

Operational Plan

2017-2018



MAKE A
DIFFERENCE
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COUNT

Operational Plan 2017 - 2018

About the Operational Plan

Under the *Local Government Act 2009*, Redland City Council is required to produce and adopt an annual operational plan. The Operational Plan details how Council will deliver the significant activities identified within the Corporate Plan 2015 - 2020 and the Redlands 2030 Community Plan in the current financial year.

The Operational Plan helps council deliver its corporate plan through the prioritisation of activities.

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

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

- Redland Water
- RedWaste

Strategic Alignment

Redland City Council's Vision Outcomes are articulated in the Redlands 2030 Community Plan, Corporate Plan 2015 - 2020 and in the 2017 - 2018 Operational Plan.

The Redlands 2030 Community Plan sets out Council's long term vision and outlines eight vision outcomes for Redlands. The Corporate Plan 2015 - 2020 identifies priorities and 2020 outcomes, in the medium term that are considered to be transformational for the city. Council's Operational Plan 2017 - 2018 specifies the significant activities that Council plans to undertake in 2017 - 2018 to progress each of the 2020 Vision outcomes identified in the Corporate Plan 2015 - 2020.

Performance Reporting

The Operational Plan 2017 - 2018 is a key component of Council's annual plan that aims to deliver transformational outcomes for the city by 2020. The Operational Plan is the foundation of Council's 2017 - 2018 annual budget which provides resourcing for the identified projects and activities. In addition to the achievement of the strategic 2020 outcomes, Council continues to deliver a range of community and customer services. The Operational Plan is not intended to include every activity that Council undertakes.

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

- be consistent with its annual budget,
- state how Council will progress implementation of the Corporate Plan,
- manage operational risks, and
- include an annual performance plan for each commercial business unit of Council.

Council shall monitor progress against the operational plan and present updates to Council quarterly.

Managing risk

Council has a comprehensive Enterprise Risk Management Framework which sets out how Council manages its risks. Council maintains risk registers for strategic, operational and activity level risks. The following registers are reviewed and updated before being approved by Council's Operational Risk Management Committee:

- Strategic (annually)
- Operational (quarterly)
- Activity (6 monthly)

When developing the Operational Plan, managers are asked to consider what operational risks would be likely to impact their project and activities. As a result, a broad range of operational risks were incorporated in the Operational Plan 2017 - 2018. Examples of these risks are as follows:

- Ineffective community and government partnerships
- Ineffective handling of contentious/confidential issues
- Ineffective management of RCC's policy framework
- Ineffective or inadequate asset management
- Ineffective cross-council collaboration
- Ineffective policy advice
- Ineffective leadership
- Ineffective recruitment and selection and retention strategies – including ineffective workforce planning, talent management and leadership development
- Failure to purchase/resume land in time for project
- Failure of assets (both above and below ground)
- Inadequate community consultation
- Inadequate or poor project and activity management
- Inadequate selection and management of contractors especially at operational contract level
- Inadequate tender management
- Inadequate cost estimation
- Inconsistent and inaccurate information to customer due to error or out of date information
- Ineffective workplace culture and morale
- Non-compliance or ineffective communication of work, health and safety legislative requirements

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.

2020 Strategic Outcome	#1.1	Redland City's natural assets including flora, fauna, habitats, biodiversity, ecosystems and waterways are managed, maintained and monitored.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#1.1.1	Manage Council owned water bodies for improved environmental outcomes. <ul style="list-style-type: none"> a) Investigate and monitor water bodies. b) Improve conditions and prevent downstream inputs of sediments and nutrients. c) Revise the Redland City Council Total Water Cycle Management Plan. 		Infrastructure and Operations
#1.1.2	Plan and deliver conservation restoration activities. <ul style="list-style-type: none"> a) Rehabilitate riparian corridors on Council land to prevent entry of sediments and nutrients to waterways. 		Infrastructure and Operations
#1.1.3	Engage and deliver restoration through partnership with community and external groups. <ul style="list-style-type: none"> a) Provide community extension services with private land owners. b) Deliver community bush care. 		Community and Customer Services
#1.1.4	Continue implementing a program to plant one million native plants in the Redlands by 2026. <ul style="list-style-type: none"> a) Identify areas for planting based on the Network and Corridor Strategy, mapping and other applicable strategies. b) Prepare sites for planting. c) Continue planting. 		Infrastructure and Operations
2020 Strategic Outcome	#1.2	Threatened species are maintained and protected, including the vulnerable koala species.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#1.2.1	Implement the Natural Environment Policy. <ul style="list-style-type: none"> a) Implement the Koala Strategy and Action Plan. b) Implement the Networks and Corridor Strategy. 		Community and Customer Services
#1.2.2	Plan and deliver community education programs to protect native wildlife. <ul style="list-style-type: none"> a) Provide community education programs for wildlife protection and management. 		Community and Customer Services
2020 Strategic Outcome	#1.3	Community and private landholder stewardship of natural assets increases.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#1.3.1	Partner with community for improved environmental outcomes. <ul style="list-style-type: none"> a) Provide education programs and training events at IndigiScapes. b) Engage private land owners and community groups with conservation activities. 		Community and Customer Services
#1.3.2	Deliver land management extension programs within the community. <ul style="list-style-type: none"> a) Provide training program opportunities and property visits for private landholders managing their land for improved environmental outcomes. 		Community and Customer Services

1. Healthy natural environment

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

2020 Strategic Outcome	#1.4	Visitors experience our natural assets through high standard facilities, trails, interpretation and low impact commercial ventures.
2017/18 Significant Activity	Significant Activity Description (What and How)	Key Accountable
#1.4.1	Enhance the visitor experience of Redland's natural assets. a) Implement the Bayview Conservation upgrade - Enhance Visitor Experience (EVE) Program.	Infrastructure and Operations
#1.4.2	Improve the customer experience at IndigiScapes. a) Complete Stage 1 construction of the IndigiScapes Community Facility native plant nursery to enhance volunteer contributions to locally native planting programs. b) Finalise Stage 2 of the detail design for IndigiScapes Centre Extension and Upgrade Master Plan, including the key themes around the customer experience. c) Commence Stage 3 construction of the IndigiScapes expansion in accordance with the project schedule that minimises visitor disruption.	Community and Customer Services

2. Green Living

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

2020 Strategic Outcome	#2.1	Council's policies and plans support ecologically sustainable development and respond to climate change issues.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#2.1.1	Manage implementation of the Redland City Council Climate Change Action Plan. a) Coordinate implementation of the Climate and Energy Action Plan across Council in accordance with identified timeframes.		Community and Customer Services
2020 Strategic Outcome	#2.2	Sustainable building design (for example, solar panels and water tanks) is supported through education and advocacy	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#2.2.1	Provide information to raise community awareness and education. a) Undertake the Renewable Energy Feasibility Study. b) Procure and construct prototype for renewable energy pilot at Council facility.		Community and Customer Services
2020 Strategic Outcome	#2.3	Council's waste management plans address current and future needs, and include plans for closed landfills and regional collaboration.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#2.3.1	Plan and deliver waste management services to meet current and future needs of the city. a) Implement long term waste disposal strategy and waste infrastructure requirements for the city. b) Collaborate with Brisbane City Council to achieve value for money long term bulk waste disposal opportunities.		Infrastructure and Operations
2020 Strategic Outcome	#2.4	Council and the community actively recycle and reduce waste.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#2.4.1	Reduce the amount of waste going into landfill. a) Develop activities that encourage residents to recycle and change food waste behaviour. b) Implement year two of the five year Waste Reduction and Recycling Plan. c) Identify and analyse residents' behaviour towards recycling and food waste. d) Develop pilot activities to change behaviour.		Infrastructure and Operations

2020 Strategic Outcome	#2.5	Transport planning reflects a desire to maximise economic, environmental and liveability outcomes through quality road design, public transport, pedestrian and cycling strategies.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#2.5.1	Deliver transport planning for the city. a) Deliver transport planning activities in the short term under the existing Redlands Transport Plan 2016. b) Develop a new transport plan to replace the existing plan.		Community and Customer Services

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.

2020 Strategic Outcome	#3.1	Council collaborates with partners to understand, nurture and protect Moreton Bay’s marine health and values.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#3.1.1	Partner with Healthy Land and Water to monitor and improve the values of waterways and the bay, and enhance the community’s experience of the bay. a) Participate in the Healthy Land and Water partnership network. b) Translate Healthy Land and Water targets and objectives into operational activities. c) Monitor the recreational water quality in partnership with Healthy Land and Water.		Community and Customer Services
2020 Strategic Outcome	#3.2	Communities on the islands and foreshores enjoy equitable access to development opportunities and community services.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#3.2.1	Partner with Education Queensland in activating the community use of schools for sport and recreation purposes. a) Establish partnership agreements with stakeholders. b) Investigate funding options for joint development and infrastructure requirements.		Infrastructure and Operations
2020 Strategic Outcome	#3.3	Our community is ready for and adapting to changing coastlines, storm tide and severe weather.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#3.3.1	Develop a coastal adaptation strategic plan. a) Continue to develop and implement the Redland City Council Coastal Adaptation Strategic Plan.		Infrastructure and Operations
#3.3.2	Build community resilience to ensure residents have capacity to prepare, respond and recover from severe weather events. a) Undertake ‘Get Ready Queensland’ workshops. b) Enhance resilience capacity.		Organisational Services
2020 Strategic Outcome	#3.4	Redland City’s residents and visitors can easily access the foreshore and use recreation infrastructure for boating and non-boating activities.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#3.4.1	Manage risk and hazards to the public. a) As part of Council’s parks renewal process, implement coast safe recommendations for signage in line with national aquatic and recreational signage standards.		Infrastructure and Operations

3. Embracing the bay

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

2020 Strategic Outcome	#3.5	Priority Development Areas support equitable outcomes for island residents, such as access to transport and facilities.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#3.5.1	Progress development of Priority Development Area (PDA) activities. a) Facilitate process with Economic Development Queensland to progress implementation of the Toondah Harbour PDA. b) Facilitate process with Economic Development Queensland to progress implementation of the Weinam Creek PDA.		Redland Investment Corporation

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.

2020 Strategic Outcome	#4.1	Council’s organisational and staff capacity to deliver positive outcomes for Aboriginal communities, including the Quandamooka People, is improved through policy, cultural awareness training and cultural heritage training for elected members and Council staff.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#4.1.1	Increase Redland City Council elected members and staff awareness of cultural heritage. a) Engage Quandamooka Yoolooburrabee Aboriginal Corporation (QYAC) to deliver targeted Indigenous cultural heritage training.		Human Resources
#4.1.2	Embed Indigenous cultural awareness training at Redland City Council. a) Include cultural awareness training in Council’s staff induction program. b) Survey staff on cultural awareness and develop needs based program.		Human Resources
#4.1.3	Update Council’s Aboriginal and Torres Strait Island Community Policy and Guidelines. a) Update Council’s Indigenous Community Policy. b) Update Council’s Indigenous Community Guidelines. c) Implement Aboriginal and Torres Strait Island action plan.		Organisational Services
2020 Strategic Outcome	#4.2	Council’s and the community’s respect and understanding of the Quandamooka peoples’ relationship with their traditional land and waters continue to improve.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#4.2.1	Promote awareness and understanding of the local Aboriginal and Torres Strait Islander culture through events. a) Engage and coordinate with key Council areas to be involved in National Aborigines and Islanders Day Observance Committee (NAIDOC) and National Reconciliation Week (NRW).		Organisational Services
#4.2.2	Deliver programs, events, displays and exhibitions through Council’s libraries, art galleries and performing arts centre to showcase Aboriginal history, art and culture and enhance community understanding of these aspects. a) Engage with the Aboriginal community and other relevant internal and external stakeholders to develop and program events. b) Plan, program and promote the events.		Community and Customer Services
2020 Strategic Outcome	#4.3	Council continues to support and resource the delivery of commitments under the Indigenous Land Use Agreement (ILUA) with the Quandamooka People.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#4.3.1	Partner with QYAC to plan and monitor commitments under the ILUA. a) Coordinate the ILUA consultative committee and capital works forum. b) Monitor progress on ILUA activities delivered by key Council areas and report to Council’s Executive Leadership Team and Councillors quarterly.		Organisational Services
#4.3.2	Plan and deliver commitments under the ILUA in partnership with QYAC. a) Integrate commitments into organisational activities. b) Monitor commitments through organisation reporting.		Organisational Services

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2020 Strategic Outcome	#4.4	Council works with the Quandamooka Traditional Owners to help them achieve their goal of establishing North Stradbroke Island (Minjerribah) as a global eco-cultural tourism destination.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#4.4.1	Support the development of eco-cultural tourism. a) Implement and deliver actions within the Redland City Tourism Strategy and Action Plan 2015 - 2020.		Organisational Services

5. Wise planning and design

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

2020 Strategic Outcome	#5.1	Growth and development in the city is sustainably managed through the adoption and implementation of the Redland City Plan and Local Government Infrastructure Plan.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#5.1.1	Implement the Local Government Infrastructure Plan. a) Ensure that infrastructure necessary to support growth in the city is provided through the development assessment process and capital works program.		Community and Customer Services
#5.1.2	Implement the Netserv Plan. a) Action Netserv planning to ensure development needs are met in defined service areas.		Infrastructure and Operations
#5.1.3	Commence the Redland City Plan. a) Undertake a major amendment following commencement. b) Undertake periodic reviews.		Community and Customer Services
2020 Strategic Outcome	#5.2	Redland City's character and liveability are enhanced through a program of master planning, place-making and centre improvement strategies, including maximising opportunities through the catalyst Toondah Harbour Priority Development Area and Redlands Health and Wellbeing Precinct projects to build a strong and connected Cleveland.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#5.2.1	Coordinate a centres master planning and place making program. a) Continue to deliver a place making program for activation of Cleveland Central Business District (CBD) partnering with businesses. b) Develop and commence implementation of a place making program for activation of other key centres. c) Progress Redlands Health and Wellbeing Precinct implementation.		Community and Customer Services
#5.2.2	Develop master plan for Redland Aquatic Redevelopment. a) Conduct community consultation. b) Prepare and lodge a development application.		Infrastructure and Operations
#5.2.3	Plan for future use of surplus commonwealth land at Birkdale. a) Determine preferred land use/s for the site.		Community and Customer Services
2020 Strategic Outcome	#5.3	An effective and efficient development assessment process delivers quality development that is consistent with legislation, best practice and community expectations.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#5.3.1	Maintain effective systems and processes that underpin quality, timely decision making for development applications. a) Implement the new Redland City Plan and State Planning Act. b) Amend systems and processes as required to ensure effective implementation of planning instruments.		Community and Customer Services

5. Wise planning and design

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2020 Strategic Outcome	#5.4	Regional collaboration and targeted advocacy drives external funding for key infrastructure upgrades and enhanced community outcomes.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#5.4.1	Advocate for key city building infrastructure including identifying funding paths for delivery. a) Advocate through the South-East Queensland Council of Mayors for key regional infrastructure. b) Seek partnership through Commonwealth and State Government programs for key city building infrastructure.		Community and Customer Services
#5.4.2	Plan and develop cross-boundary transport and infrastructure priorities. a) Continue development of strategic initiatives with Brisbane City Council and Department of Transport and Main Roads to improve and prioritise cross-boundary connections for road and public transport and freight transport.		Infrastructure and Operations

6. Supportive and vibrant economy

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

2020 Strategic Outcome	#6.1	Council supports infrastructure that encourages business and tourism growth.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#6.1.1	Partner with external stakeholders to deliver key city building infrastructure to support Council's priorities. a) Develop a Redland's Smart Cities Strategy framework. b) Through Smart Cities and Advance Queensland programs, develop alternative funding models with State and Federal governments and businesses to deliver catalyst economic infrastructure.		Community and Customer Services
#6.1.2	Develop tourism infrastructure. a) Deliver a Redlands destination website. b) Coordinate the Redlands tourism sub-committee involving internal stakeholders and tourism operators.		Organisational Services
#6.1.3	Develop and deliver a unique Redland City brand. a) Undertake research, community engagement and testing for a city-wide brand. b) Deliver new brand through a range of channels including social media and traditional media.		Organisational Services
2020 Strategic Outcome	#6.2	Redland City delivers events, activities and performances that bring economic and social benefits to the community.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#6.2.1	Develop strategies and activities to support key events. a) Deliver activities of the Redland City Events Strategy and Action Plan 2016 - 2021. b) Implement Council's Cultural Policy and Creative Arts Business Plan and Activities. c) Facilitate delivery of key Council and other events including partnerships with community groups. d) Streamline Council's events permit process.		Organisational Services
# 6.2.2	Plan and coordinate Redland's participation in the Gold Coast Commonwealth Games legacy events. a) Leverage economic and community outcomes through Council's involvement in the Commonwealth Games Coordination Committee, and work with Gold Coast 2018 Commonwealth Games Corporation (GOLDOC) and the Office of the Commonwealth Games.		Community and Customer Services
2020 Strategic Outcome	#6.3	Council's involvement in the State Government's North Stradbroke Island Economic Transition Committee supports and aligns with Council's strategic objectives, which help deliver long- term economic sustainability for North Stradbroke Island (Minjerribah).	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#6.3.1	Support economic transition for North Stradbroke Island (NSI). a) Coordinate Council's role in the implementation of the State Government's NSI Economic Transition Strategy. b) Coordinate Council's input to State/QYAC land use planning for NSI. c) Commence specific development projects in accordance with the Redland Investment Corporation Business Plan.		Community and Customer Services

6. Supportive and vibrant economy

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

2020 Strategic Outcome	#6.4	Council receives a return on the community's investment in land to enhance economic and community outcomes.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#6.4.1	Develop strategic opportunities for Redland City Council land holdings. a) Develop catalyst projects which deliver economic and community benefit through internal and external collaboration.		Redland Investment Corporation
2020 Strategic Outcome	#6.5	Growth in key sectors identified in Council's Economic Development Framework is supported through the development and implementation of action plans by the Industry Economic Development Advisory Board.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#6.5.1	Develop action plans for key industry sectors. a) Engage the Economic Development Advisory Board and the business community in the development and implementation of industry action plans.		Community and Customer Services
2020 Strategic Outcome	#6.6	Development will be facilitated specifically in the Toondah Harbour Priority Development Area (PDA) and Weinam Creek PDA with a focus on economic growth.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#6.6.1	Facilitate process with Economic Development Queensland. a) Through the Redland Investment Corporation, facilitate an environmental impact assessment and community engagement for the Toondah Harbour PDA. b) Execute the Toondah Harbour PDA Management Agreement. c) Develop and communicate master plan for the Weinam Creek PDA.		Redland Investment Corporation

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.

2020 Strategic Outcome	#7.1	Festivals, events and activities bring together and support greater connectivity between cross-sections of the community.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#7.1.1	Design and deliver an annual calendar with a range of festivals, events and activities across the city. a) Plan and deliver Council cultural and social events. b) Manage Council’s grants and sponsorship program.		Community and Customer Services
#7.1.2	Develop a public art strategy and plan for Council that maximises community benefits from grant funding and ensures a vibrant public art program across the city. a) Undertake consultation with key internal stakeholders including Councillors. b) Obtain Council approval of strategy. c) Commission public art.		Community and Customer Services
2020 Strategic Outcome	#7.2	Council maximises community benefit from the use of its parklands and facilities by improving access to, and the quality and shared use of, public spaces and facilities by groups for sporting, recreational and community activities.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#7.2.1	Plan for effective sport and recreation areas. a) Look to acquire land to provide more sporting facilities. b) Coordinate and partner on Council and community activities and infrastructure to support groups in delivering specific activities and plans. c) Identify and assist groups with funding opportunities and support to develop grant applications, implement projects and acquittals.		Infrastructure and Operations
#7.2.2	Develop master plan for Cleveland activities precinct. a) Design upgrade for the William Ross Park.		Infrastructure and Operations
#7.2.3	Finalise and implement Council’s library strategy to align library services to ongoing and changing customer needs. a) Finalise and implement the new library strategy to support ongoing delivery of a contemporary, customer focused library service that contributes to Council’s outcomes.		Community and Customer Services
2020 Strategic Outcome	#7.3	Council’s assessment of community issues and needs provides timely opportunities to pursue grants and partnerships that realise long-term benefits.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#7.3.1	Partner with community organisations and the private sector to deliver social infrastructure supporting community needs. a) Source funding for the Cleveland Community Hub from a variety of government and non-government partnerships. b) Partner with community service providers to develop detailed design and operating model for the Cleveland Community Hub.		Community and Customer Services

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2020 Strategic Outcome	#7.4	Council supports volunteerism and participation in civic projects through clear and supportive Council processes to reduce red-tape, and engage and recruit volunteers for Council projects.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#7.4.1	Provide opportunities for volunteers to participate in a range of existing Council projects and activities a) Review and enhance current processes for engaging and managing volunteers in Council projects.		Community and Customer Services
2020 Strategic Outcome	#7.5	The community's preparedness for disasters is improved through community education, training and strong partnerships between Council and other agencies.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#7.5.1	Promotion and delivery of multi-agency education programs. a) Coordinate all hazards community education and training through the Local Disaster Management Group.		Organisational Services

8. Inclusive and ethical governance

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

2020 Strategic Outcome	#8.1	Council's Information Management Strategy and technology systems are engineered to increase efficiency and provide excellent customer service outcomes.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#8.1.1	Transform Council's systems and processes. <ul style="list-style-type: none"> a) Analyse and review current financial and asset management systems and processes and determine business requirements. b) Enhance data management and develop tools within Council to provide accessible and accurate information to the business intelligence platform. c) Develop a digital strategy that utilises new and emerging technologies and data management systems to improve the quality of services delivered by Council. 		Organisational Services
#8.1.2	Improve Council's e-service capability. <ul style="list-style-type: none"> a) Enhance the customer portal (MyServices) to Council's website. b) Maintain and improve content and processes that enhance the customer experience. 		Organisational Services
2020 Strategic Outcome	#8.2	Council produces and delivers against sustainable financial forecasts as a result of best practice Capital and Asset Management Plans that guide project planning and service delivery across the city.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#8.2.1	Optimise Redland City Council's asset management governance. <ul style="list-style-type: none"> a) Undertake an asset management program of work to improve asset management maturity. b) Deliver the Asset Management Framework in accordance with agreed Asset Management Policy and Strategy. c) Implement an asset management improvement roadmap. 		Financial Services
2020 Strategic Outcome	#8.3	Implementation of the Corporate Plan is well coordinated across Council and through a delivery mechanism that provides clear line of sight, accountability and performance measurement for all employees.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#8.3.1	Establish governance over strategic and operational planning. <ul style="list-style-type: none"> a) Develop and commence the implementation of a strategic planning and performance framework. b) Develop the transformation portfolio to enable selection and prioritisation of projects across the Enterprise Portfolio. 		Organisational Services
#8.3.2	Align staff capability and performance to deliver the Corporate Plan 2020 Outcomes. <ul style="list-style-type: none"> a) Identify staff capability and potential (leader levels initially), develop our staff and measure contribution. 		Human Resources

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2020 Strategic Outcome	#8.4	A continuous improvement focus underpins the organisation, creating a supportive environment for ideas and positive, well-managed change that enhance internal and external outcomes.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#8.4.1	Further enhance the continual improvement culture supporting service delivery. <ul style="list-style-type: none"> a) Implement and embed Council wide process framework within Promapp. b) Develop and commence implementation of a service planning framework. c) Transition the business to the Project and Program Management model. 		Organisational Services
#8.4.2	Embed change management capability within continual improvement programs. <ul style="list-style-type: none"> a) Prioritise process and align to transformation portfolio. b) Use change management capability to facilitate improvement projects. 		Human Resources
#8.4.3	Align the organisation to meet changing operational requirements. <ul style="list-style-type: none"> a) Build capability to deliver strategic workforce plans across Redland City Council. b) Monitor and facilitate the delivery of strategic workforce plans. c) Negotiate certified agreement and remuneration packages to support the varying needs of our people. 		Human Resources
#8.4.4	Drive innovation and improvement through capable leadership. <ul style="list-style-type: none"> a) Implement an Integrated Leadership Development Strategy (Phase 2) and Program. b) Encourage and reward an innovation culture. 		Human Resources
#8.4.5	Improve organisational performance through employee feedback. <ul style="list-style-type: none"> a) Conduct MySay Survey. b) Analyse MySay data to assist groups to develop action plans. c) Coach and mentor groups to support delivery of action plans. 		Human Resources
#8.4.6	Deliver a healthy and safe Redland City Council environment. <ul style="list-style-type: none"> a) Manage, coach and mentor Council staff with the implementation of the Redland City Council Safety Management Plan. 		Human Resources
2020 Strategic Outcome	#8.5	Council uses meaningful tools to engage with the community on diverse issues so that the community is well informed and can contribute to decision making.	
2017/18 Significant Activity	Significant Activity Description (What and How)		Key Accountable
#8.5.1	Review Council's community engagement model and framework. <ul style="list-style-type: none"> a) Identify new opportunities for community engagement and provide a broad range of engagement tools to ensure accessibility for community participation. 		Organisational Services

REDLAND WATER

A commercial business unit of Redland City Council

Water & Wastewater services

Annual Performance Plan 2017-18

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1 Introduction

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

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 2017-18 financial year, local governments must consider the operating expenditure for the 2016-17 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* was recently amended to increase the thresholds. The thresholds for the 2017-18 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 *Local Government Regulation 2012* states:

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

b) *Note* – See also section 171 (Use of information by councillors) of the *Act*.

- 4) The local government may change an annual performance plan for a commercial business unit at any time before the end of the financial year.

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

2 Key principles of a commercial business unit

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

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

3 Redland City Council vision

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

4 Redland Water vision, objectives and functions

4.1 Business focus

4.1.1 Vision

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

4.1.2 Mission

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

4.1.3 Key drivers

The key business drivers are:

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

5 Roles of each party

5.1 Redland City Council’s role

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

5.2 Redland Water’s role

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

6 Undertakings by the parties

6.1 Redland City Council

RCC 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.

RCC 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.

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

6.2 Redland Water

Redland Water will:

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

7 Redland City Council corporate plan objectives

To address key strategies within the RCC Corporate Plan 2015-2020, Redland Water will:

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

8 Redland Water's strategies for achieving objectives

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

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

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

- improving the value of the business and meeting Council's capital structure and net return targets;
- managing costs to improve value to customers;
- strengthening demand management to meet the south-east Queensland (SEQ) regional targets for per capita water consumption;
- monitoring and reporting on key financial and non-financial performance indicators; and
- meeting the objectives of the Council of Australian Governments (COAG) and NCP reforms.

9 Redland Water services

Chapter 3A Part 2 of the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* states that, from the end of June 2012, Redland Water, as a commercialised business unit of RCC, 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 RCC 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) of the Regulation, 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 RCC 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 – 2017/18;
- standard set of financial reports; and
- WWTP performance.

Yearly:

- yearly KPIs as shown in the attached Redland Water scorecard indicators – 2017-18;
- statement of financial performance;
- statement of financial position; and
- annual budget as part of corporate process.

11 Meeting our customers' needs

11.1 Customer service standards

Water and wastewater

Section 115 of the *Water Supply (Safety & Reliability) Act 2008* requires service providers to prepare a customer service standard (CSS) for its water and wastewater services. It also requires the service provider to clearly state the level of service to be provided to customers, the process for service connection, billing, metering, accounting, customer consulting, complaints and dispute resolution.

The CSS also contains any other matters as mentioned in guidelines issued by the Department of Environment & Water Supply (DEWS). It is reviewed annually and customers are advised of significant changes.

A copy of Redland Water's CSS is available online or from Council's customer service centres.

For 2017-18 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 15 working days of the request.

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.
- The CBU'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;
- prepare and action 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 rates

Redland Water's water and wastewater charges will be integrated on an RCC rate notice.

All outstanding rates 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 2017/18 are:

Job Name	Description of the nature of the CSO	Budget Year 1	Estimate Year 2	Estimate Year 3
		2017-18 \$'000s	2018-19 \$'000s	2019-20 \$'000s
Water concession not for profit	Reduced charges for water for charities and not for profit organisations	176	181	187
Wastewater concession not for profit	Reduced charges for wastewater for charities and not for profit organisations	231	238	245
		407	419	432

13.4 Measurement of water consumptions

All water supplied will be measured through a water meter (including consumption through fire hydrants and water filling stations). Water meters will be read 4 times per annum and water meters upgraded as part of a progressive replacement program.

A permit will be required to take water from fire hydrants or tanker filling stations (Fire Services using hydrants for firefighting only exempted) and for recycled water drawn from Redland Water's recycled water filling facilities. Redland Water may issue a metered standpipe which will incur a bond and hire fee. The potable water or recycled water consumption as indicated on the standpipe will also be charged.

14 Financial Structure

Redland Water show as separate units within RCC's financial ledgers.

A separate accounts payable and receivable ledger will operate within RCC'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 2017/18 shall be 42%.

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

RCC'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 RCC 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 cash reserves (Redland Water 543 & Wastewater 544)

In late 2013-14 Redland Water established 2 constrained cash reserves on its balance sheet - one each for water and wastewater. The purpose of these reserves was to capture any over recovery of maximum allowable revenue that resulted due to price smoothing an expected bulk water increase of 31% in 2017-18. This bulk water price increase was referred by the Queensland State Government for investigation by the Queensland Competition Authority (QCA). As a result, the recommended bulk water price path was smoothed to approximately 10% per annum increases until 2019-20.

Redland Water's utility revenues since 2013-14 and future price path were reviewed during 2016-17 and Council has determined that the balance of these reserves can be returned to retained earnings in accordance with the Application of Dividends and Tax Equivalents Policy.

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 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 2017-18 – 3 YEARS

	Estimate Year 1 2017-18 \$'000s	Estimate Year 2 2018-19 \$'000s	Estimate Year 3 2019-20 \$'000s
Revenue			
Levies and utility charges	102,260	105,840	109,483
<i>Less: Pensioner remissions and rebates</i>	(407)	(419)	(432)
Fees and charges	350	359	368
Operating grants and subsidies	0	0	0
Operating contributions and donations	0	0	0
Interest external	471	471	471
Community service obligation	407	419	432
Other revenue	2,066	2,118	2,173
Total revenue	105,147	108,787	112,495
Expenses			
Employee benefits	8,200	8,499	8,809
Materials and services	48,056	51,640	55,302
Finance costs other	0	0	0
Other expenditure	0	0	0
Net internal costs	3,432	3,559	3,692
Total expenses	59,688	63,698	67,803
Earnings before interest, tax and depreciation (EBITD)	45,459	45,089	44,691
Interest expense	0	0	0
Internal interest	18,265	18,265	18,265
Depreciation	18,457	19,040	19,734
Operating surplus/(deficit)	8,737	7,784	6,693

ATTACHMENT 2 – CAPITAL FUNDING 2017-18 – 3 YEARS

	Estimate Year 1 2017-18 \$'000s	Estimate Year 2 2018-19 \$'000s	Estimate Year 3 2019-20 \$'000s
Proposed sources of capital funding			
Capital contributions and donations	6,355	6,514	6,677
Capital grants and subsidies	276	0	0
Proceeds on disposal of non-current assets	0	0	0
Capital transfers (to)/from reserves	(3,120)	(2,608)	(750)
Non-cash contributions	3,131	3,209	3,279
New loans	0	0	0
Funding from general revenue	4,675	7,639	5,313
Total sources of capital funding	11,316	14,754	14,519
Proposed application of capital funds			
Contributed assets	3,131	3,209	3,279
Capitalised goods & services	7,891	11,249	10,945
Capitalised employee costs	295	295	295
Loan redemption	0	0	0
Total Application of Capital Funds	11,316	14,754	14,519
Other budgeted items			
Transfer to constrained operating reserves	0	0	0
Transfer from constrained operating reserves	0	0	0
Written down value (WDV) of assets disposed	0	0	0
Income tax	3,542	3,354	3,192
Dividend	11,395	10,789	10,270

ATTACHMENT 3 – KEY PERFORMANCE INDICATORS 2017-18

Water:	=	1281km mains	Wastewater:	=	1175km mains
No. active meters (incl multiple meters/prop)	=	57,397	No. of active wastewater services	=	51,249
No connected props (incl CTS – no children)	=	545,249	Total no. wastewater services	=	52,509 (including vacant land)
Total no connected props (include child props and not including MPPM)	=	57,397			
MPPM	=	609			
Child properties	=	6,103			
Total no. connected props to network (connected) and charged access fees Q4 – 1 April 2017 charge date)					67,359

KRA and Goals	REDLAND WATER SCORECARD WATER & WASTEWATER INDICATORS – 2017-18	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)	\$10.99	\$	Monthly	\$120.89
	Maintenance costs per property serviced (water)	\$4.04	\$	Monthly	\$44.45
	Maintenance costs per property serviced (wastewater)	\$7.49	\$	Monthly	\$82.41
Deliver essential services Provide and maintain water, waste services, roads, drainage and support the provision of transport and waterways infrastructure to sustain our community.	Number WWTP non-conformances with EHP licence	max 0.5	#	Monthly	max 6
	% compliance with Australian Drinking Water Guidelines (ADWG) within distribution system. Does not include non-compliant water received at the point of transfer to the distribution system, i.e. from the bulk water authority or the bulk transport authority.	min 98	%	Monthly	min 98
People management Development of organisational cultural values and people behaviours in order to meet agreed community expectations.	Number of LTIs	0	#	Annually	0

REDWASTE

A commercial business unit of Redland City Council

Performance Plan 2017-18

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1. Introduction

RedWaste is a Commercial Business Unit (CBU) of Redland City Council (RCC).

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 2017-18 financial year, local governments must consider the operating expenditure for the 2016-17 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 2017-18 financial year are therefore as follows:

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

Section 175 of the *Regulation* states:

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

c) *Note* – See also section 171 (Use of information by councillors) of the *Act*.

- 5) The local government may change an annual performance plan for a commercial business unit at any time before the end of the financial year.

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

2. Key principles of a commercial business unit

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

- (e) clarity of objectives;
- (f) management autonomy and authority;
- (g) accountability for performance; and
- (h) competitive neutrality.

3. Redland City Council vision

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

4. RedWaste vision, objectives and functions

4.1 Business' focus

4.1.1 Vision

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

4.1.2 Mission

To meet or exceed agreed standards for the management of solid waste while managing the business for long-term success.

4.1.3 Key drivers

The key business drivers are:

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

5. Roles of each party

5.1 Role of Redland City Council

- Owner of business
- Specifies levels of service
- Customer of RedWaste

5.2 Role of RedWaste

- Service provider for planning and operation of assets
- Customer of Redland City Council
- Owner of waste management assets

6. Undertakings by the parties

6.1 Redland City Council

RCC 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.

RCC 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.

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

6.2 RedWaste

RedWaste will:

- provide waste management operations;
- 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 DEHP 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 the RCC Corporate Plan for 2015-2020, RedWaste will:

- manage the kerbside collection of domestic and commercial solid wastes and recyclable materials and transport to a suitably approved handling facility;
- oversee the operation, management and maintenance of a network of assets for the segregation and disposal of solid waste and recyclable materials generated from domestic and commercial sources; and
- engage with the community and businesses within the city to improve the overall performance of RedWaste and improve sustainability awareness and implementation.

8. RedWaste's strategies for achieving objectives

8.1 Waste Reduction and Recycling Plan

Reducing, reusing and recycling waste is an opportunity to divert resources from landfill. Despite the success of RCC recycling programs, leading to a domestic resource recovery performance of 46% in 2016-17, just over half of the total waste received is still sent to landfill.

The Waste Reduction and Recycling Plan (the Plan) aims to tip the balance the other way so

that less than half of the waste is landfilled. This means greater focus on resource efficiency. Advancing resource efficiency means moving from a linear model (where resources are extracted, processed, used and then disposed) to a cyclical model (where resources are separated and recovered then recycled again and again).

A key focus of this Plan is to minimise cost pressures by taking a practical and realistic approach to continuous improvement in recycling. The more recycling the Redlands community undertakes, the less waste will go to landfill. Recycling actions that can be undertaken relatively easily, quickly and without substantial investment are preferred.

8.2 Queensland Waste Strategy

On 22 December 2014, the State Government released Queensland's Waste Avoidance and Resource Productivity Strategy (2014-2024).

This is an industry-led strategy that has been developed collaboratively with a steering committee comprising representatives from business and industry, the waste and resource recovery sector, local government, and community and environment groups. The strategy proposes a high-level vision and direction for Queensland over the next 10 years. Key features and targets include:

- reducing waste generation by 5% per capita;
- increasing total recycling and resource recovery to 55% by 2024; and
- priority wastes and areas for action.

The strategy is entitled "Waste – Everyone's Responsibility" and focuses on the waste management hierarchy to avoid, reduce, reuse, recycle, recover energy, treat and dispose. Other tools influencing the strategy are to drive cultural change and avoid the generation of waste in the first instance. The guiding principles include protecting human and environmental health; sharing responsibility for resource management; recognising the cost of waste management; regional differences and opportunities; and full lifecycle management of resources.

8.3 Other strategies

RedWaste will strive to provide 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 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 RCC 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 to improve value to customers;
- investigating new waste and resource recovery solutions;
- implementing actions identified within Council's waste management strategy and other environmental programs;
- monitoring and reporting on key financial and non-financial performance indicators;
- 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) 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 RCC regarding RedWaste.

10.2 Reporting

RedWaste will provide the following reports:

Monthly:

- monthly key performance indicators (KPIs) as shown in the attached scorecard indicators – 2017/18; and
- a standard set of financial reports.

Yearly:

- yearly KPIs as shown in the attached scorecard indicators – 2017/18;
- 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 2017/18 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.
- The CBU'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;
- 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 an RCC 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 provided to 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;
- 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 2017/18 are:

Job Name	Description of the nature of the CSO	Budget Year 1	Estimate Year 2	Estimate Year 3
		2017-18 \$'000s	2018-19 \$'000s	2019-20 \$'000s
Clean Up Australia Day	Acceptance of Clean Up Australia Day waste at transfer stations, provision of bulk waste bins and waste disposal for clean up sites.	1	1	1
Mainland transfer stations	Acceptance of residential waste and commercial greenwaste originating from island transfer stations (not accepted on island), including waste disposal and management costs.	35	36	37
Island transfer stations	Acceptance of residential waste and commercial greenwaste at island transfer stations, including waste disposal and management costs.	1,294	1,333	1,373
Kerbside Recycling/Waste Collection	Subsidisation of collection costs for properties requiring manual collection to support the elderly or people with disabilities.	68	70	72
		1,399	1,441	1,484

14. Financial structure

RedWaste is a separate unit within RCC's financial ledgers.

A separate accounts payable and receivable ledger will operate within RCC'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

RCC'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 *Regulation*, 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 RCC 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 after tax operating surplus.

To achieve the surplus the following parameters will need to be considered:

Revenue:	Revenues should be modelled 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 2017-2018 – 3 YEARS

	Budget Year 1 2017-18 \$'000s	Estimate Year 2 2018-19 \$'000s	Estimate Year 3 2019-20 \$'000s
Revenue			
Levies and utility charges	21,663	22,610	23,598
<i>Less: Pensioner remissions and rebates</i>	0	0	0
Fees and charges	440	468	498
Operating grants and subsidies	0	0	0
Operating contributions and donations	0	0	0
Interest external	61	63	65
Community service obligation	1,399	1,441	1,484
Other revenue	969	998	1,028
Total revenue	24,532	25,579	26,672
Expenses			
Employee benefits	1,588	1,628	1,669
Materials and services	15,485	15,949	16,428
Finance costs other	1	1	1
Other expenditure	0	0	0
Net internal costs	406	418	431
Total expenses	17,480	17,996	18,528
Earnings before interest, tax and depreciation (EBITD)	7,052	7,583	8,145
Interest expense	33	34	35
Internal interest	0	0	0
Depreciation	307	316	326
Operating surplus/(deficit)	6,712	7,233	7,784

ATTACHMENT 2 – CAPITAL FUNDING 2017-2018 – 3 YEARS

	Budget Year 1 2017-18 \$'000s	Estimate Year 2 2018-19 \$'000s	Estimate Year 3 2019-20 \$'000s
Proposed sources of capital funding			
Capital contributions and donations	0	0	0
Capital grants and subsidies	0	0	0
Proceeds on disposal of non-current assets	0	0	0
Capital Transfer (to)/from Reserves	0	0	0
Non-cash contributions	0	0	0
New loans	0	0	0
Funding from general revenue	317	327	337
Total sources of capital funding	317	327	337
Proposed application of capital funds			
Contributed assets	0	0	0
Capitalised goods & services	240	248	255
Capitalised employee costs	0	0	0
Loan redemption	77	79	81
Total application of capital funds	317	327	337
Other budgeted items			
Transfer to constrained operating reserves	0	0	0
Transfer from constrained operating reserve	0	0	0
WDV of assets disposed	0	0	0
Income tax	2,050	2,112	2,175
Dividend	2,328	2,398	2,470

ATTACHMENT 3 – CAPITAL PROJECTS BUDGET 2017-18

Job Number	Job Description	2017-18 Budget \$
65000	Mobile Garbage Bins	165,375
65031	Minor Capital Improvements	75,000
Total		240,375

ATTACHMENT 4 KEY PERFORMANCE INDICATORS 2017-18

Vision outcome	RedWaste indicators – 2017-18	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.	Total kilos of domestic waste land filled per capita per year	max 29.83	kg/ cap/ year	Annually	max 358
	Municipal solid waste resource recovery rate	min 49.4%	%	Quarterly	49.4%
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 EHP 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%



MAKE A
DIFFERENCE
MAKE IT
COUNT