

Redland
CITY COUNCIL

MINUTES

SPECIAL BUDGET MEETING

Thursday, 27 June 2019

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 THURSDAY, 27 JUNE 2019 AT**

1 DECLARATION OF OPENING

The Mayor declared the meeting open at 1.03pm 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 are present.

2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE

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

LEAVE OF ABSENCE: Nil

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

MINUTES: Lizzi Striplin, Corporate Meetings & Registers Supervisor

COUNCILLOR ABSENCES DURING THE MEETING

Cr Paul Gleeson left the meeting at 1.38pm and returned at 1.58pm (after Item 4)

Cr Peter Mitchell left the meeting at 1.41pm and returned at 1.42pm (after Item 4)

Cr Paul Bishop left the meeting at 1.58pm and returned at 1.59pm (after Item 4)

Cr Murray Elliott entered the meeting at 2.37pm

3 MATERIAL PERSONAL INTEREST OR CONFLICT OF INTEREST

Nil

4 BUDGET ADDRESS BY THE MAYOR

In presenting this Council's final budget of this electoral cycle I would like to reflect back on the path that was set during our first.

When this Council came together for the first time in 2016, we took a unified approach to help lay the foundations to take the city forward. We agreed on the need for financial responsibility, preserving what we all love about this city, preparing for the future and, despite the temptations, staying within our means to shield our City from volatility now and into the future. We have achieved that. The budget that we present today is the product of budgets that have preceded it. It is responsible and balanced, it is within our means and it caters for the necessities of now as well as providing for the needs of the future.

There are no doubt things all Councillors would have liked to see in this budget that were unable to be accommodated at this time and councillors will have the opportunity to articulate those things today. Those projects that fell below the line for this budget are not off the table. We will continue to look for efficiencies and lobby other levels of government to work with Council to deliver them.

The budget process is arduous. And, for that, I thank Councillors for their diligence, advocacy and forthright prosecution of their cases on behalf of their residents. The result is a balanced budget and, at \$305 million, the largest we have presented.

It is projected to deliver a small operational surplus while keeping the average rates and charges increase to 2.66 percent – or about 62 cents a week - for a typical category 1a, owner-occupied household, excluding utilities and State Government charges. The increase in the general rate and charges for an average commercial property in Redlands Coast is similar, helping to support the economic development strategies we have in place.

As an ageing community the total pensioner rebates across the city rise to more than \$3 million for 2019-20 and I am pleased that we are able to maintain rebates of \$335 a year for a full pensioner and \$167.50 for a part-pensioner.

This is the budget that is appropriate for Redlands Coast in 2019-20 and I am proud of what it delivers, including insulating ratepayers as much as possible from outside cost pressures.

One significant outside cost pressure came in the form of State Government land revaluations, which saw an average increase of more than 10 percent in land valuations across the city. Legislation dictates we must use these valuations to frame our rates and the revaluations were certainly at the front of our minds during the budget process. We worked hard to spread the load evenly across the rates base and present a budget that serves the entire city.

Again this year, State Government bulk water increases are another significant challenge we have had to endure. This year we saw a 6.8 per cent increase in bulk water costs – or a total of almost 50 percent over the past five years. To put it in perspective this year's bulk water bill for Council is almost \$40 million, which is equivalent to almost 70 per cent of our capital works budget. This is a significant impost on ratepayers.

And yet despite these ongoing bulk water increases, Council has managed to keep the increase on our Council-controlled water costs to less than 2 per cent. What is even more pleasing is that this year's modest increase in the Council-controlled retail component of our water cost follows us holding prices steady since 2015 to help absorb the State's continued bulk water increases.

The State's imposition of a waste levy on Council also has had an impact. While the State will pay us to partially offset that cost, there will be a shortfall. And despite gaining some ground in our efforts to convince the State and Federal governments to better fund infrastructure for our community, we are budgeting less than 5.7 per cent of this budget coming from State and Federal grants, leaving our residents to do the heavy lifting.

We will continue to advocate for more State and Federal funding for our community, as we did recently when we joined councils across the nation to lobby for an increase in the Federal Assistance Grants.

We appreciate this funding from the Federal Government that goes into on the ground services, but with councils managing 33 percent of public assets while collecting just 3 percent of Commonwealth tax revenue it is clearly inadequate, particularly for the needs of our island communities, which are "remote" by any definition of the word.

The external cost pressures we face each year are not going away and so Council is investigating a series of innovative solutions aimed at finding savings for our residents. Everything from alternative power options, innovative transport solutions and a collaborative regional approach to reducing waste costs, show our commitment to continuous improvement and insulating our community against these rising costs.

To offset the aggregate effects of all of these external imposts, Council has been dogged in its determination to find savings to keep rates to a minimum. The result is a budget which the city can afford now and into the future and which supports the lifestyle that we love here.

Residents tell us they do not want the liveability of Redlands Coast compromised, and we can only achieve that if we manage our finances responsibly.

The merits of Council's continued financial responsibility is highlighted by our ability to act quickly to bring strategic land at Birkdale and Cleveland Point into community ownership. Our strong financial stewardship means we can secure the 61 hectares of Birkdale Commonwealth land and the site adjacent the council reserve at Cleveland Point for the community. These areas will complement our existing community estate which now boasts 9800 hectares of conservation land – about 18 percent of our total land area.

Indeed, Council owns and manages more environmental and conservation land per capita than many neighbouring councils.

And while this adds to our reputation as a city of choice for residents and visitors, it also comes at a cost ...especially through the need to protect those areas and adjoining communities from threats such as catastrophic fires, which we take seriously.

This Budget will invest \$8.7 million into protecting and expanding this community-owned land so it can be enjoyed by generations of Redlanders. This year's Budget delivers a \$58.4 million capital works program targeted at growing and sustaining community infrastructure vital to the Redlands Coast's future, especially roads and parks.

The 2019-20 capital works program is focused, achievable and the result of a commitment to provide ratepayers with best value. This \$58.4 million program provides more than \$21 million for roads projects, helping get Redlanders around the city faster and safer. Almost \$9.5 million will go towards the naturally wonderful playgrounds, parks and sports fields, our community loves, including \$2 million for Stage 2A of Thornlands Community Park.

With more coastline than both the Gold and Sunshine Coasts and six beautiful island communities, the cost of being a coastal city is not insignificant and this year we will invest \$6.4 million into maintaining marine assets, including canal and breakwater works.

Another \$6.8 million will go towards infrastructure projects, including footpaths, cycle paths and bus shelter and seat renewals, \$4.8 million has been earmarked for water, waste and wastewater projects. And \$1.5 million will be targeted at community and cultural development.

Major individual projects include:

- \$4.5 million for the Collins Street and School of Arts Road upgrade at Redland Bay,
- \$2.5 million for canal trench blocks at Aquatic Paradise,
- \$2.3 million for further work on the Weinam Creek parking and revitalisation project at Redland Bay,
- \$1.9 million for the William Street breakwater at Cleveland, and
- Another \$2.2 million for the continued expansion of the popular Redlands IndigiScapes Centre at Capalaba, adding to its reputation as a regionally significant environmental education centre.
- These are all projects that support the livability and future of our city.
- They are all projects future generations will enjoy and I am hoping they are projects I and my fellow Councillors get to see delivered in the next term of Council.

For this Budget, as in previous years, we have let the community be our guide. It is informed by what the community has told us it wants for this city. As in previous budgets, there is no doubt every Councillor in these Chambers would want to do be able do more, but we will not write checks our community can't afford. I look forward to more debate and compromise around this table for future budgets and genuinely thank my colleagues for their commitment and the compromises that they have made.

As I mentioned before, the budget process is arduous and not just for Councillors. On behalf of Councillors, I would like to thank our CEO Andrew Chesterman and his Executive Leadership Team for their guidance and support throughout this process.

I would also like to thank Council's 16 Group Managers who make up the Senior Leadership Team. Our Chief Financial Officer Deborah Corbett-Hall and her finance team should especially be commended for their many long days, expertise and attention to detail. The professionalism and good humour you showed as we brought this budget together was much appreciated.

On behalf of Council, I present this year's Budget.

SUSPENSION OF STANDING ORDERS AT 1.17PM**PROCEDURAL RESOLUTION 2019/15**

Moved by: Cr Wendy Boglary

Seconded by: Cr Paul Bishop

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

CARRIED 10/0

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

Cr Murray Elliott was not present when the motion was put.

RESUMPTION OF STANDING ORDERS AT 2.42PM**PROCEDURAL RESOLUTION 2019/16**

Moved by: Cr Mark Edwards

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 2018-2019

Objective Reference: A3901075

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
Quasir Nasir, Corporate Accountant

Attachments: 1. [Statement of Estimated Financial Position 2018-2019](#) ↓

PURPOSE

The purpose of this report is to present Council's statement of estimated financial position for the 2018-2019 financial year in accordance with section 205(1) of the *Local Government Regulation 2012*. The attachment outlines Council's forecasted financial performance for the 2018-2019 financial year and forecasted financial position as at 30 June 2019.

BACKGROUND

The information contained in the attached financial report provides details of Council's original budget, revised budget and also a forecast position as at the end of June 2019.

ISSUES

The attached statement of estimated financial position 2018-2019 represents a combination of April year-to-date actuals and May to June budgeted movement as adopted by Council during the 2018-2019 final budget review on 8 May 2019.

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

The financial position of Council will be determined following the end of the 2018-2019 year and in accordance with the requirements of Australian Accounting Standards and other appropriate accounting principles. Particular points to note:

- the estimated financial position and financial performance 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 the other infrastructure assets and condition assessment on the final one third of sewerage pump stations, with desktop valuations undertaken on all other material asset classes. These statements do not reflect the outcomes of these valuations.
- final 2018-2019 results and position will be reflected in the audited financial statements for the year ended 30 June 2019 with Queensland Audit Office certification expected in October 2019.

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 also reviews the 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 2018-2019 financial year. As the figures are anticipated and unaudited, they are subject to change with the completion of the financial year-end account process and finalisation of the external audit by the 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 on original budget versus forecasted financial performance and position for the 2018-2019 financial year.

Environmental

Nil impact expected as the purpose of the attached report is to provide financial information to Council based on original budget versus forecasted financial performance and position for the 2018-2019 financial year.

Social

Nil impact expected as the purpose of the attached report is to provide financial information to Council based on original budget versus forecasted financial performance and position for the 2018-2019 financial year.

Alignment with Council's Policy and Plans

This report aligns with Council's 2018-2023 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

Consulted	Consultation Date	Comments/Actions
Finance Officers	May 2019	Prepared and reviewed the statement of estimated financial position 2018-2019
Chief Financial Officer	May 2019	Reviewed report with attachment
General Counsel Group	May 2019	Report and attachment reviewed for compliance with legislation

OPTIONS**Option One**

That Council resolves that pursuant to section 205 of the *Local Government Regulation 2012*, the statement of estimated financial position for the 2018-2019 financial year, as presented in the attached report, is received and its contents noted.

Option Two

That Council resolves to request additional information.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/17

Moved by: Cr Peter Mitchell

Seconded by: Cr Julie Talty

That Council resolves that pursuant to section 205 of the Local Government Regulation 2012, the statement of estimated financial position for the 2018-2019 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

As at 30 June 2019





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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 2019, as well as the revised budget movements for the months of May and June 2019. 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 2018-2019 original budget was developed and adopted prior to the finalisation of the 2017-2018 financial statements resulting in significant movements between the original and revised annual budgets for the 2018-2019 financial year;
- * 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 2018-2019 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 underspend on payments for property, plant and equipment, payments to suppliers and employees.
Trade and other receivables	Movement in sundry debtors and infrastructure charges debtors is contributing to this variance.
Other current assets	Movement in actual prepaid expenses is the main reason for this variance. There is no budget movement projected for prepayment balance.
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.
Intangible assets	Variance due to software assets capitalised during the year (includes, for example, enterprise vault and BI project).
Trade and other payables	Trade and other payables are lower due to end of year accruals not included in the actual balance.
Provisions - current & non-current	The variance is mainly due to provision for landfill rehabilitation which will be provided for at the end of the financial year. Current and non-current provision includes employee long service leave. End of year journal will be posted to record the current and non-current classification of long service leave provision.

Forecast Financial Results (Comprehensive Income)

Line Item	Comment
Operating Result	Council's estimated operating result for the year ended 30 June 2019 reflects a surplus of \$127K, with a \$3.03M favourable variance to the revised budget mainly due to the favourable variance in recurrent expenditure. The variance in recurrent expenditure is mainly due to underspend in contractor and consultant costs as well as bulk water costs and vacancies across the organisation.
Capital Revenue	Capital revenue is below budget due to lower than expected development activity resulting in lower developer cash and non-cash contributions. Grant revenue is \$340K above budget mainly due to \$270K capital subsidy.
Capital Expenses	This variance is due to losses on disposal of assets and is mainly a result of sale of fleet assets; and replacement of road assets.

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 As at 30 June 2019

	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	167,263	137,269	146,512	9,243	6.7%
Trade and other receivables	27,273	33,477	29,226	(4,251)	-12.7%
Inventories	556	1,108	946	(162)	-14.6%
Non-current assets held for sale	262	11,113	11,113	-	0.0%
Other current assets	2,073	2,033	1,652	(381)	-18.7%
Total current assets	197,428	185,000	189,449	4,449	2.4%
NON-CURRENT ASSETS					
Investment property	1,091	1,091	1,091	-	0.0%
Property, plant and equipment	2,608,476	2,575,809	2,555,190	(20,619)	-0.8%
Intangible assets	826	1,011	1,500	489	48.4%
Other financial assets	73	73	73	-	0.0%
Investment in other entities	14,712	14,791	14,791	-	0.0%
Total non-current assets	2,625,178	2,592,775	2,572,645	(20,130)	-0.8%
TOTAL ASSETS	2,822,606	2,777,775	2,762,094	(15,681)	-0.6%
CURRENT LIABILITIES					
Trade and other payables	40,840	31,435	25,608	(5,827)	-18.5%
Borrowings	7,713	7,728	7,728	-	0.0%
Provisions	13,742	15,747	12,229	(3,518)	-22.3%
Other current liabilities	1,747	4,654	5,417	763	16.4%
Total current liabilities	64,041	59,564	50,982	(8,582)	-14.4%
NON-CURRENT LIABILITIES					
Borrowings	29,651	29,537	29,537	-	0.0%
Provisions	12,115	13,449	15,011	1,562	11.6%
Total non-current liabilities	41,766	42,986	44,548	1,562	3.6%
TOTAL LIABILITIES	105,807	102,550	95,530	(7,020)	-6.8%
NET COMMUNITY ASSETS	2,716,799	2,675,225	2,666,564	(8,661)	-0.3%
COMMUNITY EQUITY					
Asset revaluation surplus	1,070,838	1,003,168	1,003,168	-	0.0%
Retained surplus	1,517,043	1,570,375	1,553,346	(17,028)	-1.1%
Constrained cash reserves	128,918	101,683	110,050	8,367	8.2%
TOTAL COMMUNITY EQUITY	2,716,799	2,675,225	2,666,564	(8,661)	-0.3%





3. STATEMENT OF ESTIMATED COMPREHENSIVE INCOME For the year ending 30 June 2019

	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	243,611	242,219	240,768	(1,451)	-0.6%
Fees	13,673	14,367	13,436	(931)	-6.5%
Grants, subsidies and contributions	11,223	10,199	10,206	7	0.1%
Interest received	4,289	4,675	5,051	376	8.1%
Dividend received	1,000	-	-	-	0.0%
Other revenue	5,340	5,421	5,323	(98)	-1.8%
Total recurrent revenue	279,136	276,881	274,784	(2,097)	-0.8%
Recurrent expenses					
Employee benefits	86,248	87,685	86,436	(1,249)	-1.4%
Material and services	128,894	126,664	123,038	(3,626)	-2.9%
Finance costs	2,840	2,856	2,881	25	0.9%
Depreciation and amortisation	63,505	62,577	62,302	(275)	-0.4%
Total recurrent expenses	281,487	279,781	274,657	(5,124)	-1.8%
OPERATING SURPLUS / (DEFICIT)	(2,351)	(2,900)	127	3,027	-104.4%
Capital revenue					
Grants, subsidies and contributions	32,501	20,549	17,064	(3,485)	-17.0%
Non-cash contributions	6,868	10,219	5,727	(4,492)	-44.0%
Total capital revenue	39,369	30,768	22,791	(7,977)	-25.9%
TOTAL INCOME	318,505	307,649	297,575	(10,074)	-3.3%
Capital expenses					
(Gain)/Loss on disposal of non-current assets	289	101	2,963	2,862	2840.5%
Total capital expenses	289	101	2,963	2,862	2840.5%
TOTAL EXPENSES	281,776	279,882	277,620	(2,262)	-0.8%
NET RESULT	36,729	27,767	19,954	(7,812)	-28.1%
Other comprehensive income/(loss)					
Items that will not be reclassified to net result					
Revaluation of property, plant and equipment	-	-	-	-	0.0%
TOTAL COMPREHENSIVE INCOME	36,729	27,767	19,954	(7,812)	-28.1%



5.2 NATIONAL COMPETITION POLICY REQUIREMENTS FOR SIGNIFICANT AND OTHER BUSINESS ACTIVITIES IN 2019-2020

Objective Reference: A3901083

Authorising Officer: Deborah Corbett-Hall, Chief Financial Officer

Responsible Officer: Deborah Corbett-Hall, Chief Financial Officer

Report Author: Katharine Bremner, Budget and Systems Manager
Helen Griffith, Management Accountant

Attachments: 1. Register of Business Activities 2019-2020 [↓](#)

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 2019-2020, based on the current financial forecasts for 2019-2020 financial year and financial information for the 2018-2019 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 2019-2020 Budget Publication for adoption at the Special Budget Meeting on 27 June 2019, 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.*

Sections 19(2) and 19(3) of the *Local Government Regulation 2012* (as amended from 1 July 2019 by the *Local Government Legislation Amendment Regulation 2019*) prescribe the following thresholds:

- a) *for a business activity that is the provision of combined water and sewerage services, 10,000 or more premises being connected to a water service as at 30 June of the financial year ending immediately before the current financial year;*
- b) *for another business activity, expenditure of at least \$9.7M for the financial year ending immediately before the current financial year.*

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.

Section 39 of the *Local Government Regulation 2012* (as amended from 1 July 2019 by the *Local Government Legislation Amendment Regulation 2019*) says that a business activity is prescribed for a financial year for section 47(7) of the act if the amount of current expenditure for the business activity for the previous financial year is \$340,000 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.

ISSUES

The Business Partnering Unit in Financial Services has reviewed Council's business activities and it is proposed that Redland Water and RedWaste be the only activities subject to the Code of Competitive Conduct in the 2019-2020 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 need 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*.
- Marine services provides very little commercial revenue and does not compete with any commercial businesses in the Redlands Coast.
- Redlands Performing Arts Centre typically operates at a loss which is contrary to standard commercial principles.
- IndigiScapes café is typically not profit making with the café being unique in its focus on natural product, promoting sustainable living and the use of indigenous sources (bush tucker).

Business Activity	Classification	Comments
Redland Water	Significant business activity that is commercialised	No change from 2018-2019
RedWaste	Significant business activity that is commercialised	No change from 2018-2019

STRATEGIC IMPLICATIONS

The annual review of Council's business activities is for Redland City Council as a Local Government. Council's wholly owned subsidiary Redland Investment Corporation Pty Ltd reviews its business model separately to Council.

Council 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

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. If Council resolves not to apply the Code of Competitive Conduct to a business activity, section 47(8) of the *Local Government Regulation 2012* requires that the resolution must state the reasons for not doing so.

In light of the statutory threshold requirements for Council's significant or prescribed business activities, this report contains a proposal for the 2019-2020 financial year that will be reviewed again on the completion of the 2018-2019 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.

People

Nil impact expected as the purpose of this document is to identify activities that may be Significant or Prescribed Business Activities for the 2019-2020 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 Council's business activities for the 2019-2020 financial year and determine whether to apply the Code of Competitive Conduct to these business activities in accordance with the legislative requirements.

Social

Nil impact expected as the purpose of this document is to identify Council's business activities for the 2019-2020 financial year and determine whether to apply the Code of Competitive Conduct to these business activities in accordance with the legislative requirements.

Alignment with Council's Policy and Plans

This report aligns with Council's 2018-2023 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

Consulted	Consultation Date	Comments/Actions
Finance Officers	May 2019	Review of legislation and thresholds
General Counsel Group	May 2019	Report and attachment reviewed for compliance with legislation

OPTIONS

Option One

That Council resolves as follows:

1. To 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 2018-2019 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.
3. To 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*.

Option Two

That Council resolves to request further information.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/18

Moved by: Cr Lance Hewlett

Seconded by: Cr Murray Elliott

That Council resolves as follows:

1. To 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 2018-2019 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.
3. To 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 Huges, 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 *Local Government 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's) 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 2019-2020

Objective Reference: A3901086

Authorising Officer: Deborah Corbett-Hall, Chief Financial Officer

Responsible Officer: Deborah Corbett-Hall, Chief Financial Officer

Report Author: Katharine Bremner, Budget and Systems Manager

Attachments: 1. POL-1838 Debt Policy [↓](#)

PURPOSE

The purpose of this report is to adopt a Debt Policy for the 2019-2020 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 2019-2020 financial year and an indication of new borrowings.

BACKGROUND

Council has conducted an annual review of its Long-Term Financial Forecast (LTFF). The annual financial management policies are finalised in concert with the LTFF 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 21 May 2019.

ISSUES

The attached policy is as a result of the 2019-2020 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 Forecast.

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

This report aligns with Council's 2018-2023 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 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

Consulted	Consultation Date	Comments/Actions
Finance Officers, Executive Leadership Team, Councillors	13 March 2019	2019-20 Budget Workshop - Policy document reviewed for 2019-20
Finance Officers, Executive Leadership Team, Councillors	21 May 2019	2019-20 Budget Workshop - Debt schedule reviewed for 2019-20
General Counsel Group	May 2019	Review of report and policy for compliance with legislation

OPTIONS**Option One**

That Council resolves, for the purposes of section 192(1) of the *Local Government Regulation 2012*, to adopt the attached Debt Policy for 2019-2020.

Option Two

That Council resolves to amend the attached Debt Policy for 2019-2020 prior to its adoption.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/19

Moved by: Cr Tracey Huges

Seconded by: Cr Wendy Boglary

That Council resolves, for the purposes of section 192(1) of the Local Government Regulation 2012, to adopt the attached Debt Policy for 2019-2020.

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 2019-2020 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. paying 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:

Effective date:
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Review date:
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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; or
- **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.

Document Control

Changes to this policy can only be approved through Council Resolution at the Special Budget Meeting. This policy is reviewed annually through the budget development process.

Approved amended documents must be submitted to the Corporate Meetings and Registers team to place the document on the Policy, Guidelines and Procedures Register.

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>
19	May 2019	<ul style="list-style-type: none"> • Updated for the 2019-20 Budget process • Inclusion of Document Control Section

CMR Team use only

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

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policy document



Statutory POL-1838

Schedule of forecasted debt 2019-2029: Local Government Regulation 2012 section 192(2)(a)

	Budget Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5	Forecast Year 6	Forecast Year 7	Forecast Year 8	Forecast Year 9	Forecast Year 10
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Opening Balance	37,265	41,128	47,886	55,494	61,831	71,396	80,534	88,044	99,523	108,149
New Loans	9,800	13,232	15,000	14,700	13,877	14,123	13,265	15,991	12,917	10,890
Interest	2,070	1,858	1,697	1,538	1,736	1,901	2,052	2,271	2,602	2,822
Redemption	5,936	6,474	7,392	8,363	4,312	4,985	5,755	4,512	4,291	4,984
Closing Balance	41,128	47,886	55,494	61,831	71,396	80,534	88,044	99,523	108,149	114,054

Schedule of forecasted remaining repayment terms in years 2019-2029: Local Government Regulation 2012 section 192(2)(b)

	Budget Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5	Forecast Year 6	Forecast Year 7	Forecast Year 8	Forecast Year 9	Forecast Year 10
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Weighted Average (existing loans)	4.94	4.35	4.14	5.06	4.75	5.17	8.97	12.04	11.04	10.04
Weighted Average (incl. new loans)	10.63	12.70	14.62	16.26	16.47	16.62	16.70	16.50	16.05	15.54

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 2039.
- 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:

Effective date:
 Version: 19
 Review date:
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5.4 CATEGORISATION OF LAND FOR DIFFERENTIAL RATING 2019-2020

Objective Reference:	A3901146
Authorising Officer:	Deborah Corbett-Hall, Chief Financial Officer
Responsible Officer:	Deborah Corbett-Hall, Chief Financial Officer
Report Author:	Katharine Bremner, Budget and Systems Manager Noela Barton, Service Manager Financial Operations
Attachments:	1. Raby Bay Canal Estate Map ↓ 2. Aquatic Paradise Canal Estate Map ↓

PURPOSE

The purpose of this report is to submit to Council for adoption the differential rating categories for 2019-2020.

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 2019-2020 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 2019-2020 financial year, it is recommended Council:

1. introduces seven (7) new rating categories for the Aquatic Paradise Canal Estate to enable owners with land that adjoins a revetment wall to contribute 94% of the annual cost of the revetment wall program through the differential general rate; and
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 2019-2020 are:

Rating Category	Multiplier (to 3 decimal places)
1a	1.000
1b	0.800
1d	1.770
1e	1.416
1f	1.000
1g	0.834
2a	1.209
2b	1.028
2d	2.141
2e	1.820
2f	1.209
2g	1.071
4a	1.341
4b	2.373
4c	1.417
6a	1.700
6b	3.010
6c	1.771
8	4.105
10	2.200
11a	2.883
11b	5.105
11c	2.883
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 receive an annual valuation effective 30 June 2019. The outcome of this valuation has resulted in an average city-wide increase of 10.97%.

Environmental

Nil impact expected as the purpose of this report is to submit to Council for adoption the differential rating categories for 2019-2020.

Social

Nil impact expected as the purpose of this report is to submit to Council for adoption the differential rating categories for 2019-2020.

Alignment with Council's Policy and Plans

This report aligns with Council's 2018-2023 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

Consulted	Consultation Date	Comments/Actions
Finance Officers, Executive Leadership Team, Councillors	11 December 2018	Financial Strategy Workshop to review 2019-2020 General Rate Parameters
Finance Officers, Executive Leadership Team, Councillors	13 March 2019	2019-2020 Budget Workshop review rating categories
Finance Officers, Executive Leadership Team, Councillors	4 April 2019	2019-2020 Budget Workshop to consider rate modelling for rest of City and additional rating categories required for Canal and Lakes
Finance Officers, Executive Leadership Team, Councillors	16 May 2019	2019-2020 Budget Workshop to consider rate modelling for rest of City and Canal and Lakes
General Counsel Group	May 2019	Report and attachments reviewed for compliance with legislation

OPTIONS

Option One

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

Option Two

That Council resolves to request further information through a workshop on the Differential General Rating Categories, noting that this would delay adoption of the 2019-2020 annual budget.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/20

Moved by: Cr Mark Edwards

Seconded by: Cr Paul Gollè

That Council resolves that the pursuant to sections 81(1) and (2) of the Local Government Regulation 2012, the categories in to which rateable land is categorised be those set out below.

Rating Category	Rating Category Description
1a	Includes all rateable land that: 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 \$385,000; 3) is the registered owner's principal place of residence; and 4) is NOT categorised in rating category 1d or 1f.
1b	Includes all rateable land that: 1) having regard to any improvements or activities conducted upon the land, used primarily for residential purposes; 2) has a value greater than \$385,000; 3) is the registered owner's principal place of residence; and 4) is NOT categorised in rating category 1e or 1g.
1d	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Attachment 1 – 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 \$385,000; and 4) is the registered owner's principal place of residence.
1e	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Attachment 1 – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, used primarily for residential purposes; 3) has a value greater than \$385,000; and 4) is the registered owner's principal place of residence.
1f	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise and shown on Attachment 2 – Aquatic Paradise 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 \$385,000; and 4) is the registered owner's principal place of residence.
1g	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise and shown on Attachment 2 – Aquatic Paradise Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, used primarily for residential purposes; 3) has a value greater than \$385,000; 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 \$385,000; 3) is NOT the registered owner's principal place of residence; and 4) is NOT categorised in rating category 2d or 2f.
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 \$385,000; 3) is NOT the registered owner's principal place of residence; and 4) is NOT categorised in rating category 2e or 2g.

Rating Category	Rating Category Description
2d	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Attachment 1– 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 \$385,000; and 4) is NOT the registered owner’s principal place of residence.
2e	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Attachment 1– 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 \$385,000; and 4) is NOT the registered owner’s principal place of residence.
2f	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise and shown on Attachment 2– Aquatic Paradise 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 \$385,000; and 4) is NOT the registered owner’s principal place of residence.
2g	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise and shown on Attachment 2 – Aquatic Paradise 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 \$385,000; 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, 4c or 10.
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 Attachment 1– Raby Bay Canal Estate Map.
4c	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 Aquatic Paradise and shown on Attachment 2 – Aquatic Paradise 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, 6c or 19.
6b	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Attachment 1 – 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.
6c	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise and shown on Attachment 2 – Aquatic Paradise 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 and/or significant conservation values that it is unlikely a development permit, or permits, for the erection of a dwelling house on the land would be granted. All rateable land included in this category identified with insurmountable drainage problems or conservation values is zoned Conservation in the City Plan. This category also includes all rateable land on the Southern Moreton Bay Islands that is vacant and has been included within the Recreation and Open Space zone of the City Plan.
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 or 11c.

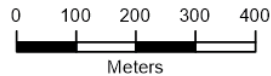
Rating Category	Rating Category Description
11b	Includes subdivided land that adjoins a canal revetment wall in the estate commonly referred to as Raby Bay, and shown on Attachment 1 – Raby Bay Canal Estate Map, that is not yet developed in accordance with section 50 of the <i>Land Valuation Act 2010</i> .
11c	Includes subdivided land that adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise, and shown on Attachment 2 – Aquatic Paradise Canal Estate Map, that is not yet developed in accordance with section 50 of the <i>Land Valuation Act 2010</i> .
16	One or more land parcels where the land: 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	One or more land parcels where the land: 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	One or more land parcels where the land: 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	One or more land parcels where the land: 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	One or more land parcels where: 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.
<p>CARRIED 10/1</p> <p>Crs 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.</p> <p>Cr Paul Bishop voted AGAINST the motion.</p>	



Appendix A - Raby Bay Canal Estate Map



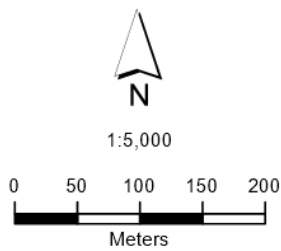
- Legend
- Privately Owned Land
 - Public Land



Produced by
Spatial Business Intelligence
7 June 2019



**Appendix B - Aquatic
Paradise Canal Estate Map**



Produced by
Spatial Business Intelligence
22 May 2019

5.5 ENVIRONMENT SEPARATE CHARGE 2019-2020

Objective Reference: A3901133

Authorising Officer: Deborah Corbett-Hall, Chief Financial Officer

Responsible Officer: Deborah Corbett-Hall, Chief Financial Officer

Report Author: Katharine Bremner, Budget and Systems Manager

Attachments: Nil

PURPOSE

The purpose of this report is to submit to Council for adoption the Environment Separate Charge for the 2019-2020 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 \$122.00 per annum charged on a per lot basis in 2019-2020. The charge will fund operational and capital projects that include but not limited to 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 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* 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 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 2019-2020 is revenue in the order of \$8.7M.

People

Nil impact expected as the purpose of the report is to submit to Council for adopting the Environment Separate Charge for 2019-2020.

Environmental

Nil impact expected as the purpose of the report is to submit to Council for adopting the Environment Separate Charge for 2019-2020.

Social

Nil impact expected as the purpose of the report is to submit to Council for adopting the Environment Separate Charge for 2019-2020.

Alignment with Council's Policy and Plans

This report aligns with Council's 2018-2023 Corporate Plan key outcome:

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

Consulted	Consultation Date	Comments/Actions
Finance Officers, Officers from Environment and Regulation and City Operations Groups, Executive Leadership Team, Councillors	21 March 2019 2 May 2019	Options and works programs for 2019-20 reviewed
General Counsel Group	May 2019	Report reviewed for compliance with legislation

OPTIONS

Option One

That Council resolves that the pursuant to section 94 of the *Local Government Act 2009* and section 103 of the *Local Government Regulation 2012*, to make and levy a separate charge (to be known as the "Environment Separate Charge"), in the sum of \$122.00 per annum, to be levied equally on all rateable land in the local government area, on a per lot basis, for the purposes of funding operational and capital projects to protect, manage, promote and enhance biodiversity in the local government area.

Option Two

That Council resolves to request further information.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/21

Moved by: Cr Lance Hewlett

Seconded by: Cr Tracey Huges

That Council resolves that the pursuant to section 94 of the Local Government Act 2009 and section 103 of the Local Government Regulation 2012, to make and levy a separate charge (to be known as the "Environment Separate Charge"), in the sum of \$122.00 per annum, to be levied equally on all rateable land in the local government area, on a per lot basis, for the purposes of funding operational and capital 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 2019-2020**Objective Reference:** A3901129**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Katharine Bremner, Budget and Systems Manager**Attachments:** Nil**PURPOSE**

The purpose of this report is to submit to Council for adoption the Landfill Remediation Separate Charge for the 2019-2020 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 \$40.52 per annum and charged on a per lot basis in 2019-2020. 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
- Closed Landfill Administration
- Landfill Remediation - Minor Works
- Landfill Site Investigations Program

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 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* 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 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 2019-2020 is revenue in the order of \$2.9M.

People

Nil impact expected as the purpose of the report is to submit to Council for adopting the Landfill Remediation Separate Charge for 2019-2020.

Environmental

Nil impact expected as the purpose of the report is to submit to Council for adopting the Landfill Remediation Separate Charge for 2019-2020.

Social

Nil impact expected as the purpose of the report is to submit to Council for adopting the Landfill Remediation Separate Charge for 2019-2020.

Alignment with Council's Policy and Plans

This report aligns with Council's 2018-2023 Corporate Plan key outcome:

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

Consulted	Consultation Date	Comments/Actions
Principal Waste Planner	March 2019	Provision of landfill remediation program for 2019-20 on which to base a separate charge
Finance officers, Executive Leadership Team, Councillors	21 March 2019	2019-20 Budget workshop to review different scenarios
General Counsel Group	16 March 2019	Review of report for compliance with legislation

OPTIONS**Option One**

That Council resolves that the pursuant to section 94 of the *Local Government Act 2009* and section 103 of the *Local Government Regulation 2012*, to make and levy a separate charge (to be known as the "Landfill Remediation Separate Charge"), in the sum of \$40.52 per annum, to be levied equally on all rateable land in the local government area, on a per lot basis, 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.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/22

Moved by: Cr Peter Mitchell

Seconded by: Cr Lance Hewlett

That Council resolves that the pursuant to section 94 of the Local Government Act 2009 and section 103 of the Local Government Regulation 2012, to make and levy a separate charge (to be known as the "Landfill Remediation Separate Charge"), in the sum of \$40.52 per annum, to be levied equally on all rateable land in the local government area, on a per lot basis, 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 2019-2020**Objective Reference:** A3901124**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Katharine Bremner, Budget and Systems Manager**Attachments:** Nil**PURPOSE**

The purpose of this report is to submit to Council for adoption the Redland City SES Administration Separate Charge for the 2019-2020 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.
- 2) Visibility of the costs associated with 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 ongoing capacity to provide services across Redland City in responding to a variety of emergency 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.
- 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 ongoing 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 2019-2020 the Redland City SES Administration Separate Charge is set at \$7.00 per annum and is charged on a per rateable property basis. This has remained unchanged from 2018-2019.

STRATEGIC IMPLICATIONS

Legislative Requirements

Section 92(5) of the *Local Government Act 2009* states separate rates and charges are for any other 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* 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 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 building community resilience and preparedness through community engagement and preparedness programs.

Financial

The Redland City SES Administration Separate Charge, together with grant funding, is estimated to fully meet Council's operational requirements of the Redland SES for the financial year 2019-2020. The financial implication for the financial year 2019-2020 is revenue in the order of \$484K from the separate charge.

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 2019-2020.

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 2019-2020.

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 2019-2020.

Alignment with Council's Policy and Plans

This report aligns with Council's 2018-2023 Corporate Plan key outcome:

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

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Finance Officers, Disaster Planning & Operations Officers, Executive Leadership Team, Councillors	21 March 2019	Budget workshop to review options for 2019-20
General Counsel Group	May 2019	Report reviewed for compliance with legislation

OPTIONS

Option One

That Council resolves that the pursuant to section 94 of the *Local Government Act 2009* and section 103 of the *Local Government Regulation 2012*, 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, on a per rateable property basis, for the purposes of funding the Redland City State Emergency Services Unit.

Option Two

That Council resolves to request further information.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/23

Moved by: Cr Wendy Boglary

Seconded by: Cr Mark Edwards

That Council resolves that the pursuant to section 94 of the Local Government Act 2009 and section 103 of the Local Government Regulation 2012, 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, on a per rateable property basis, 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 RURAL FIRE BRIGADE SPECIAL CHARGE 2019-2020 OVERALL PLAN

Objective Reference: A3901118

Authorising Officer: Deborah Corbett-Hall, Chief Financial Officer

Responsible Officer: Deborah Corbett-Hall, Chief Financial Officer

Report Author: Katharine Bremner, Budget and Systems Manager
Noela Barton, Service Manager Financial Operations

Attachments:

1. [SMBI Rural Fire Brigade Special Charge Benefited Area Map](#) ↓
2. [Rural Fire Brigade 2019-2020 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 2019-2020 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 2019-2020 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.
- Supporting 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 \$180K.

For the 2019-2020 financial year the Special Charge is \$15.00 per annum per lot to which the Special Charge applies.

The Special Charge of \$15.00 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 one year, ending on 30 June 2020.

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.
- 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 2019-2020 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 special charge proposed for the 2019-2020 financial year has been set in consultation with Council, Executive Leadership Team, Finance Officers and the QFES.

Based on the number of rateable lots (11,989) it is forecast that \$179,835 will be raised in the 2019-2020 financial year.

People

Nil impact expected as the purpose of the report is to submit to Council for adopting the Rural Fire Brigade Special Charge 2019-2020 Overall Plan.

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 Rural Fire Brigade Special Charge 2019-2020 Overall Plan.

Alignment with Council's Policy and Plans

This report aligns with Council's 2018-2023 Corporate Plan key outcome:

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

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Finance Officers, Executive Leadership Team, Councillors	21 March 2019 21 May 2019	Budget workshop to review recommendation for 2019-20
General Counsel Group	May 2019	Report reviewed for compliance with legislation

OPTIONS

Option One

That Council resolves as follows:

1. To adopt the Overall Plan described in this report for the Rural Fire Brigade Special Charge for the 2019-2020 financial year, as the identified overall plan for the purposes of section 94(2)(b) of the *Local Government Regulation 2012*.

2. That the 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*, to make and levy a special charge (to be known as the “Rural Fire Brigade Special Charge” for the 2019-2020 financial year) in the sum of \$15.00 per annum, levied on a per lot basis, 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

That Council resolves to request further information.

OFFICER’S RECOMMENDATION/COUNCIL RESOLUTION 2019/24

Moved by: Cr Mark Edwards

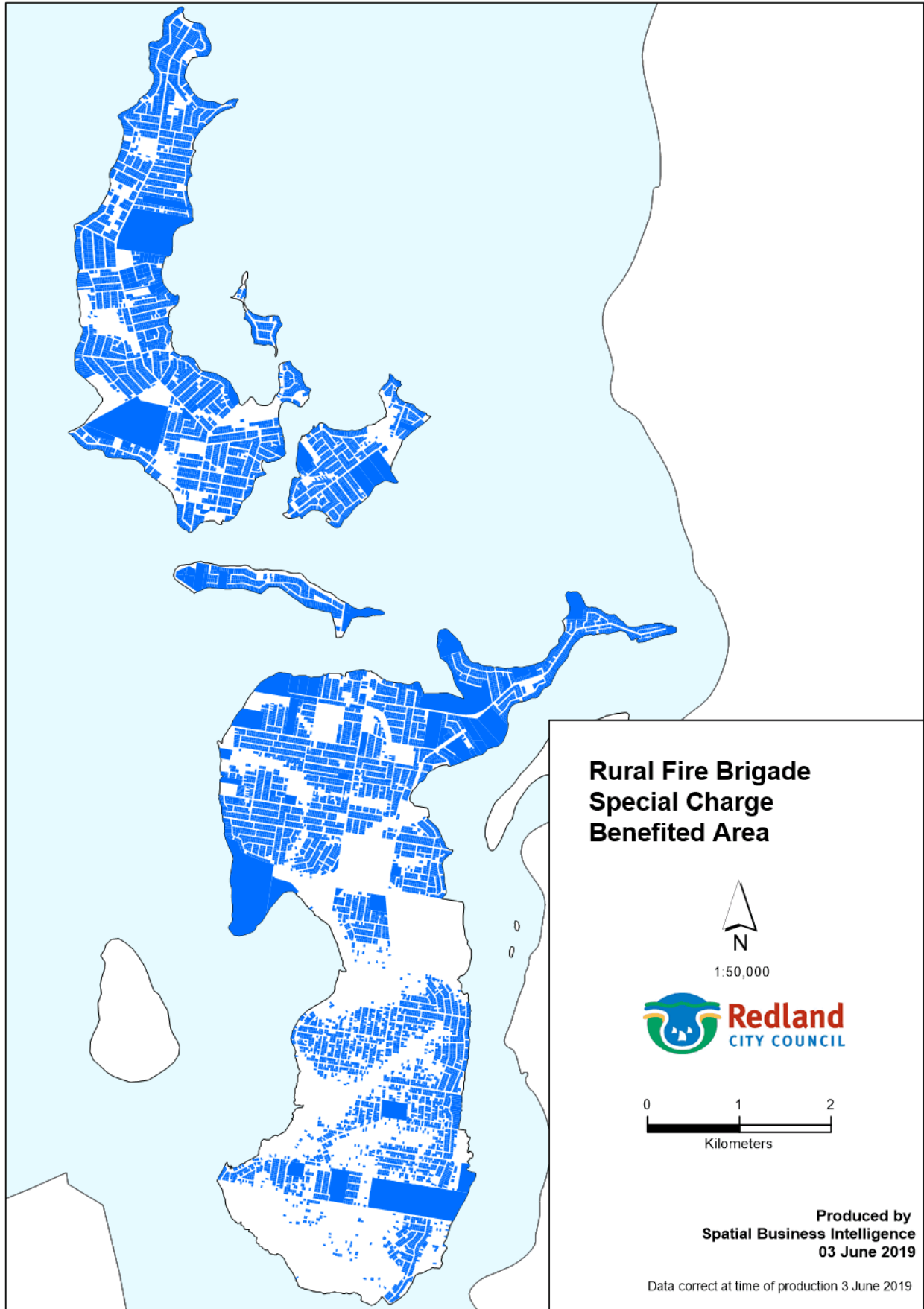
Seconded by: Cr Paul Gollè

That Council resolves as follows:

1. To adopt the Overall Plan described in this report for the Rural Fire Brigade Special Charge for the 2019-2020 financial year, as the identified overall plan for the purposes of section 94(2)(b) of the Local Government Regulation 2012.
2. That the 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, to make and levy a special charge (to be known as the “Rural Fire Brigade Special Charge for the 2019-2020 financial year”) in the sum of \$15.00 per annum, levied on a per lot basis, 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.



Redlands Council 2019-2020	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 1/7/18 - 17/3/19	Area Serviced By the Brigade (Sq Km)	Cash		Income		Operational Expenditure 2019-2020								Capital Expenditure 2019-2020				Total Funds Required
								Bank Balances April 2019	Charge 19-20	Total Collected for L AFC 19 - 20	Station Operating	Vehicle Operating	Equipment Operating	PPE	Public Relations	Training	Minor Equipment	Administration	Total Operating Costs	Vehicle Trailer Acquisition	Station Construction	Furniture and Storage	Total Capital Expenditure	
Karragarra Island	257	Village	1	1	1	3	1	11,473.00	\$15	\$ 3,855	\$ 4,739	\$ -	\$ 1,858	\$ 1,217	\$ 525	\$ 2,203	\$ 2,819	\$ 2,090	\$15,450	\$ 10,000	\$ 3,200	\$ -	\$ 13,200	\$ 28,650
Lamb Island	730	Village	1	0	1	58	1	72,514.71	\$15	\$ 10,950	\$ 4,239	\$ -	\$ 1,405	\$ 1,008	\$ 299	\$ 3,690	\$ 776	\$ 2,232	\$13,647	\$ -	\$ 58,443	\$ -	\$ 58,443	\$ 72,090
Macleay Island	3,714	iZone	4	0	1	105	6	184,669.59	\$15	\$ 55,710	\$ 7,850	\$ -	\$ 2,179	\$ 1,217	\$ 525	\$ 9,561	\$ 721	\$ 5,092	\$27,144	\$ -	\$ 81,500	\$ -	\$ 81,500	\$108,644
Russell Island	7,288	iZone	3	0	1	117	15	262,464.77	\$15	\$ 109,320	\$ 9,388	\$ -	\$ 2,933	\$ 2,628	\$ 965	\$ 4,563	\$ 2,395	\$ 5,705	\$27,567	\$ -	\$ 223,903	\$ -	\$223,903	\$251,469
Average											\$ 6,554	\$ -	\$ 2,094	\$ 1,517	\$ 579	\$ 5,004	\$ 1,678	\$ 3,779	\$20,952					
Total	11,989		9	1	4	283	23			\$ 179,835	\$26,214	\$ -	\$ 8,375	\$ 6,070	\$ 2,314	\$20,016	\$ 6,711	\$ 15,118	\$83,808	\$ 10,000	\$ 367,045	\$ -	\$377,045	\$ 460,853

5.9 ADOPTION OF BUDGET ESTIMATES AND FIXING OF RATES AND CHARGES 2019-2020**Objective Reference:** A3901112**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Katharine Bremner, Budget and Systems Manager
Noela Barton, Service Manager Financial Operations**Attachments:** 1. Budget Publication 2019-2020 [↓](#)**PURPOSE**

The purpose of this report is to present to Council:

- For adoption, the 2019-2020 Annual Budget, including Revenue Statement.
- The list of business activities to which it is proposed to apply the code of competitive conduct.
- 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 2019-2020

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 13 June 2019.

Annual Budget

The 2019-2020 annual budget presented with this report has been prepared in accordance with section 169 of the Regulation.

Revenue Statement

The 2019-2020 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
- separate rates and charges

As per previous years, for the 2019-2020 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 2019-2020 year, 28 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 Rural Fire Brigade Special Charge is proposed in the localised areas of Karragarra, Lamb, Macleay, Perulpa and Russell Islands.

In accordance with section 103 of the Regulation, it is proposed Council will levy separate charges (Environment Separate Charge, Landfill Remediation Separate Charge and Redland City SES Administration Separate 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.
- One of the adjoining lots would, if sold separately, be unable to lawfully accommodate a dwelling.
- 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) of the Regulation, 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 2019-2020.

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 2019-2020 financial year will be 9.83 per cent and payable from the day the rates or charges become overdue.

The rates and charges proposed to be levied for the 2019-2020 financial year are detailed within the 2019-2020 Revenue Statement that is presented for adoption with the 2019-2020 Annual Budget.

Competitive Neutrality

In accordance with sections 43 and 47 of the Act it is proposed that for the 2019-2020 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 2019-2020 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 2019-2020 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 ten of the eleven key performance indicators expected to be met or exceeded in the 2019-2020 financial year. The key performance indicator not expected to meet the target is the Asset Sustainability Ratio.

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 Corporate Strategy and Performance Group will continue to improve asset management processes and practices in the coming years through the implementation of the outcomes and recommendations from the Asset Management Project.

People

Nil impact expected as the purpose of the report is to present the 2019-2020 annual budget to Council for adoption.

Environmental

Nil impact expected as the purpose of the report is to present the 2019-2020 annual budget to Council for adoption.

Social

Nil impact expected as the purpose of the report is to present the 2019-2020 annual budget to Council for adoption.

Alignment with Council's Policy and Plans

This report aligns with Council's 2018-2023 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

Consulted	Consultation Date	Comments/Actions
Finance Officers, Executive Leadership Team and Councillors	12 October 2018 11 December 2018	2019-20 Financial Strategy Workshops to review and consider parameter and guidelines for development of 2019-20 budget and long term financial forecasting
Finance Officers, Executive Leadership Team and Councillors	13, 21 March 2019 4 April 2019 2, 16, 21, 29 May 2019	2019-20 Budget workshops to review and consider various options for the development of the 2019-20 budget
General Counsel Group	May 2019	Report reviewed for compliance with legislation

OPTIONS

Option One

That Council resolves to make each of the resolutions set out in the Officer's recommendation.

Option Two

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

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/25

Moved by: Cr Peter Mitchell

Seconded by: Cr Murray Elliott

That Council resolves as follows:

1. Code of Competitive Conduct

Subject to review of the 2018-2019 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 made and levied for each differential general rate category is as follows:

Rating Category	Rate in the dollar (<i>Local Government Act 2009, s.94; Local Government Regulation 2012, s.80</i>)	Minimum differential general rate (<i>Local Government Act 2009, s.94; Local Government Regulation 2012, s.77</i>)	
		Minimum general rate \$	Minimum general rate threshold \$
1a	0.00401544	1,031	256,759
1b	0.00321237	1,555	484,066
1d	0.00710887	1,526	214,661
1e	0.00568714	2,737	481,261
1f	0.00401668	1,167	290,539
1g	0.00334723	1,688	504,297
2a	0.00485623	1,125	231,661
2b	0.00412784	1,879	455,202
2d	0.00859740	1,571	182,730
2e	0.00730787	3,310	452,936
2f	0.00485616	1,262	259,876
2g	0.00430113	2,013	468,017
4a	0.00538280	1,153	214,201
4b	0.00952962	1,563	164,015
4c	0.00569026	1,290	226,703
6a	0.00682626	1,318	193,078
6b	0.01208509	1,685	139,428
6c	0.00711282	1,456	204,701
8	0.01648213	2,286	138,696

Rating Category	Rate in the dollar (<i>Local Government Act 2009, s.94; Local Government Regulation 2012, s.80</i>)	Minimum differential general rate (<i>Local Government Act 2009, s.94; Local Government Regulation 2012, s.77</i>)	
		Minimum general rate \$	Minimum general rate threshold \$
10	0.00883336	321	36,340
11a	0.01157792	N/a	N/a
11b	0.02049737	N/a	N/a
11c	0.01157792	N/a	N/a
16	0.00883397	36,200	4,097,817
16a	0.00923552	82,694	8,953,913
16b	0.00963707	171,372	17,782,587
17	0.00682626	2,669	390,990
19	0.00762935	4,686	614,207

4. Wastewater Utility Charges

Pursuant to section 94 of the *Local Government Act 1009* 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.

Attribute Type (RCC Use)	Charge Description	Charge Amount \$	Charge Basis
VSW01 VSW02 VSW03 VCSW01	Wastewater Fixed Access Charge	27.56	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.

Attribute Type (RCC Use)	Charge Description	Charge Amount \$	Charge Basis
VBW01, VBW03, VBW04	Fixed Water Access (domestic)	268.64	per meter/lot

Domestic Residential 25mm to 150mm and Units, Flats, Guest Houses, Multiple Dwellings 20mm to 150mm		
Attribute Type (RCC Use)	Meter Size	Charge Amount \$
VBM20 VCBM20	20mm	268.64
VBM25 VCBM25	25mm	419.76
VBM32 VCBM32	32mm	687.72
VBM40 VCBM40	40mm	1,074.56
VBM50 VCBM50	50mm	1,679.00
VBM80 VCBM80	80mm	4,298.20
VBM100 VCBM100	100mm	6,715.92
VBM150 VCBM150	150mm	15,110.84

Commercial and Industrial		
Attribute Type (RCC Use)	Meter Size	Charge Amount \$
VBW20 VCBW20 VCW20	20mm	349.24
VBW25 VCBW25 VCW25	25mm	545.68
VBW32 VCBW32 VCW32	32mm	894.04
VBW40 VCBW40 VCW40	40mm	1,396.92
VBW50 VCBW50 VCW50	50mm	2,182.68
VBW80 VCBW80 VCW80	80mm	5,587.64
VBW100 VCBW100 VCW100	100mm	8,730.72
VBW150 VCBW150 VCW150	150mm	19,644.12

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 (VWRES)	0.601	2.935	3.536
Concessional (VWCCNC)	0.601	2.935	3.536
Non – residential (VWCCOM)	1.376	2.935	4.311
Council (VWCRCC)	1.376	2.935	4.311

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.

Attribute Type (RCC Use)	Charge Description	Charge Amount \$	Charge Basis	
VTP01 and VTP02	Trade Waste Generator Charge	411.64	per annum	
VTW01 and VTW02	Trade Waste Discharge - Volume:	2.28	per kL	
VTW02	Trade Waste Discharge - Quality:	C.O.D (Chemical Oxygen Demand)	1.67 per kg	
		T.S.S. (Total Suspended Solids)	0.75 per kg	
		T.O.G (Total Oil and Grease)	0.75 per kg	
		Phosphorus	6.92 per kg	
		Nitrogen	2.07 per kg	
		Food waste disposal units based on power of motor	35.63	as charge 'C' (refer Trade Waste Environmental Plan)
		Constant 'd' for use when determining 'additional Charge' for excess strength waste	1.0	(refer Trade Waste Environmental

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		
RedWaste Utility Charges	Mainland	Bay Islands
	Annual Amount \$	Annual Amount \$
240L Waste / 240L Recycling	410.00	433.60
140L Waste / 240L Recycling (existing only)	343.60	407.20
240L Waste / 340L Recycling	410.00	433.60
140L Waste / 340L Recycling	343.60	407.20
140L Waste / 140L Recycling	320.00	393.20
240L Green Waste	62.00	N/A
Additional Bin and Service - Scheduled Days		
240L Additional Waste Bin	210.00	271.00
240L Additional Recycling Bin	129.00	152.00
140L Additional Waste Bin	187.00	268.00
340L Additional Recycling Bin	167.00	174.00
240L Additional Green Waste Bin	62.00	N/A
Additional Service Existing Bin (Temporary Lift) - Scheduled Days	Amount Per Lift \$	
140L Waste Bin per lift	15.20	N/A
240L Waste Bin per lift	13.40	N/A
240L Recycling Bin per lift	15.80	N/A
340L Recycling Bin per lift	11.00	N/A
240L Green Waste Bin per lift	7.60	N/A
Additional Service Existing Bin (Temporary Lift) - Outside Scheduled Days	Amount Per Lift \$	
240L Additional Waste Service per lift	57.00	N/A
140L Additional Waste Service per lift	42.00	N/A
240L Additional Recycling Service per lift	32.00	N/A
340L Additional Recycling Service per lift	33.00	N/A

Residential Bulk Waste Bin Collection Service		
RedWaste Utility Charges - Size (m ³)	Mainland	Bay Islands
	Annual Amount \$	Annual Amount \$
Waste Service Bulk Bin size (m³) - 1 service per week		
0.66 m ³ (Rear lift)	957.00	N/A
0.66 m ³ (Front lift)	840.00	2,329.00
1.10 m ³ (Rear lift)	1,461.00	N/A
1.10 m ³ (Front lift)	1,500.00	N/A
1.50 m ³	1,743.00	2,827.00
2.00 m ³	2,344.00	3,768.00
2.25 m ³	2,637.00	4,240.00
3.00 m ³	3,419.00	5,604.00
4.00 m ³	4,549.00	7,105.00

Additional Waste Service Bulk Bin size (m³) - Lift only; 1 service per week	Amount Per Lift \$	Amount Per Lift \$
0.66 m ³	38.60	N/A
1.10 m ³	47.20	N/A
1.50 m ³	38.60	74.40
2.00 m ³	52.00	92.00
2.25 m ³	57.40	102.80

Additional Waste Service Bulk Bin size (m³) - Lift only; 1 service per week	Amount Per Lift \$	Amount Per Lift \$
3.00 m ³	69.80	128.60
4.00 m ³	89.00	161.20
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	92.40	N/A
1.10 m ³	172.20	N/A
1.50 m ³	175.40	196.80
2.00 m ³	184.00	210.00
2.25 m ³	188.00	220.80
3.00 m ³	200.60	245.20
4.00 m ³	217.40	277.40

Residential and Commercial Bulk Recycling Bin Service		
	Mainland	Bay Islands
RedWaste Utility Charges - Size (m³)	Annual Amount \$	Annual Amount \$
Recycle Service Bulk Bin size (m³) - 1 service per fortnight		
0.66 m ³ (Rear lift)	627.00	N/A
0.66 m ³ (Front lift)	550.00	921.00
1.10 m ³ (Rear lift)	987.00	N/A
1.10 m ³ (Front lift)	869.00	1,535.00
1.50 m ³	1,365.00	2,369.00
2.00 m ³	1,820.00	N/A
2.25 m ³	1,966.00	3,254.00
3.00 m ³	2,548.00	4,668.00
4.00 m ³	2,729.00	6,202.00
Additional Recycling Service Bulk Bin size (m³) Lift only; 1 service	Amount Per Lift \$	Amount Per Lift \$
1.10 m ³	134.60	N/A
1.50 m ³	137.60	225.80
2.00 m ³	139.00	N/A
2.25 m ³	141.80	225.80
3.00 m ³	144.80	225.80
4.00 m ³	150.00	225.80
Temporary Recycling Service (≤3 months) Bulk Bin Size (m³) - Bin and Lift; 1 service	Amount Per Bin & Lift \$	Amount Per Bin & Lift \$
1.10 m ³	240.00	N/A
1.50 m ³	180.60	414.20
2.00 m ³	196.00	N/A
2.25 m ³	197.40	414.20
3.00 m ³	214.60	414.20
4.00 m ³	237.00	414.20

Commercial Kerbside Collection Services		
RedWaste Utility Charges	Mainland	Bay Islands
	Annual Amount \$	Annual Amount \$
240L Waste / 240L Recycling	475.00	498.60
140L Waste / 240L Recycling (existing only)	383.60	447.20
240L Waste / 340L Recycling	475.00	498.60
140L Waste / 340L Recycling	383.60	447.20
140L Waste / 140L Recycling	360.00	433.20
240L Recycling (Stand Alone) Bin	129.00	152.00
340L Recycling (Stand Alone) Bin	167.00	174.00
240L Green Waste	62.00	N/A
240L Additional Waste Bin	275.00	336.00

Commercial Bulk Waste Bin Collection Service		
RedWaste Utility Charges - Size (m ³)	Mainland	Bay Islands
	Annual Amount \$	Annual Amount \$
Waste Service Bulk Bin size (m ³) - 1 service per week		
0.66 m ³ (Rear lift)	1,200.00	N/A
0.66 m ³ (Front lift)	1,083.00	2,572.00
1.10 m ³ (Rear lift)	1,866.00	N/A
1.10 m ³ (Front lift)	1,905.00	2,480.00
1.50 m ³	2,296.00	3,380.00
2.00 m ³	3,081.00	4,505.00
2.25 m ³	3,466.00	5,069.00
3.00 m ³	4,525.00	6,710.00
4.00 m ³	6,023.00	8,579.00
Additional Waste Service Bulk Bin size (m ³) Lift only; 1 service per week		
	Amount Per Lift \$	Amount Per Lift \$
0.66 m ³	45.40	N/A
1.10 m ³	55.00	63.00
1.50 m ³	49.20	85.00
2.00 m ³	65.00	114.00
2.25 m ³	73.20	118.80
3.00 m ³	96.80	149.80
4.00 m ³	125.00	189.60
Temporary Waste Service (<3months) Bulk Bin size (m ³) Bin and Lift, 1 service		
	Amount Per Bin & Lift \$	Amount Per Bin & Lift \$
0.66 m ³	98.40	N/A
1.10 m ³	180.00	153.00
1.50 m ³	186.00	207.40
2.00 m ³	198.00	220.00
2.25 m ³	203.80	236.80
3.00 m ³	221.80	266.40
4.00 m ³	245.80	305.80

7. Interest

Pursuant to section 133 of the *Local Government Regulation 2012*, compound interest on daily rests at the rate of 9.83 per cent 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*, Council's rates and charges 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 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
 - \$335.00 per annum
- For ratepayers not in receipt of the maximum rate of pension
 - \$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 2019-2020

Pursuant to section 107A of the *Local Government Act 2009* and sections 169 and 170 of the *Local Government Regulation 2012*, Council's Budget for the 2019-2020 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 5 June 2019)
- ix. revenue statement including the rates and charges to be levied for 2019-2020.

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

2019-2020



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Mayor's Message

As with previous years, this is currently under development and will be added in time for the Special Budget Meeting.





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 2019-2020 budget supports, and is consistent with, the 2018-2023 Corporate Plan in delivering services, programs and facilities to its community.

2019-2020 Annual Budget at a Glance

Capital Expenditure



- Indigiscapes Project2 – Visitor Centre Office Expansion
- Collins St and School of Arts Rd Upgrade
- Bus Shelter and Seat Renewals
- Seawall Upgrades
- Revetment Wall Upgrades
- Wentworth Dr Park Upgrade, Capalaba
- Stage 2A Thornlands Community Park
- Weinam Creek development
- William Street Breakwater Upgrade
- Pt Lookout Oval Park Upgrade

Rates and Charges

TOTAL COUNCIL (RCC) RATES AND CHARGES

- An increase of 2.84% 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 \$6.44 from \$115.56 per annum to \$122.00 per annum, to fund work such as fire management, citywide planting, habitat restoration and management

LANDFILL REMEDIATION SEPARATE CHARGE

- Decreased by \$3.36 per annum from \$43.88 to \$40.52

REDLAND CITY SES SEPARATE CHARGE

- Maintained at \$7.00 per annum for 2019-20

WATER PRICING – RCC CONTROLLED

- Water fixed access (domestic) charge increased for the first time since 2015-16 by \$5.04 from \$263.60 per annum to \$268.64 for 2019-20
- Water consumption - Variable Water Residential charge has increased by \$0.01 for 2019-20 to \$0.601 per kilolitre

WATER PRICING – STATE CONTROLLED

- Water consumption - State Controlled Bulk Water increased from \$2.748 per kilolitre to \$2.935 per kilolitre for 2019-20, an increase of 6.80%

WASTEWATER PRICING

- Average domestic wastewater charge has increased by 1.96% from \$675.75 to \$689.00 per annum for 2019-20

Comparative Bill for Pricing 2019-20 Domestic Average Water User				
	2018-19	2019-20	Variance	Variance
	\$	\$	\$	%
Water Access	263.60	268.64	5.04	1.91
Water Consumption (200kl)*:				
Bulk (State Controlled)	549.60	587.00	37.40	6.80
Retail (RCC Controlled)	118.00	120.25	2.25	1.91
Total Water excl. Wastewater	931.20	975.89	44.69	4.80
Wastewater	675.75	689.00	13.25	1.96
TOTAL WATER CHARGES	1,606.95	1,664.89	57.94	3.61

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

WASTE LEVY IN QUEENSLAND

- For the financial year 2019-20, an annual payment of \$4,619,843 will be paid to Redland City Council by the Queensland Government under the *Waste Reduction and Recycling Act 2011*. The purpose of this payment is to mitigate any direct impacts of the waste disposal levy to households in the Redland City local government area.

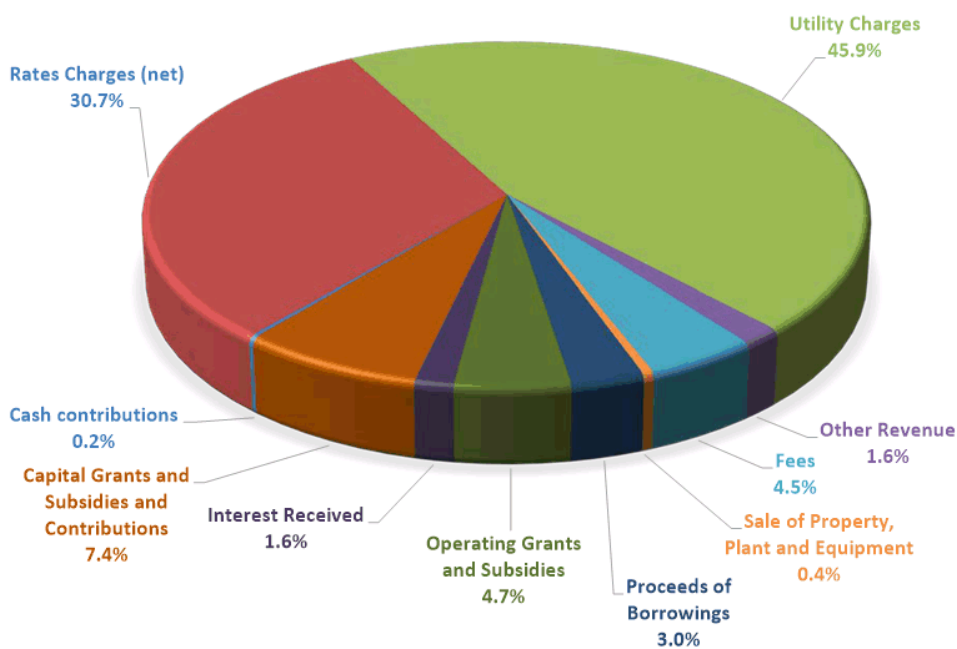
Financial Budget Overview 2019-2020

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 45.9%; comprising of 11.7% State Bulk Water charges, 8.6% RCC water charges, and the remaining 25.6% 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.

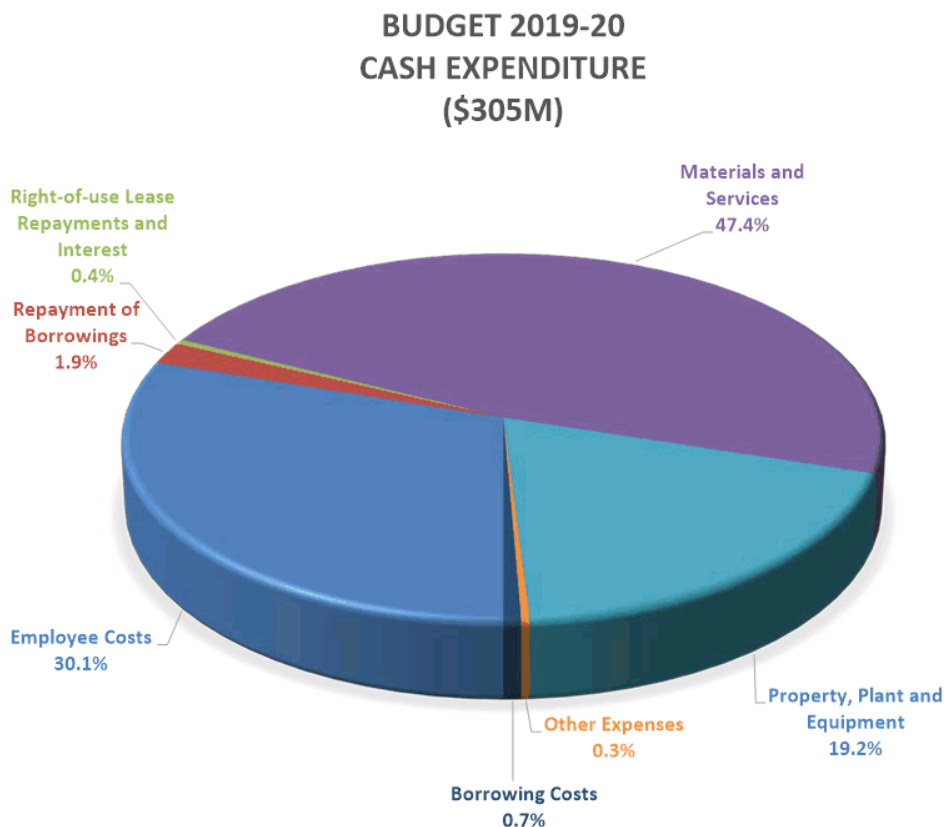
Capital and operating grants, subsidies and contributions are forecast to provide 12.3% of cash funding and this revenue assists Council in delivering a variety of capital programs and various operational maintenance activities. Additionally, fees collected from the issue of permits and consideration of applications and community related services contribute to approximately 4.5% of the funds.

**BUDGET 2019-20
CASH FUNDING
(\$305M)**



Where does the money go?

For 2019-20, 47.4% of the budget has been allocated towards the maintenance programs needed to support the Redlands community, while 19.2% has been set aside for new infrastructure and other capital programs. A further 30.1% 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 2019-20 and provides a more recent long-term financial forecast. The following policies have also been updated for the 2019-20 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 Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Revenue from Operating Activities	297,572	304,937	313,364
Expenses from Operating Activities	294,568	301,152	310,195
Finance Costs	2,809	2,615	2,472
Result from Operating Activities	195	1,171	697
Capital Revenue	27,973	27,933	31,711
Capital Expenses	112	(1,172)	(1,399)
Total Change in Community Equity	28,056	30,276	33,807

Key Balance Sheet Items

The budgeted assets and liabilities are reflective of the anticipated closing balances at 30 June 2019, 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 2018-19. Finalised and audited opening balances as at 1 July 2019 will be reflected in the annual report.

	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Total Assets	2,794,966	2,831,822	2,872,773
Total Liabilities	98,904	105,484	112,627
Net Community Assets	2,696,062	2,726,338	2,760,146
Total Cash at Year End	170,027	157,925	160,742
Total Debt at Year End	41,128	47,886	55,494

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 Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
CURRENT ASSETS			
Cash and cash equivalents	170,027	157,926	160,743
Trade and other receivables	30,532	31,281	32,264
Inventories	936	936	936
Non-current assets held for sale	-	-	-
Other current assets	1,765	1,765	1,765
Total current assets	203,260	191,908	195,708
NON-CURRENT ASSETS			
Investment property	1,091	1,091	1,091
Property, plant and equipment	2,555,393	2,603,560	2,640,653
Intangible assets	968	2,170	3,421
Right-of-use lease assets	8,278	7,117	5,924
Other financial assets	73	73	73
Investment in other entities	25,904	25,904	25,904
Total non-current assets	2,591,706	2,639,914	2,677,065
TOTAL ASSETS	2,794,966	2,831,822	2,872,773
CURRENT LIABILITIES			
Trade and other payables	23,817	24,597	25,122
Borrowings	7,728	7,393	8,364
Right-of-use lease liability	1,039	1,047	1,072
Provisions	7,816	7,988	8,172
Other current liabilities	2,940	3,003	3,070
Total current liabilities	43,340	44,027	45,801
NON-CURRENT LIABILITIES			
Borrowings	33,400	40,493	47,130
Right-of-use lease liability	7,412	6,357	5,260
Provisions	14,752	14,606	14,436
Total non-current liabilities	55,563	61,457	66,826
TOTAL LIABILITIES	98,904	105,484	112,627
NET COMMUNITY ASSETS	2,696,062	2,726,338	2,760,146
COMMUNITY EQUITY			
Asset revaluation surplus	1,003,168	1,003,167	1,003,167
Retained surplus	1,575,901	1,611,601	1,650,831
Constrained cash reserves	116,993	111,570	106,147
TOTAL COMMUNITY EQUITY	2,696,062	2,726,338	2,760,146

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 Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	272,371	288,804	298,288
Payments to suppliers and employees	(237,486)	(235,915)	(241,492)
	34,885	52,888	56,796
Interest received	5,231	5,410	5,288
Rental income	925	942	963
Non-capital grants and contributions	16,097	10,211	9,015
Borrowing costs	(2,070)	(1,858)	(1,697)
Right-of-use assets interest expense	(266)	(238)	(210)
Other cash flows from operating activities	(50)	-	-
Net cash inflow/(outflow) from operating activities	54,752	67,356	70,155
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	(58,432)	(109,854)	(102,263)
Payments for intangible assets	-	(1,131)	(1,373)
Proceeds from sale of property, plant and equipment	1,419	1,172	1,399
Capital grants, subsidies and contributions	24,492	24,467	28,175
Other cash flows from investing activities	-	176	189
Net cash inflow/(outflow) from investing activities	(32,521)	(85,169)	(73,874)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings	9,800	13,232	15,000
Repayment of borrowings	(5,937)	(6,474)	(7,392)
Right-of-use lease payments	(1,039)	(1,047)	(1,072)
Net cash inflow/(outflow) from financing activities	2,824	5,711	6,536
Net increase/(decrease) in cash and cash equivalents held	25,055	(12,102)	2,817
Cash and cash equivalents at the beginning of the financial year	144,972	170,027	157,925
Cash and cash equivalents at the end of the financial year	170,027	157,925	160,742

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*

Redland City Council - Statement of Comprehensive Income

	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Recurrent revenue			
Rates, levies and charges	253,948	269,808	278,102
Fees	14,632	14,944	15,342
Rental income	925	944	966
Interest received	5,231	5,410	5,288
Investment returns	-	-	-
Sales revenue	3,856	3,939	4,027
Other income	525	640	652
Grants, subsidies and contributions	18,456	9,253	8,987
Total recurrent revenue	297,572	304,937	313,364
Capital revenue			
Grants, subsidies and contributions	24,492	24,467	28,175
Non-cash contributions	3,480	3,466	3,537
Total capital revenue	27,973	27,933	31,711
TOTAL INCOME	325,545	332,870	345,076
Recurrent expenses			
Employee benefits	90,372	93,030	95,308
Materials and services	138,917	143,041	146,058
Finance costs	2,809	2,615	2,472
Depreciation and amortisation	65,279	65,082	68,829
Total recurrent expenses	297,377	303,767	312,668
Capital expenses			
(Gain) / Loss on disposal of non-current assets	112	(1,172)	(1,399)
Total capital expenses	112	(1,172)	(1,399)
TOTAL EXPENSES	297,489	302,594	311,268
NET RESULT	28,056	30,276	33,807
Other comprehensive income / (loss)			
Items that will not be reclassified to a net result			
Revaluation of property, plant and equipment	-	-	-
TOTAL COMPREHENSIVE INCOME	28,056	30,276	33,807

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 \$000	Retained Surplus \$000	Constrained Cash Reserves \$000	Total Community Equity \$000
Balance as at 1 July 2019	1,003,168	1,556,183	108,655	2,668,006
Net result	-	28,056	-	28,056
Total comprehensive income for the year	-	28,056	-	28,056
Transfers to and from reserves:				
Transfers to reserves	-	(35,868)	35,868	-
Transfers from reserves	-	27,530	(27,530)	-
Total transfers to and from reserves	-	(8,338)	8,338	-
Balance as at 30 June 2020	1,003,168	1,575,901	116,993	2,696,062

	Asset Revaluation Surplus \$000	Retained Surplus \$000	Constrained Cash Reserves \$000	Total Community Equity \$000
Balance as at 1 July 2020	1,003,168	1,575,901	116,993	2,696,062
Net result	-	30,276	-	30,276
Total comprehensive income for the year	-	30,276	-	30,276
Transfers to and from reserves:				
Transfers to reserves	-	(36,689)	36,689	-
Transfers from reserves	-	42,112	(42,112)	-
Total transfers to and from reserves	-	5,423	(5,423)	-
Balance as at 30 June 2021	1,003,168	1,611,600	111,570	2,726,338

	Asset Revaluation Surplus \$000	Retained Surplus \$000	Constrained Cash Reserves \$000	Total Community Equity \$000
Balance as at 1 July 2021	1,003,168	1,611,600	111,570	2,726,338
Net result	-	33,807	-	33,807
Total comprehensive income for the year	-	33,807	-	33,807
Transfers to and from reserves:				
Transfers to reserves	-	(37,547)	37,547	-
Transfers from reserves	-	42,970	(42,970)	-
Total transfers to and from reserves	-	5,423	(5,423)	-
Balance as at 30 June 2022	1,003,168	1,650,831	106,147	2,760,146

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 Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Revenue			
Rates charges	104,953	109,048	111,714
Levies and utility charges	152,328	164,191	169,923
<i>Less: Pensioner remissions and rebates</i>	(3,333)	(3,430)	(3,534)
Fees	14,632	14,944	15,342
Operating grants and subsidies	17,757	8,536	8,251
Operating contributions and donations	699	717	736
Interest external	5,231	5,410	5,288
Investment returns	-	-	-
Other revenue	5,306	5,523	5,645
Total revenue	297,572	304,937	313,364
Expenses			
Employee benefits	90,372	93,030	95,308
Materials and services	140,138	144,293	147,345
Finance costs other	472	757	775
Other expenditure	514	527	542
Net internal costs	(1,735)	(1,780)	(1,829)
Total expenses	229,762	236,827	242,142
Earnings before interest, tax and depreciation (EBITD)	67,811	68,110	71,223
Interest expense - External	2,336	1,858	1,697
Depreciation and amortisation	65,279	65,082	68,829
OPERATING SURPLUS / (DEFICIT)	195	1,171	697

Please refer to the Redland Water and RedWaste operating and capital funding statements on pages 20 to 24 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 Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Proposed sources of capital funding			
Capital contributions and donations	22,427	23,061	24,334
Capital grants and subsidies	2,065	1,406	3,840
Proceeds on disposal of non-current assets	1,419	1,038	1,172
Capital transfers (to) / from reserves	(5,446)	5,423	5,423
Non-cash contributions	3,480	3,466	3,537
New loans	9,800	13,232	15,000
Funding from general revenue	35,143	73,299	61,259
Total sources of capital funding	68,889	120,924	114,565
Proposed application of capital funds			
Contributed assets	3,480	3,466	3,537
Capitalised goods and services	51,434	100,918	94,237
Capitalised employee costs	6,999	10,066	9,400
Loan redemption	6,976	6,474	7,392
Total application of capital funds	68,889	120,924	114,565

Redland City Council – Other Budgeted Items

	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Other budgeted items			
Transfers to constrained operating reserves	(13,441)	(13,728)	(14,037)
Transfers from constrained operating reserves	10,549	13,728	14,037
Written down value (WDV) of assets disposed	1,531	-	-

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 Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Operating Developer Contributions *	267	273	279
Capital Developer Contributions	22,427	23,061	24,334
Developer Non-Cash Contributed Assets	3,480	3,466	3,537
Total Developer Contributions	26,175	26,800	28,150

*excludes non-developer contributions

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 2019-20 budget development and as in previous years are subject to change following budget adoption. The below measures of financial sustainability are provided 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	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2018-29
Operating Surplus Ratio	0.07%	0.38%	0.22%	0.33%	0.47%	0.61%	0.72%	0.82%	0.92%	1.02%
Target between 0% and 10% (on average over the long-term)										
Asset Sustainability Ratio (Infrastructure Assets Only)	52.23%	106.23%	113.32%	71.86%	79.23%	71.12%	69.97%	59.13%	67.42%	65.84%
Greater than 90% (on average over the long-term)										
Net Financial Liabilities Ratio	-35.07%	-28.34%	-26.51%	-25.07%	-23.41%	-23.81%	-23.79%	-24.90%	-25.54%	-24.28%
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	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2018-29
Level of dependence on General Rate Revenue	34.30%	34.79%	34.67%	34.68%	34.71%	34.92%	34.62%	34.84%	34.74%	34.64%
(Excludes Utility Revenues) - Threshold set < 40%										
Ability to pay our bills - Current Ratio	4.69	4.36	4.27	4.67	4.64	4.76	4.97	5.38	5.45	5.30
Target between 1.1 and 4.1**										
Ability to repay our debt - Debt Servicing Ratio (%)	2.87%	3.03%	3.21%	1.81%	2.00%	2.21%	1.81%	1.76%	1.96%	0.70%
Target less than or equal to 15%										
Cash Balances - \$000s	170,027	157,925	160,742	163,898	169,502	181,411	192,111	209,459	223,897	227,069
Target greater than or equal to \$50M										
Cash Balances - cash capacity in months	8.51	7.96	7.92	7.86	7.88	8.22	8.33	8.88	9.17	8.94
Target greater than 3 months										
Longer term financial stability - debt to asset ratio (%)	1.47%	1.69%	1.93%	2.12%	2.41%	2.68%	2.88%	3.20%	3.43%	3.57%
Target less than or equal to 10%										
Operating Performance	18.58%	22.06%	22.37%	22.77%	23.05%	23.40%	23.46%	23.90%	23.99%	23.74%
Target greater than or equal to 10%										
Interest Coverage Ratio	-1.06%	-1.16%	-1.15%	-1.20%	-1.17%	-1.16%	-1.17%	-1.19%	-1.20%	-1.18%
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 2019-20 budget compared with the rates and utility charges levied in the 2018-19 budget is 4.12%, comprising growth of 1.31% and a 2.81% price increase.

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 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Revenue			
Levies and utility charges	113,256	119,243	123,717
<i>Less: Pensioner remissions and rebates</i>	(453)	(477)	(495)
Fees	317	322	327
Operating grants and subsidies	-	-	-
Operating contributions and donations	-	-	-
Interest external	909	928	949
Community service obligation	376	384	392
Other revenue	2,032	2,075	2,122
Total revenue	116,436	122,474	127,013
Expenses			
Employee benefits	8,831	9,000	9,178
Materials and services	54,341	58,011	59,936
Finance costs other	-	-	-
Other expenditure	-	-	-
Net internal costs	3,301	3,388	3,481
Total expenses	66,474	70,400	72,596
Earnings before interest, tax and depreciation (EBITD)	49,963	52,075	54,417
External interest expense	136	125	114
Internal interest expense	14,867	15,086	15,633
Depreciation and amortisation	23,823	24,361	24,686
Operating surplus/(deficit)	11,136	12,503	13,984

REDLAND WATER CAPITAL FUNDING STATEMENT

	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Proposed sources of capital funding			
Capital contributions and donations	2,537	2,587	2,640
Capital grants and subsidies	-	-	-
Proceeds on disposal of non current assets	-	-	-
Capital Transfer to/from Reserves	(1,982)	(1,611)	2,071
Non cash contributions	3,399	3,466	3,537
New loans	-	-	-
Funding from utility revenue	4,172	7,672	18,192
Total sources of capital funding	8,126	12,114	26,440
Proposed application of capital funds			
Contributed assets	3,399	3,466	3,537
Capitalised goods & services	4,124	8,096	22,350
Capitalised employee costs	55	57	58
Loan redemption	549	495	495
Total Application of Capital Funds	8,126	12,114	26,440
Other budgeted items			
Transfers to constrained operating reserves	-	-	-
Transfers from constrained operating reserves	-	-	-
WDV of assets disposed	-	-	-
Income tax	5,122	5,567	6,048
Dividend	8,963	9,742	10,584

REDLAND WATER COMMUNITY SERVICE OBLIGATIONS (CSOs)

Job Name	Description of the nature of the CSO	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Water concession not for profit	Reduced charges for water for charities and not for profit organisations	91	93	95
Wastewater concession not for profit	Reduced charges for wastewater for charities and not for profit organisations	285	291	297
		376	384	392

REDWASTE OPERATING STATEMENT

	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2020-21 \$000
Revenue			
Levies and utility charges	26,968	27,807	30,838
<i>Less: Pensioner remissions and rebates</i>	-	-	-
Fees	657	666	678
Operating grants and subsidies	4,619	4,718	4,824
Operating contributions and donations	-	-	-
Interest external	84	86	88
Community service obligation	189	193	197
Other revenue	1,183	1,208	1,236
Total revenue	33,701	34,678	37,862
Expenses			
Employee benefits	2,085	2,135	2,187
Materials and services	22,014	22,592	25,343
Finance costs other	1	1	1
Other expenditure	-	-	-
Net internal costs	2,098	2,153	2,212
Total expenses	26,197	26,881	29,742
Earnings before interest, tax and depreciation (EBITD)	7,504	7,797	8,119
External interest expense	31	31	32
Internal interest expense	-	-	-
Depreciation and amortisation	278	284	291
Operating surplus/(deficit)	7,195	7,482	7,796

REDWASTE CAPITAL FUNDING STATEMENT

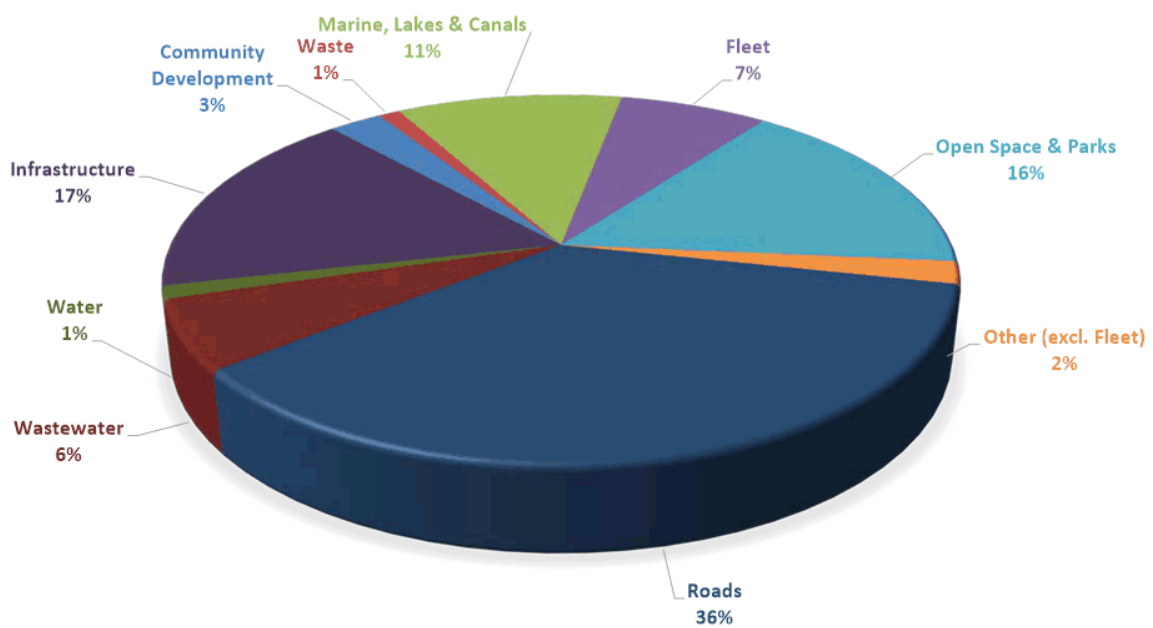
	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2020-21 \$000
Proposed sources of capital funding			
Capital contributions and donations	-	-	-
Capital grants and subsidies	-	-	-
Proceeds on disposal of non-current assets	-	-	-
Capital Transfer (to) / from Reserves	-	-	-
Non-cash contributions	-	-	-
New loans	-	-	-
Funding from general revenue	746	1,100	1,036
Total sources of capital funding	746	1,100	1,036
Proposed application of capital funds			
Contributed assets	-	-	-
Capitalised goods & services	608	962	897
Capitalised employee costs	-	-	-
Loan redemption	138	138	139
Total Application of Capital Funds	746	1,100	1,036
Other budgeted items			
Transfers to constrained operating reserves	-	-	-
Transfers from constrained operating reserves	-	-	-
WDV of assets disposed	-	-	-
Income tax	2,157	2,245	2,339
Dividend	2,516	2,619	2,729

REDWASTE COMMUNITY SERVICE OBLIGATIONS (CSOs)

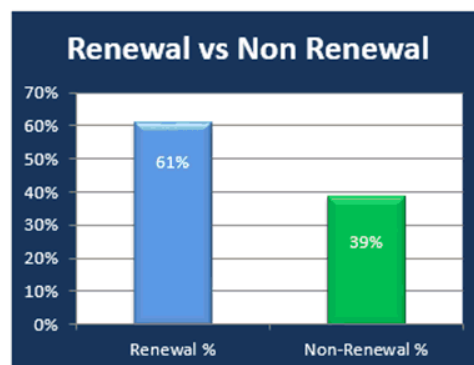
Job Name	Description of the nature of the CSO	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Clean Up Australia Day	Acceptance of Clean Up Australia Day waste at transfer stations, provision of bulk waste bins and waste disposal for clean-up sites.	2	2	2
Waste Disposal from Community Groups	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.	42	43	44
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	77	78
Bulky Item Collection Service (Elderly & Disabled)	Removal and disposal of bulky items and green waste to eligible elderly and disabled clients.	70	71	73
		189	193	197

Capital Expenditure 2019-2020

Council reviewed its latest 10 year capital program throughout the 2019-20 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 \$58.43M has been planned for capital works in 2019-20 which has been allocated across the work programs as displayed in the chart below.

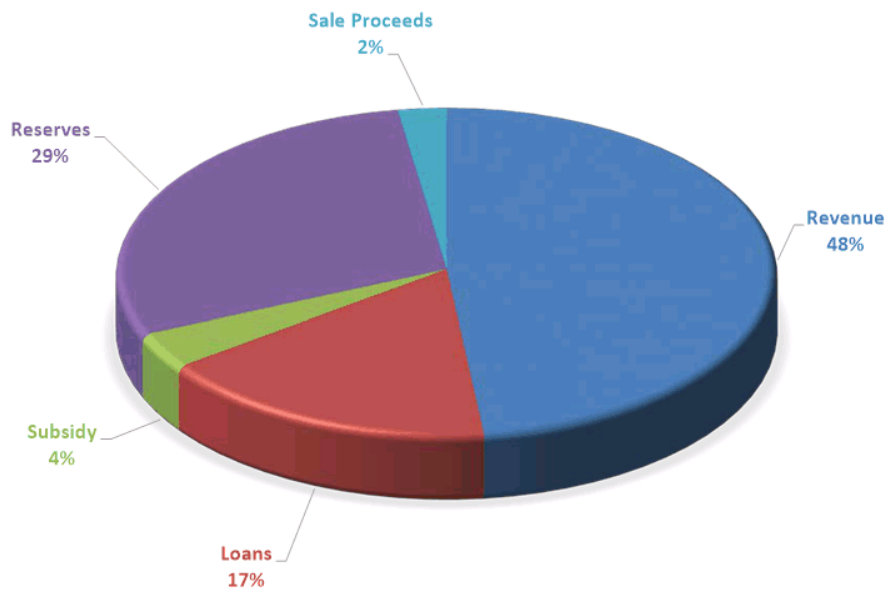


Category	Amount \$000	2019-20 %
Community Development	1,505	3%
Waste	608	1%
Marine, Lakes & Canals	6,429	11%
Fleet	4,223	7%
Open Space & Parks	9,488	16%
Other (excl. Fleet)	1,152	2%
Roads	21,008	36%
Wastewater	3,525	6%
Water	653	1%
Infrastructure	9,840	17%
Total	58,432	100%



Capital Expenditure Funding Sources 2019-2020

The sources of Capital Expenditure funding are shown below:



Source of Funding	Amount \$000	2019-20 %
Revenue	28,167	48%
Loans	9,800	17%
Subsidy	2,065	4%
Reserves	16,981	29%
Sale Proceeds	1,419	2%
Total	58,432	100%

Capital Works 2019-2020

The capital works program for 2019-20 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 \$58.43M for 2019-20 and is listed below by category of expenditure.

Works Program	\$
Libraries	1,172,996
Public Art and Redlands Performing Arts Centre (RPAC)	332,500
Community and Cultural Development	1,505,496
Transport (footpaths, bikeways, carparks, bus stops/shelters)	6,827,507
Buildings	2,612,289
Stormwater	400,000
Infrastructure	9,839,796
Marine Foreshore Protection	1,992,835
Lake and Canal Estates	4,436,496
Marine and Foreshore	6,429,331
Infrastructure - Open Space	5,502,603
Parks and Conservation	3,985,362
Open Space Infrastructure, Parks and Conservation	9,487,965
Reseals and Resurfacing	12,250,000
Road Upgrade Programs and Intersection Safety Improvements	2,458,013
Road Reconstruction, Maintenance and Other	6,300,000
Roads	21,008,013
Wastewater Pump Stations	1,421,400
Wastewater Treatment Plants, Mains and Maintenance	2,104,000
Wastewater	3,525,400
Waste	608,121
Water	653,361
Fleet Replacement	4,223,339
Information Management Replacements, Upgrades and Projects	825,000
Land Actions and Acquisitions, Project Delivery and Administrative	326,633
Other	5,374,972
Grand Total	58,432,455

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 2019-20. 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 Budget 2019-20 \$000	Year 2 Forecast 2020-21 \$000	Year 3 Forecast 2021-22 \$000	Year 4 Forecast 2022-23 \$000	Year 5 Forecast 2023-24 \$000
Total Income	325,545	332,870	345,076	354,278	368,520
Total Expenses	297,489	302,594	311,268	320,207	332,240
Total Assets	2,794,966	2,831,822	2,872,773	2,912,984	2,958,637
Total Liabilities	98,904	105,484	112,627	118,767	128,139
Community Equity	2,696,062	2,726,338	2,760,146	2,794,217	2,830,497

	Year 6 Forecast 2024-25 \$000	Year 7 Forecast 2025-26 \$000	Year 8 Forecast 2026-27 \$000	Year 9 Forecast 2027-28 \$000	Year 10 Forecast 2028-29 \$000
Total Income	382,214	400,244	406,265	421,037	432,856
Total Expenses	342,796	358,865	368,098	382,217	397,045
Total Assets	3,007,235	3,057,180	3,107,164	3,155,731	3,198,908
Total Liabilities	137,320	145,886	157,703	167,450	174,815
Community Equity	2,869,915	2,911,294	2,949,461	2,988,281	3,024,092

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 2019-20 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 \$2.7 billion at the end of the 2019-20 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 18), 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 investment management strategy over the next ten financial years in order to maximise the returns generated from investing cash balances.
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* (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 2019-2020 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. paying 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; or
- **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 2019-2029: Local Government Regulation 2012 section 192(2)(a)										
	Budget Year 1 2019-20	Forecast Year 2 2020-21	Forecast Year 3 2021-22	Forecast Year 4 2022-23	Forecast Year 5 2023-24	Forecast Year 6 2024-25	Forecast Year 7 2025-26	Forecast Year 8 2026-27	Forecast Year 9 2027-28	Forecast Year 10 2028-29
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Opening Balance	37,265	41,128	47,886	55,494	61,831	71,396	80,534	88,044	99,523	108,149
New Loans*	9,800	13,232	15,000	14,700	13,877	14,123	13,265	15,991	12,917	10,890
Interest	2,070	1,858	1,697	1,538	1,736	1,901	2,052	2,271	2,602	2,822
Redemption	5,936	6,474	7,392	8,363	4,312	4,985	5,755	4,512	4,291	4,984
Closing Balance	41,128	47,886	55,494	61,831	71,396	80,534	88,044	99,523	108,149	114,054

Schedule of forecasted remaining repayment terms in years 2019-2029: Local Government Regulation 2012 section 192(2)(b)										
	Budget Year 1 2019-20	Forecast Year 2 2020-21	Forecast Year 3 2021-22	Forecast Year 4 2022-23	Forecast Year 5 2023-24	Forecast Year 6 2024-25	Forecast Year 7 2025-26	Forecast Year 8 2026-27	Forecast Year 9 2027-28	Forecast Year 10 2028-29
Weighted Average (existing loans)	4.94	4.35	4.14	5.06	4.75	5.17	8.97	12.04	11.04	10.04
Weighted Average (incl. new loans)	10.63	12.70	14.62	16.26	16.47	16.62	16.70	16.50	16.05	15.54

*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 2039.
- 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 2019-20 financial year for:
 - a) levying of rates and charges;
 - b) granting concessions for rates and charges;
 - c) recovering overdue rates and charges; and
 - 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 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 the policy but are not bound to the Redland City Council policy statements as outline in this document.

Policy Statement

(1) Principles that Council intends to apply in the 2019-20 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 programmes;
 - 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 Obligation, 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
- Corporate Policy POL-0027 Water Charge Rebate 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 *Planning Act 2016*.

Revenue Statement 2019-2020

Outline and Explanation of Measures Adopted for Revenue Raising

Council has developed its revenue raising for the 2019-20 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 underpinned 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.

In compliance with section 172(2)(b) of the *Local Government Regulation 2012*, it is confirmed that for the 2019-20 fiscal 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 2019-20 financial year that has 28 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 pursuant to 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
1a	Includes all rateable land that: 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 \$385,000; 3) is the registered owner's principal place of residence; and 4) is NOT categorised in rating category 1d or 1f.	GR20	0.00401544	1.000	\$1,031	\$256,759
1b	Includes all rateable land that: 1) having regard to any improvements or activities conducted upon the land, used primarily for residential purposes; 2) has a value greater than \$385,000; 3) is the registered owner's principal place of residence; and 4) is NOT categorised in rating category 1e or 1g.	GR20	0.00321237	0.800	\$1,555	\$484,066
1d	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 less than or equal to \$385,000; and 4) is the registered owner's principal place of residence.	GR70	0.00710887	1.770	\$1,526	\$214,661
1e	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, used primarily for residential purposes; 3) has a value greater than \$385,000; and 4) is the registered owner's principal place of residence.	GR70	0.00568714	1.416	\$2,737	\$481,261

Rating Category	Rating Category Description	Charge Code (RCC Use)	Rate in the Dollar (RID)	Multiplier	Minimum General Rate	Minimum General Rate Value Threshold
1f	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise and shown on Appendix B – Aquatic Paradise 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 \$385,000; and 4) is the registered owner's principal place of residence.	GR80	0.00401668	1.000	\$1,167	\$290,539
1g	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise and shown on Appendix B – Aquatic Paradise Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, used primarily for residential purposes; 3) has a value greater than \$385,000; and 4) is the registered owner's principal place of residence.	GR80	0.00334723	0.834	\$1,688	\$504,297
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 \$385,000; 3) is NOT the registered owner's principal place of residence; and 4) is NOT categorised in rating category 2d or 2f.	GR25	0.00485623	1.209	\$1,125	\$231,661
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 \$385,000; 3) is NOT the registered owner's principal place of residence; and 4) is NOT categorised in rating category 2e or 2g.	GR25	0.00412784	1.028	\$1,879	\$455,202
2d	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 less than or equal to \$385,000; and 4) is NOT the registered owner's principal place of residence.	GR75	0.00859740	2.141	\$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;	GR75	0.00730787	1.820	\$3,310	\$452,936

Rating Category	Rating Category Description	Charge Code (RCC Use)	Rate in the Dollar (RID)	Multiplier	Minimum General Rate	Minimum General Rate Value Threshold
	3) has a value greater than \$385,000; and 4) is NOT the registered owner's principal place of residence.					
2f	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise and shown on Appendix B – Aquatic Paradise 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 \$385,000; and 4) is NOT the registered owner's principal place of residence.	GR85	0.00485616	1.209	\$1,262	\$259,876
2g	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise and shown on Appendix B – Aquatic Paradise 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 \$385,000; and 4) is NOT the registered owner's principal place of residence.	GR85	0.00430113	1.071	\$2,013	\$468,017
4a	Includes all vacant rateable land, other than that categorised in rating categories 4b, 4c or 10.	GR12	0.00538280	1.341	\$1,153	\$214,201
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	2.373	\$1,563	\$164,015
4c	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 Aquatic Paradise and shown on Appendix B – Aquatic Paradise Canal Estate Map.	GR82	0.00569026	1.417	\$1,290	\$226,703
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, 6c or 19.	GR21	0.00682626	1.700	\$1,318	\$193,078
6b	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 primarily used in whole or in part for commercial or industrial purposes; and 3) is NOT categorised in rating category 19.	GR71	0.01208509	3.010	\$1,685	\$139,428
6c	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise and shown on Appendix B – Aquatic Paradise Canal Estate Map;	GR81	0.00711282	1.771	\$1,456	\$204,701

Rating Category	Rating Category Description	Charge Code (RCC Use)	Rate in the Dollar (RID)	Multiplier	Minimum General Rate	Minimum General Rate Value Threshold
	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.	GR22	0.01648213	4.105	\$2,286	\$138,696
10	Includes all rateable land that has been identified as having an insurmountable drainage constraint and/or significant conservation values that it is unlikely a development permit, or permits, for the erection of a dwelling house on the land would be granted. All rateable land included in this category identified with insurmountable drainage problems or conservation values is zoned Conservation in the City Plan. This category also includes all rateable land on the Southern Moreton Bay Islands that is vacant and has been included within the Recreation and Open Space zone of the City Plan.	GR06	0.00883336	2.200	\$321	\$36,340
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 or 11c.	GR05	0.01157792	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	5.105	N/a	N/a
11c	Includes subdivided land that adjoins a canal revetment wall in the estate commonly referred to as Aquatic Paradise, and shown on Appendix B – Aquatic Paradise Canal Estate Map, that is not yet developed in accordance with section 50 of the <i>Land Valuation Act 2010</i> .	GR83	0.01157792	2.883	N/a	N/a
16	One or more land parcels where the land: 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	0.00883397	2.200	\$36,200	\$4,097,817
16a	One or more land parcels where the land: 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	0.00923552	2.300	\$82,694	\$8,953,913

Rating Category	Rating Category Description	Charge Code (RCC Use)	Rate in the Dollar (RID)	Multiplier	Minimum General Rate	Minimum General Rate Value Threshold
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 use code of COM023; and 3) has a value greater than or equal to \$20,000,000. 	GR38	0.00963707	2.400	\$171,372	\$17,782,587
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	0.00682626	1.700	\$2,669	\$390,990
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	0.00762935	1.900	\$4,686	\$614,207

Separate Charges

ENVIRONMENT SEPARATE CHARGE

Section 94 of the *Local Government Act 2009* prescribes that 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 2019-20 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 2019-20 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	122.00 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	40.52 per annum	Charge per lot

REDLAND CITY SES ADMINISTRATION SEPARATE CHARGE

Pursuant to 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 2019-20 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

Pursuant to 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 C – 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 27 June 2019.

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	15.00 per annum	Charge per lot

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 2019-20 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	410.00	RF201	433.60
140L Waste / 240L Recycling (existing only)	RF15	343.60	RF215	407.20
240L Waste / 340L Recycling	RF301	410.00	RF218	433.60
140L Waste / 340L Recycling	RF302	343.60	RF219	407.20
140L Waste / 140L Recycling	RF303	320.00	RF220	393.20
240L Green Waste	RFG01	62.00	N/A	N/A
Additional Bin and Service - Scheduled Days	Charge Code (RCC Use)	Annual Amount \$	Charge Code (RCC Use)	Annual Amount \$
240L Additional Waste Bin	RF09	210.00	RF209	271.00
240L Additional Recycling Bin	RF16	129.00	RF216	152.00
140L Additional Waste Bin	RF17	187.00	RF217	268.00
340L Additional Recycling Bin	RF53	167.00	RF253	174.00
240L Additional Green Waste Bin	RFG02	62.00	N/A	N/A
Additional Service Existing Bin (Temporary Lift) - Scheduled Days	Charge Code (RCC Use)	Amount Per Lift \$		
140L Waste Bin per lift	RF12	15.20	N/A	N/A
240L Waste Bin per lift	RF13	13.40	N/A	N/A
240L Recycling Bin per lift	RF14	15.80	N/A	N/A
340L Recycling Bin per lift	RF54	11.00	N/A	N/A
240L Green Waste Bin per lift	RFG03	7.60	N/A	N/A
Additional Service Existing Bin (Temporary Lift) - Outside Scheduled Days	Charge Code (RCC Use)	Amount Per Lift \$		
240L Additional Waste Service per lift	RF40	57.00	N/A	N/A
140L Additional Waste Service per lift	RF41	42.00	N/A	N/A
240L Additional Recycling Service per lift	RF42	32.00	N/A	N/A
340L Additional Recycling Service per lift	RF55	33.00	N/A	N/A

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 (Rear lift)	RF20	957.00	N/A	N/A
0.66 m ³ (Front lift)	RF80	840.00	RF180	2,329.00
1.10 m ³ (Rear lift)	RF23	1,461.00	N/A	N/A
1.10 m ³ (Front lift)	RF19	1,500.00	N/A	N/A
1.50 m ³	RF26	1,743.00	RF106	2,827.00
2.00m ³	RF84	2,344.00	RF184	3,768.00
2.25 m ³	RF29	2,637.00	RF109	4,240.00
3.00 m ³	RF32	3,419.00	RF112	5,604.00
4.00 m ³	RF35	4,549.00	RF115	7,105.00
Additional Waste Service Bulk Bin size (m³) - Lift only; 1 service per week				
	Charge Code (RCC Use)	Amount Per Lift \$	Charge Code (RCC Use)	Amount Per Lift \$
0.66 m ³	RF21	38.60	N/A	N/A
1.10 m ³	RF24	47.20	N/A	N/A
1.50 m ³	RF27	38.60	RF107	74.40
2.00m ³	RF85	52.00	RF185	92.00
2.25 m ³	RF30	57.40	RF110	102.80
3.00 m ³	RF33	69.80	RF113	128.60
4.00 m ³	RF36	89.00	RF116	161.20
Temporary Waste Service (≤3 months) Bulk Bin size (m³) - Bin and Lift; 1 service				
	Charge Code (RCC Use)	Amount Per Bin & Lift \$	Charge Code (RCC Use)	Amount Per Bin & Lift \$
0.66 m ³	RF22	92.40	N/A	N/A
1.10 m ³	RF25	172.20	N/A	N/A
1.50 m ³	RF28	175.40	RF108	196.80
2.00m ³	RF86	184.00	RF186	210.00
2.25 m ³	RF31	188.00	RF111	220.80
3.00 m ³	RF34	200.60	RF114	245.20
4.00 m ³	RF37	217.40	RF117	277.40

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 (m³) - 1 service per fortnight				
0.66 m ³ (Rear lift)	RF81	627.00	N/A	N/A
0.66 m ³ (Front lift)	RF82	550.00	RF182	921.00
1.10 m ³ (Rear lift)	RF63	987.00	N/A	N/A
1.10 m ³ (Front lift)	RF83	869.00	RF183	1,535.00
1.50 m ³	RF66	1,365.00	RF136	2,369.00
2.00m ³	RF87	1,820.00	N/A	N/A
2.25 m ³	RF69	1,966.00	RF139	3,254.00
3.00 m ³	RF72	2,548.00	RF142	4,668.00
4.00 m ³	RF75	2,729.60	RF145	6,202.00

Residential and Commercial Bulk Recycling Bin Service				
Additional Recycling Service Bulk Bin size (m ³) Lift only; 1 service	Charge Code (RCC Use)	Amount Per Lift \$	Charge Code (RCC Use)	Amount Per Lift \$
1.10 m ³	RF65	134.60	N/A	N/A
1.50 m ³	RF68	137.60	RF138	225.80
2.00m ³	RF88	139.00	N/A	N/A
2.25 m ³	RF71	141.80	RF141	225.80
3.00 m ³	RF74	144.80	RF144	225.80
4.00 m ³	RF77	150.00	RF147	225.80
Temporary Recycling Service (≤3 months) Bulk Bin Size (m ³) - Bin and Lift; 1 service	Charge Code (RCC Use)	Amount Per Bin & Lift \$	Charge Code (RCC Use)	Amount Per Bin & Lift \$
1.10 m ³	RF64	240.00	N/A	N/A
1.50 m ³	RF67	180.60	RF137	414.20
2.00m ³	RF89	196.00	N/A	N/A
2.25 m ³	RF70	197.40	RF140	414.20
3.00 m ³	RF73	214.60	RF143	414.20
4.00 m ³	RF76	237.00	RF146	414.20

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	475.00	RFC201	498.60
140L Waste / 240L Recycling (existing only)	RFC15	383.60	RFC215	447.20
240L Waste / 340L Recycling	RFC301	475.00	RFC218	498.60
140L Waste / 340L Recycling	RFC302	383.60	RFC219	447.20
140L Waste / 140L Recycling	RFC303	360.00	RFC220	433.20
240L Recycling (Stand Alone) Bin	RFC16	129.00	RFC216	152.00
340L Recycling (Stand Alone) Bin	RFC53	167.00	RFC253	174.00
240L Green Waste	RFG01	62.00	N/A	N/A
240L Additional Waste Bin	RFC09	275.00	RFC209	336.00

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 (Rear lift)	RFC20	1,200.00	N/A	N/A
0.66 m ³ (Front lift)	RFC80	1,083.00	RFC180	2,572.00
1.10 m ³ (Rear lift)	RFC23	1,866.00	N/A	N/A
1.10 m ³ (Front lift)	RFC19	1,905.00	RFC119	2,480.00
1.50 m ³	RFC26	2,296.00	RFC106	3,380.00
2.00m ³	RFC84	3,081.00	RFC184	4,505.00
2.25 m ³	RFC29	3,466.00	RFC109	5,069.00
3.00 m ³	RFC32	4,525.00	RFC112	6,710.00
4.00 m ³	RFC35	6,023.00	RFC115	8,579.00

Commercial Bulk Waste Bin Collection Service				
Additional Waste Service Bulk Bin size (m ³) - Lift only; 1 service per week	Charge Code (RCC Use)	Amount Per Lift \$	Charge Code (RCC Use)	Amount Per Lift \$
0.66 m ³	RFC21	45.40	N/A	N/A
1.10 m ³	RFC24	55.00	RFC124	63.00
1.50 m ³	RFC27	49.20	RFC107	85.00
2.00m ³	RFC85	65.00	RFC185	114.00
2.25 m ³	RFC30	73.20	RFC110	118.80
3.00 m ³	RFC33	96.80	RFC113	149.80
4.00 m ³	RFC36	125.00	RFC116	189.60
Temporary Waste Service (≤3 months) Bulk Bin size (m ³) – Bin and Lift; 1 service	Charge Code (RCC Use)	Amount Per Bin & Lift \$	Charge Code (RCC Use)	Amount Per Bin & Lift \$
0.66 m ³	RFC22	98.40	N/A	N/A
1.10 m ³	RFC25	180.00	RFC125	153.00
1.50 m ³	RFC28	186.00	RFC108	207.40
2.00m ³	RFC86	198.00	RFC186	220.00
2.25 m ³	RFC31	203.80	RFC111	236.80
3.00 m ³	RFC34	221.80	RFC114	266.40
4.00 m ³	RFC37	245.80	RFC117	305.80

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 water access charge; and
- 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	Fixed Water Access(domestic)	268.64	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 \$	
VBM20 VCBM20	20mm	268.64	
VBM25 VCBM25	25mm	419.76	
VBM32 VCBM32	32mm	687.72	
VBM40 VCBM40	40mm	1,074.56	
VBM50 VCBM50	50mm	1,679.00	
VBM80 VCBM80	80mm	4,298.20	
VBM100 VCBM100	100mm	6,715.92	
VBM150 VCBM150	150mm	15,110.84	
Commercial and Industrial			
Attribute Type (RCC Use)	Meter Size	Charge Amount \$	
VBW20 VCBW20 VCW20	20mm	349.24	
VBW25 VCBW25 VCW25	25mm	545.68	
VBW32 VCBW32 VCW32	32mm	894.04	
VBW40 VCBW40 VCW40	40mm	1,396.92	
VBW50 VCBW50 VCW50	50mm	2,182.68	
VBW80 VCBW80 VCW80	80mm	5,587.64	
VBW100 VCBW100 VCW100	100mm	8,730.72	
VBW150 VCBW150 VCW150	150mm	19,644.12	

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 State Government's Bulk Water Charge for the purchase of potable water; and
- 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 Kilotitre	State Bulk Water Price \$ Per Kilotitre	Total Price \$ Per Kilotitre
VWCRES	Residential*	0.601	2.935	3.536
VWCCNC	Concessional	0.601	2.935	3.536
VWCCOM	Non – residential**	1.376	2.935	4.311
VWCRCC	Council	1.376	2.935	4.311

*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	27.56	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	411.64	per annum	
VTW01 and VTW02	Trade Waste Discharge - Volume:	2.28	per kL	
VTW02	Trade Waste Discharge - Quality:	C.O.D (Chemical Oxygen Demand)	1.67 per kg	
		T.S.S. (Total Suspended Solids)	0.75 per kg	
		T.O.G (Total Oil and Grease)	0.75 per kg	
		Phosphorus	6.92 per kg	
		Nitrogen	2.07 per kg	
		Food waste disposal units based on power of motor	35.63	as charge 'C' (Refer Trade Waste Environmental Plan)
		Constant 'd' for use when determining 'additional Charge' for excess strength waste	1.0	(Refer Trade Waste Environmental Plan)

Interest on Overdue Rates

Pursuant to 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 2019-20, compound interest on daily rests at the rate of 9.83 per cent per annum is to be charged on all overdue rates or charges.

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 2019-20 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

Pursuant to 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

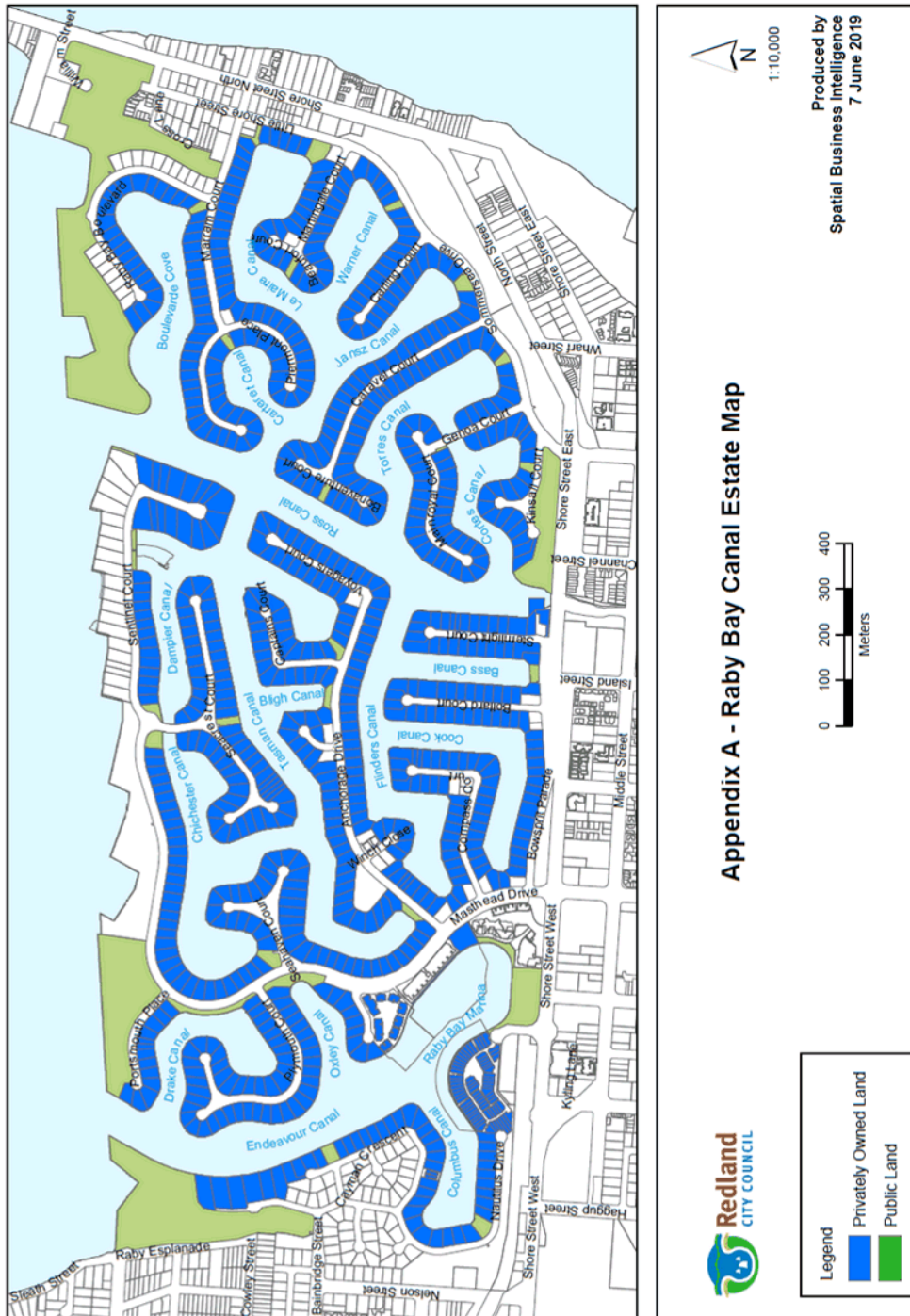
- The Council will continue to collect developer infrastructure charges in accordance with the *Planning Act 2016*, which provides for the Council to recover through developer contributions a proportion of the cost of infrastructure needed to meet growth in the City.
- Cost-Recovery fees are established 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 $[(\text{Cash Operating Costs} + \text{Interest Expense}) / \text{Period in Year}]$
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

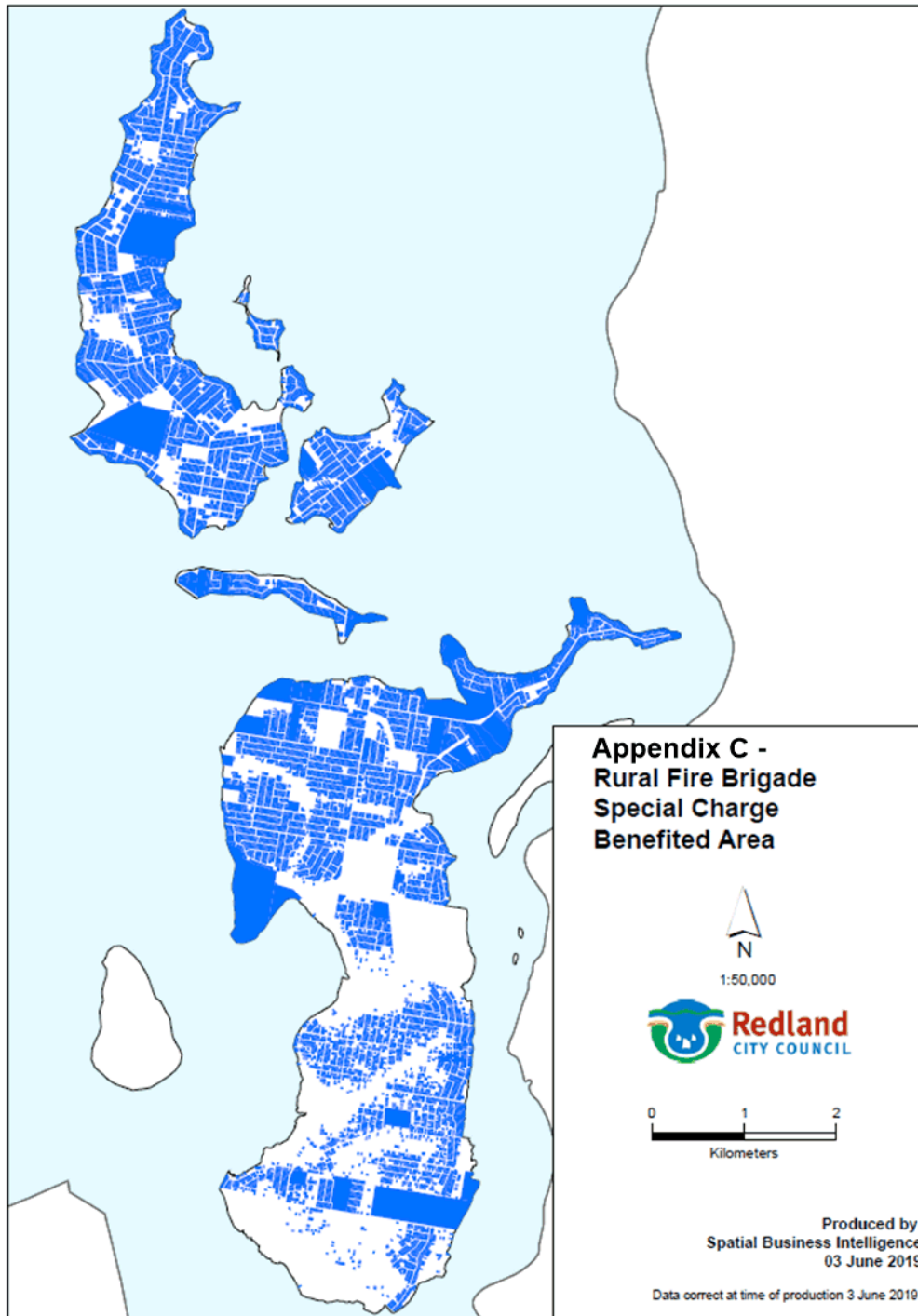
Appendix A – Raby Bay Canal Estate Map



Appendix B – Aquatic Paradise Canal Estate Map



Appendix C – SMBI Rural Fire Map





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.



5.10 ADOPTION OF 2019-2020 RATE NOTICE DUE DATES**Objective Reference:** A3901106**Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Katharine Bremner, Budget and Systems Manager**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 2019-2020 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 2019-2020 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 2019	1 October 2019	1 January 2020	1 April 2020
Rate notice issue date	8 July 2019	8 October 2019	10 January 2020	8 April 2020
Due date for payment	8 August 2019	8 November 2019	10 February 2020	11 May 2020

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 2019-2020 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 2019-2020 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 2019-2020 financial year.

Alignment with Council's Policy and Plans

This report aligns with Council's 2018-2023 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

Consulted	Consultation Date	Comments/Actions
Key staff in Financial Operations Unit	May 2019	Consideration given to approved public holidays and the date of the special budget meeting
General Counsel Group	May 2019	Report reviewed for compliance with legislation

OPTIONS**Option One**

That Council resolves that the pursuant to section 118 of the *Local Government Regulation 2012*, that Council's rates and charges be paid within 30 days of the date of issue of the relevant rates notice.

Option Two

That Council resolves to request further information, noting the legislation requirement is for Council to make the decision on when rates and charges must be paid at its budget meeting.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/26

Moved by: Cr Murray Elliott

Seconded by: Cr Tracey Huges

That Council resolves that the pursuant to section 118 of the Local Government Regulation 2012, that Council's rates and charges be paid within 30 days of the date of issue of the relevant 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.

5.11 2019-2020 OPERATIONAL PLAN**Objective Reference:** A3901101**Authorising Officer:** John Oberhardt, General Manager Organisational Services**Responsible Officer:** Vivek Vivekanandam, Group Manager Corporate Strategy and Performance**Report Author:** Lorraine Lee, Senior Adviser Corporate Planning and Performance**Attachments:** 1. 2019-2020 Operational Plan [↓](#)**PURPOSE**

The purpose of this report is to recommend the adoption of the Redland City Council Operational Plan 2019-2020.

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 2019-2020 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 Operational Plan 2019-2020 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 2019-2020 financial year which contribute to the delivery of the outcomes in the Corporate Plan 2018-2023.

ISSUES

The Operational Plan 2019-2020 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 outcomes. The attached Operational Plan 2019-2020 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

The Operational Plan 2019-2020 is delivered by Council under its Enterprise Risk Management Framework. The framework follows the principles set out in the Australian Standard AS/NZS ISO 31000:2018 Risk Management – principles and guidelines.

Failure to deliver against the Operational Plan 2019-2020 presents a risk to Council relating to the progression of the 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 2019-2020 is consistent with and will be funded from the Annual Budget 2019-2020.

People

Significant activities in the Operational Plan 2019-2020 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 2019-2020 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 2019-2020 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 2019-2020 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

Consulted	Consultation Date	Comments/Actions
General Manager Infrastructure and Operations, Executive Assistant to General Manager Infrastructure and Operations	10 June 2019	Receipt of final 2019-2020 annual performance plans for RedWaste and Redland Water for inclusion in the 2019-2020 Operational Plan.
Group Managers and Executive Leadership Team members	5 June 2019	Final review of significant activities included in the 2019-2020 Operational Plan.
Councillors and Executive Leadership Team members	28 May 2019	Councillor workshop to review the draft 2019-2020 Significant Activities for the Operational Plan.
Executive Leadership Team members	13 May 2019	Executive Leadership Team workshop to review the draft 2019-2020 Significant Activities for the Operational Plan.
Group Managers: Head of People and Culture Chief Financial Officer General Counsel	21 March 2019	Submit draft significant activities for the 2019-2020 Operational Plan to General Managers as part of Group Business Planning process.

Consulted	Consultation Date	Comments/Actions
Group Manager Communication Engagement & Tourism Group Manager Corporate Governance Chief Information Officer	7 May 2019	Review significant activities for the 2019-2020 Operational Plan prior to presenting to Executive Leadership Team.
Group Manager Corporate Strategy and Performance General Manager Community and Customer Group Manager City Planning & Assessment Group Manager Community & Economic Development Group Manager Customer & Cultural Services Group Manager Environment & Regulation Group Manager Water & Waste Operations Group Manager Water & Waste Infrastructure Group Manager City Infrastructure Group Manager City Operations Group Manager Project Delivery	21 May 2019	Review significant activities for the 2019-2020 Operational Plan prior to presenting to the Councillors.

OPTIONS

Option One

That Council resolves to adopt the attached Operational Plan 2019-2020.

Option Two

That Council resolves to adopt the attached Operational Plan 2019-2020, subject to amendments.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/27

Moved by: Cr Wendy Boglary

Seconded by: Cr Paul Bishop

That Council resolves to adopt the attached 2019-2020 Operational Plan.

CARRIED 10/1

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

Cr Paul Gleeson voted AGAINST the motion.



Operational Plan

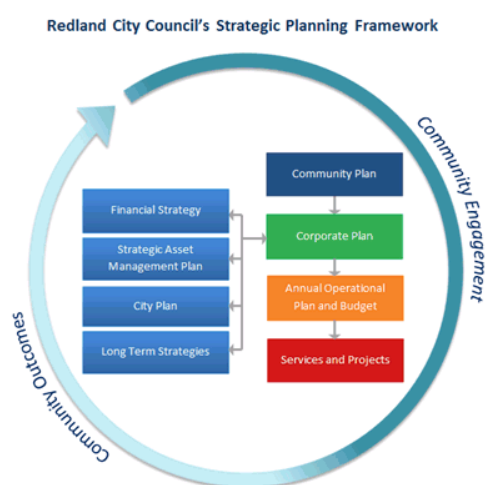
2019-2020



About the Operational Plan

The Operational Plan 2019-2020 (The Plan) is a key plan for Redlands Coast. The Plan translates the commitments set out in our Corporate Plan 2018-2023, into annual measurable activities and actions that Council will undertake within the year to progress achievement of our strategic objectives and priorities.

Council’s Strategic Planning Framework depicts the links between the Redlands 2030 Community Plan, Corporate Plan and strategies driving a tangible set of organisational activities through the annual Operational Plan and Budget.



The *Local Government Act 2009* along with the *Local Government Regulation 2012* requires Council to adopt an annual operational plan. In accordance with the legislation, an annual 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 must undertake its responsibilities in a way consistent with its annual operational plan and may amend the plan at any time by resolution. Council shall monitor progress against the plan and present updates to Council quarterly.

Managing operational risks

Council has a comprehensive Enterprise Risk Management Framework which follows the principles set out in the Australian Standard AS/NZS ISO 31000:2018 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 allocated 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 maintains risk registers for strategic, operational and project level risks, which are overseen by the Operational Risk Management Committee.

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. In circumstances where risk cannot be eliminated, effective risk management strategies are put in place to ensure Council can 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.

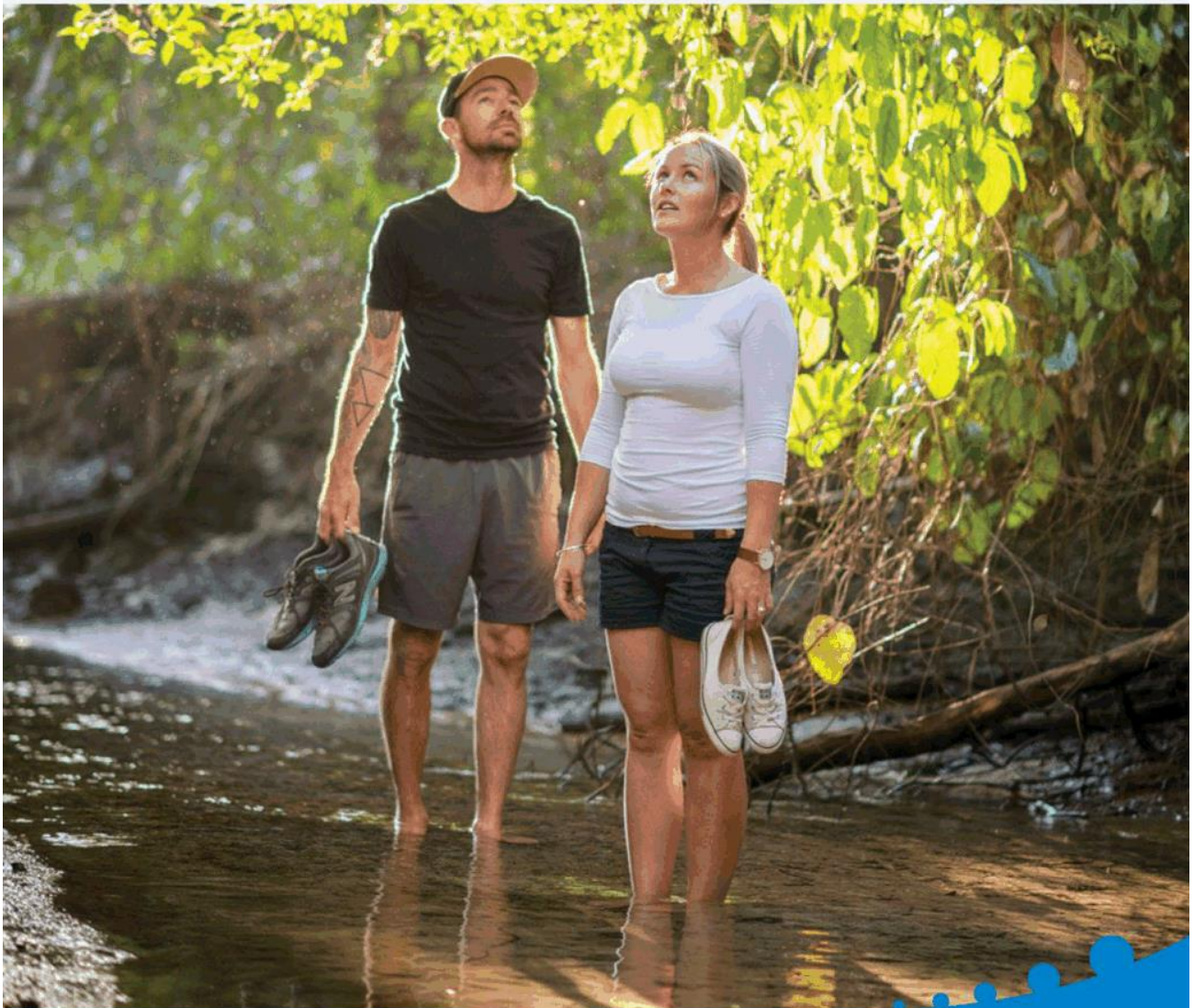


VISION OUTCOME 1

01

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.





VISION OUTCOME 1

01

Our Corporate Plan commitments

- Undertake ecological restoration activities on Council-owned and managed lands.
- Deliver education extension programs in land conservation and waterways management.
- Implement programs to reduce sediments and nutrients in waterways.
- Manage critical habitat for threatened species.
- Coordinate community response to wildlife management issues.
- Map the range of experiences available to visitors and encourage the community's use of the City's popular conservation areas.

1.1 Redlands natural assets including flora, fauna, habitats, biodiversity, ecosystems and waterways are managed, maintained and monitored.

1.1.1 Plan and implement a program to improve conservation management and protect natural assets.

- a) Implement actions under the Redlands Coast Biosecurity Plan 2018-2023 for the control of weeds.
- b) Optimise integrated conservation outcomes aligned with actions through fire management planning.

1.1.2 Provide clear guidelines on how Council will meet its biosecurity obligations, inform the community and manage invasive plants, pest fish and pest animals under the Redlands Coast Biosecurity Plan 2018-2023.

- a) Minimise the introduction and expansion of invasive biosecurity matter.
- b) Promote awareness and education of biosecurity and pest management.
- c) Provide effective management systems for pest control and enforcement activities.
- d) Provide mechanisms for monitoring and assessment of pest incursions.

1.1.3 Geographically identify and provide priority actions for the management, enhancement and protection of core wildlife habitat and facilitate improved connection of wildlife corridors in alignment with the Wildlife Connections Action Plan 2018-2023.

- a) Improve corridor habitat by rehabilitating identified gaps and pinch points.
- b) Reduce impacts on corridors (including coastal foreshores) and implementing education programs.
- c) Provide targeted habitat restoration for endangered, threatened and iconic species.

1.1.4 Conduct erosion and sediment control regulation to minimise environmental impacts from approved development activities.

- 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) Contribute to the endorsed Lower Brisbane - Redlands Coastal Catchment Action Plan 2018-2021.

1.1.5 Continue implementing a program to plant one million native plants across Redlands Coast by 2026.

- a) Prepare sites for planting.
- b) Implement a planting and maintenance program.



VISION OUTCOME 1

01

1.2 Threatened species are maintained and protected, including the vulnerable koala species.

1.2.1 Implement management actions for a viable koala population and to conserve and manage suitable habitat in accordance with the Koala Conservation Action Plan 2016-2021.

- a) Continue to collaborate with research bodies, government agencies and the community to develop a robust understanding of koala population, health, ecology and movement to inform and strengthen koala conservation planning.
- b) Maintain an integrated, connected, high quality network of koala habitats capable of supporting a long term, viable and sustainable population of koalas.
- c) Manage the impacts of threatening processes on koala populations by undertaking on-ground works that reduce koala mortality.
- d) Increase understanding, connection to, and participation in, koala conservation actions and behaviours.

1.2.2 Enhance community education, awareness and involvement in environmental and wildlife management.

- a) Deliver a wildlife education program through scheduled workshops and events, which includes endangered, threatened and iconic species.
- b) Review and deliver the IndigiScapes workshop and event schedule to align with environmental strategies and plans, and respond to the community.

1.3 Community and private landholder stewardship of natural assets increases.

1.3.1 Achieve improved environmental outcomes through extension programs delivered in accordance with adopted environmental strategies and plans.

- a) Provide extension services with private land owners and the community in accordance with identified priority areas.
- b) Deliver community bushcare programs in identified priority areas.

1.4 Visitors experience our natural assets through high standard facilities, trails, interpretation and low impact commercial ventures.

1.4.1 Enhance the visitor experience of natural assets across Redlands Coast.

- a) Undertake works to enhance the recreation values of all Council owned and managed conservation land.
- b) Expand and enhance park experiences and opportunities for visitors.

1.4.2 Continue to improve the customer experience at IndigiScapes.

- a) Complete stages two and three of the Redland IndigiScapes Centre Expansion Project.



02

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.





VISION OUTCOME 2

02

Our Corporate Plan commitments

- Take a leadership role in the community and actively reduce Council's emissions and carbon footprint.
- Provide community education to encourage sustainable building design and alternative energy usage.
- Reduce the environmental impacts of Council's waste collection and resource recovery operations.
- Partner with the community in diverting and minimising waste.
- Continue to expand the pedestrian pathway and cycleway network.
- Advocate for improved access to innovative and high quality public transport services.

2.1 Council's policies and plans support ecologically sustainable development and respond to climate change issues.

2.1.1 Monitor Council's emissions and carbon footprint, and implement reduction strategies.

- Continue to maintain and improve Council's carbon and energy dashboard.
- Deliver information promoting sustainable choices to the community.

2.2 Sustainable building design (for example, solar panels and water tanks) is supported through education and advocacy.

2.2.1 Provide educational opportunities to the community.

- Deliver the Green Living Expo at IndigiScapes incorporating sustainable elements and alternative energy usage.

2.3 Council's waste management plans address current and future needs, and include plans for closed landfills and regional collaboration.

2.3.1 Plan and deliver waste management services to meet current and future needs of the city.

- Commence development of a new waste strategy to align with the new Queensland Government Draft Waste Management and Resource Recovery Strategy.
- Finalise options for a waste disposal plan.
- Complete Judy Holt Park northern batter capping and leachate collection system.



02

2.4 Council and the community actively recycle and reduce waste.

2.4.1 Provide kerbside recycling bins and encourage the community to increase recycling.

- a) Collect and process recycling materials from residents.
- b) Provide flexible bin menu options to the community.
- c) Continue to operate waste transfer stations.

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

2.5.1 Advocate for public transport in accordance with the Redlands Coast Transport Strategy 2041.

- a) Engage with the Queensland Government and transport providers to improve the effectiveness and efficiency of the public transport network in Redlands Coast.
- b) Advocate to the Department of Transport and Main Roads to plan and prioritise upgrades to the state controlled road network and key cycling routes in the principal cycleway network.

2.5.2 Manage planning for transport connectivity for the Southern Moreton Bay Islands.

- a) Implement an autonomous vehicle trial on Karragarra Island.

2.5.3 Expand the footpath and cycleway network.

- a) Undertake expansion projects for pathways.
- b) Continue detailed design on principal cycle network.
- c) Begin construction of the Moreton Bay Cycleway at Victoria Point.



03

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.





VISION OUTCOME 3

03

Our Corporate Plan commitments

- Engage in research activities to protect and restore the values of the bay.
- Plan, provide and advocate for essential social infrastructure and appropriate development opportunities for the islands and foreshores.
- Review and finalise Council's Climate and Energy Action Plan.
- Improve access to the bay for environmentally sensitive recreation activities.
- Oversee the management of Redland City's Priority Development Areas.

3.1 Council collaborates with partners to understand, nurture and protect Moreton Bay's marine health and values.

3.1.1 Monitor and develop strategies aimed at identifying priority areas to inform decision making and improve aquatic environments.

- a) Participate in relevant partnerships and networks that foster catchment management and improved water quality.
- b) Undertake catchment water quality monitoring.
- c) Develop a Redlands Coast Bay and Creeks Plan.
- d) Monitor recreational water quality.

3.2 Communities on the islands and foreshores enjoy equitable access to development opportunities and community services.

3.2.1 Partner with the Queensland Government to review the agreement between the Department of Education and Training and Redland City Council regarding management of the Russell Island Pool.

- a) Establish a new Memorandum of Understanding in consultation with key stakeholders.

3.2.2 Support a sustainable governance model for the Southern Moreton Bay Islands (SMBI) Hub to coordinate delivery of community services.

- a) Progress outcomes of the SMBI Roundtable.
- b) Collaborate with the Queensland Government, Commonwealth Government and community partnerships to enhance service delivery.
- c) Advocate for an expanded range of services which meet the needs of island communities, particularly at-risk groups.


VISION OUTCOME 3

03

3.3 Our community is ready for and adapting to changing coastlines, storm tide and severe weather.

3.3.1 Continue to develop and implement the Coastal Hazard Adaptation Strategy.

- a) Deliver Part 2 – Emerging Hazards of the Coastal Hazard Adaptation Strategy.
- b) Develop an implementation plan for the Amity Point Shoreline Erosion Management Plan.

3.4 Redlands Coast residents and visitors can easily access the foreshore and use recreation infrastructure for boating and non-boating activities.

3.4.1 Improve access provisions to Moreton Bay.

- a) Manage and plan the delivery of Council's recreation marine infrastructure.



04

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.





VISION OUTCOME 4

04

Our Corporate Plan commitments

- Acknowledge local Aboriginal people by formally recognising traditional owners in Council ceremonies and implementing culturally appropriate meeting protocols.
- Promote traditional knowledge and increase the profile of Aboriginal heritage through cultural tourism, events and communications activities.
- Monitor, liaise and support teams working to implement Council's commitments under the ILUA.
- Engage the traditional owners regarding economic development opportunities through the State Government's North Stradbroke Island Economic Transition Strategy and Redland City Economic Development Framework 2014-2041.

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.

4.1.1 Continue to work collaboratively with Quandamooka Yoolooburrabee Aboriginal Corporation (QYAC).

- Develop and deliver cultural heritage and native title compliance training and materials for Council employees and contractors.
- Coordinate a forward program of consultation and engagement with QYAC that includes a series of business days and Councillor briefings.

4.1.2 Continue to implement culturally appropriate protocols.

- Update Council's Indigenous Community Policy.
- Develop an Indigenous Community Guideline.
- Launch and implement the internal Reconciliation Action Plan 2019-2021.

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.

4.2.1 Promote awareness and understanding of Quandamooka culture.

- Promote Quandamooka culture through Council channels including digital media, publications and events.

4.2.2 Promote traditional knowledge.

- Engage and coordinate internal stakeholder involvement in the National Aborigines and Islanders Day Observance Committee (NAIDOC) and National Reconciliation Week (NRW).
- Promote cultural awareness through NAIDOC week celebrations, Council's NAIDOC ambassador program, and thank you events and discussions.

VISION OUTCOME 4

04

4.3 Council continues to support and resource the delivery of commitments under the Indigenous Land Use Agreement (ILUA) with the Quandamooka People.**4.3.1 Support delivery of Indigenous Land Use Agreement (ILUA) commitments.**

- a) Manage Council's commitments under the ILUA by coordinating with the ILUA Consultative Committee.
- b) Monitor progress of ILUA activities delivered by key internal stakeholders and report to Council's Executive Leadership Team and Councillors quarterly.

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.**4.4.1 Contribute to the implementation of the North Stradbroke Island Economic Transition Strategy and Redland City Economic Development Framework 2014-2041.**

- a) Engage with Quandamooka Yoolooburrabee Aboriginal Corporation regarding economic development opportunities.

4.4.2 Promote Quandamooka tourism initiatives.

- a) Promote Quandamooka tourism initiatives and experiences, and work with Quandamooka People to maximise Indigenous cultural tourism opportunities through Council tourism channels including digital media, publications and events.



05

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.





VISION OUTCOME 5

05

Our Corporate Plan commitments

- Develop and implement a transport strategy for Redland City.
- Implement the new Redland City Plan including the new Local Government Infrastructure Plan.
- Continue Council's ongoing program of centre activity planning, place-making and centre improvement strategies and undertake integrated master planning of Cleveland centre, including Cleveland central business district, Toondah Harbour Priority Development Area, Redlands Health and Wellbeing Precinct and employment precincts.
- Review and simplify assessment processes to reduce development transaction times and costs.
- Collaborate regionally on growth management, including land use, transport and infrastructure planning, costing and delivery.

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.

5.1.1 Manage planning for transport initiatives and services across the city.

- a) Develop a parklet design manual.
- b) Develop an urban congestion tool to capture transport data and enable greater analysis of the network to inform transport planning and network priorities.
- c) Develop an active school travel program in consultation with Redlands schools.

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) Liaise with relevant internal stakeholders to ensure Local Government Infrastructure Plan projects are appropriately recognised in the annual capital program and capital expenditure budget.

5.1.3 Implement actions outlined in the Cleveland Centre Traffic and Transport Action Plan 2019-2020.

- a) Liaise with relevant internal stakeholders to plan and deliver the actions identified in the Cleveland Centre Traffic and Transport Action Plan 2019-2020.

5.1.4 Maintain the Redland City Plan to ensure it reflects best practice and is responsive to community expectations.

- a) Manage a regular program of amendments to the City Plan.

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.

5.2.1 Coordinate a place management program for key activity centres and contribute to master planning for precincts.

- a) Contribute to activating a legislative pathway for delivering the Redlands Health and Wellness Precinct Master Plan.



VISION OUTCOME 5

05

5.2 continued**5.2.2 Coordinate planning and guidance for future development and infrastructure delivery for local areas in the city.**

- a) Finalise the structure plan for the Victoria Point Local Development Area.
- b) Progress a future land use investigation of opportunities and constraints for the Southern Thornlands area.

5.2.3 Identify and protect places of European heritage significance.

- a) Progress the Local European Heritage City Plan amendment package.

5.2.4 Develop a master plan for the Redland Aquatic Precinct Redevelopment.

- a) Prepare a schematic design and master plan for the whole of the precinct.
- b) Conduct community consultation on the precinct master plan.
- c) Prepare and lodge a development application for the whole of the precinct.

5.3 An effective and efficient development assessment process delivers quality development that is consistent with legislation, best practice and community expectations.**5.3.1 Maintain effective systems and processes that underpin quality and timely decision making for development applications.**

- a) Amend systems and processes to ensure effective implementation of planning instruments.

5.4 Regional collaboration and targeted advocacy drives external funding for key infrastructure upgrades and enhanced community outcomes.**5.4.1 Contribute to implementation of a South East Queensland (SEQ) City Deal.**

- a) Participate in regional collaboration initiatives and targeted advocacy, including participation in Council of Mayors SEQ advocacy and economic development working groups.
- b) Promote collaborative economic outcomes through Regional Development Australia Logan Redlands initiatives.

5.4.2 Develop a strategic funding framework.

- a) Identify and confirm internal and external funding opportunities for project delivery.
- b) Promote alignment with all external funding opportunities.
- c) Develop a guideline and gateway mechanism to enable early alignment of pipeline initiatives with funding opportunities.
- d) Align objectives and governance under a single framework for Council managed grants (e.g. community grants) and external funding opportunities.



VISION OUTCOME 6

06

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.





VISION OUTCOME 6

06

Our Corporate Plan commitments

- Implement the Redland City Tourism Strategy and Action Plan 2015-2020.
- Implement the Redland City Events Strategy and Action Plan 2017-2022.
- Continue to work with Quandamooka Yoolooburrabee Aboriginal Corporation (QYAC), local business groups and relevant government agencies to deliver on priority issues.
- Identify opportunities to partner with the private sector to develop and commercialise sites and provide community infrastructure.
- Continue to support the Redlands Economic Development Advisory Board.
- Continue to work with Economic Development Queensland and stakeholders to achieve environment and planning approvals and develop opportunities including mixed-use, medium residential, tourism and retail-based development, ferry terminals, marina, water transport services and improved public space.
- Identify and implement a new destination brand for the City that supports tourism, economic growth and city pride.
- Continue to develop and implement action plans identified in the Redland City Economic Development Framework 2014-2041.
- Develop and implement a Smart Cities framework to promote innovation and connectivity in Redland City.

6.1 Council supports infrastructure that encourages business and tourism growth.

6.1.1 Implement actions in the Redland City Tourism Strategy and Action Plan 2015-2020.

- a) Roll-out a customer service program for tourism operators.
- b) Implement a roving tourism ambassador program.
- c) Deliver an interpretative signage improvement plan.

6.1.2 Contribute to the development of a Smart Cities Strategy.

- a) Develop a Smart Cities Strategy.
- b) Collaborate with industry stakeholders through the Advancing Regional Innovation Program to identify opportunities for infrastructure that can support Smart Cities initiatives.

6.2 Redland City deliver events, activities and performances that bring economic and social benefits to the community.

6.2.1 Implement actions in the Redland City Events Strategy and Action Plan 2017-2022.

- a) Develop an event attraction program.
- b) Continue to improve Council's online events portal.
- c) Work with event organisers to measure event value and impact.

6.2.2 Deliver events, activities and workshops that contribute to bringing economic and social benefits to the community.

- a) Deliver a program of activities targeted at community and business sectors, such as business workshops, Youth Week and Seniors Week.

6.2.3 Continue to roll-out the city's new destination brand, Redlands Coast - Naturally Wonderful.

- a) Promote the brand through integrated marketing channels.
- b) Develop and deliver a program of brand promotion and marketing for Council assets and collateral such as bus shelters, vehicles, digital and print.



VISION OUTCOME 6

06

- 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 (Minjerribah).**
-
- 6.3.1 Coordinate Council's involvement in the implementation of the Queensland Government North Stradbroke Island Economic Transition Strategy.**
- a) Liaise with Queensland Government agencies and stakeholders regarding North Stradbroke Island Economic Transition Strategy project implementation.
 - b) Participate in North Stradbroke Island Economic Transition Strategy Implementation Committee meetings.
- 6.4 Council receives a return on the community's investment in land to enhance economic and community outcomes.**
-
- 6.4.1 Identify and develop strategic opportunities for Redland City Council land holdings.**
- a) Manage Council's strategic land investment, in particular the Capalaba Town Centre redevelopment, Birkdale Commonwealth Land, Cleveland Point and Bligh Street (Wellington Point) to ensure appropriate end use considering community and economic outcomes.
- 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.**
-
- 6.5.1 Provide secretariat support to the Redlands Economic Development Advisory Board (EDAB).**
- a) Coordinate board meetings.
 - b) Prepare a report to update Council following each board meeting.
 - c) Prepare the EDAB Annual Report.
- 6.5.2 Deliver industry-enabling action plans and a targeted investment attraction strategy.**
- a) Continue to implement the Education and Training Industry Sector Plan 2018-2023.
 - b) Continue to implement the Health Care and Social Assistance Industry Sector Plan 2018-2023.
 - c) Continue to implement the Rural Enterprises Industry Sector Plan 2019-2024.
 - d) Develop an Investment Attraction Plan.
 - e) Develop a Manufacturing Industry Sector Plan.
- 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.**
-
- 6.6.1 Engage Redland Investment Corporation to facilitate the Toondah Harbour Priority Development Area (PDA) in partnership with Economic Development Queensland.**
- a) Manage Council's interests in line with the PDA Development Agreement.
- 6.6.2 Facilitate the development of the Weinam Creek Priority Development Area (PDA) in partnership with Economic Development Queensland.**
- a) Finalise a revised master plan for the Weinam Creek PDA and manage progress of the development.



07

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.





VISION OUTCOME 7

07

Our Corporate Plan commitments

- Support community groups, including the arts, cultural, sport and recreation groups, through advocacy and by helping them to identify and secure funding streams and develop skills including networking, governance, engaging volunteers and business management.
- Develop a volunteering policy, corporate process and guidelines to better support volunteers.
- Continue to foster community resilience and coordinate the community's response to disaster events.
- Undertake planning for sports land and facilities to meet future growth needs of the City.
- Continue to implement an ongoing arts program that recognises, displays and develops cultural diversity in the Redlands.

7.1 Festivals, events and activities bring together and support greater connectivity between cross-sections of the community.

7.1.1 Celebrate the cultural life of the region.

- Cultivate new initiatives, develop new audiences and promote a unique identity for the Redlands.
- 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.

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.

7.2.1 Plan, provide and advocate for essential social infrastructure for community activities.

- Develop a Stronger Communities Strategy.
- Develop an Age Friendly Cities Strategy.
- Review the Redland Youth Strategy 2015-2020.
- Continue to investigate opportunities with stakeholders for a community hub.

7.2.2 Deliver innovative and accessible services as part of the implementation of the Library Services Strategy 2017-2022.

- Review island library services to improve customer service outcomes.
- Improve library collection management processes.
- Launch a new mobile library timetable and library vehicle.
- Review Redland Libraries' home delivery with a view to meeting increased demand and enhancing service delivery.

7.2.3 Plan for effective sport and recreation at Heinemann Road, Redland Bay.

- Complete a master plan for development.
- Develop an implementation action plan.



VISION OUTCOME 7

07

7.2 continued**7.2.4 Plan for the future use of the Willard's Farm site.**

- a) Undertake stakeholder engagement and planning to develop a future use statement for Willard's Farm.

7.3 Council's assessment of community issues and needs provides timely opportunities to pursue grants and partnerships that realise long-term benefits.**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 appropriate grants investment outcomes for the Redlands Coast community.

7.3.2 Activate and engage through programs and partnerships to encourage reading and all forms of literacy as part of the implementation of the Library Services Strategy 2017-2022.

- a) Deliver the Queensland Government funded First 5 Forever program to support early literacy for children aged 0-5 years.
- b) Develop a Redland Libraries' volunteer adult literacy program to provide free assistance to adults to improve literacy skills.
- c) Deliver a range of library programs and events to promote reading and encourage development of literacy skills.

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.**7.4.1 Continue to provide volunteering and work experience opportunities for the Redlands Coast community.**

- a) Provide guidance and advice to improve the implementation of volunteer processes and ensure they are efficient and inclusive.

7.5 The community's preparedness for disasters is improved through community education, training and strong partnerships between Council and other agencies.**7.5.1 Improve disaster preparedness.**

- a) Review and update the 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 employee preparedness through disaster management training and exercises.
- e) Where practical, implement and/or incorporate the recommendations of the Bushfire Review into business as usual activities.



VISION OUTCOME 8

08

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.





VISION OUTCOME 8

08

Our Corporate Plan commitments

- Continue to strengthen our asset and service management to ensure the efficient and effective delivery of value to our community.
- Implement, monitor and report on progress of the Corporate Plan.
- Support employees by providing clear direction and extensive training, including the use of new technology.
- Ensure Council's portfolio of projects is prioritised and managed to deliver strategic objectives whilst maintaining financial sustainability.
- Continue to provide opportunities for the community to actively and meaningfully participate in Council's decision making.
- Implement Council's Information Management Strategy.

8.1 Council's Information Management Strategy and technology systems are engineered to increase efficiency and provide excellent customer service outcomes.

8.1.1 Improve Council's Asset Management System.

- Modernise Council's Asset Management System with a new technology enabler.
- Review processes and procedures that support the Asset Management System.

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.

8.2.1 Improve whole of Council asset management.

- Implement the Strategic Asset Management Plan.
- Develop a maintenance management strategy.
- Develop predictor modelling to enhance Council's 10 year capital planning.

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.

8.3.1 Improve strategic alignment.

- Develop a project plan for the delivery of a new Redland City Council Corporate Plan.
- Embed the Integrated Planning Framework and implement a new performance framework.
- Design and develop a Strategic Service Planning Framework.^[1]
- Define and develop executive and corporate management reporting.

8.3.2 Improve strategic alignment and investment decisions.

- Develop a long term enterprise portfolio pipeline to ensure clarity in identification, assessment and categorisation of projects including service, asset and business transformation.
- Support alignment of Council's enterprise portfolio pipeline to external funding opportunities for key infrastructure upgrades and enhanced community outcomes.

^[1] This strategic planning for infrastructure initiative was funded in 2019 under the Maturing the Infrastructure Pipeline Program, administered by the Department of State Development, Manufacturing, Infrastructure and Planning.



VISION OUTCOME 8

08

8.3 continued

8.3.3 Prioritise, define and manage Council's portfolio of projects.

- a) Review and implement the capital portfolio prioritisation model, ensuring alignment with and assessment against affordability and portfolio deliverability criteria.
- b) Work in partnership with key stakeholders to develop, define and deliver the portfolio.

8.3.4 Promote Redland City Council program and project delivery best practice.

- a) Support program and project delivery through good governance mechanisms and processes.
- b) Support and guide Council's project management community by mentoring, coaching, process improvement and internal consultancy.
- c) Enable strategic decision making through portfolio monitoring and transparent and timely reporting.

8.3.5 Improve alignment between individual and Council performance.

- a) Continue to promote MyGoals conversations that align individual contribution (including values and behaviours) with Council objectives.

8.3.6 Deliver the Procurement Transformation Program.

- a) Create value from Council's procurement function with better planning and a category management approach.
- b) Connect suppliers with buyers through the introduction of a supplier marketplace.
- c) Cultivate relationships with current and future vendors, in particular local, Indigenous, social enterprises and start-ups to benefit our region.

8.4 A continuous improvement focus underpins the organisation, creating a supportive environment for ideas and positive, well-managed change that enhances internal and external outcomes.

8.4.1 Continue to build a diverse and inclusive culture that enables cooperation, innovation and change to enhance outcomes.

- a) Create a Council inclusion story that stretches awareness and understanding of diversity that the leadership team will champion and embed across Council.

8.4.2 Enhance the continual improvement culture supporting service delivery.

- a) Embed the Business Transformation Program.
- b) Strengthen benefits realisation reporting from innovation and improvement activities.

8.5 Continue to provide opportunities for the community to actively and meaningfully participate in Council's decision making.

8.5.1 Continue to 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.

REDLAND WATER

A business unit of
Redland City Council

WATER AND WASTEWATER SERVICES

Annual Performance Plan 2019-2020



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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 2019-2020 financial year, local governments must consider the operating expenditure for the 2018-19 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 2019-2020 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.
- a) *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 2018-2023.

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;

7 Redland City Council Corporate Plan objectives

To address key strategies within Council's Corporate Plan 2018-2023, 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 – 2019-2020;
- standard set of financial reports; and
- WWTP performance.

Yearly:

- yearly KPIs as shown in the attached Redland Water scorecard indicators – 2019-2020;
- 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 Customer, Water and Wastewater Code issued by the Department of Natural Resources Mines and Energy (DNRME). 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.

For 2019-2020 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 2019-2020 are:

Job Name	Description of the nature of the CSO	Budget Year 2019-2020 \$000
Water concession not for profit	Reduced charges for water for charities and not for profit organisations	91
Wastewater concession not for profit	Reduced charges for wastewater for charities and not for profit organisations	285
		376

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.

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 2019-2020 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.

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 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 2019-2020 – 3 YEARS**

	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Revenue			
Levies and utility charges	113,256	119,243	123,717
<i>Less: Pensioner remissions and rebates</i>	(453)	(477)	(495)
Fees	317	322	327
Operating grants and subsidies	-	-	-
Operating contributions and donations	-	-	-
Interest external	909	928	949
Community service obligation	376	384	392
Other revenue	2,032	2,075	2,122
Total revenue	116,436	122,474	127,013
Expenses			
Employee benefits	8,831	9,000	9,178
Materials and services	54,341	58,011	59,936
Finance costs other	-	-	-
Other expenditure	-	-	-
Net internal costs	3,301	3,388	3,481
Total expenses	66,474	70,400	72,596
Earnings before interest, tax and depreciation (EBITD)	49,963	52,075	54,417
External interest expense	136	125	114
Internal interest expense	14,867	15,086	15,633
Depreciation and amortisation	23,823	24,361	24,686
Operating surplus/(deficit)	11,136	12,503	13,984

ATTACHMENT 2 – CAPITAL FUNDING 2019-2020 – 3 YEARS

	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2021-22 \$000
Proposed sources of capital funding			
Capital contributions and donations	2,537	2,587	2,640
Capital grants and subsidies	-	-	-
Proceeds on disposal of non current assets	-	-	-
Capital Transfer to/from Reserves	(1,982)	(1,611)	2,071
Non cash contributions	3,399	3,466	3,537
New loans	-	-	-
Funding from utility revenue	4,172	7,672	18,192
Total sources of capital funding	8,126	12,114	26,440
Proposed application of capital funds			
Contributed assets	3,399	3,466	3,537
Capitalised goods & services	4,124	8,096	22,350
Capitalised employee costs	55	57	58
Loan redemption	549	495	495
Total Application of Capital Funds	8,126	12,114	26,440
Other budgeted items			
Transfers to constrained operating reserves	-	-	-
Transfers from constrained operating reserves	-	-	-
WDV of assets disposed	-	-	-
Income tax	5,122	5,567	6,048
Dividend	8,963	9,742	10,584

ATTACHMENT 3 – KEY PERFORMANCE INDICATORS 2019-2020

Water: 1,306km mains
 No. active meters 59,492
 No. connected residential properties (Incl. vacant land 7,130) 66,256
 No. connected non-residential properties 2,575
 Total no. connected (charged access fees Q4 1 April 2019 charge date) 68,831

Wastewater: 1,205km mains
 No. of active services residential (Incl vacant land 833) 52,197
 No. of active services non-residential 1,868
 Total no. of connected properties (incl. vacant land) 54,065

Included in above data:

No. MPPM (Multiple properties per meter, charged per ratio to lot entitlement as advised by DNRME)
 Parent meters 651
 Child properties 6,754
No. of CTS (Community Title Scheme) Properties:
 Main Meters (Parents) 193
 Sub metered (child properties) 2,864
 Sub metered 'other' fire service and communal areas 156

KRA and Goals	REDLAND WATER SCORECARD WATER & WASTEWATER INDICATORS – 2019-20	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 business unit of
Redland City Council

**WASTE AND
RECYCLING SERVICES**

Annual Performance Plan 2019-2020



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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 2019-20 financial year, local governments must consider the operating expenditure for the 2018-19 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 2019-20 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:

- 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 CBU of the local government.
 - 2) 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.
 - 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.
- a) *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. 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 and resource recovery 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
- Specifies revenue required from the business
- 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;

- 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 2018-2023.

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 2018-2023, 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 stable domestic resource recovery performance of between 44-45% annually, just over half of the total waste received is still sent to landfill.

The existing Waste Reduction and Recycling Plan 2015-20 (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. 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 have been prioritised. Continued growth in the optional green bin service across the mainland is an ongoing target area to improve the diversion of garden organics from landfill.

A statutory review of this Plan will occur in 2019-2020 once the Queensland Waste Strategy is finalised. Advancing resource efficiency will have an even greater focus. This 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).

8.2 Queensland Waste Strategy

The Queensland Government have re-introduced a waste disposal levy to attract investment, develop new jobs and industries and reduce waste and this will commence on 1 July 2019. In February 2019, a draft new Queensland Waste Management and Resource Recovery Strategy was issued for public consultation. The draft waste strategy aims to deliver the long-term, sustained growth of the recycling and resource recovery sector while reducing the amount of waste produced by promoting more sustainable waste management practices for business, industry and households. Actions that enable the transition from a linear economy into a circular waste economy will be required from all stakeholders including RedWaste.

RedWaste will incorporate the key requirements arising from new waste policy direction into the review of its own strategic waste plan as per section 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;
- communicating key changes in the external operating environment that place pressure on the waste and recycling utility charges and commercial fees.
- investigating new waste and resource recovery solutions including participation in a sub-regional Expression of Interest process for waste and resource recovery services
- implementing actions identified within Council's waste management strategy and other environmental programs;

- monitoring and reporting on key financial and non-financial performance indicators;
- 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 – 2019-2020; and
- a standard set of financial reports.

Yearly:

- yearly KPIs as shown in the attached scorecard indicators – 2019-2020;
- 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 2019-2020 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.

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.

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.

Current CSOs for Council 2019-2020 are:

Job Name	Description of the nature of the CSO	Budget Year 2019-20 \$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.	1.5
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.	42
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.	70
		188.5

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.

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:

- + Tax
- + Dividend
- + Internal interest

ATTACHMENTS

ATTACHMENT 1 – OPERATIONAL BUDGET 2019-2020 – 3 YEARS

	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2020-21 \$000
Revenue			
Levies and utility charges	26,968	27,807	30,838
<i>Less: Pensioner remissions and rebates</i>	-	-	-
Fees	657	666	678
Operating grants and subsidies	4,619	4,718	4,824
Operating contributions and donations	-	-	-
Interest external	84	86	88
Community service obligation	189	193	197
Other revenue	1,183	1,208	1,236
Total revenue	33,701	34,678	37,862
Expenses			
Employee benefits	2,085	2,135	2,187
Materials and services	22,014	22,592	25,343
Finance costs other	1	1	1
Other expenditure	-	-	-
Net internal costs	2,098	2,153	2,212
Total expenses	26,197	26,881	29,742
Earnings before interest, tax and depreciation (EBITD)	7,504	7,797	8,119
External interest expense	31	31	32
Internal interest expense	-	-	-
Depreciation and amortisation	278	284	291
Operating surplus/(deficit)	7,195	7,482	7,796

ATTACHMENT 2 – CAPITAL FUNDING 2019-2020 – 3 YEARS

	Budget Year 1 2019-20 \$000	Forecast Year 2 2020-21 \$000	Forecast Year 3 2020-21 \$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	746	1,100	1,036
Total sources of capital funding	746	1,100	1,036
Proposed application of capital funds			
Contributed assets	-	-	-
Capitalised goods & services	608	962	897
Capitalised employee costs	-	-	-
Loan redemption	138	138	139
Total Application of Capital Funds	746	1,100	1,036
Other budgeted items			
Transfers to constrained operating reserves	-	-	-
Transfers from constrained operating reserves	-	-	-
WDV of assets disposed	-	-	-
Income tax	2,157	2,245	2,339
Dividend	2,516	2,619	2,729

ATTACHMENT 3 – KEY PERFORMANCE INDICATORS 2019-20

Vision outcome	RedWaste indicators – 2019-20	Monthly target	Unit	Reporting frequency	Annual target
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.	Municipal solid waste resource recovery rate	min 45.8	%	Quarterly	45.8
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	% compliance with environmental licence requirements for waste management facilities	min 98	%	Quarterly	min 98
An efficient and effective organisation Council is well respected and seen as an excellent organisation which manages resources in an efficient and effective way.	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



5.12 FINANCIAL STRATEGY 2019-2029

Objective Reference: A3901095

Authorising Officer: Deborah Corbett-Hall, Chief Financial Officer

Responsible Officer: Deborah Corbett-Hall, Chief Financial Officer

Report Author: Katharine Bremner, Budget and Systems Manager
Michael D Wilson, Service Manager, Financial Planning

Attachments: 1. Financial Strategy 2019-2029 [↓](#)

PURPOSE

The purpose of this report is to present the Financial Strategy 2019-2029 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 2019-2020 budget.

The attached document has been developed in conjunction with the draft 2019-2020 budget and draft ten year capital works program and sets parameters to ensure financial sustainability. Council has reviewed the attached Financial Strategy as part of the 2019-2020 budget development process and discussed:

- Key Performance Indicators and associated targets
- financial policy positions
- parameters and assumptions
- significant revenue and expenditure items including 2019-20 capital projects and the 2019-20 operational works in addition to 'business as usual' expenditure.

BACKGROUND

Council adopted its current Financial Strategy on 25 June 2018 to outline the financial forecast for the period 2018-2028. 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 2018, the financial forecast has been updated to reflect the:

- 2019-2020 budget development process
- 2017-2018 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
- 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 2019-2020).
- 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.
- Low amounts of borrowing and the costs of servicing these debts is within relevant measures of financial sustainability.
- 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 2019-2020 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 2019-2020 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 aligns with Council's 2018-2023 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

Consulted	Consultation Date	Comments/Actions
Finance Officers, Executive Leadership Team and Councillors	12 October 2018 11 December 2018	2019-20 Financial Strategy Workshops to review and consider parameter and guidelines for development of 2019-20 budget and long term financial forecasting
Finance Officers, Executive Leadership Team and Councillors	13, 21 March 2019 4 April 2019 2, 16, 21, 29 May 2019	2019-20 Budget workshops to review and consider various options for the development of the 2019-20 budget
General Counsel Group	May 2019	Report reviewed for compliance with legislation

OPTIONS**Option One**

That Council resolves to adopt the Financial Strategy 2019-2029.

Option Two

That Council resolves not to adopt the Financial Strategy 2019-2029 and to continue further development.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION 2019/28

Moved by: Cr Peter Mitchell

Seconded by: Cr Paul Gollè

That Council resolves to adopt the Financial Strategy 2019-2029.

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

2019 - 2029



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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
1.3	May 2019	Incorporate final 2019-20 budget and forecast 10 year CAPEX and revised operating assumptions. Review and refresh risks, opportunities and key performance indicators.	Michael Wilson

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
	2019-20	2020-20	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Operating Surplus Ratio	0.07%	0.38%	0.22%	0.33%	0.47%	0.61%	0.72%	0.82%	0.92%	1.02%
Asset Sustainability Ratio (Infrastructure Assets Only)	52.23%	106.23%	113.32%	71.86%	79.23%	71.12%	69.97%	59.13%	67.42%	65.84%
Net Financial Liabilities Ratio	-35.07%	-28.34%	-26.51%	-25.07%	-23.41%	-23.81%	-23.79%	-24.90%	-25.54%	-24.28%

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
	2019-20	2020-20	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Level of Dependence on General Rate Revenue	34.30%	34.79%	34.67%	34.68%	34.71%	34.92%	34.62%	34.84%	34.74%	34.64%
Ability to Pay Our Bills - Current Ratio	4.69	4.36	4.27	4.67	4.64	4.76	4.97	5.38	5.45	5.30
Ability to Repay our Debt - Debt Servicing Ratio	2.87%	3.03%	3.21%	1.81%	2.00%	2.21%	1.81%	1.76%	1.96%	0.70%
Cash Balances - \$000	170,027	157,925	160,742	163,898	169,502	181,411	192,111	209,459	223,897	227,069
Cash Balances - Cash Capacity in Months	8.51	7.96	7.92	7.86	7.88	8.22	8.33	8.88	9.17	8.94
Longer Term Financial Stability - Debt to Asset Ratio	1.47%	1.69%	1.93%	2.12%	2.41%	2.68%	2.88%	3.20%	3.43%	3.57%
Operating Performance	18.58%	22.06%	22.37%	22.77%	23.05%	23.40%	23.46%	23.90%	23.99%	23.74%
Interest Coverage Ratio	-1.06%	-1.16%	-1.15%	-1.20%	-1.17%	-1.16%	-1.17%	-1.19%	-1.20%	-1.18%

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
	2019-20	2020-20	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total recurrent revenue	297,572	304,937	313,364	323,841	335,256	346,090	362,509	372,713	386,721	401,149
Total capital revenue	27,973	27,933	31,711	30,437	33,265	36,124	37,736	33,553	34,316	31,708
TOTAL INCOME	325,545	332,870	345,076	354,278	368,520	382,214	400,244	406,265	421,037	432,856
Total recurrent expenses	297,377	303,767	312,668	322,761	333,679	343,987	359,906	369,657	383,176	397,045
Total capital expenses	112	(1,172)	(1,399)	(2,554)	(1,440)	(1,191)	(1,040)	(1,559)	(959)	-
TOTAL EXPENSES	297,489	302,594	311,268	320,207	332,240	342,796	358,865	368,098	382,217	397,045
NET RESULT	28,056	30,276	33,807	34,071	36,281	39,418	41,379	38,167	38,820	35,811
Other Comprehensive Income/(Loss)	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)	28,056	30,276	33,807	34,071	36,281	39,418	41,379	38,167	38,820	35,811

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
	2019-20	2020-20	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total current assets	203,260	191,908	195,708	199,946	206,628	219,737	232,118	250,491	266,232	272,228
Total non-current assets	2,591,706	2,639,914	2,677,065	2,713,038	2,752,009	2,787,498	2,825,062	2,856,673	2,889,499	2,926,680
TOTAL ASSETS	2,794,966	2,831,822	2,872,773	2,912,984	2,958,637	3,007,235	3,057,180	3,107,164	3,155,731	3,198,908
Total current liabilities	43,340	44,027	45,801	42,787	44,526	46,186	46,660	46,597	48,820	51,326
Total non-current liabilities	55,563	61,457	66,826	75,980	83,613	91,134	99,226	111,105	118,630	123,490
TOTAL LIABILITIES	98,904	105,484	112,627	118,767	128,139	137,320	145,886	157,703	167,450	174,815
NET COMMUNITY ASSETS	2,696,062	2,726,338	2,760,146	2,794,217	2,830,497	2,869,915	2,911,294	2,949,461	2,988,281	3,024,092
TOTAL COMMUNITY EQUITY	2,696,062	2,726,338	2,760,146	2,794,217	2,830,497	2,869,915	2,911,294	2,949,461	2,988,281	3,024,092

Outputs from the Ten Year Financial Model - Summary Financial Statements

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
	2019-20	2020-20	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net cash inflow/(outflow) from operating activities	54,752	67,356	70,155	73,757	77,290	80,940	84,803	88,872	92,509	94,872
Net cash inflow/(outflow) from investing activities	(32,521)	(85,169)	(73,874)	(75,850)	(80,111)	(77,222)	(80,872)	(82,799)	(86,489)	(97,389)
Net cash inflow/(outflow) from financing activities	2,824	5,711	6,536	5,248	8,425	8,191	6,769	11,276	8,417	5,690
Net increase/(decrease) in cash and cash equivalents held	25,055	(12,102)	2,817	3,155	5,604	11,909	10,700	17,349	14,437	3,173
Cash and cash equivalents at beginning of the financial year	144,972	170,027	157,925	160,742	163,898	169,502	181,411	192,111	209,459	223,897
Cash and cash equivalents at end of the financial year	170,027	157,925	160,742	163,898	169,502	181,411	192,111	209,459	223,897	227,069

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 2018) 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 councillors; 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 2019, Council adopted its 2019-2024 Corporate Plan to commence on 1 July 2019. 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 (for example water and waste 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 2019-20 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 modelling forms a subset of Council's whole of organisation modelling. Due to the complexities of the water business modelling 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 ensure 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 an 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 below the target minimum of 90% as in previous forecasts. Council identifies appropriate asset renewal expenditure for each coming budget year and forecasts the expected longer term asset renewal requirements through Asset Service Management Plans.

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' (Report 2: 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 Service 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 Service 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

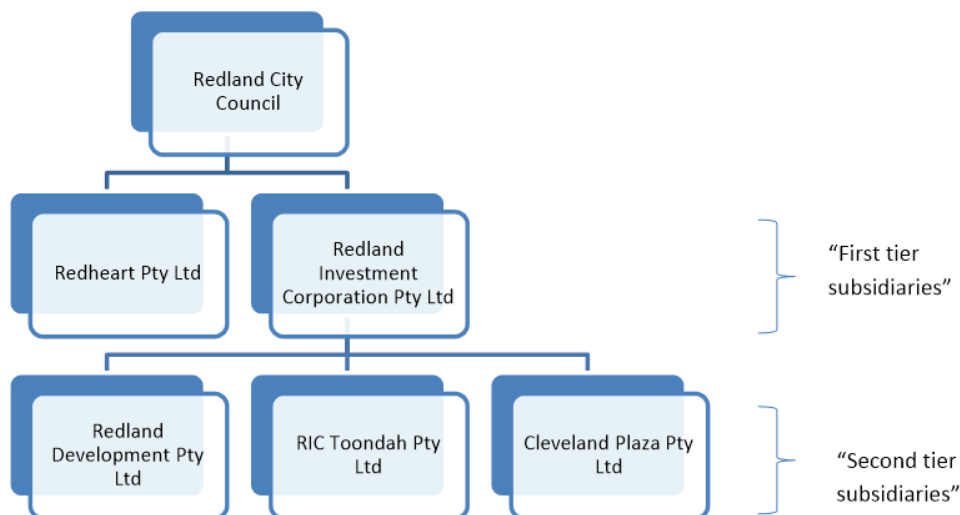
- Council has collected rates, utilities and other revenue streams over the years and has ring-fenced the monies for particular purposes. Council plans to utilise the reserves before increasing debt on the community’s balance sheet and has also committed to conducting an annual review of the constrained 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 budget and business plan. 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 %	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29
General rates revenue	0.96	0.96	0.96	0.96	1.11	1.32	1.32	0.93	0.93	0.93
Waste Utility Charges	0.96	0.96	0.96	0.96	1.11	1.32	1.32	0.93	0.93	0.93
Residential water connections	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
Commercial water connections	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
Wastewater connections	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68
Residential water consumption	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Commercial water consumption	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95
General Fees	-1.45	0.00	0.40	0.40	0.43	0.79	1.45	1.45	1.45	1.45
Employee Costs	0.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operational Goods & Services	0.00	0.48	0.48	0.48	0.55	0.66	0.66	0.47	0.47	0.47

Price Increases %	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29
Underlying CPI	1.51	1.62	1.73	1.84	1.95	2.06	2.17	2.28	2.39	2.50
RCC Blended CPI	1.91	2.13	2.26	2.38	2.50	2.50	2.50	2.50	2.50	2.50
Employee Costs (EBA)	2.40	2.40	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
General Rates	2.50	2.13	2.26	2.38	2.50	2.50	2.50	2.50	2.50	2.50
General Fees	Per Schedule	2.13	2.26	2.38	2.50	2.50	2.50	2.50	2.50	2.50
Fixed water access	1.91	2.13	2.26	2.38	2.50	2.50	2.50	2.50	2.50	2.50
Volumetric water (KI)	1.91	2.13	2.26	2.38	2.50	2.50	2.50	2.50	2.50	2.50
Wastewater	1.96	2.13	2.26	2.38	2.50	2.50	2.50	2.50	2.50	2.50
Interest revenue (rate applied)	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76

Efficiency Targets %	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29
Operational Goods & Services	1.13	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Additional Amendments \$000	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29
Remove non-recurrent operating expenditure	N/A	10,777	11,073	11,390	11,739	12,112	12,497	12,869	13,252	13,646
Add back non-recurrent operating expenditure as per 10 year plan	N/A	8,283	6,899	7,222	7,254	6,352	10,589	6,981	8,767	11,565

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 labelled 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%

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 Ratio (%)	Target less than 60% (on average over the long-term)
Operating Surplus Ratio (%)	Target between 0% and 10% (on average over the long-term)

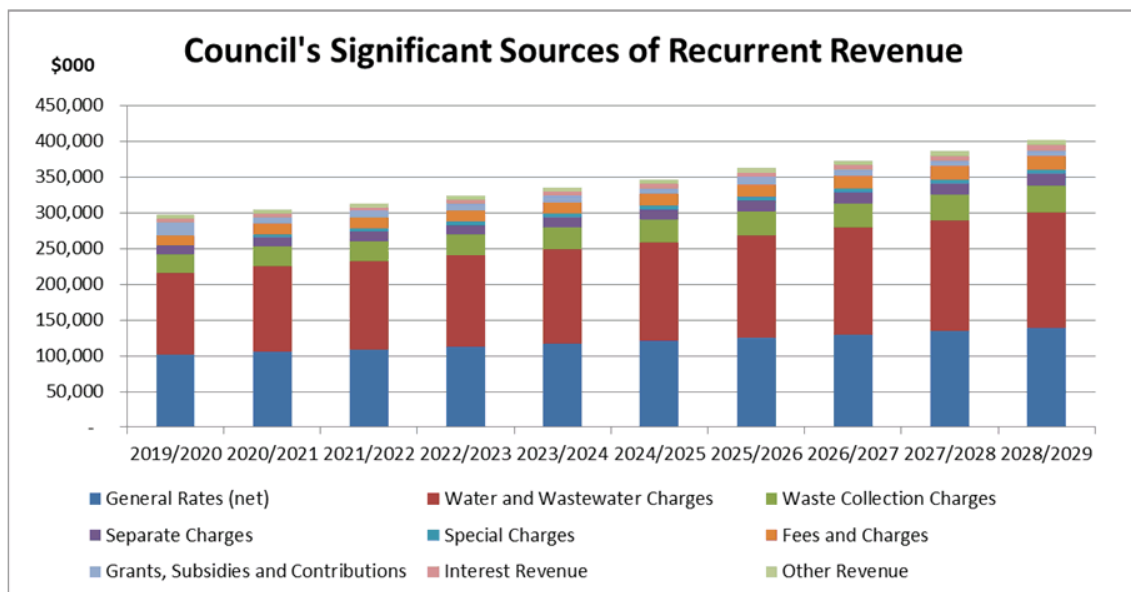
3. Revenue Management

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 modelling 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 charges. Council's Infrastructure Planning and Charging 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
- using historical and current data and observations to forecast revenue growth assumptions.

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 a dedicated resource investigating projects with 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
Full cost recovery and system/process improvements will enhance Council's waste levy rebate claim	Likely	Low	Medium
Support economic development and business growth through master planning of key precincts; incentives and stimulus packages; trade and investment attraction; implementation of the City's new destination brand 'Redlands Coast'; 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	Unlikely	Major	Medium
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	Almost certain	Low	High
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 funding will be restricted	Possible	Medium	Medium

Waste levy rebate calculated on past activity is not indicative of future activity. The uncertainty of future advance payments may result in less than anticipated revenue	Likely	Low	Medium
Changes to Federal Government policy that impacts on population growth, subsequently affecting general rate revenue	Possible	Medium	Medium
Council's growth assumptions (e.g. population, property, water consumption, waste volume) resulting in revenue targets not crystallising.	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 Corporate Overhead Allocations 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

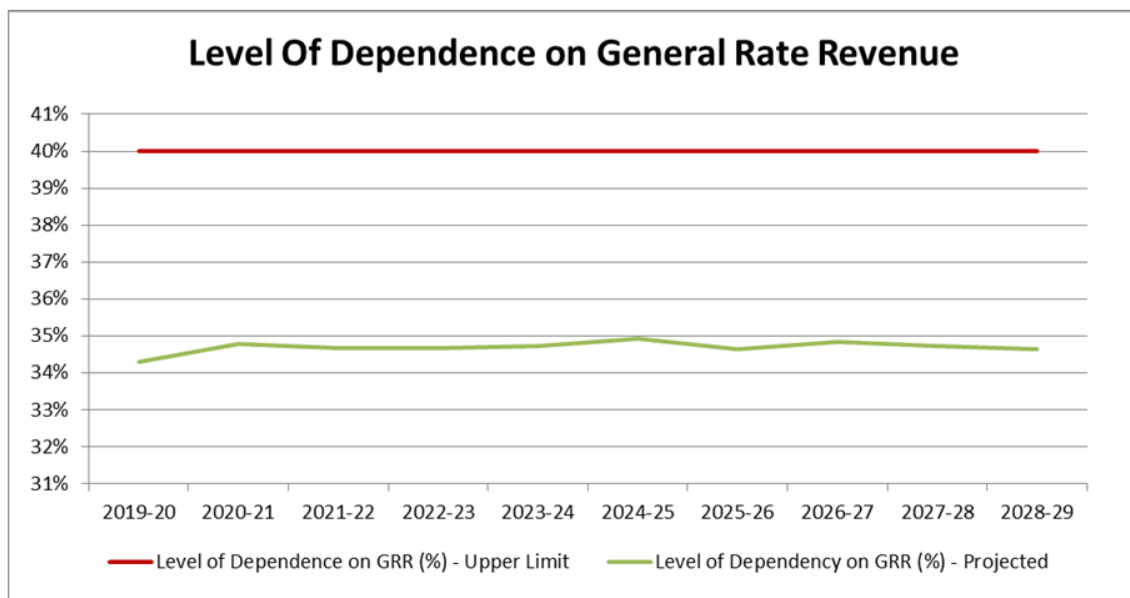
In order to mitigate the above risks or explore the opportunities, the following projects and actions progress across Council:

- 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 Enterprise Asset and Service Management Policy Statement

Council's Enterprise Asset and Service 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 Enterprise Asset and Service Management Guidelines

The Strategy has adopted the following guidelines in relation to asset and services management:

- Asset and Service 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 service 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 service 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 service 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:

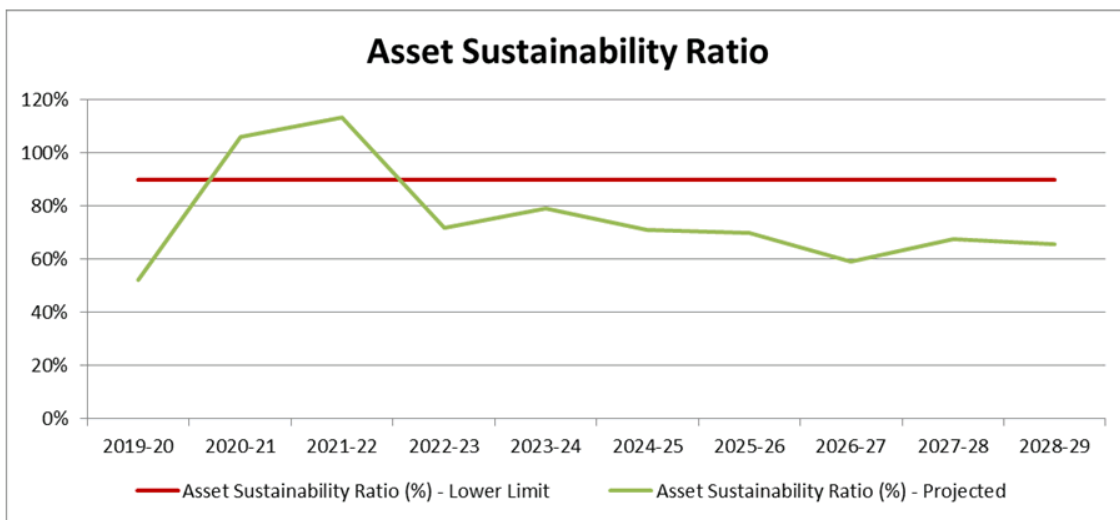
- Asset Management Project – established as a Council-wide response to asset management driven by the Executive Leadership Team (ELT)
- ongoing additional development of Asset and Service Management Plans in accordance with statutory requirements, business needs and agreed service levels
- further development on a condition based depreciation methodology if appropriate
- continuation of the Infrastructure Planning and Charging Unit to ensure Council is maximising opportunities for recovery of appropriate costs with respect to trunk infrastructure
- continue to embed the Portfolio Management Office and associated processes to define and develop Council's portfolio and to support informed and transparent decision making through a structured and disciplined approach; maintaining governance, accountability and deliverability over Council's operational and capital programs and 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.

To ensure continuation of existing service levels, planning and development of Asset & Service Management Plans for the 2019/20 portfolio focused on the renewal requirement of Council’s existing asset base. Council’s current prioritisation model supports the policy of prioritising renewals, and these two factors together support improvements in asset sustainability. However, this must be balanced with investment to cater for growth across the city.

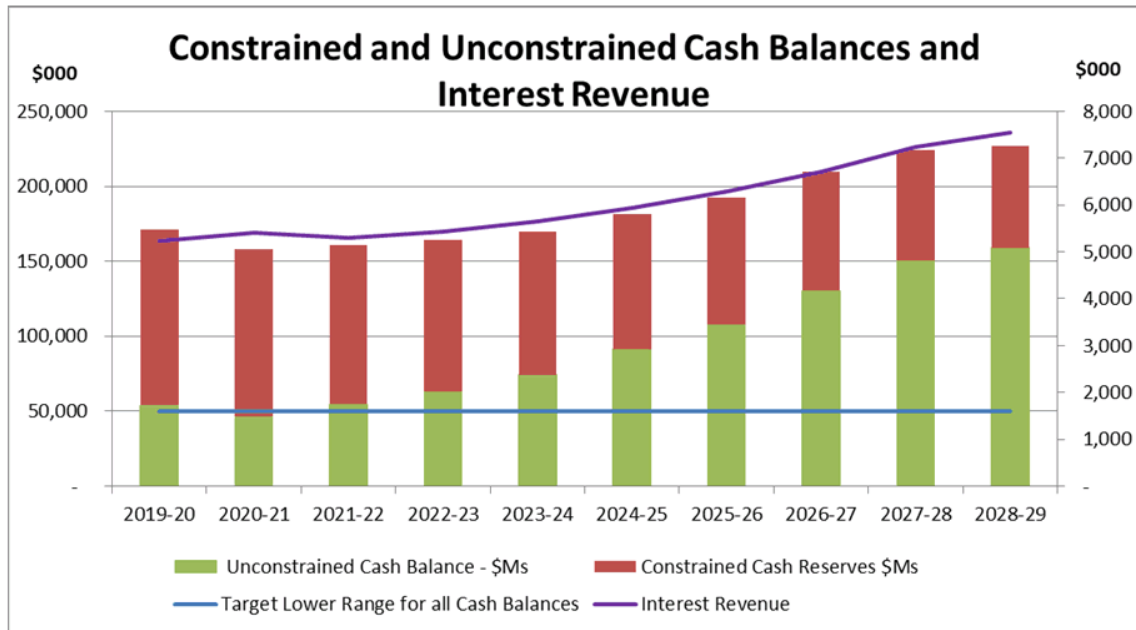
The current ten year capital program and depreciation forecasts result in the following graph:



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.

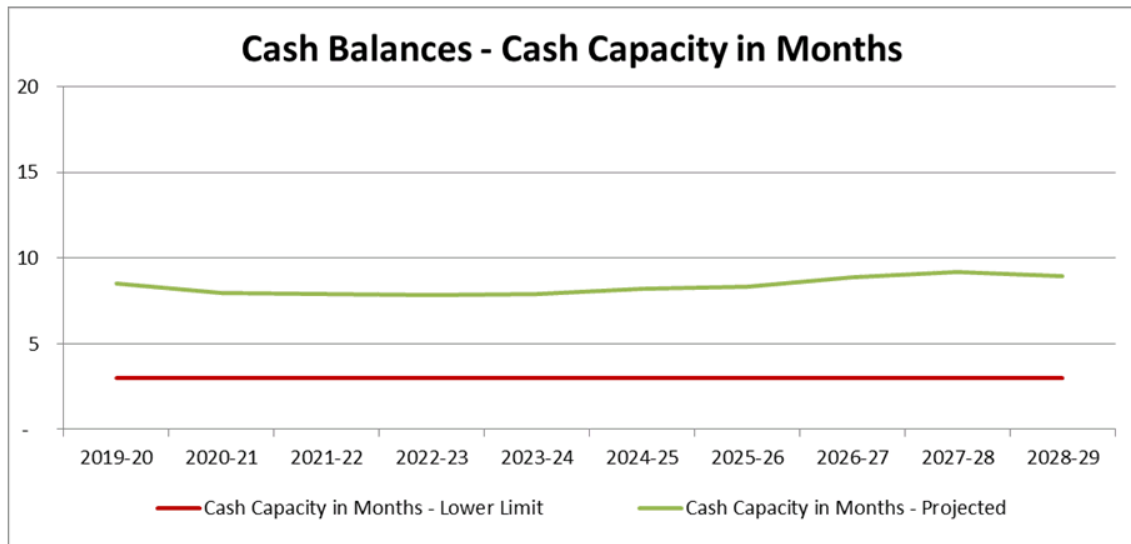
Reserves are a subset of community equity and sit alongside retained earnings. Whilst retained earnings can be utilised for general expenditure, reserves are ring-fenced for particular purposes. Council policy requires that all reserve monies are fully cash-backed. Council annually reviews its reserves 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, have been incorporated in Asset and Service Management Plans. Ultimately the cash balances in later years will be reduced through identification of future necessary infrastructure and capital works.

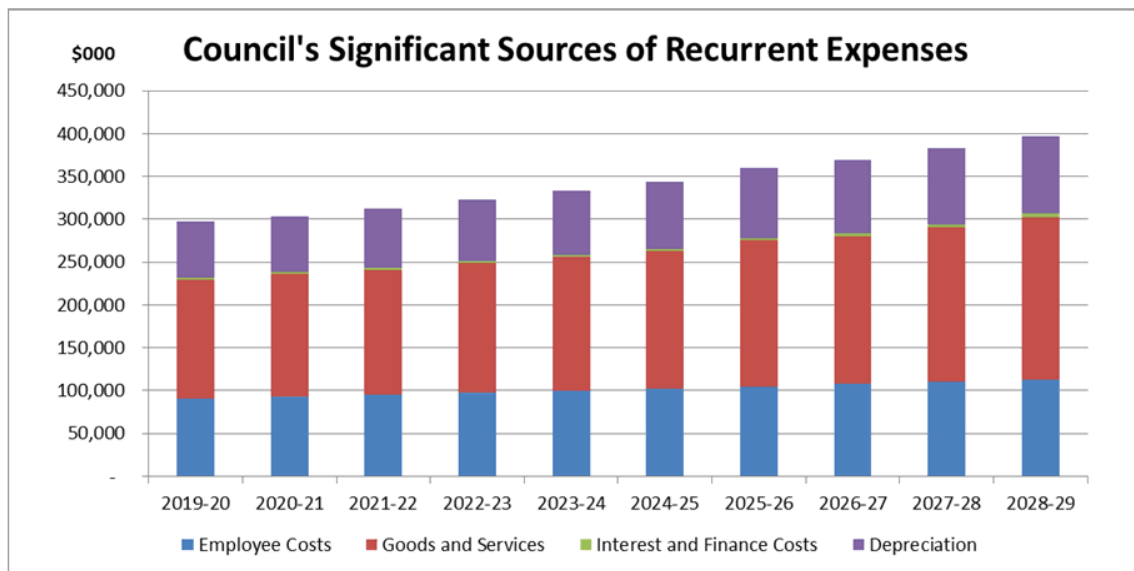
5. Expenditure Management

5.1 Background

Council’s significant sources of operational expenses include:

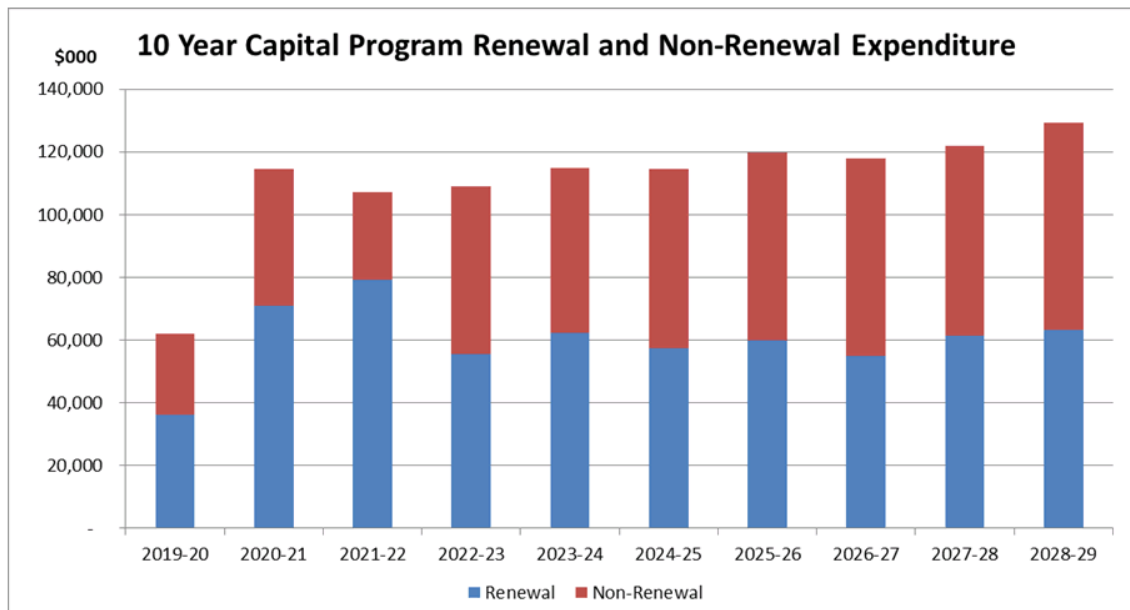
- employee costs
- goods and services
- interest and finance costs
- depreciation
- other expenses (including community service obligations and subsidies).

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 Charging 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 and engaging qualified project managers on a project by project basis results in reduced costs and risks, enhanced processes, better prioritisation and benefits realisation	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	Almost Certain	Medium	High

and depreciated accurately			
Enhance control of consultants and temporary staff through implementation of an effective workforce strategy to manage increasing costs	Likely	Low	Medium
Effective planning of agreed service levels leads to cost reduction	Likely	Medium	High
Investment in renewable energy sources could potentially mitigate energy pressures and reduce costs	Possible	Low	Medium
Improved leave management resulting in reduced costs	Likely	Low	Medium
Establish a strategic land acquisition system that provides a framework and methodology for Council to nominate site specific and non-site specific land targets.	Likely	Medium	High

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 government	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
Significant waste management costs resulting from new State waste and resource recovery strategy citing ambitious growth targets to reduce waste to landfill	Likely	Medium	High
Unbudgeted expenditure resulting from unforeseen events such as natural disasters and infrastructure failure	Unlikely	Medium	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
- Where an expenditure obligation is identified, that is probable (50% or more likelihood of occurring), a provision will be recognised on Council's balance sheet

- Implementation of the Portfolio Management Office and associated processes – maintaining governance, accountability and deliverability over operational and capital projects
- *Local Government Regulation 2012 S173 (2) & (3)* permits that the local government may spend money, not authorised in its budget, for genuine emergency or hardship if the local government makes a resolution about spending the money before, or as soon as practicable after, the money is spent. The resolution must state how the spending is to be funded.
- The new self-funded Procurement Transformation Project currently underway to implement strategic procurement model in Council to drive efficiencies and savings which has already been realised by Council.

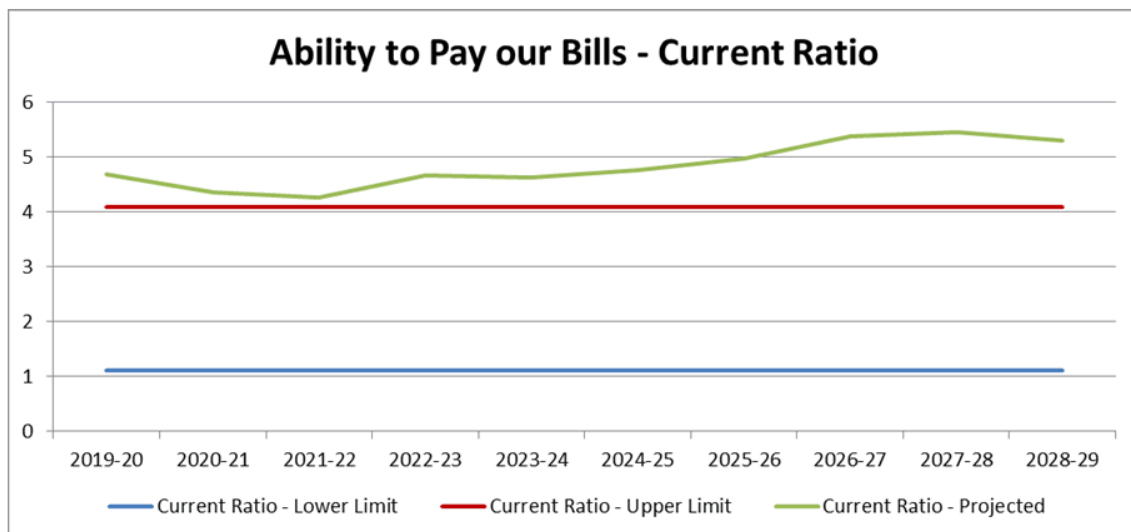
The following risks continue to be ‘watched’ before mitigation projects are initiated:

- 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.

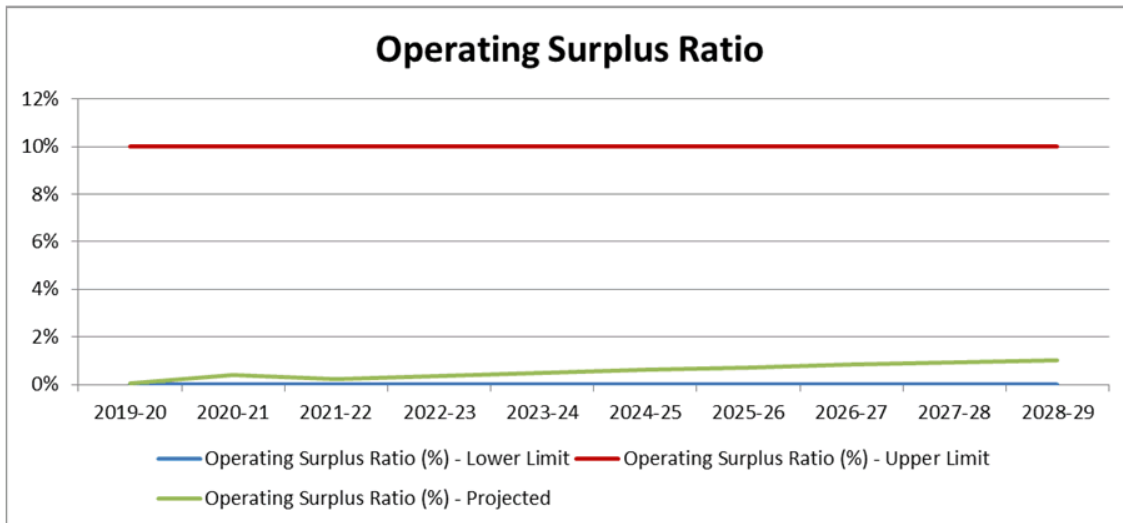
5.5 Key Performance Information

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 that 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.



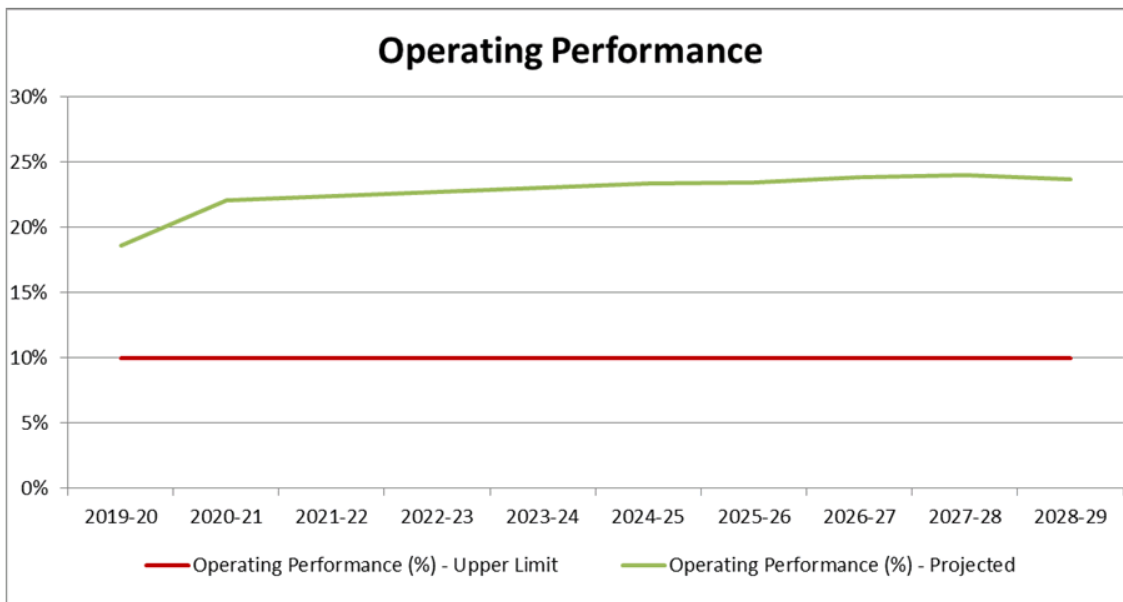
The operating surplus ratio is a measure of how recurrent revenues cover recurrent expenditure (including interest expense and depreciation). The following graph outlines the forecast operating surplus ratio over the ten years in the financial forecast:



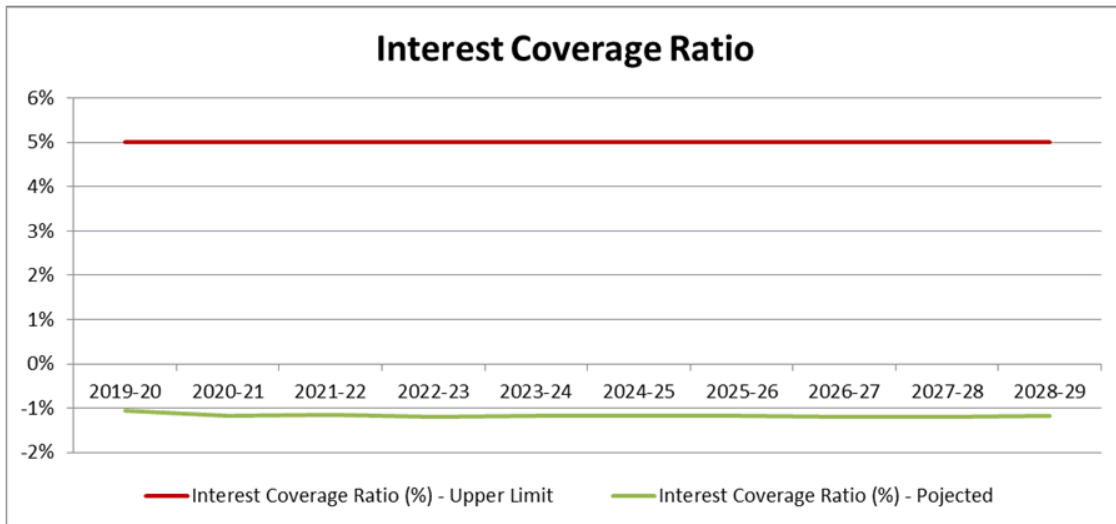
Council’s operating performance can also be measured on a cash basis (as opposed to the accrual basis above). Cash from operations comprises:

- 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 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.

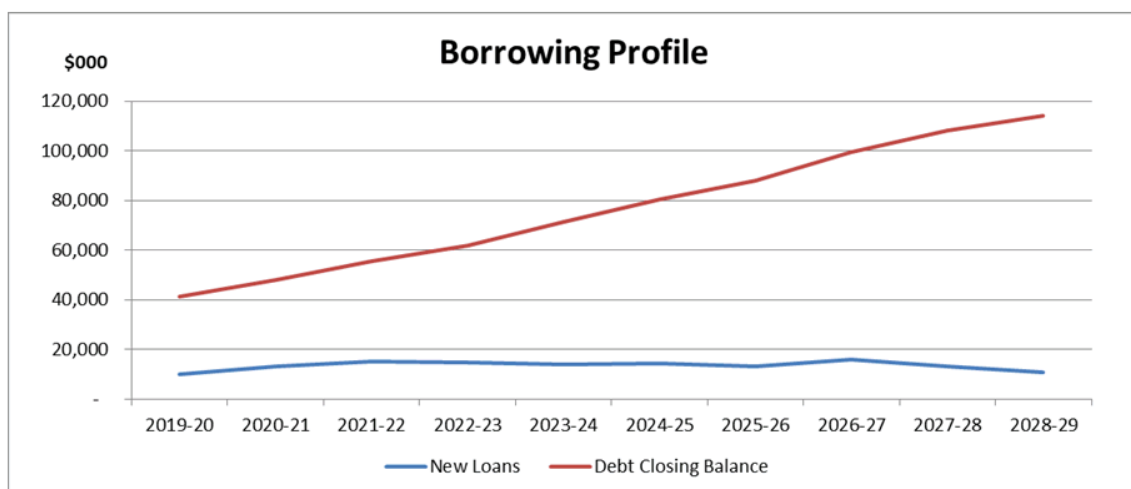
Council borrows from Queensland Treasury Corporation (QTC) for works in one or more of the following three areas:

- 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 2 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 borrowings forecast in the life of the Strategy. 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 the 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

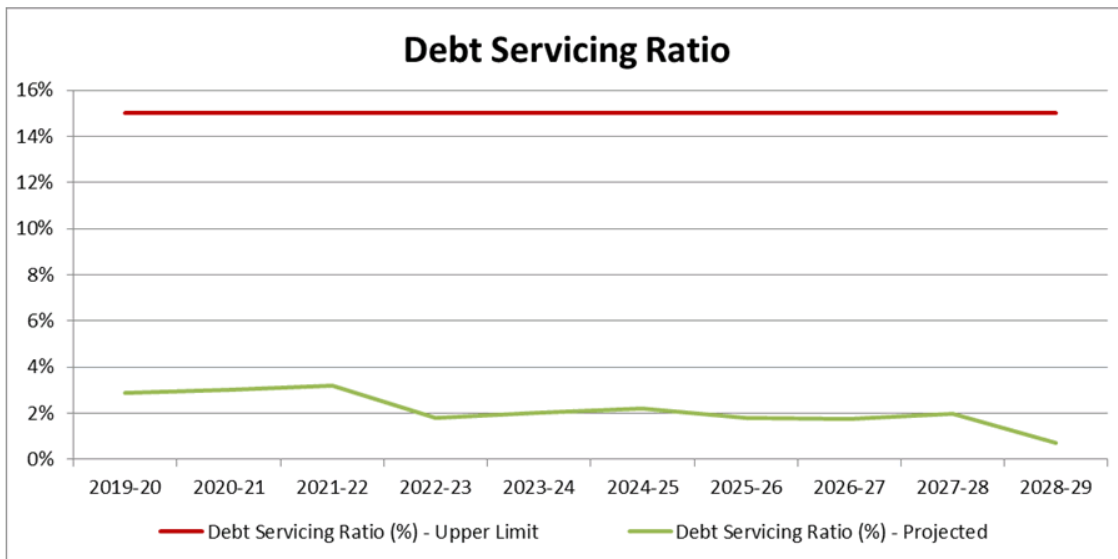
The Strategy has identified the following opportunities and risks in relation to liabilities management which have been assessed in accordance with Council's adopted Enterprise Risk Management Framework.

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 for approved and identified intergenerational projects	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	Possible	Low	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:

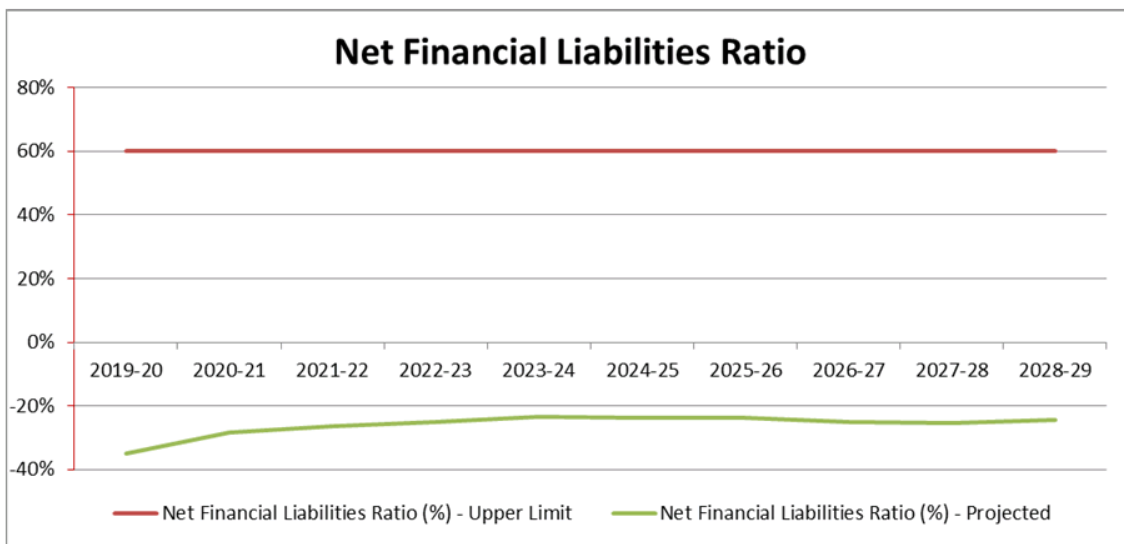
- Council will review its ten year capital program simultaneously to its annual review of the Strategy. The ten year capital program will align to the requirements of the Capital Works Prioritisation Policy and the long-term financial forecast will then determine whether borrowing is required for works 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.

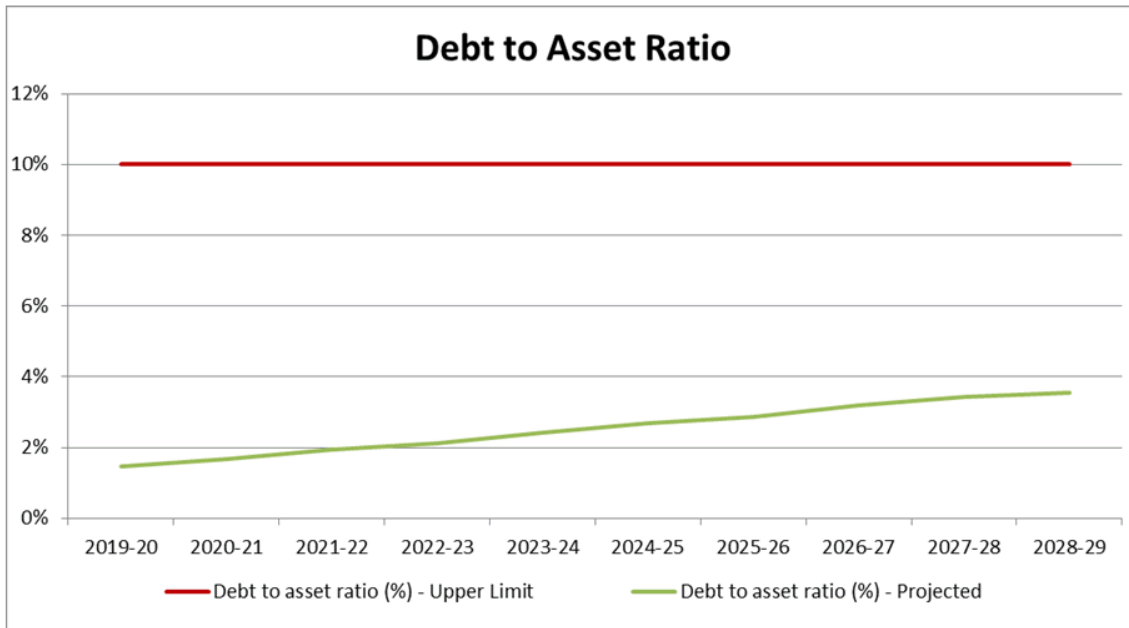
6.5 Key Performance Information



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.

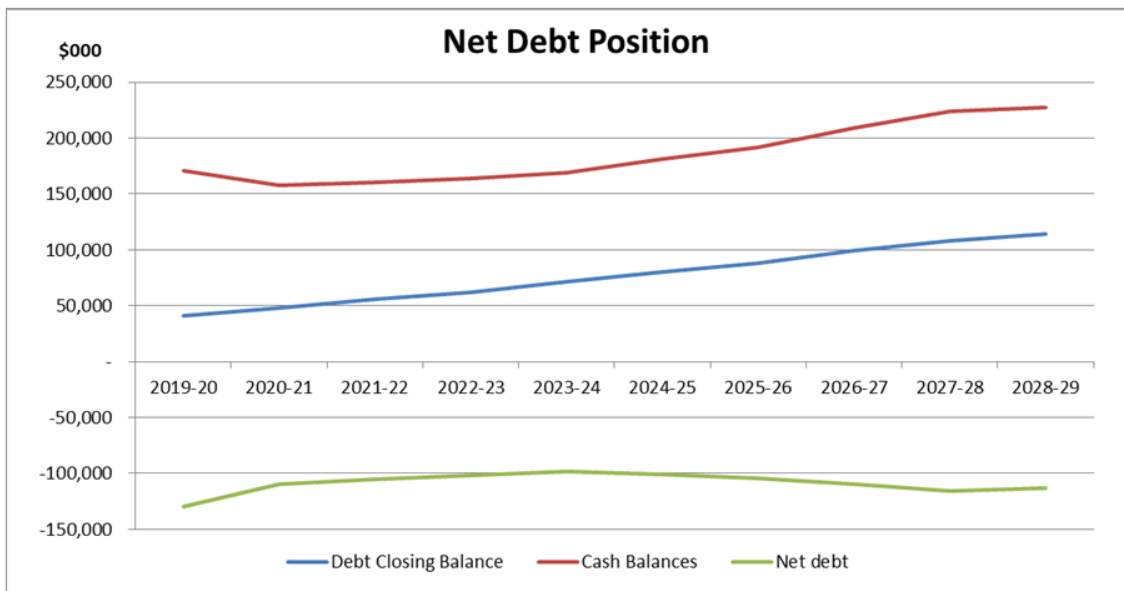
The following chart evidences Council's ability to fund its net financial liabilities from recurrent revenues. Council's balance sheet is very healthy with respect to working capital (current assets minus current liabilities) as seen in an earlier chapter. The Net Financial Liabilities ratio also considers 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 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 2019-2029 Financial Strategy has been updated as part of the 2019-20 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 Corporate Overhead Allocation. 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, Corporate Overhead Allocations, 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 current policies to support the decision making process with respect to commercial businesses:

- Application of Dividends and Tax Equivalent Payments
- Dividend Policy – Significant and Prescribed Business Activities
- Competitive Neutrality Complaint Process
- Community Service Obligation.

Industry specific policies include but are not limited to:

- Application of Water Charges
- Application of Wastewater Charges
- Trade Waste.

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.

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 (LGTERR) 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

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.

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	Possible	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
A commitment to reducing red tape and ensuring NBN access would make the city an attractive place to do business	Possible	Medium	Medium
Reduction of maintenance costs on idle assets-current surplus land has a maintenance cost but does not generate revenue	Likely	Low	Medium
Council's advocacy and ongoing education on recycle, reuse and reduce waste will provide long-term economic, social and environmental benefits for Council. The transition to the circular economy will generate jobs, increase the robustness of the economy, increase accessibility to goods, maximise the value of resources	Likely	Low	Medium

Risk	Likelihood	Consequence	Rating
Reputation Risk - Council selling land that the community would like to retain	Likely	Low	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's Chief Executive Officer will be invited to observe the Redland Investment Corporation Board meetings to ensure forecast returns from RIC to Council remain realistic. Additionally Councillors and RIC Board meet on regular occasions
- 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
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Recurrent revenue										
Rates, levies and charges	253,948	269,808	278,102	287,850	298,501	310,029	322,127	334,119	346,686	359,859
Fees	14,632	14,944	15,342	15,769	16,233	16,770	17,439	18,134	18,857	19,608
Rental income	925	944	966	989	1,013	1,039	1,065	1,091	1,119	1,146
Interest received	5,231	5,410	5,288	5,427	5,649	5,927	6,291	6,717	7,238	7,539
Investment returns	-	-	-	-	-	-	-	-	-	-
Sales revenue	3,856	3,939	4,027	4,123	4,226	4,332	4,440	4,551	4,665	4,782
Other income	525	640	652	665	679	693	708	723	739	754
Grants, subsidies and contributions	18,456	9,253	8,987	9,018	8,954	7,299	10,439	7,377	7,417	7,460
Total recurrent revenue	297,572	304,937	313,364	323,841	335,256	346,090	362,509	372,713	386,721	401,149
Capital revenue										
Grants, subsidies and contributions	24,492	24,467	28,175	26,825	29,575	32,351	33,876	29,602	30,270	27,560
Non-cash contributions	3,480	3,466	3,537	3,611	3,690	3,772	3,859	3,951	4,047	4,148
Total capital revenue	27,973	27,933	31,711	30,437	33,265	36,124	37,736	33,553	34,316	31,708
TOTAL INCOME	325,545	332,870	345,076	354,278	368,520	382,214	400,244	406,265	421,037	432,856
Recurrent expenses										
Employee benefits	90,372	93,030	95,308	97,649	100,054	102,525	105,063	107,671	110,350	113,102
Materials and services	138,917	143,041	146,058	150,926	156,290	160,541	170,505	172,650	180,501	189,635
Finance costs	2,809	2,615	2,472	2,333	2,552	2,739	2,912	3,154	3,510	3,754
Depreciation and amortisation	65,279	65,082	68,829	71,853	74,783	78,181	81,425	86,182	88,815	90,554
Total recurrent expenses	297,377	303,767	312,668	322,761	333,679	343,987	359,906	369,657	383,176	397,045
Capital expenses										
Loss on disposal of non-current assets	112	(1,172)	(1,399)	(2,554)	(1,440)	(1,191)	(1,040)	(1,559)	(959)	-
Total capital expenses	112	(1,172)	(1,399)	(2,554)	(1,440)	(1,191)	(1,040)	(1,559)	(959)	0
TOTAL EXPENSES	297,489	302,594	311,268	320,207	332,240	342,796	358,865	368,098	382,217	397,045
NET RESULT	28,056	30,276	33,807	34,071	36,281	39,418	41,379	38,167	38,820	35,811
Other comprehensive income/(loss)										
Items that will not be reclassified to net result										
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	28,056	30,276	33,807	34,071	36,281	39,418	41,379	38,167	38,820	35,811

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
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Current assets										
Cash and cash equivalents	170,027	157,926	160,743	163,899	169,503	181,412	192,112	209,460	223,898	227,070
Trade and other receivables	30,532	31,281	32,264	33,346	34,424	35,624	37,305	38,329	39,633	41,221
Inventories	936	936	936	936	936	936	936	936	936	936
Non-current assets held-for-sale	-	-	-	-	-	-	-	-	-	1,235
Other current assets	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765
Total current assets	203,260	191,908	195,708	199,946	206,628	219,737	232,118	250,491	266,232	272,228
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	2,555,393	2,603,560	2,640,653	2,676,842	2,716,168	2,751,792	2,789,323	2,820,484	2,852,894	2,889,689
Intangible assets	968	2,170	3,421	4,357	5,115	5,839	6,530	7,190	7,817	8,414
Right-of-use lease assets	8,278	7,117	5,924	4,772	3,659	2,800	2,142	1,932	1,721	1,511
Other financial assets	73	73	73	73	73	73	73	73	73	73
Investment in other entities	25,904	25,904	25,904	25,904	25,904	25,904	25,904	25,904	25,904	25,904
Total non-current assets	2,591,706	2,639,914	2,677,065	2,713,038	2,752,009	2,787,498	2,825,062	2,856,673	2,889,499	2,926,680
TOTAL ASSETS	2,794,966	2,831,822	2,872,773	2,912,984	2,958,637	3,007,235	3,057,180	3,107,164	3,155,731	3,198,908
Current liabilities										
Trade and other payables	23,817	24,597	25,122	25,941	26,767	27,565	29,194	29,589	30,802	32,389
Borrowings	7,728	7,393	8,364	4,313	4,986	5,756	4,513	4,292	4,985	5,612
Right-of-use lease liability	1,039	1,047	1,072	1,089	1,140	946	741	202	209	216
Provisions	7,816	7,988	8,172	8,301	8,410	8,617	8,826	9,045	9,267	9,464
Other current liabilities	2,940	3,003	3,070	3,143	3,222	3,303	3,385	3,470	3,556	3,645
Total current liabilities	43,340	44,027	45,801	42,787	44,526	46,186	46,660	46,597	48,820	51,326
Non-current liabilities										
Borrowings	33,400	40,493	47,130	57,518	66,410	74,778	83,531	95,231	103,164	108,442
Right-of-use lease liability	7,412	6,357	5,260	4,155	2,963	2,211	1,674	2,011	1,795	1,572
Provisions	14,752	14,606	14,436	14,307	14,240	14,145	14,022	13,864	13,672	13,475
Total non-current liabilities	55,563	61,457	66,826	75,980	83,613	91,134	99,226	111,105	118,630	123,490
TOTAL LIABILITIES	98,904	105,484	112,627	118,767	128,139	137,320	145,886	157,703	167,450	174,815
NET COMMUNITY ASSETS	2,696,062	2,726,338	2,760,146	2,794,217	2,830,497	2,869,915	2,911,294	2,949,461	2,988,281	3,024,092
Community equity										
Asset revaluation surplus	1,003,168	1,003,167	1,003,167	1,003,167	1,003,167	1,003,167	1,003,167	1,003,167	1,003,167	1,003,167
Retained surplus	1,575,901	1,611,601	1,650,831	1,690,325	1,732,029	1,776,869	1,823,671	1,867,261	1,911,504	1,952,739
Constrained cash reserves	116,993	111,570	106,147	100,724	95,301	89,878	84,455	79,032	73,609	68,186
TOTAL COMMUNITY EQUITY	2,696,062	2,726,338	2,760,146	2,794,217	2,830,497	2,869,915	2,911,294	2,949,461	2,988,281	3,024,092

LONG-TERM FINANCIAL FORECAST - PROJECTED STATEMENT OF CASH FLOWS										
	Year 1 2019-20 \$000	Year 2 2020-21 \$000	Year 3 2021-22 \$000	Year 4 2022-23 \$000	Year 5 2023-24 \$000	Year 6 2024-25 \$000	Year 7 2025-26 \$000	Year 8 2026-27 \$000	Year 9 2027-28 \$000	Year 10 2028-29 \$000
Cash flows from operating activities										
Receipts from customers	272,371	288,804	298,288	308,487	319,730	331,403	344,075	356,332	369,789	383,563
Payments to suppliers and employees	(237,486)	(235,915)	(241,492)	(248,439)	(256,174)	(262,873)	(274,588)	(280,617)	(290,378)	(301,941)
	34,885	52,888	56,796	60,048	63,556	68,530	69,487	75,714	79,411	81,622
Interest received	5,231	5,410	5,288	5,427	5,649	5,927	6,291	6,717	7,238	7,539
Rental income	925	942	963	986	1,011	1,036	1,062	1,088	1,116	1,143
Non-capital grants and contributions	16,097	10,211	9,015	9,015	8,963	7,470	10,110	7,698	7,415	7,453
Borrowing costs	(2,070)	(1,858)	(1,697)	(1,538)	(1,736)	(1,901)	(2,052)	(2,271)	(2,602)	(2,822)
Other cash flows from operating activities	(50)	-	-	-	-	-	-	-	-	-
Right-of-use assets interest expense	(266)	(238)	(210)	(181)	(152)	(122)	(96)	(75)	(69)	(62)
Net cash inflow/(outflow) from operating activities	54,752	67,356	70,155	73,757	77,290	80,940	84,803	88,872	92,509	94,872
Cash flows from investing activities										
Payments for property, plant and equipment	(58,432)	(109,854)	(102,263)	(104,419)	(110,210)	(109,771)	(114,780)	(113,022)	(116,750)	(123,951)
Payments for intangible assets	-	(1,131)	(1,373)	(948)	(966)	(986)	(1,007)	(1,030)	(1,055)	(1,081)
Proceeds from sale of property, plant and equipment	1,419	1,172	1,399	2,554	1,440	1,191	1,040	1,559	959	-
Capital grants, subsidies and contributions	24,492	24,467	28,175	26,825	29,575	32,351	33,876	29,602	30,270	27,560
Other cash flows from investing activities	-	176	189	137	51	(7)	(0)	93	88	83
Net cash inflow/(outflow) from investing activities	(32,521)	(85,169)	(73,874)	(75,850)	(80,111)	(77,222)	(80,872)	(82,799)	(86,489)	(97,389)
Cash flows from financing activities										
Proceeds from borrowings	9,800	13,232	15,000	14,700	13,877	14,123	13,265	15,991	12,917	10,890
Repayment of borrowings	(5,937)	(6,474)	(7,392)	(8,363)	(4,312)	(4,985)	(5,755)	(4,512)	(4,291)	(4,984)
Right-of-use lease payments	(1,039)	(1,047)	(1,072)	(1,089)	(1,140)	(946)	(741)	(202)	(209)	(216)
Net cash inflow/(outflow) from financing activities	2,824	5,711	6,536	5,248	8,425	8,191	6,769	11,276	8,417	5,690
Net increase/(decrease) in cash and cash equivalents held	25,055	(12,102)	2,817	3,155	5,604	11,909	10,700	17,349	14,437	3,173
Cash and cash equivalents at beginning of the financial year	144,972	170,027	157,925	160,742	163,898	169,502	181,411	192,111	209,459	223,897
Cash and cash equivalents at end of the financial year	170,027	157,925	160,742	163,898	169,502	181,411	192,111	209,459	223,897	227,069

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
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue										
Rates charges	104,953	109,048	111,714	115,463	119,658	124,268	129,056	133,513	138,123	142,893
Levies and utility charges	152,328	164,191	169,923	176,032	182,613	189,668	197,120	204,789	212,885	221,432
Less: Pensioner remissions and rebates	(3,333)	(3,430)	(3,534)	(3,646)	(3,770)	(3,907)	(4,049)	(4,183)	(4,322)	(4,466)
Fees	14,632	14,944	15,342	15,769	16,233	16,770	17,439	18,134	18,857	19,608
Operating grants and subsidies	17,757	8,536	8,251	8,261	8,174	6,493	9,604	6,515	6,526	6,538
Operating contributions and donations	699	717	736	757	780	807	835	862	891	922
Interest external	5,231	5,410	5,288	5,427	5,649	5,927	6,291	6,717	7,238	7,539
Investment returns	-	-	-	-	-	-	-	-	-	-
Other revenue	5,306	5,523	5,645	5,777	5,919	6,064	6,213	6,366	6,522	6,683
Total revenue	297,572	304,937	313,364	323,841	335,256	346,090	362,509	372,713	386,721	401,149
Expenses										
Employee benefits	90,372	93,030	95,308	97,649	100,054	102,525	105,063	107,671	110,350	113,102
Materials and services	140,138	144,293	147,345	152,250	157,655	161,949	171,958	174,146	182,041	191,221
Finance costs other	472	757	775	795	816	838	861	884	907	932
Other expenditure	514	527	542	557	574	593	611	630	648	668
Net internal costs	(1,735)	(1,780)	(1,829)	(1,881)	(1,939)	(2,001)	(2,064)	(2,126)	(2,189)	(2,254)
Total expenses	229,762	236,827	242,142	249,371	257,160	263,904	276,429	281,204	291,758	303,669
Earnings before interest, tax and depreciation (EBITD)	67,811	68,110	71,223	74,471	78,095	82,186	86,080	91,508	94,963	97,480
Interest expense	2,336	1,858	1,697	1,538	1,736	1,901	2,052	2,271	2,602	2,822
Depreciation and amortisation	65,279	65,082	68,829	71,853	74,783	78,181	81,425	86,182	88,815	90,554
Operating Surplus/(Deficit)	195	1,171	697	1,080	1,576	2,103	2,603	3,055	3,545	4,104

LONG-TERM FINANCIAL FORECAST - PROJECTED CAPITAL FUNDING STATEMENT										
	Year 1 2019-20 \$000	Year 2 2020-21 \$000	Year 3 2021-22 \$000	Year 4 2022-23 \$000	Year 5 2023-24 \$000	Year 6 2024-25 \$000	Year 7 2025-26 \$000	Year 8 2026-27 \$000	Year 9 2027-28 \$000	Year 10 2028-29 \$000
Proposed sources of capital funding										
Capital contributions and donations	22,427	23,061	24,334	25,084	28,600	31,297	33,002	28,728	29,395	26,685
Capital grants and subsidies	2,065	1,406	3,840	1,741	975	1,054	874	874	874	874
Proceeds on disposal of non-current assets	1,419	1,038	1,172	1,399	2,554	1,440	1,191	1,040	1,559	959
Capital transfers (to) from reserves	(5,446)	5,423	5,423	5,423	5,423	5,423	5,423	5,423	5,423	5,423
Non-cash contributions	3,480	3,466	3,537	3,611	3,690	3,772	3,859	3,951	4,047	4,148
New loans	9,800	13,232	15,000	14,700	13,877	14,123	13,265	15,991	12,917	10,890
Funding from general revenue	35,143	73,299	61,259	65,382	64,059	62,406	67,787	66,509	71,928	85,185
Total sources of capital funding	68,889	120,924	114,565	117,341	119,178	119,515	125,402	122,515	126,143	134,164
Proposed applications of capital funds										
Contributed assets	3,480	3,466	3,537	3,611	3,690	3,772	3,859	3,951	4,047	4,148
Capitalised goods and services	51,434	100,918	94,237	95,809	101,093	100,712	105,286	103,708	107,120	113,692
Capitalised employee costs	6,999	10,066	9,400	9,557	10,084	10,046	10,502	10,345	10,685	11,340
Loan redemption	6,976	6,474	7,392	8,363	4,312	4,985	5,755	4,512	4,291	4,984
Total applications of capital funds	68,889	120,924	114,565	117,341	119,178	119,515	125,402	122,515	126,143	134,164
Other budgeted items										
Transfers to constrained operating reserves	(13,441)	(13,728)	(14,037)	(14,371)	(14,730)	(15,099)	(15,476)	(15,863)	(16,260)	(16,666)
Transfers from constrained operating reserves	10,549	13,728	14,037	14,371	14,730	15,099	15,476	15,863	16,260	16,666
Written down value (WDV) of assets disposed	1,531	-	-	-	-	-	-	-	-	-

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 3.00pm.

The minutes of this meeting were confirmed at the Special Budget Meeting held on .

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CHAIRPERSON