

Budget 2018-2019



MAKE A
DIFFERENCE
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COUNT



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Mayor's Message

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

Councillor Karen Williams
Mayor of Redland City









Council's Corporate Plan Outcomes

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

1. Healthy Natural Environment

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

2. Green Living

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

3. Embracing the Bay

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

4. Quandamooka Country

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

5. Wise Planning and Design

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

6. Supportive and Vibrant Economy

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

7. Strong and Connected Communities

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

8. Inclusive and Ethical Governance

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

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

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



2018-19 Annual Budget at a Glance

Capital Expenditure



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

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



Rates and Charges

TOTAL COUNCIL (RCC) RATES AND CHARGES

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

ENVIRONMENT SEPARATE CHARGE

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

LANDFILL REMEDIATION SEPARATE CHARGE

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

WATER PRICING – RCC CONTROLLED

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

WATER PRICING – STATE CONTROLLED

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

WASTEWATER PRICING

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

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

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

FUTURE WASTE LEVY IN QUEENSLAND

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



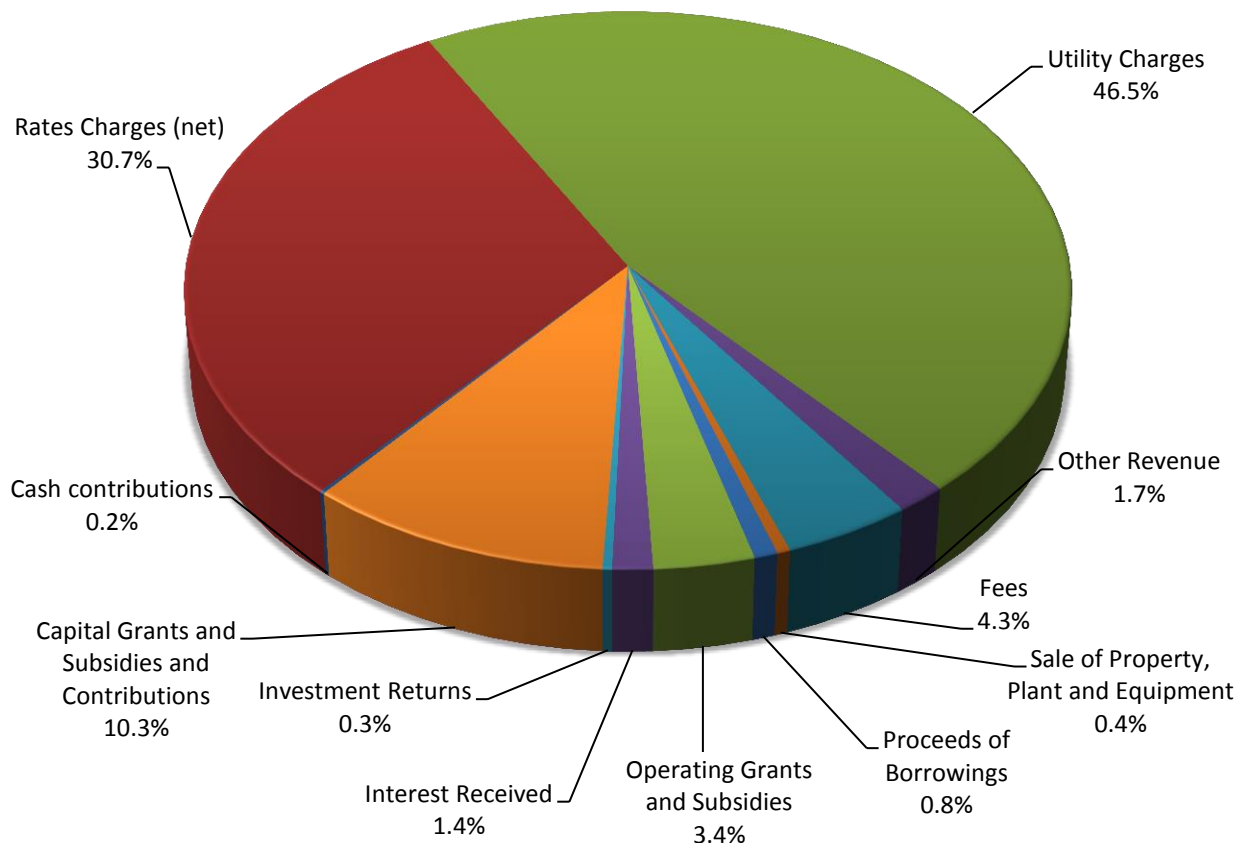
Financial Budget Overview 2018-2019

Where does the money come from?

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

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

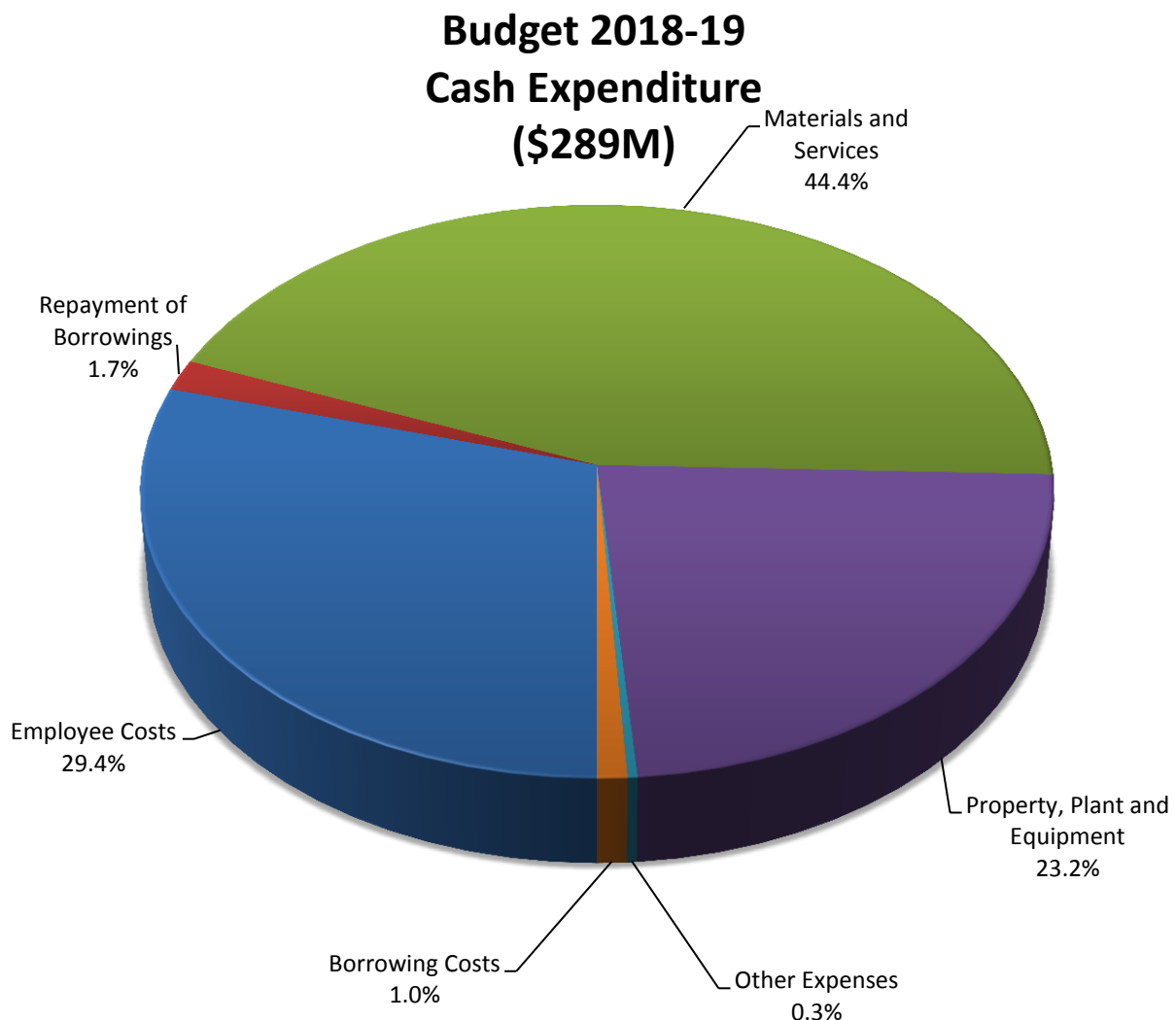
Budget 2018-19 Cash Funding (\$289M)





Where does the money go?

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



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

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



Budgeted Financial Statements

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

Financial Budget Summary

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

Key Balance Sheet Items

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

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



Redland City Council – Statement of Financial Position

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

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



Redland City Council – Statement of Cash Flows

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

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

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



Redland City Council – Statement of Income and Expenditure

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

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

STATEMENT OF COMPREHENSIVE INCOME

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



CONTRIBUTIONS FROM DEVELOPERS

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

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



SIGNIFICANT BUSINESS ACTIVITIES

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

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

REDLAND WATER OPERATING STATEMENT

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



REDLAND WATER CAPITAL FUNDING STATEMENT

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

REDLAND WATER COMMUNITY SERVICE OBLIGATIONS (CSOs)

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



REDWASTE OPERATING STATEMENT

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



REDWASTE CAPITAL FUNDING STATEMENT

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



REDWASTE COMMUNITY SERVICE OBLIGATIONS (CSOs)

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



Redland City Council – Statement of Changes in Equity

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

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

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

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



Redland City Council – Operating Statement

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

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

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



Redland City Council – Capital Funding Statement

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

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

Redland City Council – Other Budgeted Items

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

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



Financial Stability Ratios and Measures of Sustainability Overview

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

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

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

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

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

** The current ratio is still favourable when exceeding 4:1, more current assets than current liabilities

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

Redlands Rates Comparison

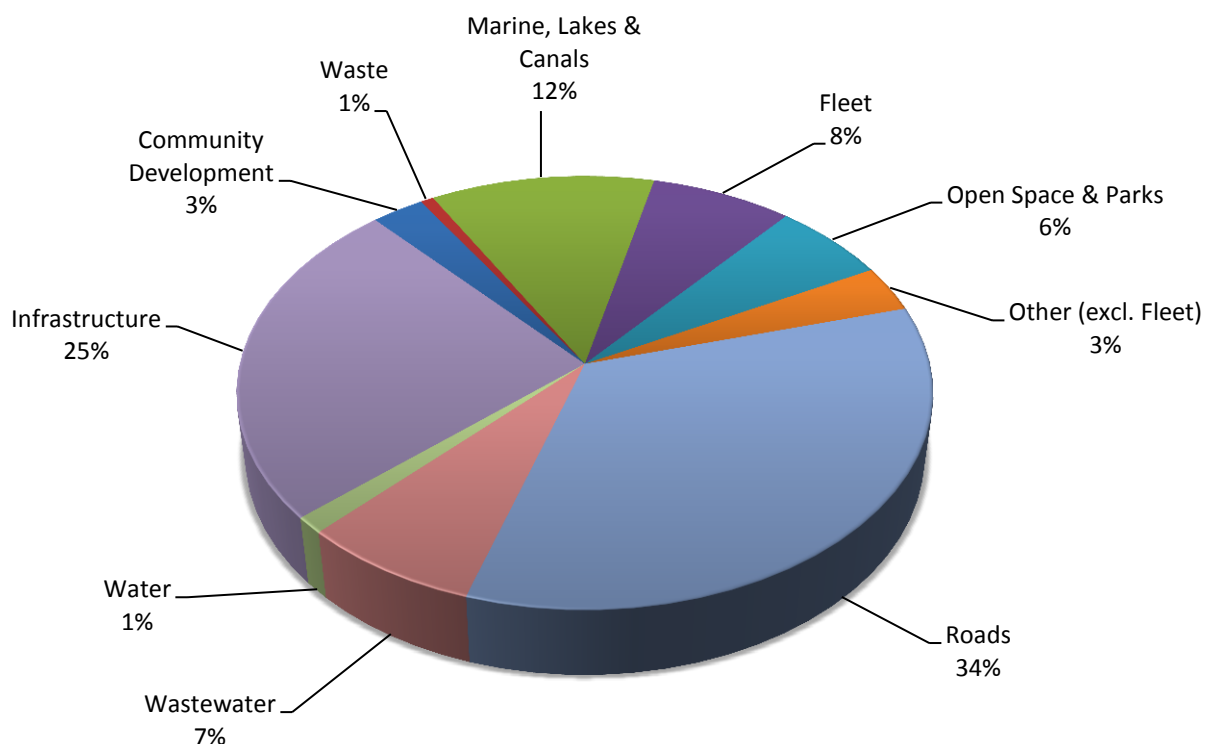
Section 169(6) of the *Local Government Regulation 2012* requires the disclosure of the following information in Council's annual budget: *The budget must include the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the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

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

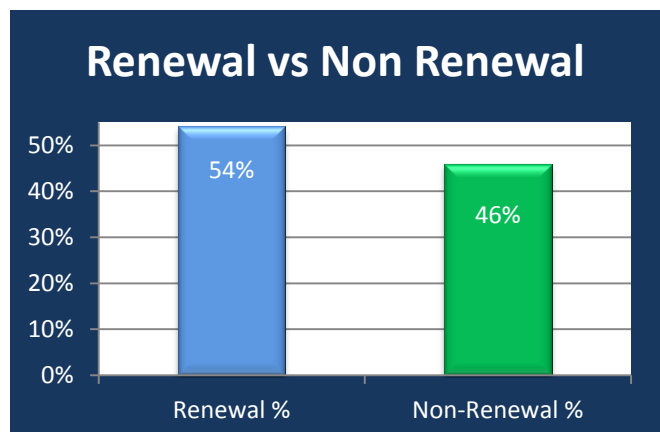


Capital Expenditure 2018-2019

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



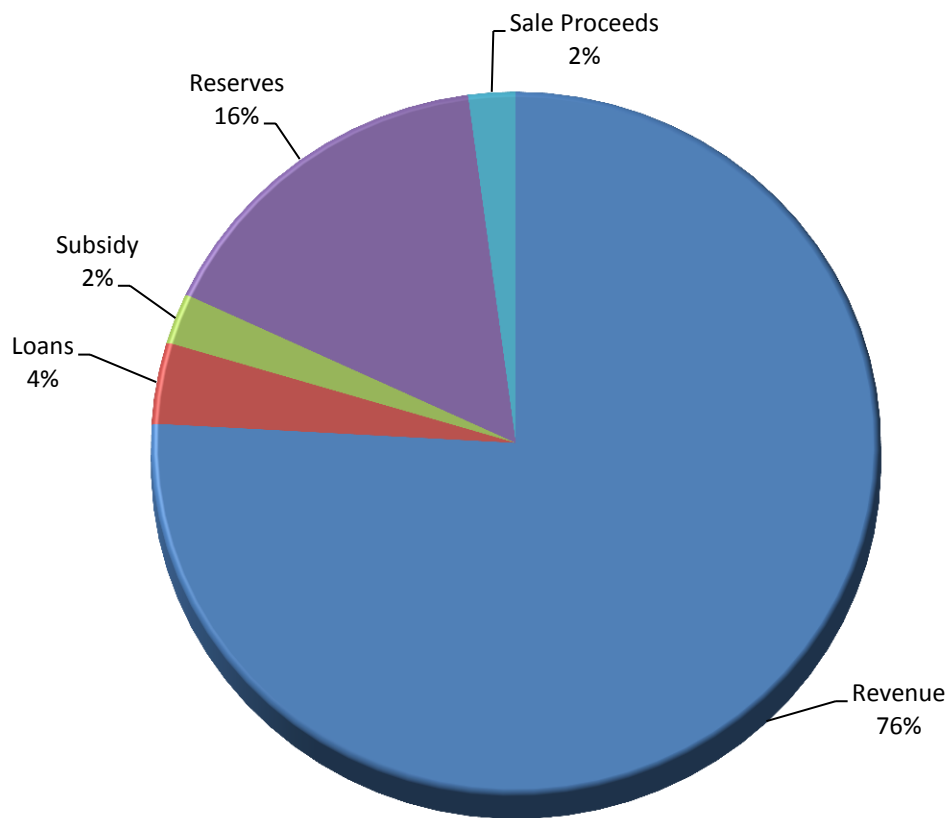
Category	Amount \$000	2018-19 %
Community Development	1,866	3%
Waste	456	1%
Marine, Lakes & Canals	7,925	12%
Fleet	5,000	8%
Open Space & Parks	4,105	6%
Other (excl. Fleet)	2,296	3%
Roads	22,871	34%
Wastewater	4,974	7%
Water	830	1%
Infrastructure	16,558	25%
Total	66,880	100%





Capital Expenditure Funding Sources 2018-2019

The sources of Capital Expenditure funding are shown below:



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



Capital Works 2018-2019

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

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

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



Long-Term Financial Forecast

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

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

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

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

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

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

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



Investment Policy (POL-3013)

Head of Power

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

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

Policy Objective

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

Policy Scope

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

Policy Statement

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



Debt Policy (POL-1838)

Head of Power

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

Policy Objective

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

Policy Scope

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

Policy Statement

Council is committed to:

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



Proposed Borrowings

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

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

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

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

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

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

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



Constrained Cash Reserves Policy (POL-3010)

Head of Power

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

Policy Objective

To ensure Council's constrained cash reserves:

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

Policy Scope

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

Policy Statement

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



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

Head of Power

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

Policy Objective

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

Policy Scope

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

Policy Statement

Council:

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

Council is committed to:

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

Associated Documents

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



Revenue Policy (POL-1837)

Head of Power

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

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

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

Policy Objective

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

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

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

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

Policy Statement

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

(a) Principles for levying of rates and charges

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

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



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

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

Differential General Rates

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

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

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

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

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

Separate and Special Charges

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

Utility Charges

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

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



(b) Granting concessions for rates and charges

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

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

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

(c) Recovering overdue rates and charges

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

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

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

(d) Cost-recovery methods

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

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

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

Other Matters

(e) Community service obligations

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

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



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

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

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

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

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

(f) Applying user pays models

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

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

(g) Raising revenue from commercial activities

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

In doing this the following principles will be considered:

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

(h) Raising revenue from other external sources

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

(2) Purpose of concessions for rates and charges

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



The purpose of these concessions is to:

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

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

(3) Infrastructure cost recovery

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



Revenue Statement 2018-2019

Outline and Explanation of Measures Adopted for Revenue Raising

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

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

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

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

Rates and Charges

DIFFERENTIAL GENERAL RATES

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

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

For the purposes of categorisation the following definitions apply:

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

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

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

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



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

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

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

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

Rating Category	Rating Category Description	Charge Code (RCC Use)	Rate in the Dollar (RID)	Multiplier	Minimum General Rate	Minimum General Rate Value Threshold
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 \$350,000; 3) is the registered owner's principal place of residence; and 4) is NOT categorised in rating category 1d.	GR20	0.00430841	1.000	\$1,000	\$232,104
1b	Includes all rateable land that: 1) having regard to any improvements or activities conducted upon the land, used primarily for residential purposes; 2) has a value greater than \$350,000; 3) is the registered owner's principal place of residence; and 4) is NOT categorised in rating category 1e.	GR20	0.00344675	0.800	\$1,508	\$437,513
1d	Includes all rateable land that: 1) adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, is used primarily for residential purposes; 3) that has a value less than or equal to \$350,000; and 4) and is the registered owner's principal place of residence.	GR70	0.00710887	1.650	\$1,526	\$214,661
1e	Includes all rateable land: 1) that adjoins a canal revetment wall in the estate commonly referred to as Raby Bay and shown on Appendix A – Raby Bay Canal Estate Map; 2) having regard to any improvements or activities conducted upon the land, used primarily for residential purposes	GR70	0.00568714	1.320	\$2,488	\$437,478



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



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



Rating Category	Rating Category Description	Charge Code (RCC Use)	Rate in the Dollar (RID)	Multiplier	Minimum General Rate	Minimum General Rate Value Threshold
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	0.00990934	2.300	\$80,481	\$8,121,728
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 code of COM023; and 3) has a value greater than or equal to \$20,000,000.	GR38	0.01034019	2.400	\$166,803	\$16,131,522
17	One or more land parcels where the land: 1) is used for shopping centre purposes, or has the potential predominant use of shopping centre purposes, by virtue of its improvements or the activities conducted upon the land; and 2) is characterised in Council's land records with the property use code of COM074.	GR13	0.00732430	1.700	\$2,595	\$354,300
19	One or more land parcels where: 1) two or more self-contained places of business are located in one or more buildings; 2) the buildings are separated by common areas, other areas owned by the owner or a road; and 3) the total land area is greater than or equal to 4,000 square metres.	GR17	0.00818599	1.900	\$4,558	\$556,805

Separate Charges

ENVIRONMENT SEPARATE CHARGE

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

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



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

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

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

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

LANDFILL REMEDIATION SEPARATE CHARGE

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

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

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

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

REDLAND CITY SES ADMINISTRATION SEPARATE CHARGE

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

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

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

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

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



Special Charges

RURAL FIRE BRIGADE SPECIAL CHARGE

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

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

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

SOUTHERN MORETON BAY ISLANDS (SMBI) TRANSLINK OPERATIONS SPECIAL CHARGE

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

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

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

*Charge is to be levied July and October quarters only



Utility Charges

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

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

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

WASTE/RECYCLING CHARGE

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

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

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

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



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

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

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



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

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



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

WATER CHARGES

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

- a 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 VCW01, VCW03, VCW04	Fixed Water Access (domestic)	263.60	per meter/lot

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

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



CONSUMPTION CHARGE

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

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

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

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

WASTEWATER CHARGES

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

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

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

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



TRADE WASTE CHARGES

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

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

Interest on Overdue Rates

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

Rates Concessions

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

Pensioner Concessions

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

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

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



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

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

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

Farming Concessions

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

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

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

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

Other Matters

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

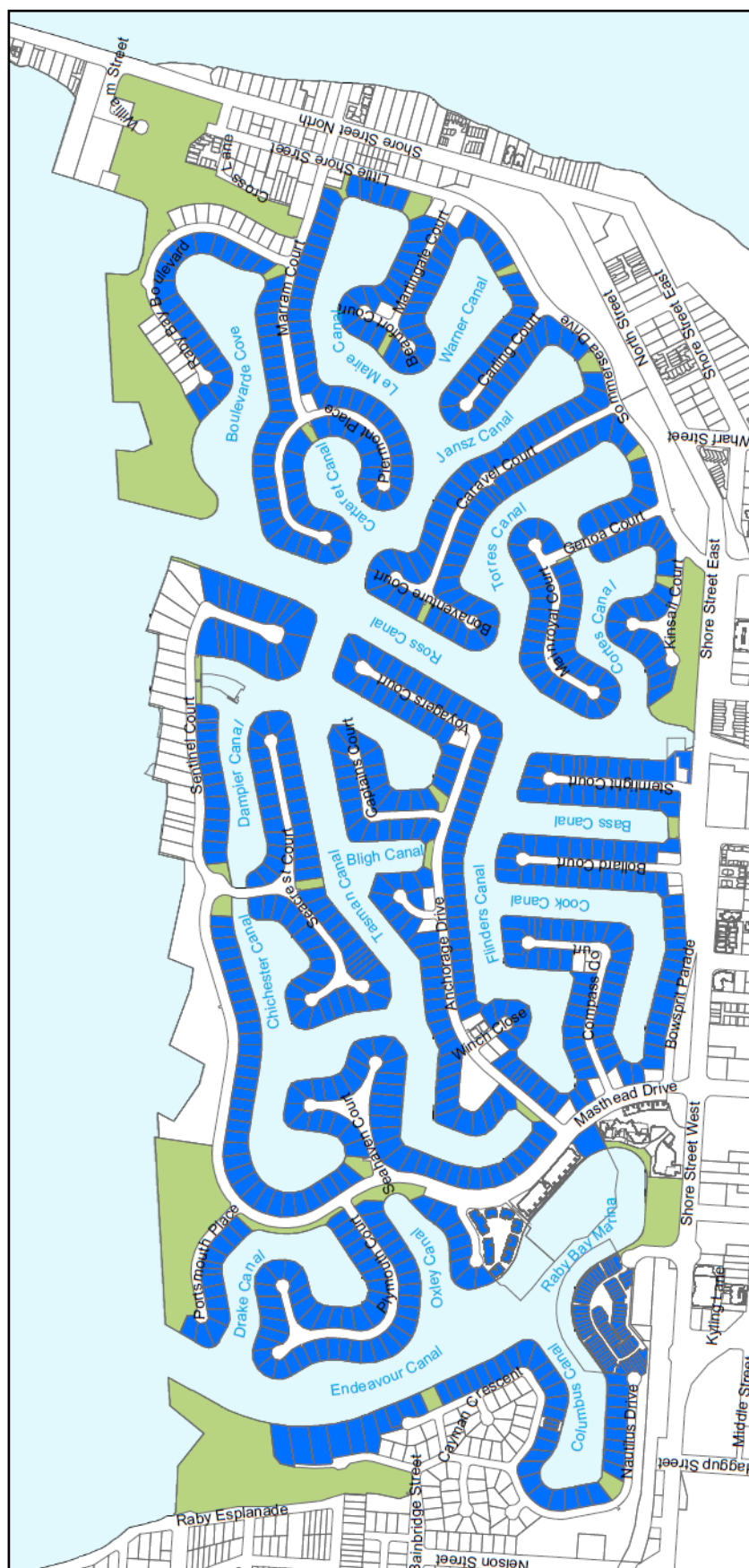


Glossary – Key Performance Indicators

Definition of Ratios

Level of Dependence on General Rate Revenue: <i>This ratio measures Council's reliance on operating revenue from general rates (excludes utility revenues)</i>	General Rates - Pensioner Remissions Total Operating Revenue - Gain on Sale of Developed Land
Current Ratio: <i>This measures the extent to which Council has liquid assets available to meet short term financial obligations</i>	Current Assets Current Liabilities
Debt Servicing Ratio: <i>This indicates Council's ability to meet current debt instalments with recurrent revenue</i>	Interest Expense + Loan Redemption Total Operating Revenue - Gain on Sale of Developed Land
Cash Balance - \$M:	Cash Held at Period End
Cash Capacity in Months: <i>This provides an indication as to the number of months cash held at period end would cover operating cash outflows</i>	Cash Held at Period End $[[\text{Cash Operating Costs} + \text{Interest Expense}] / \text{Period in Year}]$
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

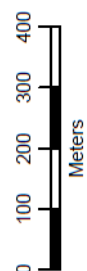
* These targets are set to be achieved on average over the long-term



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Map: RBC Version 2



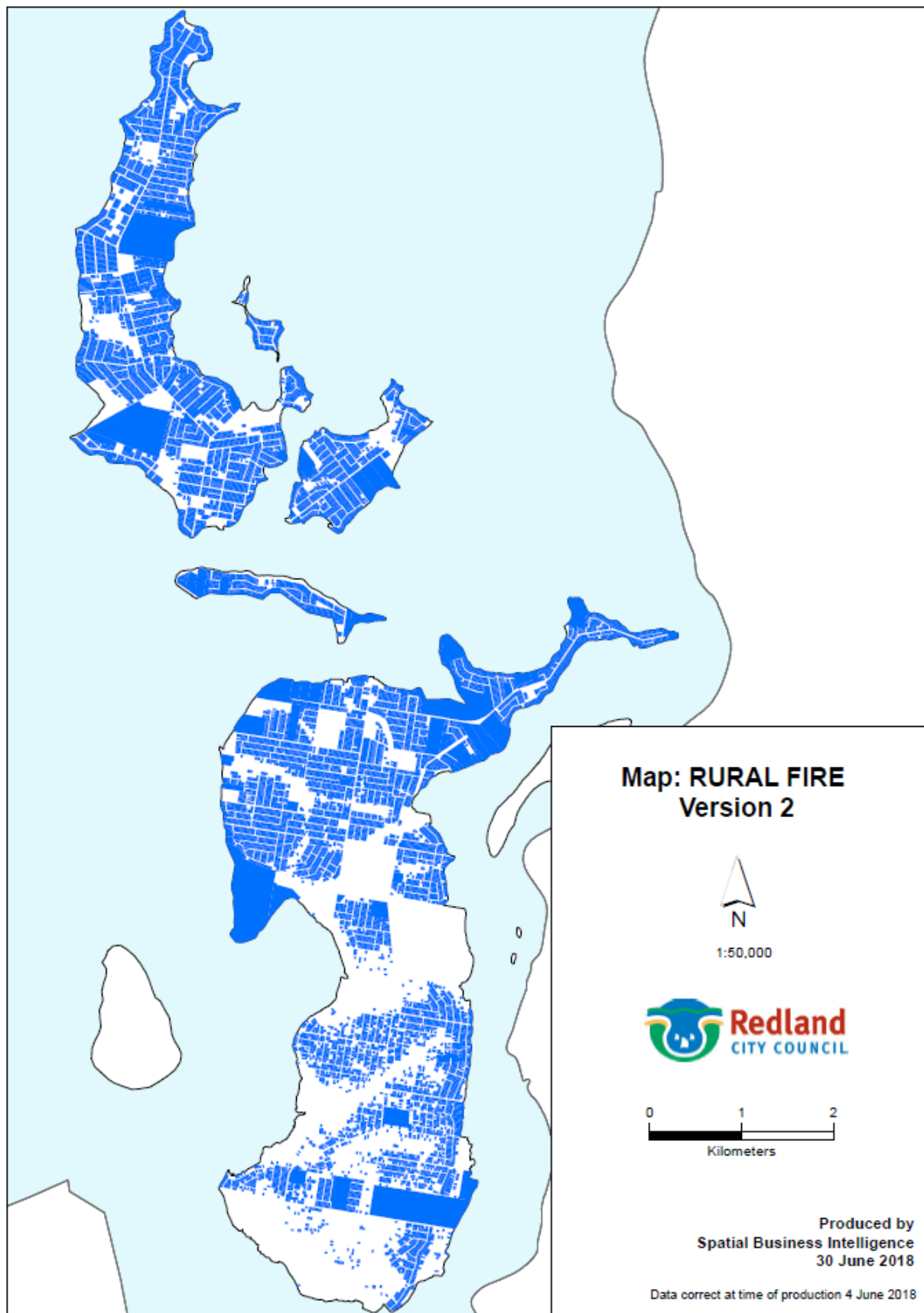
Legend

Privately Owned Land

Public Land

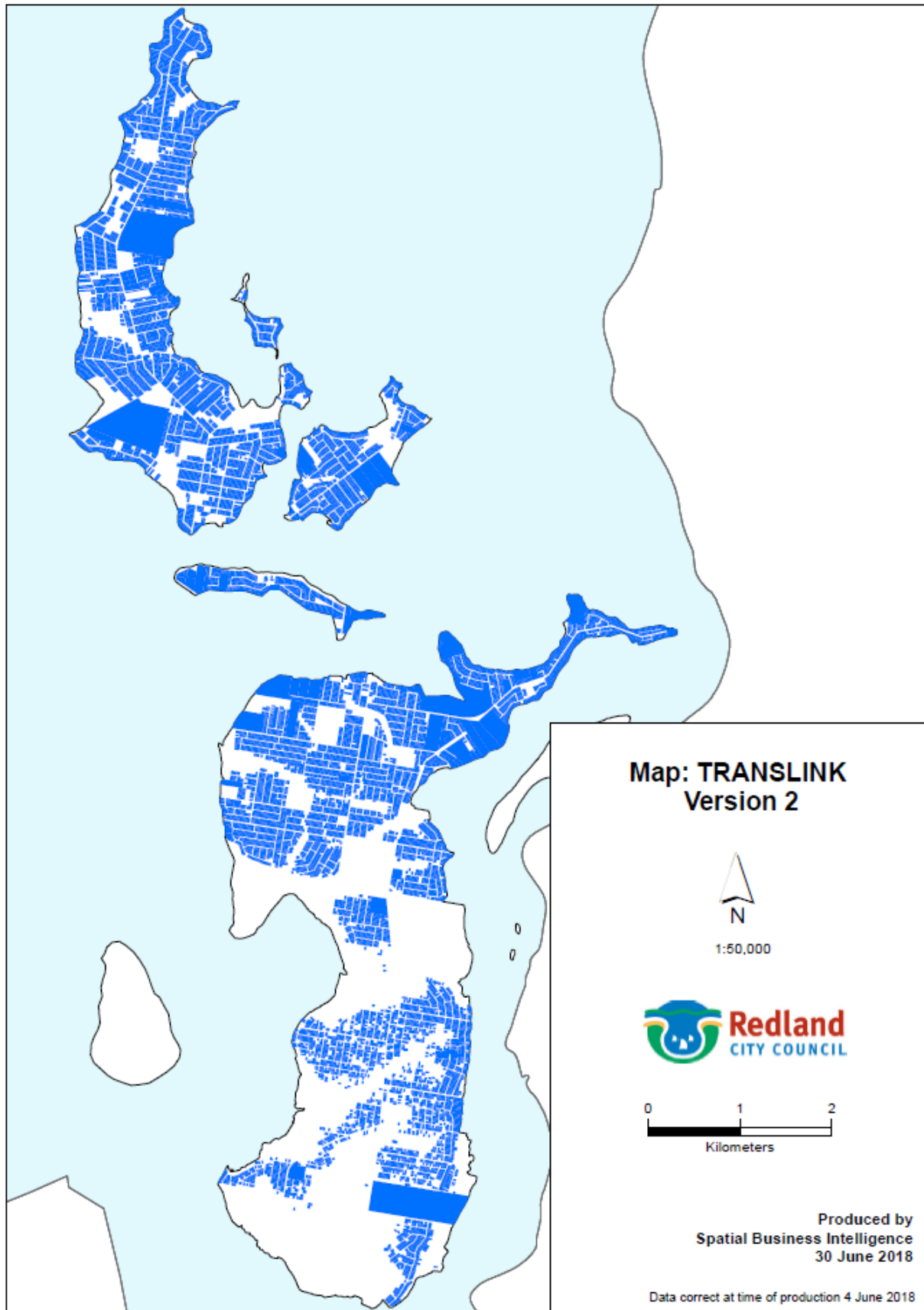


Appendix B – Rural Fire Map





Appendix C – SMBI Translink 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.