
- establish and communicate corporate responsibilities for the ownership, control, accountability and reporting of assets
- reinforce that assets should only be created, maintained, renewed or replaced in accordance with Asset and Service Management Plans
- help in meeting legislative compliance and associated risk management including financial reporting requirements and corporate governance
- highlight how our integrated asset management information systems and reporting tools support asset management activities and can provide a high standard of policy and decision support
- guide development of reliable systems and asset information that will allow for accurate financial forecasting and planning for sustainable service delivery
- identify how asset management processes integrate with corporate and operational planning, budgetary and reporting practices
- link individual departmental asset management activities with our overall community vision and corporate goals
- classify actions that will improve knowledge of existing asset inventories, asset condition and related performance
- support ongoing improvements to existing Asset and Services Management Planning and corresponding financial forecasting, planning and reporting.



4.4 Asset Management Project and New Group

Council has established and has rolled out the Asset Management Project over the last 18 months to ensure we are an **Asset Smart** organisation – one that has a framework supported by policies, systems and appropriate technology to achieve best practice asset management.

The project recognises that many officers already undertake outstanding work in informal asset management roles. The project will create a more formal, consistent approach to asset management across the organisation, acknowledging those who understand and manage specific assets. This means more staff may have asset management functions formally become part of their role.

It seeks to draw on best practice (ISO 55000 series) to help staff clearly know its asset management responsibilities. It also seeks to promote the functions of asset management and that each and every asset is part of a bigger picture; from the office equipment we use to multi-million dollar wastewater treatment plants. The project will give business areas the framework, tools and technology they need to clearly inform their daily working lives when managing assets on behalf of our community.

4.5 Corporate Strategy and Performance Oversight

A recent initiative has seen the development of the Corporate Strategy and Performance Group led by an expert in asset management. This Group consists of the Corporate Planning and Transformation Unit, the Portfolio Management Office and a dedicated Asset Management Unit. The separation of the asset governance function from the asset accounting function is a recommendation by the Asset Management Project to ensure increased governance and better support to Council business areas.

4.6 Key Risks, Issues and Mitigation Strategies

The Strategy has identified the following opportunities and risks in relation to asset and service management which have been assessed in accordance with Council’s adopted Enterprise Risk Management framework.

Opportunity	Likelihood	Consequence	Rating
Review of depreciation methodology to ensure current approaches are still reflective of the pattern of consumption	Likely	Medium	High
Corporate Strategy and Performance Group will drive improved governance and financial efficiency of operational and capital projects	Almost Certain	Medium	High
Explore minimising whole of life costing - support to asset managers with long-term projections	Likely	Medium	High
Asset management system developments generate improved information for recording, reporting, long-term financial forecasting and better asset management practices	Likely	Medium	High
Council's Infrastructure Planning and Charging Unit improves the correlation between trunk infrastructure and financial strategy outcomes	Almost Certain	Medium	High
Council's Capital Works Prioritisation Policy improves performance in asset KPIs	Possible	Medium	Medium



Risk	Likelihood	Consequence	Rating
Significant failure of critical infrastructure leads to financial stress	Possible	Major	High
Service level of assets are not at the level required	Almost Certain	Medium	High
Insufficient strategic planning for renewals and maintenance may lead to an infrastructure backlog and large scale unplanned capital renewals	Likely	Medium	High
Material misstatement of financial statements due to non-capitalisation of assets	Rare	Medium	Low
Increasing public liability claims for injuries in public places and council owned or controlled facilities	Rare	Medium	Low
Increasing legal action for discrimination arising from inability to access council facilities and non-compliance with the <i>Disability Discrimination Act 1992</i>	Rare	Low	Low

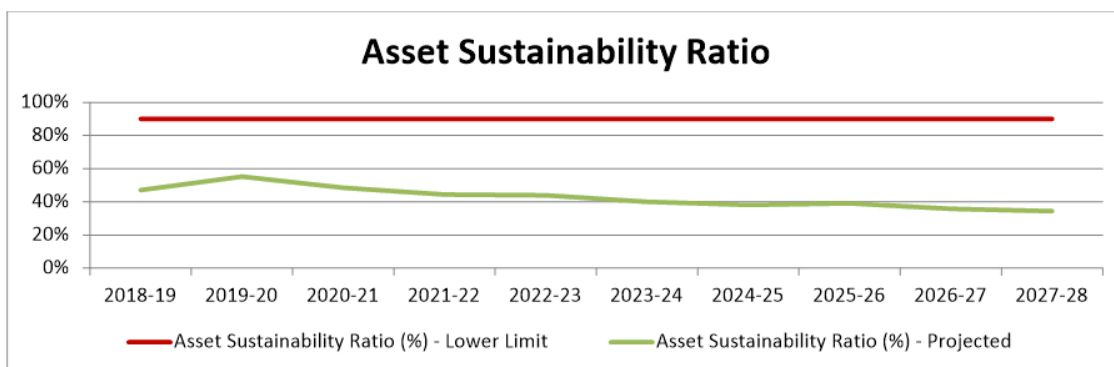
In order to mitigate the above risks or explore the opportunities, the following projects and actions progress across Council:

- Asset Management Project – established as a Council-wide response to asset management driven by the Executive Leadership Team (ELT)
- ongoing additional development of Asset and Service Management Plans in accordance with statutory requirements, business needs and agreed service levels
- further development on a condition based depreciation methodology if appropriate
- continuation of the Infrastructure Planning and Charges Unit to ensure Council is maximising opportunities for recovery of appropriate costs with respect to trunk infrastructure
- fully embedded Portfolio Management Office (following a comprehensive review and restructure) and associated processes – maintaining governance, accountability and deliverability over operational and capital projects
- improved financial asset management and integration of asset planning with budgeting and forecasting – supported with improvements in the asset management system
- developing a complete understanding of the remaining useful lives of our asset base.



4.7 Key Performance Information

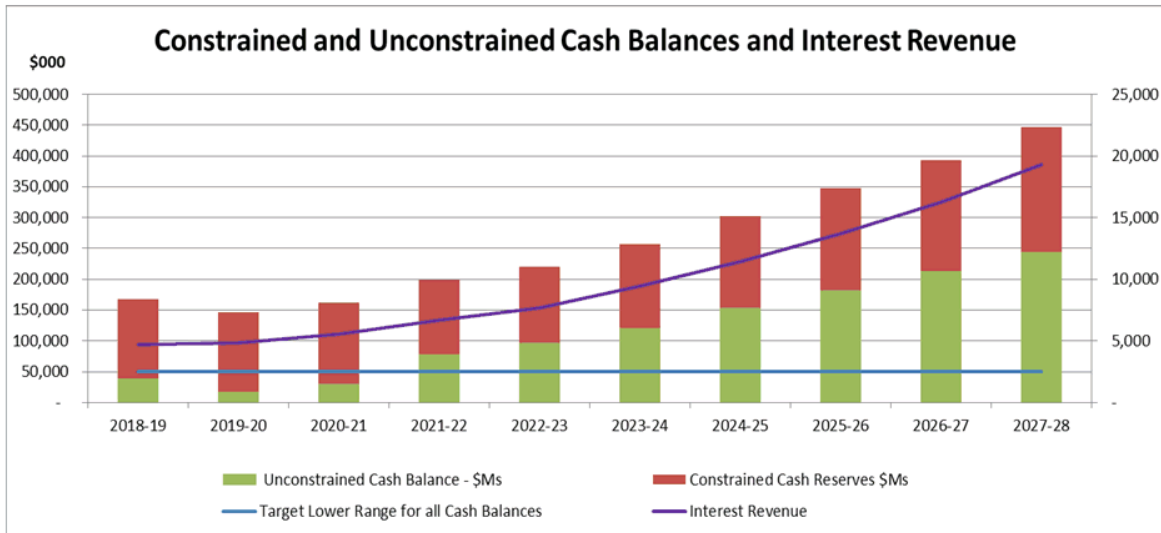
The asset sustainability ratio target is ‘an average over the long-term’. Council has adopted a Capital Works Prioritisation Policy that requires expenditure on renewals before new asset creation – this should improve Council’s performance against the ratio. The current ten year capital program and depreciation forecasts result in the following graph:



In addition to property, plant and equipment, Council holds considerable cash balances. Council considers its risk appetite and policy position with respect to investment of surplus funds. To maximise returns on investments, officers invest or withdraw funds on a daily basis to keep minimal balances in the transaction account. The performance of Council’s investment account is reported to the community on a monthly basis and is regularly reviewed to ensure opportunities are maximised and risks are minimised.

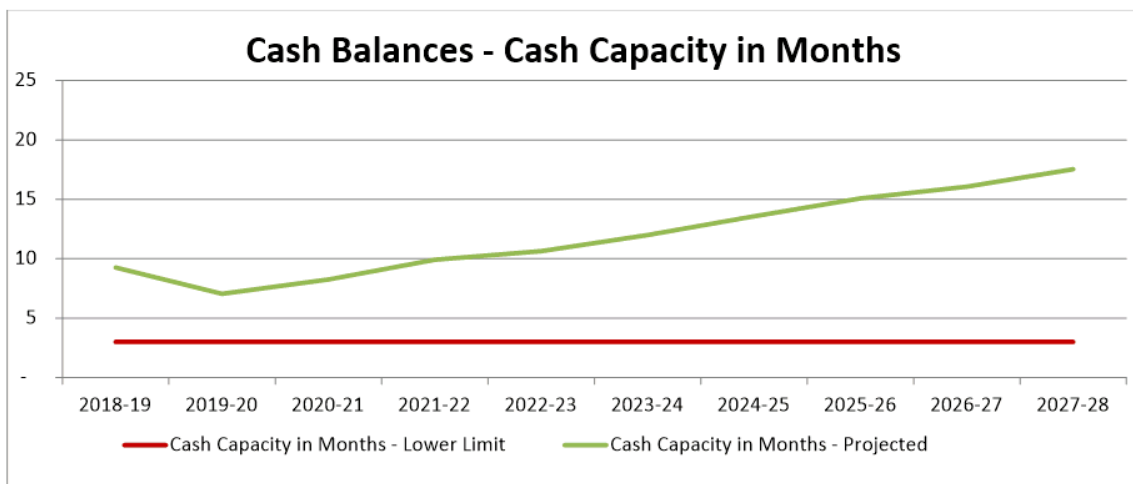
Reserves are a subset of community equity and sit alongside retained earnings. Whilst retained earnings can be utilised for general expenditure, reserves are ring-fenced for particular purposes. Council policy requires that all reserve monies are fully cash-backed. Council annually reviews its reserves to ensure the constraining of cash continues to be in the community’s best interests.

Traditionally, the main source of interest revenue resulting from the investment of cash balances has been through the Queensland Treasury Corporation (QTC). The following chart provides an analysis of the projected interest revenue over the life of the Strategy and available cash balances that those returns are based on. The total cash balance is broken down into constrained (reserves) amounts with the balance being unconstrained.



In relation to the ten year financial model the following investment income and expenditures continue to be monitored:

- Cash flow forecasting – improvements in the budgeting, forecasting and particularly phasing will be a key requirement in the coming financial years and may be enhanced with the introduction of rolling forecasts
- Cash management – regular reviews of debtors, creditors and payroll processes to ensure the community’s cash is being utilised in the most efficient manner
- Institutional investment – exploring increased returns by diversifying the institutions that funds are invested in or by varying the terms of those investments.





Council continues to prioritise the use of existing cash balances and reserves in favour of new borrowings. In accordance with Council's Debt Policy new borrowings are only considered where they address intergenerational equity and asset or risk management issues. Council levies rates on a quarterly basis and this underpins the target of holding at least three months of cash payments to suppliers and employees (including interest expense).

Significant increases in cash balances projected in the latter years of this strategy are largely the result of unspent capital funding as a result of:

- asset renewals expenditure that is well below accounting depreciation charges
- capital revenues including infrastructure charges and capital grants and subsidies which currently exceed non-renewal capital expenditure projections.

Asset accounting and asset management planning processes are currently under review as part of Council's Asset Management Project. Furthermore Council's recently adopted Local Government Infrastructure Plan (LGIP), which identifies significant infrastructure requirements, will be fully incorporated in future Asset and Service Management Plans. Ultimately the cash balances in later years will be reduced through identification of future necessary infrastructure and capital works.



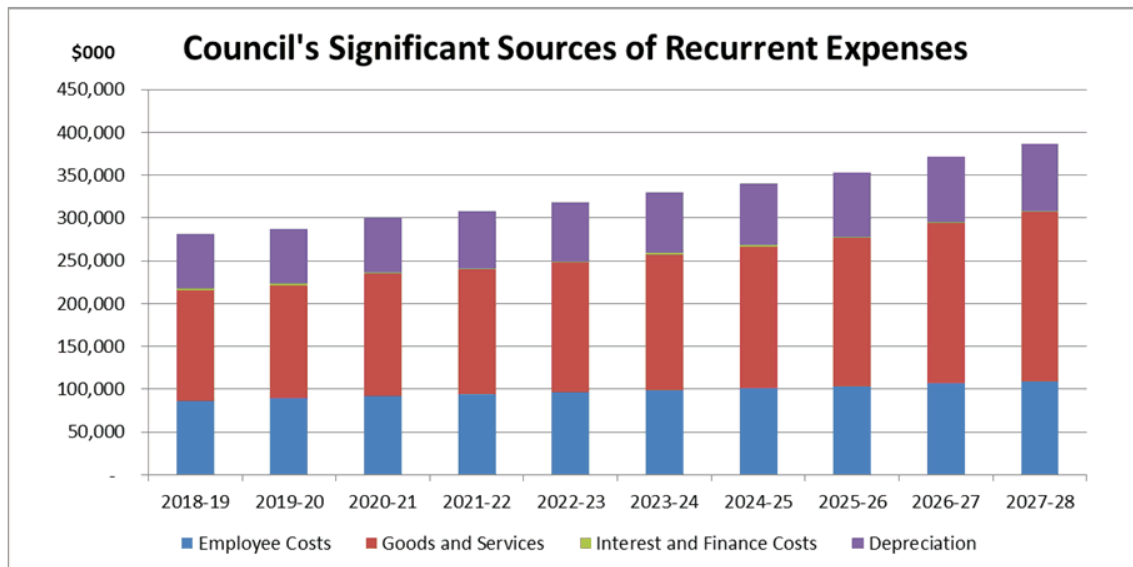
5. Expenditure Management

5.1 Background

Council’s significant sources of operational expenses include:

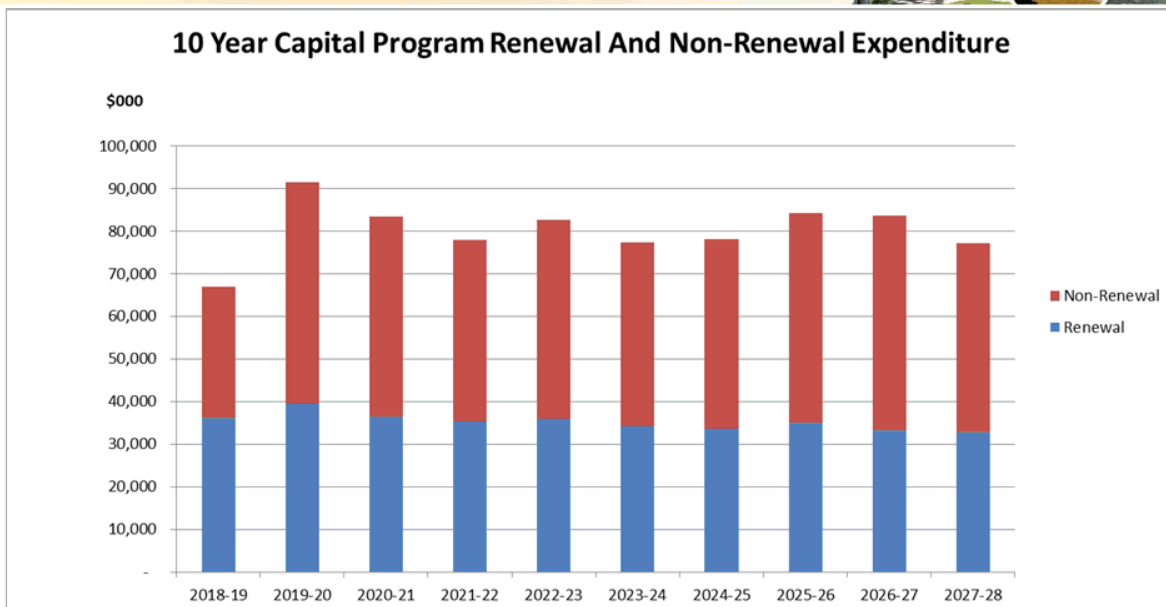
- employee costs
- goods and services
- interest and finance costs
- depreciation
- other expenses (including community service obligations and subsidies).

The following chart provides an analysis of the total operating expenses by source and identifies the proportion of revenue from each of those sources.



Of note, the above increase in the projection of goods and services is significantly influenced by the increase and pass through costs associated with the purchase of bulk water from the State Government.

In addition to the previous graph, capital expenditure on planned renewal and non-renewal projects are undertaken over the life of the Strategy. The following chart provides a break up of this spending type in the projected ten year capital program and the expenditure split is underpinned by Council’s Capital Works Prioritisation Policy - ‘maintain existing infrastructure – ‘renewal’ before ‘upgrade’ or ‘new’ work.



Due to the risks and assumptions in operational revenues mentioned in the previous chapter, the following expenditure streams have been identified as ones which will require continued management attention in order to support the achievement of reaching an operating surplus:

- employees – to continue to critically review the cost of management and staff, including temporary staff and agency colleagues to ensure activities are resourced in the most efficient and effective manner
- goods and services – to critically review the timing and cost of discretionary operational projects
- goods and services – to lower and continue to review operational activity expenditure, building on proven industry best practice in addition to implementing efficiencies where practicable (Lean Thinking Methodologies and reduction of Fringe Benefits Tax for example)
- interest expense and finance costs – Council continues to make annual debt repayments to reduce interest expense and works with treasury service providers to control finance costs
- depreciation – due to the requirement to optimise depreciation charges based on condition assessment rather than straight line methodology.

The following capital expenditure items will require ongoing management attention in order to support the achievement of the financial sustainability targets:

- programing an optimal, affordable and deliverable capital spend over the LTFF, in particular in years 1 to 5
- ensuring the correct level of renewal capital expenditure is programed in alignment to Asset and Service Management Plans and underpinned by the principles of the Capital Works Prioritisation Policy
- Federal and State grants and subsidies
- infrastructure charges – due to the seasonality of development and difficulty in estimating charge. Council will continue to operate the Infrastructure Planning and Charges Unit to address this risk
- borrowings – to ensure affordability of borrowings to fund capital expenditure that is aligned to the Debt Policy.



5.2 Expenditure Management Policy Statement

Operational and capital expenditure management to support the delivery of corporate goals will be an essential element of the Strategy.

The focus of expenditure management is therefore clearly the primary mechanism by which Council intend to achieve financial sustainability over the life of the Strategy.

5.3 Expenditure Assumptions in the Long-Term Financial Forecast

The Strategy has adopted the following approach in relation to expenditure management which may be used in combination to achieve targets of financial sustainability:

- efficiency targets are built into the operational goods and services line item although these efficiencies could be sourced from reducing operational expenditure or conversely increasing operational revenues
- the employee base is not forecast to grow over the life of the model
- continually improve service delivery with an emphasis on efficiency and cost recovery – Council is constantly looking to reduce costs by delivering services ‘faster, better and cheaper’
- applying more rigorous purchasing controls to minimise goods and services costs over time, through the future adoption of a suitable procurement model, plans and initiatives for improved procurement efficiencies
- over time providing a more strategic approach to contracts, requiring a rigorous and transparent suitability assessment against the quadruple bottom line, emphasising waste elimination, efficiency and continuous improvement
- restricting the total size of the capital program based on priority needs relating to renewal works, affordability and deliverability
- identifying, scoping and prioritising upgrade and expansion projects in the ten year capital program in accordance with Council’s Capital Works Prioritisation Policy.

5.4 Key Risks, Issues and Mitigation Strategies

The Strategy has identified the following opportunities and risks in relation to expenditure which have been assessed in accordance with Council’s adopted Enterprise Risk Management framework

Opportunity	Likelihood	Consequence	Rating
Improving project management processes results in reduced costs and risks, enhanced processes, better prioritisation and benefits realisation management	Likely	Medium	High
Transform supplier relations to create a Strategic Procurement platform to drive expenditure management through advanced planning, scheduling, group buying, supply chain management, increased competition and keen negotiation	Almost Certain	Medium	High
Continued review of activity based costing methodologies to drive efficiencies in processes	Possible	Low	Medium



Continued improvements in the asset accounting space to ensure assets are recorded and depreciated accurately	Almost Certain	Medium	High
Improved control of consultants and temporary staff to manage increasing costs	Likely	Low	Medium
Improved leave management resulting in reduced costs	Likely	Low	Medium

Risk	Likelihood	Consequence	Rating
Failure to reflect whole of life costs of services in forecasting	Likely	Medium	High
Reduction in service delivery due to cost shifting from other tiers of governments	Likely	Medium	High
Ineffective planning of increases to service levels leads to increased costs	Likely	Medium	High
Staff turnover and keeping skill levels up to the market expectations with required levels of training	Possible	Medium	Medium
Future financial sustainability is impacted by failure to achieve operational ratios	Possible	Medium	Medium
Legislation requires local governments to report more and audit scopes are increased	Likely	Low	Medium
Society becomes more litigious and legal expenses will increase	Possible	Low	Medium
Changes to accounting standards result in higher expenses in relation to operating leases (this will be a timing variance over the life of the lease)	Possible	low	Medium
Increasing energy pressures could potentially increase costs	Possible	low	Medium

In order to mitigate the above risks or explore the opportunities, the following projects and actions progress across Council:

- continued business process reviews and service level review projects – to undertake robust reviews of our services to determine the optimum level of efficiency and effectiveness
- Implementation of the Portfolio Management Office and associated processes – maintaining governance, accountability and deliverability over operational and capital projects.

The following risks continue to be 'watched' before mitigation projects are initiated:

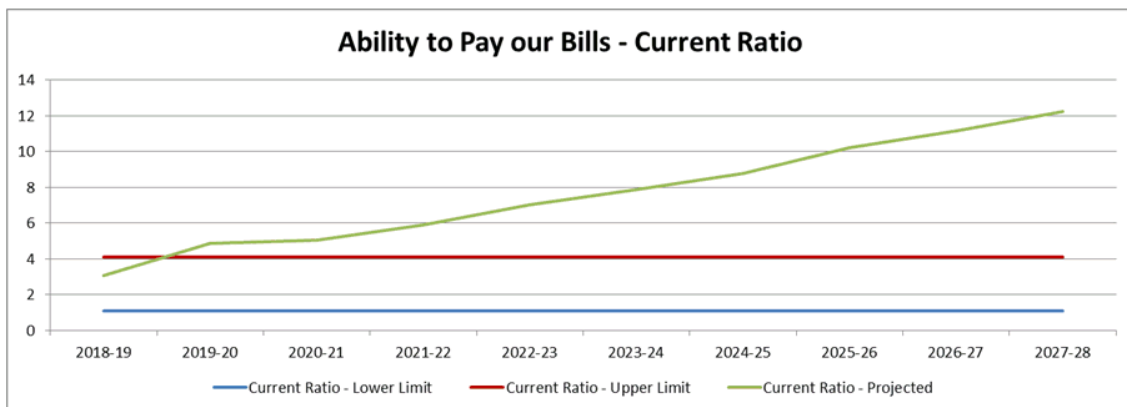
- potential for government cost shifting
- increased burden on expenditure from canal estates
- striking a balance between intergenerational projects (with initial upfront investments) and returning operating surpluses in consecutive years.



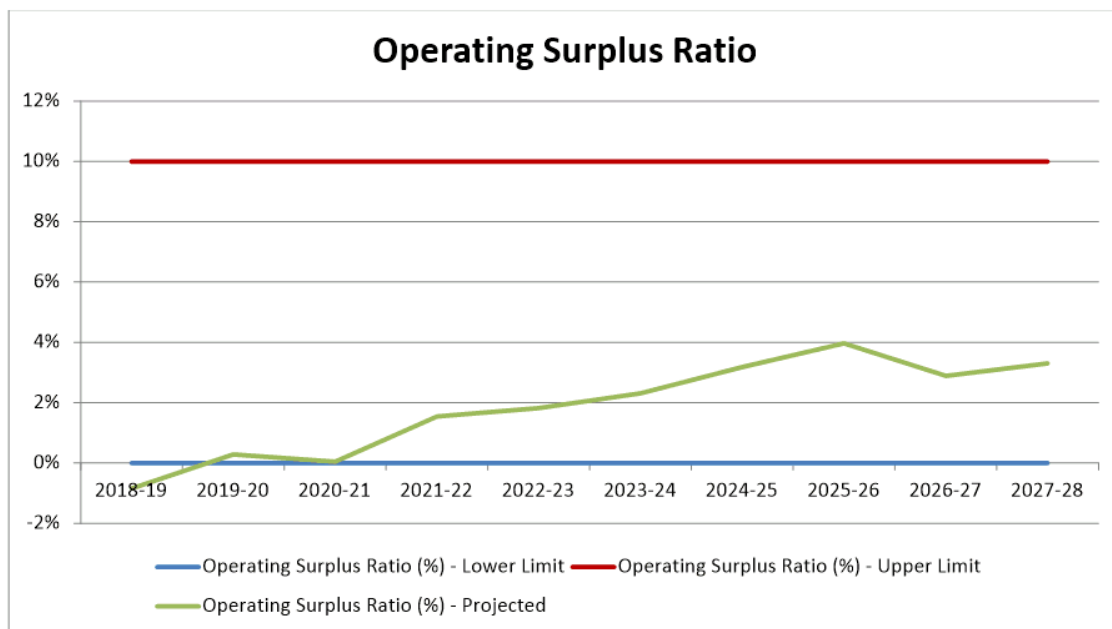
5.5 Key Performance Information

The current ratio is a good indicator of Council’s liquidity and ability to meet short term obligations.

If the current ratio is too high over a sustained period, this may indicate the Council may not be efficiently using its current assets or its short-term financing facilities and may also indicate problems in working capital management. However, it should be noted that cash balances used in this ratio include significant constrained cash balances, from infrastructure charges, which are held in reserve.



The operating surplus ratio is a measure of how recurrent revenues cover recurrent expenditure (including interest expense and depreciation). The following graph outlines the forecast operating surplus ratio over the ten years in the financial forecast:

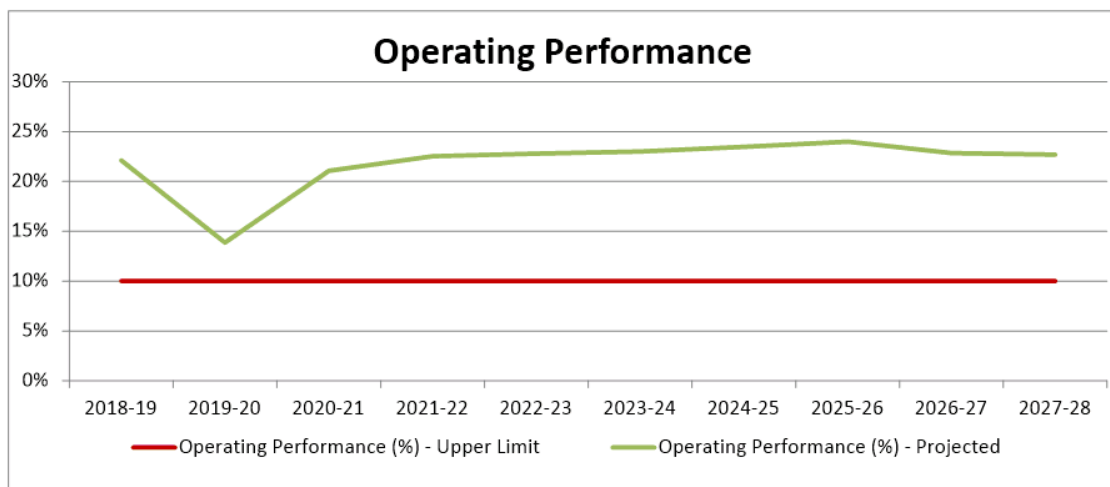




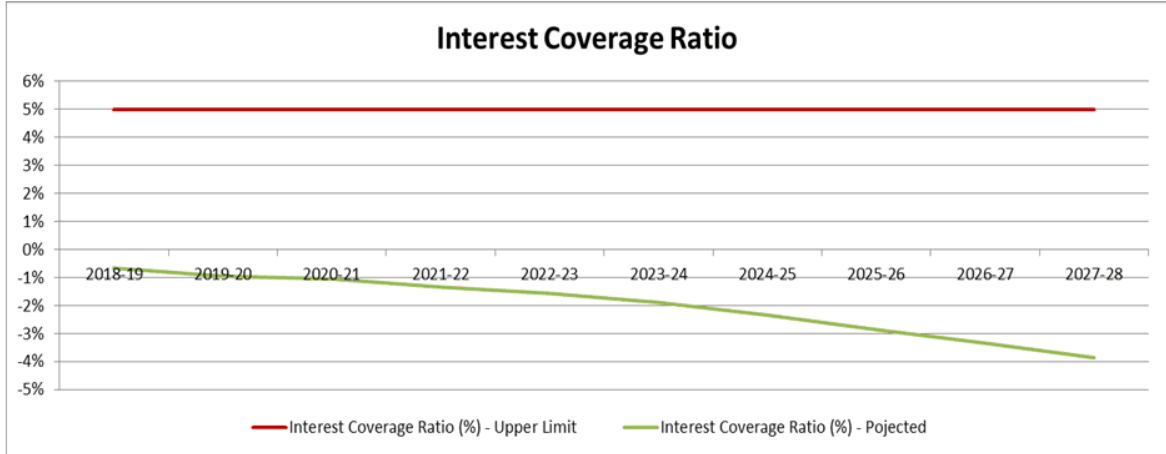
Council’s operating performance can also be measured on a cash basis (as opposed to the accrual basis above). Cash from operations comprises:

- receipts from customers
- payments to suppliers and employees
- interest revenue
- borrowing costs.

Council’s monthly cash flow cycle during the financial year is not consistent due to the quarterly rating cycle although this is not seen in the long-term financial forecast as the rating cycle aligns to the financial year.



The Operating Performance Ratio measures net cash from operations as a percentage of total cash operating revenues. The target is set by Council and the ratio has been meaningful in previous years when Council had focused on operating cash flows over investing or financing cash flows. In recent years, Council has looked to shift the burden from ratepayers and diversify its portfolio with the creation of a wholly owned subsidiary Redland Investment Corporation (RIC). Returns from RIC are classified as investing and not operating. Additionally, the rating cycle continues to create monthly volatility in the ratio due to the timing of rates revenue receipts compared to timing of expenses. The Strategy and its key performance indicators have therefore been reviewed and the target for the operating performance ratio has been reduced from 15 per cent to 10 per cent to reflect current operational processes. This change has no impact on the financial standing of Council.



The Interest Coverage Ratio is a measure that outlines the percentage of recurrent (operating) revenue that is utilised for net interest. The Interest Coverage Ratio is less than zero when interest revenue is greater than interest expense.



6. Liabilities Management

6.1 Background

Council recognises several liabilities on its balance sheet including employee provisions, landfill remediation provision, borrowings and accounts payable. Council’s largest liability in dollar terms is its borrowings.

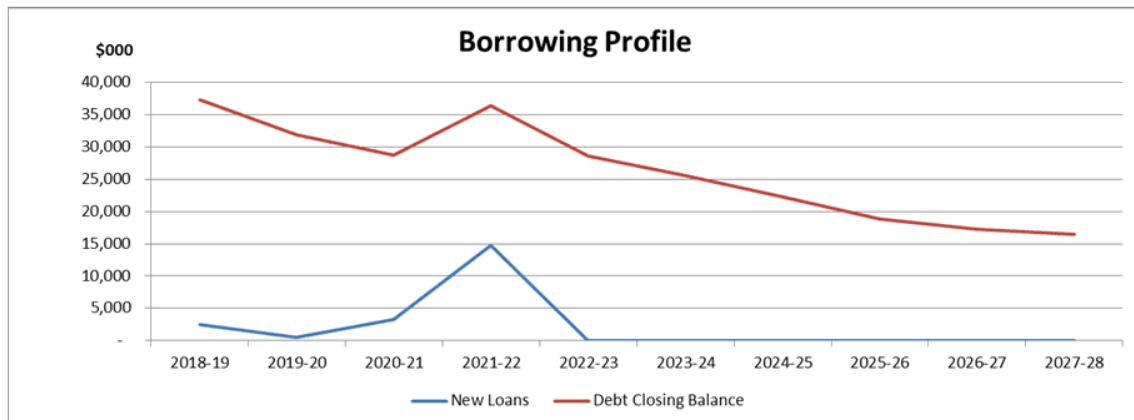
Council borrows from Queensland Treasury Corporation (QTC) for works in one or more of the following three areas:

- risk management
- asset management
- intergenerational projects (projects with associated assets of 25 years or more useful life).

Council holds debt for different categories of works and borrows for periods between two and 20 years. Council’s debt consists of fixed rate loans following the debt restructure initiated by QTC in April 2016 and is recorded in the financial management system at book value.

Council makes annual debt repayments to support the policy position of reducing the community’s debt when cash balances are sufficient to fund works without increasing liabilities, while reducing the interest expense associated with the borrowings. As debt was borrowed when interest rates were higher, and Council’s conservative policy position of investing to protect capital, currently the cost of debt is higher than the returns on investments.

The following chart illustrates Council’s current risk appetite to reduce debt balances over the life of this financial plan although a review is undertaken of this policy position on an annual basis when updating the Debt Policy and this strategy.





In relation to the ten year financial model, debt management will be monitored to ensure affordability and support the achievement of the financial sustainability targets. Management attention will continue in the following areas:

- capital project prioritisation in conjunction with Council's Capital Works Prioritisation Policy – due to the requirement to be able to identify capital projects that have the ability to be debt funded
- net debt position – Council has adopted the policy position to utilise cash balances and constrained cash reserves where applicable and appropriate although is mindful of the impacts on the net debt position
- only borrowing when necessary – Council has limited new borrowings forecast in the life of the Strategy due to healthy cash balances and the desire to utilise constrained cash reserves over debt. Council frequently reviews its borrowing requirements and can change this policy position to suit business and community needs in line with the borrowing application timeframes of the Department.

The second largest liability on Council's balance sheet is the landfill rehabilitation provision. Council has an obligation to maintain the closed landfills in the city and the liability is calculated from a ten year model that forecasts the future works. The calculation to determine the provision is carried out in accordance with the *Australian Accounting Standards Board (AASB) 137 – Provisions, Contingent Liabilities and Contingent Assets*.

Council also accounts for the annual leave and long service leave benefits that will be required to be paid out to officers following seven years' service. The annual calculation to determine this provision is in accordance with *AASB 119 Employee Benefits*.

6.2 Liabilities Management Policy Statements

6.2.1 DEBT POLICY STATEMENT

Council's Debt Policy objective is to ensure the sound management of Council's existing and future debt after assessing and minimising all associated risks in accordance with this strategy.

6.2.2 LANDFILL REHABILITATION POLICY STATEMENT

Council levies a Landfill Remediation Separate Charge and its policy position is to commit to long-term funding for the remediation of all closed landfills and manage financial, safety and environmental risks to meet statutory requirements and provide a community benefit.

6.2.3 EMPLOYEE BENEFITS

With respect to employee provisions, Council complies with the Australian Accounting Standards and ensures a liability is recognised for employees' services. Of note, annual leave is classified as a payable and long service leave is recorded as a provision.

6.3 Liabilities Management Policy Guidelines

The Strategy has adopted the following approaches in relation to debt management:

- actual borrowings are subject to the maintenance of approved financial ratios and targets
- borrow only where the interest and debt principal repayments can be serviced
- borrowings will only be for capital works, never recurrent expenditure and will be restricted to funding works relating to risk management, asset management or intergenerational projects
- effectively manage its risks, and ensure risks undertaken are reasonable and necessary
- effectively manage its exposure to unfavourable interest rate changes



- Council will continue to underpin debt with specific jobs and work programs that have been undertaken in the same financial year and will not use debt for general funding purposes
- regularly engage QTC for independent advice on financial sustainability.

With respect to landfill rehabilitation provision, Council considers the following:

- environmental monitoring, site investigations, minor works, maintenance, design and major capping works are included in the programs for closed landfill rehabilitation
- economies of scale will be considered in addition to cross Council capital and operational planning
- all expenditure from the separate charge will be within scope, i.e. for closed landfill rehabilitation
- risk reduction and legislative compliance will form the basis for expenditure decisions.

6.4 Key Risks, Issues and Mitigation Strategies

The Strategy has identified the following opportunities and risks in relation to liabilities management which have been assessed in accordance with Council’s adopted Enterprise Risk Management framework.

Opportunity	Likelihood	Consequence	Rating
Improved processes around financing of capital projects result in optimisation of borrowings	Likely	Medium	High
Technology improvements, economies of scale or efficiencies reduce the costs associated with closed landfill rehabilitation	Possible	Medium	Medium
Improved management of Annual Leave and Long Service Leave reduces liabilities	Likely	Low	Medium
Borrowing when interest rates are historically low	Almost Certain	Low	High

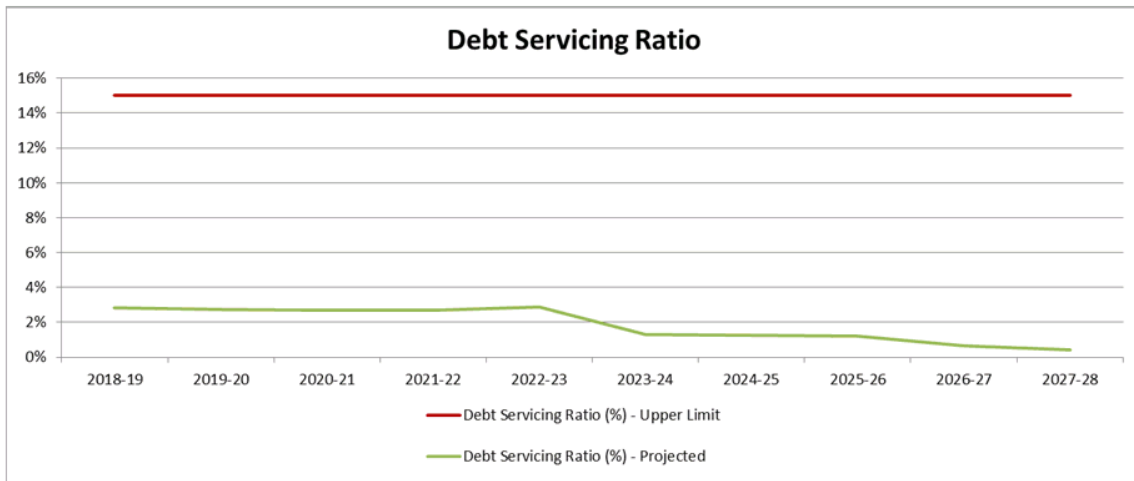
Risk	Likelihood	Consequence	Rating
Asset management planning identifies a growing infrastructure backlog that requires debt funding	Likely	Medium	High
Contingent liabilities not fully covered by insurance	Unlikely	Medium	Medium
Interest rates increase significantly over the ten years and future loans cost significantly more	Possible	Medium	Medium
Council’s net debt position deteriorates as cash balances reduce quicker than debt balances	Unlikely	Low	Low
Reduced ability to repay borrowing costs	Unlikely	Low	Low

In order to mitigate the above risks or explore the opportunities, the following projects and actions continue across Council:

- Council will review its ten year capital program simultaneously to its annual review of the Strategy. The ten year capital program will align to the requirements of the Capital Works Prioritisation Policy and the long-term financial forecast will then determine whether borrowing is required for works relating to risk management, asset management or intergenerational projects.
- further consideration will be given to capitalise interest expense – identification of qualifying assets
- Council will continue to work with QTC and request credit/sustainability reviews or similar where practicable to ensure current budgeting, forecasting and financing assumptions and parameters are reasonable.

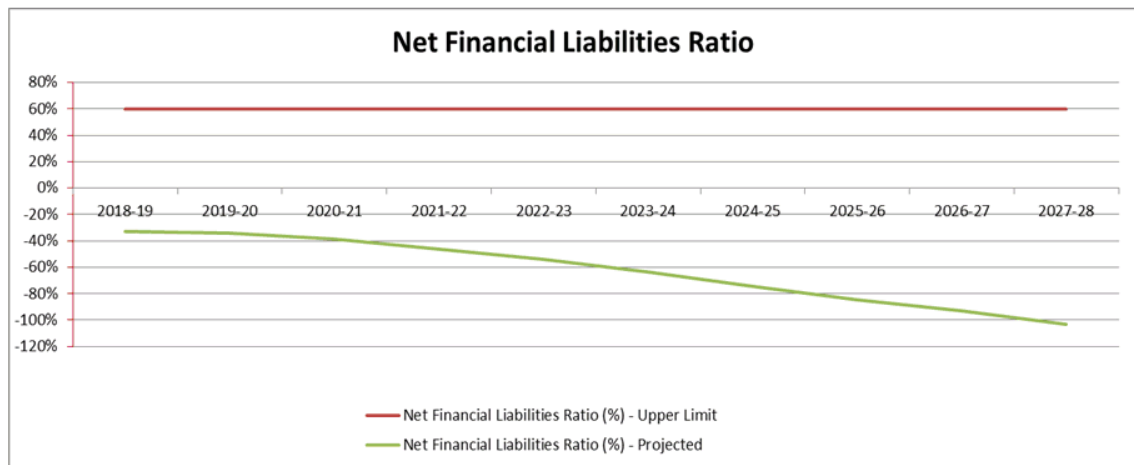


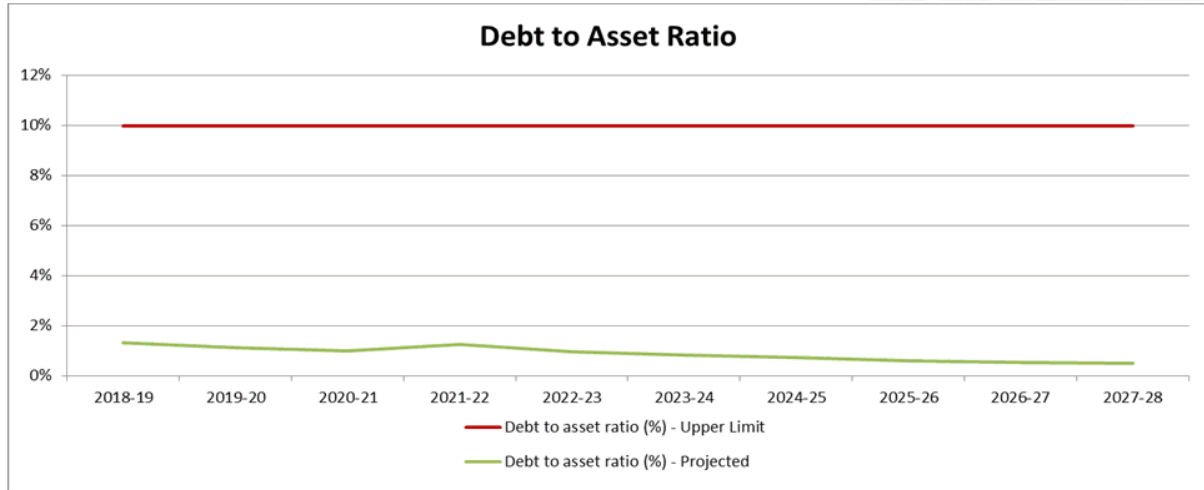
6.5 Key Performance Information



The above graph illustrates Council can clearly cover the principal and interest payments associated with borrowings. In recent years, Council has utilised surplus cash as a preference over increasing liabilities on the community’s balance sheet.

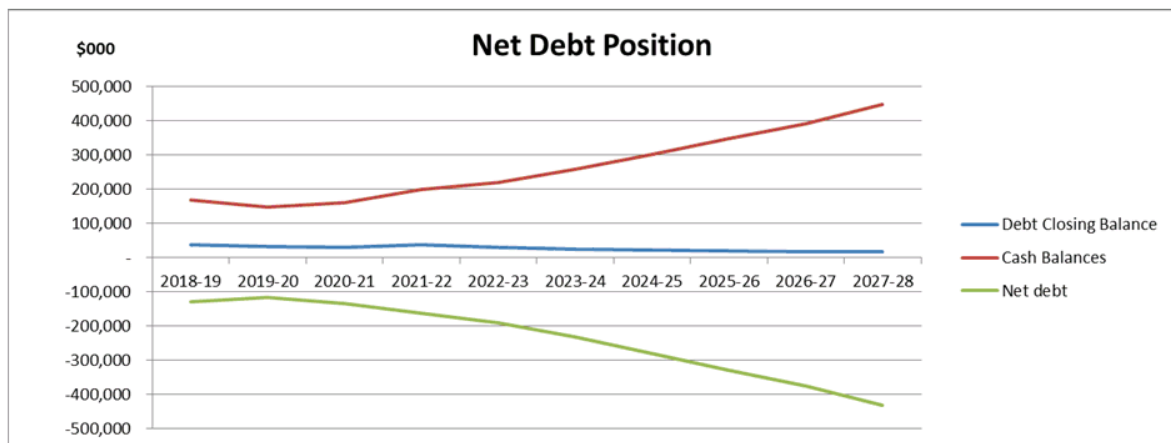
The following chart evidences Council’s ability to fund its net financial liabilities from recurrent revenues. Council’s balance sheet is very healthy with respect to working capital (current assets – current liabilities) as seen in an earlier chapter. The net financial liabilities ratio also considers the non-current liabilities in addition to current liabilities and subtracts the current assets before considering this amount as a percentage of total operating revenue.





Council's asset base is in the order of \$2.6 billion dollars and debt is decreasing substantially over the long-term forecast.

In addition to the aforementioned ratios and key performance indicators, Council is aware of its net debt position. Net debt is calculated as total debt (current plus non-current) minus cash and cash equivalents. The net debt measure is a factor in the QTC sustainability reviews and is stated as a risk above due to Council's commitment to utilise surplus cash balances and constrained cash reserves. If debt exceeds cash at any time, this is a signal for review, although not necessarily a major concern provided Council can still service the debt.





7. Equity Management

7.1 Background

Community equity on Council's Statement of Financial Position comprises:

- asset revaluation surplus
- retained earnings (profits from previous years)
- constrained cash reserves.

As mentioned previously, constrained cash reserves are monies that have been received for a particular purpose and can be from sources including special charges, developer contributions or grants, contributions or donations. These reserves are reconciled and reported on a monthly basis.

7.2 Equity Management Policy Statements

Council's utilisation of the asset revaluation surplus is in accordance with the Australian Accounting Standards.

Council holds the following policy position with respect to reserves:

- funds are only restricted for current or future planned expenditure
- reserves will not exceed cash balances at the end of each financial year.

7.3 Equity Management Policy Guidelines

The Strategy has adopted the following approaches in relation to equity management:

- community equity will always be budgeted to grow from one year to the next, even in the case of one off operational deficits – i.e. when operating deficits are forecast, capital revenue streams will be sourced to ensure community equity continues to grow
- expenditure will be funded from grants and subsidies and/or reserves before unrestricted cash and borrowings are considered.



8. Implementation and Linkage

8.1 Background

Council reviews its Long-Term Financial Forecast at least annually in accordance with the *Local Government Regulation 2012*. Typically, the long-term financial strategy is implemented for year one through the annual budget development process. The 2018-2028 Financial Strategy has been updated as part of the 2018-19 annual budget adoption to ensure the key performance indicators and measures of sustainability are still within acceptable levels prior to budget adoption. Following annual budget adoption, the ten year forecast is also updated following each formal budget review to ensure understanding of in-year decisions on the long-term sustainability of Council.

8.2 Implementation and Linkage

The implementation of each element of the Strategy is through the broader financial management system. Council utilises its key financial policies to implement strategic direction in the asset, debt, investment, procurement, revenue and capital works sectors.

We will implement the Strategy:

- over ten years to ensure that the Strategy objectives can be achieved in a financially sustainable way and that these can be delivered in an effective and efficient manner
- through the delivery of operational and capital programs which are aligned with Corporate Plan objectives. Through the Portfolio Management Office, significant capital and operational projects will be subject to rigorous business cases and prioritisation to ensure that the alignment is applied consistently before they are included in future spending plans
- by continuing with rating reform which is provided in a separate policy document, however the intent is to:
 - ensure that the rating system is simplified and is understood by the community
 - that the Revenue Policy reflects the capacity of the property to generate revenue for owners
 - limiting increases in residential rates generally in line with the Consumer Price Index (CPI)
- through continued integration between asset management and procurement planning with financial planning which will ensure that spending on community assets will be clearly defined and in accordance with sound asset management and procurement practices
- by adhering to a sustainable borrowing policy which may see increases in affordable borrowings over the medium-term aimed at supporting capital spending in accordance with the Strategy objectives.

8.3 Implementation Control and Issues

From an operational perspective, the implementation of the Strategy is an opportunity to unite the organisation in its financial management. The Operational Leadership Group (middle and senior managers) meet frequently to review performance against financial targets and discuss congruence between operational works and strategic goals.

Council utilises scorecards to monitor performance against many strategies, required outcomes from the financial strategy are included in these scorecards. Through its monthly financial reports, formal budget reviews and associated variance analysis, financial workshops and Audit Committee, Council also continuously:

- challenges assumptions within the Strategy
- reviews the financial stability and measures of sustainability targets
- reviews the key performance indicators for appropriateness



- benchmarks performance against comparable local governments.

Council continues to implement business intelligence software which will provide budget managers and owners with another tool to assess performance against the Strategy.

With respect to issues, Council continues to review its Activity Based Costing (ABC) methodologies and Service Level Agreements (SLAs). These two fundamental areas ensure connection between operational decisions and strategic intent. Additionally, Council is cascading financial targets further down the organisation to ensure entity level targets and line items are achieved in an efficient manner and not through 'across the board' reductions where practicable. Each budget development process is iterative by nature to ensure the final position is financially sustainable. Through better costing, SLAs, target cascade and business intelligence improvements, the number of iterations should decrease to drive efficiencies in the way Council implements its financial strategy.



9. Commercial Opportunities

9.1 Background

Every year as part of its budget development process, Council reviews its Revenue Policy. The current policy highlights the overarching position we presently hold:

In order to minimise price increases on residents through the General Rate, Council is committed to exploring additional or alternative revenue streams through the establishment of business activities under the National Competition Policy framework where this is appropriate and in accordance with policy. In doing this the following principles will be considered:

- *The adoption of a business activity recognises the activity is conducted, or has the potential to be conducted, in competition with the private sector giving greater transparency to the community over the activity and clarity of the revenue stream.*
- *The determination of the standard and quality of each business activity required based upon community/customer expectations and achieving best value for money irrespective of whether the service is delivered by an internal or external provider.*
- *By concentrating upon outcomes rather than processes, service specification is likely to encourage innovation and new solutions to meeting the needs and expectations of the community and customers.*

9.2 Policies associated with Commercial Businesses

Council maintains the current policies to support the decision making process with respect to commercial businesses:

- Application of Dividends and Tax Equivalent Payments
- Dividend Policy – Business Activities
- Competitive Neutrality Complaint Process
- Community Service Obligation Policy.

Industry specific policies include but are not limited to:

- Application of Water Charges
- Application of Wastewater Charges
- Trade Waste Policy.



9.3 Redland Investment Corporation and its subsidiaries

Council continues to look for ways to minimise increases to rates and charges as well as strengthening its financial position. In 2015, Council established Redland Investment Corporation (RIC), an independent company set up with the objective to investigate and create alternative streams of revenue for Council. The ownership of a number of assets has been transferred from Council to RIC since this time. The projected financial returns to Council from RIC are included in the financial strategy as follows:

	Year 1 2018-19 \$000	Year 2 2019-20 \$000	Year 3 2020-21 \$000	Year 4 2021-22 \$000	Year 5 2022-23 \$000	Year 6 2023-24 \$000	Year 7 2024-25 \$000	Year 8 2025-26 \$000	Year 9 2026-27 \$000	Year 10 2027-28 \$000
RIC Returns	1,000	1,500	1,529	1,557	1,587	1,617	1,648	1,679	1,771	1,744

RIC also manages some of Council’s underutilised land with an objective to improve the use or gain best value for these assets that do not meet the Redland Open Space Strategy or the Redlands 2030 Community Plan. RIC also has in place a service level agreement with Council to act as the preferred commercial consultant for the Priority Development Area (PDA) projects. RIC operates under the *Local Government Act 2009* and the *Corporations Act 2001*.

9.4 Existing Commercial Opportunities

Council currently has two commercial business units, namely:

- Redland Water
- RedWaste.

The two units adhere to the requirements of the *Local Government Act 2009*, the *Local Government Regulation 2012* and the Local Government Tax Equivalents Regime (LGTER) in addition to heads of power relevant for their particular industries. Financial accounting, budget development and reporting for the commercial business units consider the Code of Competitive Conduct, Competitive Neutrality Principles, Pricing Provisions, Community Service Obligations (subsidies) and also Full Cost Pricing in addition to the standard considerations undertaken by officers and Councillors.

During each annual budget development process, specific workshops are allocated to the commercial businesses where the financial modelling and outputs (financial statements and long-term price paths) are considered in detail alongside the aforementioned statutory requirements. Additionally, each commercial business unit compiles an Annual Performance Plan.

Council’s budget adoption and formal reviews outline the impacts to the two commercial businesses through the inclusion of operating and capital funding statements at the commercial business level. Council’s long-term financial modelling at entity level includes specific parameters and assumptions for the commercial businesses to ensure congruence and alignment in financial management.



9.5 Redlands Priority Development Areas and Other

Priority Development Areas (PDA) are products of the *Economic Development Act 2012* which facilitates economic development across Queensland. Both Cleveland (Toondah Harbour) and Redland Bay (Weinam Creek) were designated Priority Development Areas by the Queensland Government with the desired outcome to promote transport, tourism and businesses within Redland City.

Shoreline Redlands Pty. Ltd. (Shoreline) is developing a new authentic coastal township in Redland Bay, taking advantage of a prime location overlooking Southern Morton Bay Islands. The development will include a town centre with shops, restaurants and cafés, a 2.2km 29-hectare foreshore park linked by 47 hectares of wildlife corridors and parks, with extensive playgrounds, over 8km of walking and cycling trails, plus 2 district-level sports facilities and multiple ovals. It is expected that this development will contribute to the economic development of Redlands and revenue base.

9.6 Key Risks, Issues and Mitigation Strategies

The Strategy has identified the following opportunities and risks in relation to commercial opportunities which have been assessed in accordance with Council’s adopted Enterprise Risk Management framework.

Opportunity	Likelihood	Consequence	Rating
Revenue streams for Council that reduce price increases on residents through general rates	Likely	Low	Medium
Demand to live in Redland City – official government modelling anticipates by 2061 the population will grow from 22.7 million (2012) to 48.3 million	Likely	Medium	High
Reduction of maintenance costs on idle assets-current surplus land has a maintenance cost but does not generate revenue	Likely	Low	Medium

Risk	Likelihood	Consequence	Rating
Reputation Risk - Council selling land that the community would like to retain	Possible	Medium	Medium
Current forecasts of gain on sale of developed land may not eventuate due to changes in market conditions	Possible	Low	Medium

In order to mitigate the above risks or explore the opportunities, the following projects and actions continue across Council:

- Council will continue to demand prudence and efficiency in all decisions made by its existing commercial businesses Redland Water and RedWaste
- Separate operating and capital funding statements will continue to be produced for Redland Water and RedWaste, to track performance against forecasts and budgets
- Council will be represented at the Redland Investment Corporation Board meetings to ensure forecast returns from RIC to Council remain realistic
- RIC will submit quarterly reports to Redland City Council General Meetings to track performance against expectations.



10. Appendices

10.1 Long-Term Financial Forecast Statements

LONG-TERM FINANCIAL FORECAST - PROJECTED STATEMENT OF COMPREHENSIVE INCOME										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Recurrent revenue										
Rates, levies and charges	243,611	254,016	265,196	275,188	285,620	296,513	307,890	319,773	331,495	343,719
Fees	13,673	14,521	15,422	16,371	17,378	18,447	19,582	20,787	21,984	23,249
Rental income	912	938	964	991	1,019	1,047	1,077	1,107	1,138	1,170
Interest received	4,289	4,699	4,826	5,548	6,657	7,692	9,426	11,467	13,707	16,254
Investment returns	1,000	1,500	1,529	1,558	1,587	1,617	1,648	1,679	1,711	1,744
Sales revenue	3,735	3,840	3,947	4,058	4,172	4,290	4,410	4,534	4,661	4,792
Other income	694	713	733	754	775	797	819	842	866	890
Grants, subsidies and contributions	11,223	7,837	7,940	8,041	6,998	7,104	7,211	7,320	7,404	7,490
Total recurrent revenue	279,136	288,064	300,556	312,509	324,206	337,507	352,063	367,510	382,967	399,309
Capital revenue										
Grants, subsidies and contributions	32,501	33,283	34,100	34,064	35,923	37,952	41,011	43,101	39,224	40,234
Non-cash contributions	6,868	6,798	6,968	7,142	7,320	7,522	7,728	7,941	8,159	8,384
Total capital revenue	39,369	40,080	41,067	41,205	43,243	45,473	48,739	51,042	47,383	48,618
TOTAL INCOME	318,505	328,144	341,623	353,714	367,449	382,980	400,803	418,553	430,350	447,927
Recurrent expenses										
Employee benefits	86,248	89,442	91,679	93,972	96,184	98,624	101,125	103,726	106,395	109,132
Materials and services	128,894	132,201	142,975	145,274	151,315	158,665	165,757	173,227	187,220	197,319
Finance costs	2,840	2,449	2,146	1,826	2,075	1,881	1,714	1,537	1,474	1,453
Depreciation and amortisation	63,505	63,170	63,646	66,633	68,758	70,542	72,283	74,460	76,835	78,234
Total recurrent expenses	281,487	287,262	300,446	307,704	318,333	329,712	340,880	352,950	371,923	386,137
Capital expenses										
Loss on disposal of non-current assets	289	376	(1,242)	332	602	436	663	263	125	764
Total capital expenses	289	376	(1,242)	332	602	436	663	263	125	764
TOTAL EXPENSES	281,776	287,638	299,204	308,036	318,935	330,147	341,543	353,214	372,048	386,901
NET RESULT	36,729	40,506	42,419	45,678	48,514	52,833	59,259	65,339	58,302	61,026
Other comprehensive income/(loss)										
Items that will not be reclassified to net result										
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	36,729	40,506	42,419	45,678	48,514	52,833	59,259	65,339	58,302	61,026



LONG-TERM FINANCIAL FORECAST - PROJECTED STATEMENT OF FINANCIAL POSITION										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Current assets										
Cash and cash equivalents	167,263	146,966	161,859	198,568	220,240	257,698	302,082	348,165	392,521	447,580
Trade and other receivables	27,273	23,104	24,181	25,102	25,970	26,901	28,027	29,126	30,209	31,255
Inventories	556	556	556	556	556	556	556	556	556	556
Non-current assets held-for-sale	262	262	262	262	262	262	262	262	262	262
Other current assets	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073
Total current assets	197,428	172,961	188,931	226,561	249,100	287,491	333,000	380,183	425,621	481,726
Non-current assets										
Investment property	1,091	1,091	1,091	1,091	1,091	1,091	1,091	1,091	1,091	1,091
Property, plant and equipment	2,608,476	2,641,438	2,665,302	2,681,142	2,699,763	2,711,665	2,722,806	2,738,172	2,750,733	2,755,726
Intangible assets	826	1,110	2,156	2,974	3,743	4,463	5,133	5,753	6,324	6,846
Other financial assets	73	73	73	73	73	73	73	73	73	73
Investment in other entities	14,712	14,712	14,712	14,712	14,712	14,712	14,712	14,712	14,712	14,712
Total non-current assets	2,625,178	2,658,423	2,683,333	2,699,992	2,719,382	2,732,003	2,743,814	2,759,801	2,772,933	2,778,447
TOTAL ASSETS	2,822,606	2,831,384	2,872,264	2,926,553	2,968,482	3,019,495	3,076,814	3,139,984	3,198,554	3,260,173
Current liabilities										
Trade and other payables	40,840	13,945	14,947	15,216	15,789	16,433	17,149	17,854	19,097	19,968
Borrowings	7,713	6,315	6,813	7,219	3,265	3,277	3,475	1,693	861	857
Provisions	13,742	13,505	13,835	14,169	14,522	14,879	15,251	15,628	16,020	16,377
Other current liabilities	1,747	1,796	1,846	1,898	1,952	2,006	2,063	2,121	2,180	2,242
Total current liabilities	64,041	35,561	37,440	38,502	35,527	36,596	37,938	37,295	38,158	39,444
Non-current liabilities										
Borrowings	29,651	25,584	21,904	29,204	25,359	22,259	18,789	17,107	16,388	15,610
Provisions	12,115	12,934	13,196	13,445	13,681	13,892	14,080	14,235	14,359	14,444
Total non-current liabilities	41,766	38,518	35,101	42,649	39,040	36,151	32,869	31,342	30,747	30,055
TOTAL LIABILITIES	105,807	74,080	72,541	81,151	74,567	72,747	70,806	68,637	68,905	69,499
NET COMMUNITY ASSETS	2,716,799	2,757,304	2,799,724	2,845,401	2,893,915	2,946,748	3,006,008	3,071,347	3,129,649	3,190,674
Community equity										
Asset revaluation surplus	1,070,838	1,070,838	1,070,838	1,070,838	1,070,838	1,070,838	1,070,838	1,070,838	1,070,838	1,070,838
Retained surplus	1,517,043	1,556,678	1,597,754	1,654,235	1,700,416	1,739,118	1,786,308	1,833,939	1,878,833	1,917,106
Constrained cash reserves	128,918	129,789	131,131	120,329	122,661	136,792	148,862	166,570	179,978	202,731
TOTAL COMMUNITY EQUITY	2,716,799	2,757,304	2,799,724	2,845,401	2,893,915	2,946,748	3,006,008	3,071,347	3,129,649	3,190,674



LONG-TERM FINANCIAL FORECAST - PROJECTED STATEMENT OF CASH FLOWS										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities										
Receipts from customers	261,712	277,013	284,114	295,336	306,865	318,990	331,450	344,704	357,781	371,457
Payments to suppliers and employees	(213,794)	(248,302)	(233,418)	(238,760)	(246,716)	(256,464)	(266,007)	(276,126)	(292,276)	(305,571)
	47,919	28,711	50,696	56,576	60,149	62,526	65,443	68,578	65,505	65,886
Interest received	4,289	4,699	4,826	5,548	6,657	7,692	9,426	11,467	13,707	16,254
Rental income	912	951	962	989	1,017	1,045	1,074	1,105	1,136	1,168
Non-capital grants and contributions	11,223	7,953	7,929	8,033	7,084	7,097	7,201	7,311	7,397	7,484
Borrowing costs	(2,809)	(1,985)	(1,670)	(1,335)	(1,569)	(1,359)	(1,176)	(982)	(902)	(863)
Net cash inflow/(outflow) from operating activities	61,533	40,330	62,743	69,812	73,337	77,001	81,968	87,479	86,843	89,929
Cash flows from investing activities										
Payments for property, plant and equipment	(66,880)	(90,417)	(82,387)	(76,949)	(81,627)	(76,441)	(77,164)	(83,304)	(82,606)	(76,163)
Payments for intangible assets	-	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)
Proceeds from sale of property, plant and equipment	1,410	1,322	2,941	1,367	1,097	1,263	1,036	1,436	1,574	935
Capital grants, subsidies and contributions	32,501	33,283	34,100	34,064	35,923	37,952	41,011	43,101	39,224	40,234
Other cash flows from investing activities	1,000	1,549	1,579	1,609	1,640	1,672	1,704	1,737	1,771	1,805
Net cash inflow/(outflow) from investing activities	(31,969)	(55,162)	(44,667)	(40,809)	(43,867)	(36,454)	(34,313)	(37,930)	(40,937)	(34,089)
Cash flows from financing activities										
Proceeds from borrowings	2,500	457	3,211	14,704	-	-	-	-	-	-
Repayment of borrowings	(5,035)	(5,922)	(6,393)	(6,998)	(7,799)	(3,088)	(3,271)	(3,465)	(1,551)	(781)
Net cash inflow/(outflow) from financing activities	(2,535)	(5,465)	(3,182)	7,706	(7,799)	(3,088)	(3,271)	(3,465)	(1,551)	(781)
Net increase/(decrease) in cash and cash equivalents held	27,030	(20,297)	14,893	36,709	21,672	37,459	44,383	46,084	44,355	55,059
Cash and cash equivalents at beginning of the financial year	140,234	167,263	146,966	161,859	198,568	220,240	257,698	302,082	348,165	392,521
Cash and cash equivalents at end of the financial year	167,263	146,966	161,859	198,568	220,240	257,698	302,082	348,165	392,521	447,580



LONG-TERM FINANCIAL FORECAST - PROJECTED OPERATING STATEMENT										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue										
Rates charges	100,486	104,366	108,724	113,211	117,884	122,750	127,816	133,092	138,067	143,228
Levies and utility charges	146,618	153,270	160,236	165,887	171,799	177,985	184,460	191,239	198,149	205,381
Less: Pensioner remissions and rebates	(3,493)	(3,621)	(3,764)	(3,910)	(4,063)	(4,222)	(4,387)	(4,558)	(4,721)	(4,890)
Fees	13,673	14,521	15,422	16,371	17,378	18,447	19,582	20,787	21,984	23,249
Operating grants and subsidies	10,744	7,340	7,423	7,505	6,442	6,526	6,611	6,698	6,760	6,824
Operating contributions and donations	479	497	516	536	556	578	600	623	644	666
Interest external	4,289	4,699	4,826	5,548	6,657	7,692	9,426	11,467	13,707	16,254
Investment returns	1,000	1,500	1,529	1,558	1,587	1,617	1,648	1,679	1,711	1,744
Other revenue	5,340	5,490	5,644	5,803	5,966	6,134	6,306	6,483	6,665	6,853
Total revenue	279,136	288,064	300,556	312,509	324,206	337,507	352,063	367,510	382,967	399,309
Expenses										
Employee benefits	86,248	89,442	91,679	93,972	96,184	98,624	101,125	103,726	106,395	109,132
Materials and services	129,100	132,416	143,199	145,506	151,557	158,917	166,020	173,500	187,503	197,613
Finance costs other	427	464	476	491	506	522	538	555	572	590
Other expenditure	507	523	540	558	576	594	613	633	652	672
Net internal costs	(713)	(738)	(764)	(790)	(818)	(846)	(875)	(906)	(935)	(966)
Total expenses	215,570	222,106	235,130	239,736	248,006	257,811	267,421	277,509	294,186	307,041
Earnings before interest, tax and depreciation (EBITD)	63,566	65,957	65,425	72,772	76,200	79,696	84,642	90,002	88,780	92,268
Interest expense	2,413	1,985	1,670	1,335	1,569	1,359	1,176	982	902	863
Depreciation and amortisation	63,505	63,170	63,646	66,633	68,758	70,542	72,283	74,460	76,835	78,234
Operating Surplus/(Deficit)	(2,351)	802	109	4,804	5,873	7,795	11,183	14,560	11,043	13,172



LONG-TERM FINANCIAL FORECAST - PROJECTED CAPITAL FUNDING STATEMENT										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Proposed sources of capital funding										
Capital contributions and donations	30,949	31,709	32,505	33,322	35,159	37,165	40,200	42,267	38,364	39,349
Capital grants and subsidies	1,552	1,573	1,594	742	764	787	811	835	860	886
Proceeds on disposal of non-current assets	1,410	1,322	2,941	1,367	1,097	1,263	1,036	1,436	1,574	935
Capital transfers (to) from reserves	(20,277)	5,872	5,697	17,239	2,710	(9,264)	(7,352)	(13,159)	(9,490)	(19,195)
Non-cash contributions	6,868	6,798	6,968	7,142	7,320	7,522	7,728	7,941	8,159	8,384
New loans	2,500	412	2,786	11,704	-	-	-	-	-	-
Funding from general revenue	56,177	56,349	44,157	20,473	50,596	50,478	46,641	56,291	53,749	55,870
Total sources of capital funding	79,179	104,036	96,648	91,988	97,646	87,950	89,064	95,610	93,217	86,228
Proposed applications of capital funds										
Contributed assets	6,868	6,798	6,968	7,142	7,320	7,522	7,728	7,941	8,159	8,384
Capitalised goods and services	60,420	83,034	75,733	70,788	75,041	70,326	70,984	76,567	75,932	70,073
Capitalised employee costs	6,461	8,282	7,554	7,061	7,485	7,015	7,080	7,637	7,574	6,990
Loan redemption	5,431	5,922	6,393	6,998	7,799	3,088	3,271	3,465	1,551	781
Total applications of capital funds	79,179	104,036	96,648	91,988	97,646	87,950	89,064	95,610	93,217	86,228
Other budgeted items										
Transfers to constrained operating reserves	(12,548)	(8,763)	(8,878)	(8,991)	(7,825)	(7,943)	(8,063)	(8,185)	(8,279)	(8,374)
Transfers from constrained operating reserves	8,747	8,971	9,702	9,858	10,268	10,767	11,248	11,755	12,705	13,390
Written down value (WDV) of assets disposed	1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699

10.2 Glossary – Key Performance Indicators

Definition of Ratios	
Level of Dependence on General Rate Revenue:	General Rates - Pensioner Remissions
<i>This ratio measures Council's reliance on operating revenue from general rates (excludes utility revenues)</i>	Total Operating Revenue - Gain on Sale of Developed Land
Current Ratio:	Current Assets
<i>This measures the extent to which Council has liquid assets available to meet short term financial obligations</i>	Current Liabilities
Debt Servicing Ratio:	Interest Expense + Loan Redemption
<i>This indicates Council's ability to meet current debt instalments with recurrent revenue</i>	Total Operating Revenue - Gain on Sale of Developed Land
Cash Balance - \$M:	Cash Held at Period End
Cash Capacity in Months:	Cash Held at Period End
<i>This provides an indication as to the number of months cash held at period end would cover operating cash outflows</i>	[[Cash Operating Costs + Interest Expense] / Period in Year]
Debt to Asset Ratio:	Current and Non-current loans
<i>This is total debt as a percentage of total assets, i.e. to what extent will our long-term debt be covered by total assets</i>	Total Assets
Operating Performance:	Net Cash from Operations + Interest Revenue and Expense
<i>This ratio provides an indication of Redland City Council's cash flow capabilities</i>	Cash Operating Revenue + Interest Revenue
Operating Surplus Ratio*:	Net Operating Surplus
<i>This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes</i>	Total Operating Revenue
Net Financial Liabilities*:	Total Liabilities - Current Assets
<i>This is an indicator of the extent to which the net financial liabilities of Council can be serviced by operating revenues</i>	Total Operating Revenue
Interest Coverage Ratio:	Net Interest Expense on Debt Service
<i>This ratio demonstrates the extent which operating revenues are being used to meet the financing charges</i>	Total Operating Revenue
Asset Sustainability Ratio*:	Capital Expenditure on Replacement of Infrastructure Assets (Renewals)
<i>This ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out</i>	Depreciation Expenditure on Infrastructure Assets

* These targets are set to be achieved on average over the long-term



Disclaimer

While every care has been taken in preparing this publication, Redland City Council accepts no responsibility for decisions or actions taken as a result of any data, information, statement or advice, expressed or implied, contained within. To the best of our knowledge the content was correct at the time of publishing.





6 MEETING CLOSURE

The Meeting closed at 10.52am.

The minutes of this meeting were confirmed at the General Meeting held on 25 July 2018.

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CHAIRPERSON