

**Redland**  
CITY COUNCIL

# **AGENDA**

## **GENERAL MEETING**

**Wednesday, 21 June 2017**  
**commencing at 9.30am**

The Council Chambers  
35 Bloomfield Street  
CLEVELAND QLD

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## **1 DECLARATION OF OPENING**

On establishing there is a quorum, the Mayor will declare the meeting open.

### **Recognition of the Traditional Owners**

Council acknowledges the Quandamooka people who are the traditional custodians of the land on which we meet. Council also pays respect to their elders, past and present, and extend that respect to other indigenous Australians who are present.

## **2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE**

Motion is required to approve leave of absence for any Councillor absent from today's meeting.

## **3 DEVOTIONAL SEGMENT**

Member of the Ministers' Fellowship will lead Council in a brief devotional segment.

## **4 RECOGNITION OF ACHIEVEMENT**

Mayor to present any recognition of achievement items.

## **5 RECEIPT AND CONFIRMATION OF MINUTES**

### **5.1 GENERAL MEETING MINUTES 7 JUNE 2017**

Motion is required to confirm the Minutes of the General Meeting of Council held on 7 June 2017.

## **6 MATTERS OUTSTANDING FROM PREVIOUS COUNCIL MEETING MINUTES**

There are no matters outstanding.

## **7 PUBLIC PARTICIPATION**

In accordance with s.31 of POL-3127 Council Meeting Standing Orders:

1. In each meeting (other than special meetings), a period of 15 minutes may be made available by resolution to permit members of the public to address the local government on matters of public interest relating to the local government. This period may be extended by resolution.
2. Priority will be given to members of the public who make written application to the CEO no later than 4.30pm two days before the meeting. A request may also be made to the chairperson, when invited to do so, at the commencement of the public participation period of the meeting.
3. The time allocated to each speaker shall be a maximum of five minutes. The chairperson, at his/her discretion, has authority to withdraw the approval to address Council before the time period has elapsed.
4. The chairperson will consider each application on its merits and may consider any relevant matter in his/her decision to allow or disallow a person to address the local government, e.g.
  - a) Whether the matter is of public interest;
  - b) The number of people who wish to address the meeting about the same subject

- c) The number of times that a person, or anyone else, has addressed the local government previously about the matter;
  - d) The person's behaviour at that or a previous meeting; and
  - e) If the person has made a written application to address the meeting.
5. Any person invited to address the meeting must:
- a) State their name and suburb, or organisation they represent and the subject they wish to speak about;
  - b) Stand (unless unable to do so);
  - c) Act and speak with decorum;
  - d) Be respectful and courteous; and
  - e) Make no comments directed at any individual Council employee, Councillor or member of the public, ensuring that all comments relate to Council as a whole.

## 8 PETITIONS AND PRESENTATIONS

Councillors may present petitions or make presentations under this section.

## 9 MOTION TO ALTER THE ORDER OF BUSINESS

The order of business may be altered for a particular meeting where the Councillors at that meeting pass a motion to that effect. Any motion to alter the order of business may be moved without notice.

## 10 DECLARATION OF MATERIAL PERSONAL INTEREST OR CONFLICT OF INTEREST ON ANY ITEMS OF BUSINESS

Councillors are reminded of their responsibilities in relation to a Councillor's material personal interest and conflict of interest at a meeting (for full details see sections 172 and 173 of the *Local Government Act 2009*). In summary:

**If a Councillor has a material personal interest in a matter before the meeting:**

*The Councillor must—*

- *inform the meeting of the Councillor's material personal interest in the matter; and*
- *leave the meeting room (including any area set aside for the public), and stay out of the meeting room while the matter is being discussed and voted on.*

*The following information must be recorded in the minutes of the meeting, and on the local government's website—*

- *the name of the Councillor who has the material personal interest, or possible material personal interest, in a matter;*
- *the nature of the material personal interest, or possible material personal interest, as described by the Councillor.*

A Councillor has a **material personal interest** in the matter if any of the following persons stands to gain a benefit, or suffer a loss, (either directly or indirectly) depending on the outcome of the consideration of the matter at the meeting—

- (a) the Councillor;
  - (b) a spouse of the Councillor;
  - (c) a parent, child or sibling of the Councillor;
-

- (d) a partner of the Councillor;
- (e) an employer (other than a government entity) of the Councillor;
- (f) an entity (other than a government entity) of which the Councillor is a member;
- (g) another person prescribed under a regulation.

**If a Councillor has a conflict of interest (a *real conflict of interest*), or could reasonably be taken to have a conflict of interest (a *perceived conflict of interest*) in a matter before the meeting:**

*The Councillor must—*

- *deal with the real conflict of interest or perceived conflict of interest in a transparent and accountable way.*
- *Inform the meeting of—*
  - (a) *the Councillor's personal interests in the matter; and*
  - (b) *if the Councillor participates in the meeting in relation to the matter, how the Councillor intends to deal with the real or perceived conflict of interest.*

*The following must be recorded in the minutes of the meeting, and on the local government's website—*

- (a) *the name of the Councillor who has the real or perceived conflict of interest;*
- (b) *the nature of the personal interest, as described by the Councillor;*
- (c) *how the Councillor dealt with the real or perceived conflict of interest;*
- (d) *if the Councillor voted on the matter—how the Councillor voted on the matter;*
- (e) *how the majority of persons who were entitled to vote at the meeting voted on the matter.*

**A *conflict of interest* is a conflict between—**

- (a) *a Councillor's personal interests (including personal interests arising from the Councillor's relationships, for example); and*
- (b) *the public interest;*

*that might lead to a decision that is contrary to the public interest.*

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## 11 REPORTS TO COUNCIL

### 11.1 OFFICE OF CEO

#### 11.1.1 2017-2018 STATUTORY POLICY POL-1837 – REVENUE POLICY

**Objective Reference:** A2370516

**Attachment:** [2017-2018 Statutory policy POL-1837 Revenue Policy](#)

**Authorising/Responsible Officer:**   
Deborah Corbett-Hall  
Chief Financial Officer

**Report Author:** Noela Barton  
Finance Manager, Financial Operations

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#### PURPOSE

The purpose of this report is to present to Council for adoption the statutory policy POL-1837 Revenue Policy for 2017-2018.

#### BACKGROUND

Council reviews its revenue policy (policy) annually in sufficient time to allow an annual budget, which is consistent with the policy, to be adopted for the next financial year.

The revenue policy was tabled at budget workshops held 1 March and 8 May 2017.

#### ISSUES

The policy outlines the principles Council intends to apply in a financial year for:

- levying of rates and charges
- granting concessions for rates and charges
- recovering overdue rates and charges
- cost-recovery methods.

It also covers the purpose why concessions are granted and the extent to which physical and social infrastructure costs for new development are funded.

The policy was workshopped with Councillors in March and again in May. Subsequent to workshopping the policy, legal review made several recommendations for congruity with the requirements of legislation:

- Include in the Head of Power reference to the *Local Government Act 2009* (Act)
  - Align the structure of the policy closely to the wording of section 193 of the *Local Government Regulation 2012* (Regulation)
  - Clarify the purpose for granting concessions
  - Replace the sub-headed 'Infrastructure Cost Recovery' paragraph with new wording
  - Change/add a number of words within sentences for clarification
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The policy has been updated to address the legal review recommendations without compromising the integrity and intent of the policy workshopped with Councillors and the Executive Leadership Team (ELT).

Reference to section 104(5)(c)(iii) of the Act has been added to the Head of Power.

The structure of the policy has been amended to align with the wording of section 193 of the Regulation. This has altered the number and array of headings and sub-headings.

The purpose of granting concessions has been added to page 5 of the policy under the heading '(2) Purpose of concessions for rates and charges'. Council has supported and continued to adopt the general principles stated in the policy, which arose out of community consultation:

- Accountability
- Transparency
- Representation
- Sustainable financial management
- Fairness
- Differentiation of categories
- Special needs and user pays
- Social conscience.

These principles guide the Council in revenue raising deliberations, concessions for rates and charges, recovery of overdue rates and charges and cost recovery methods. Along with this, Council has a pensioner rebate policy, POL-2557 Council Pensioner Rebate Policy (POL-2557). The purpose of granting concessions has been drawn from the general principles and POL-2557. Previously this section read:

Chapter 4, Part 10 of the Local Government Regulation 2012 provides Council with the powers to grant concessions to individuals and classes of land owners. Council has determined that pensioners (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.

Pursuant to section 120 of the Local Government Regulation 2012 Council will provide a concession to property owners whose land is being exclusively used for the business of farming (primary production) to assist and encourage endurance in their particular industry, which will benefit the economic development of the City as a whole.

This section now reads:

Council has a commitment to actively promote and apply a rebate on the General rate to all eligible pensioner owner occupiers, as defined by the Regulation, which aligns with their general principle of social conscience.

Along with this Council supports providing financial assistance through concessions on rates and charges to various charity, community and sporting organisations and independent schools where they qualify for assistance.

Pursuant to section 120 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.

The heading 'Infrastructure Charges' has been renamed 'Infrastructure Cost Recovery' and the wording workshopped with Councillors has changed from:

Infrastructure charges only partially fund trunk infrastructure costs planned by Council to meet anticipated development growth in the City over a 15 year horizon.

to:

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*.

Minor wording changes include rewording, 'where practical recovering credit card surcharges' to, 'where practicable recovering credit card fees through a surcharge on credit card transactions'.

## **STRATEGIC IMPLICATIONS**

### **Legislative Requirements**

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

Section 169 of the *Local Government Regulation 2012* requires that a local government's budget for each financial year must contain a revenue policy.

Section 193 of the *Local Government Regulation 2012* requires the revenue policy to be reviewed annually and in sufficient time to allow an annual budget to be adopted for the next financial year. This section also provides the list of content that must be covered in a revenue policy.

### **Risk Management**

Council's Long Term Financial Strategy contains risks, issues and mitigation strategies aligned to revenue and pricing. Additionally, the Financial Services Group annually reviews its risk register to ensure policies and practices are current and responsive to corporate revenue risks.

### **Financial**

The financial implications and intent contained within the attached policy have been workshopped with Councillors and the Executive Leadership Team in sufficient time to allow an annual budget, which is consistent with the policy, to be adopted for the next financial year.

### **People**

Nil impact is expected as the purpose of the report is to present the revenue policy for 2017-2018 to Council for adoption.

### **Environmental**

Nil impact is expected as the purpose of the report is to present the revenue policy for 2017-2018 to Council for adoption.

### **Social**

Nil impact is expected as the purpose of the report is to present the revenue policy for 2017-2018 to Council for adoption.

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**Alignment with Council's Policy and Plans**

This report has a relationship with the following items of the 2015-2020 Corporate Plan:

**8 Inclusive and Ethical Governance**

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

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

**CONSULTATION**

The following stakeholders have been consulted with as part of council's annual review of the attached revenue policy.

- Councillors
- Executive Leadership Team
- Financial Services Group representatives

**OPTIONS**

1. That Council resolves to adopt the attached 2017-2018 statutory policy POL-1837 Revenue Policy.
2. That Council resolves to amend the attached 2017-2018 statutory policy POL-1837 Revenue Policy prior to its adoption.

**OFFICER'S RECOMMENDATION**

**That Council resolves to adopt the attached 2017-2018 statutory policy POL-1837 Revenue Policy.**

### Revenue Policy

#### Version Information

#### 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 a 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
- raising revenue from other external sources.

#### Policy Statement

##### (1) Principles that Council intends to apply in a financial year

##### General principles

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

- **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.

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- **Sustainable financial management** — Council will ensure it manages revenue diligently and that the application of funds is founded on sustainable strategic objectives that result in timely and optimal investment in identified priorities.
- **Fairness** — While the rating legislation requires Council to use property valuations as the basis for raising rate revenue, Council will monitor the impact of valuation changes and moderate increases where possible.
- **Differentiation of categories** — Council will apply different rates to various categories of property that will reflect the particular circumstances of the categories and Council's policy objectives related to those categories.
- **Special needs and user pays** — Council will draw from various revenue sources to fund special needs including (but not necessarily limited to):
  - separate rates or charges for whole of community programmes
  - special rates or charges for recovery of costs from beneficiaries
  - utility charges for specific services based generally on usage
  - statutory fees and charges in accordance with legislation, regulation or local laws
  - commercial fees and charges where users can clearly be identified
  - 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.

### **(a) Principles for levying of rates and charges**

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.

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.

Due to the socio-economic diversity and the large differences in land valuations within the Redland City area, Council will monitor the distribution of rate payers within the Residential rating categories of 1a and 1b to ensure that an appropriate majority are within reasonable boundary levels of the Minimum General Rate of rating category 1a.

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### **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
- 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.

Council will be guided by its general principles for granting concessions for rates and charges.

### **(c) Recovering overdue rates and charges**

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

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

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

### **(d) Cost-recovery methods**

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

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

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

### **Other Matters**

#### **(e) Community service obligations**

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

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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 (CSOs) 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:

- The adoption of a business activity is to ensure that the creation of a competitive environment will encourage Council to better identify and specify what it actually does and why.
- 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.

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### **(2) Purpose of concessions for rates and charges**

Council has a commitment to actively promote and apply a rebate on the General rate to all eligible pensioner owner occupiers, as defined by the Regulation, which aligns with their general principle of social conscience.

Along with this Council supports providing financial assistance through concessions on rates and charges to various charity, community and sporting organisations and independent schools where they qualify for assistance.

Pursuant to section 120 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*.

### **Version Information**

<b>Version number</b>	<b>Date</b>	<b>Key Changes</b>
12	December 2012	<p>Page 3 – <b>Exercise of Concession Powers in Relation to Rates and Charges</b>. Addition of the words ‘Owner Occupiers’ regarding concessions on rates and various other services that Council provides for pensioners</p> <p>Page 4 – <b>Community Service Obligations</b>. Removal of Remission Policy for Concealed Leaks, Home Dialysis Machine Users &amp; Remission Policy for Genuine Fire Emergencies. Addition of POL-2592 Water Charge Remission Policy for Concealed Leaks and POL- 0027 Water Charge Remissions for Home Dialysis Machine Users</p>
13	June 2013	Update for new references to <i>Local Government Regulation 2012</i> Page 5 – <b>Infrastructure Charges</b> . Change to 100% of non-trunk infrastructure (i.e. residential streets, drainage, etc).
14	June 2014	<ul style="list-style-type: none"><li>• Remove first paragraph of Policy Objective.</li><li>• Wording change to principal of ‘Fairness’ to remove reference to convergence and land that cannot be developed.</li><li>• Replace the word ‘special’ with ‘whole of’ in the first bullet point of the principal ‘Special needs and user pays’.</li><li>• Restructure the section ‘Making and Levying of General Rates and Charges’ to include sub-headings and wording to support the making of Utility charges.</li><li>• Add the months that rates and charges are levied in the sentence under the section headed ‘Making and Levying of Rates and Charges’</li><li>• Remove the word ‘all’ from the second sentence in the section sub-headed ‘Differential General Rates’.</li><li>• Replace the fifth sentence with reference to convergence in the sub-section headed ‘Differential General Rates’.</li><li>• Add the sub-heading of ‘Utility Charges’ and wording.</li></ul>

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Version number	Date	Key Changes
		<ul style="list-style-type: none"> <li>Update the financial year in the section headed 'Recovery of Overdue Rates and Charges'.</li> <li>Add the word 'exclusively' in the 2<sup>nd</sup> paragraph of the section headed 'Exercise of Concession Powers in Relation to Rates and Charges' as per section 120(f) of the Local Government Regulation 2012.</li> <li>Delete reference to Corporate Policy POL-3045 Application of Water Charges for Nursing Homes and Retirement Villages, which is obsolete.</li> <li>Delete the section headed 'Reserves' as the legislative requirement to include the funding of reserves is obsolete.</li> </ul>
15	June 2015	<ul style="list-style-type: none"> <li>Move sub-heading 'Recovery of Overdue Rates and Charges' under the sub-heading 'Exercise of Concession Powers in Relation to Rates and Charges'.</li> <li>Amend first paragraph to:                             <ul style="list-style-type: none"> <li>include reference to the legislation</li> <li>Clarify 'debtors' are 'sundry' debtors</li> <li>Replace the word 'difficulty' with the word 'hardship'</li> </ul> </li> <li>Update the policy details in the sub-section headed 'Community Service Obligations'</li> <li>Replace the wording in the sub-section headed 'Infrastructure Charges'</li> </ul>
16	May 2017	<p>Following legal review, as recommended:</p> <ul style="list-style-type: none"> <li>Amended overall structure of document by introducing new headings and sub-headings.</li> <li>Amended policy objective to comply with section 193 of the Local Government Regulation 2012.</li> <li>Added Head of Power reference to section 104(5)(c)(iii) of Local Government Act 2009.</li> <li>Minor changes to Separate and Special charges paragraph</li> <li>Added purpose of providing concessions to section (b) Granting concessions for rates and charges.</li> <li>Replaced paragraph for Infrastructure cost recovery with wording supplied by legal review.</li> </ul>

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**11.1.2 MAY 2017 MONTHLY FINANCIAL REPORT**

**Objective Reference:** A2401704  
Reports and Attachments

**Attachment:** [May 2017 Monthly Financial Report](#)

**Authorising Officer:**   
Deborah Corbett-Hall  
Chief Financial Officer

**Responsible Officer:** Leandri Brown  
Finance Manager Corporate Finance

**Report Authors:** Udaya Panambala Arachchilage  
Corporate Financial Reporting Manager  
Quasir Nasir  
Corporate Accountant

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**PURPOSE**

The purpose of this report is to note the year to date financial results as at 31 May 2017.

**BACKGROUND**

Council adopts an annual budget and then reports on performance against the budget on a monthly basis. This is not only a legal requirement but enables the organisation to periodically review its financial performance and position and respond to changes in community requirements, market forces or other outside influences.

**ISSUES*****Final Budget Review 2016-2017 and development of Budget 2017-2018***

Council adopted the final budget review on 10 May 2017 and the revised budgeted numbers are reflected in this report. This review allowed for the carry forward of capital projects and is consistent with the 2017-2018 budget submissions. At this time, amendments to previous forecasts and new submissions were also accepted.

***Revaluation of water and wastewater assets***

Council is currently in the process of comprehensively valuing water and wastewater assets and desktop valuations are undertaken on other material asset classes, in accordance with Australian Accounting Standard 116 *Property, Plant and Equipment*.

***Canal and lake charges change***

Council has decided to temporarily end the special charges levied on canal and lake-front homeowners while it develops a new strategy and also refund unspent money quarantined for canal maintenance and repairs since 2011-2012. The process for issuing refunds is being worked through with independent accountants, with the number of refunds, amounts and methods of refunds to be determined.

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## **STRATEGIC IMPLICATIONS**

Council continued to report a strong financial position and favourable operating result at the end of May 2017.

Council has either achieved or favourably exceeded the following key financial stability and sustainability ratios as at the end of May 2017:

- Operating surplus ratio;
- Net financial liabilities;
- Level of dependence on general rate revenue;
- Ability to pay our bills – current ratio;
- Ability to repay our debt – debt servicing ratio;
- Cash balance;
- Cash balances – cash capacity in months;
- Longer term financial stability – debt to asset ratio;
- Operating performance; and
- Interest coverage ratio.

The asset sustainability ratio did not meet the target at the end of May 2017.

This ratio continues to be a stretch target for Council at the end of May 2017 with renewal spend of \$26.05M and depreciation expense of \$46.07M year to date on infrastructure assets. This ratio is an indication of how Council currently maintains, replaces and renews its existing infrastructure assets as they reach the end of their useful life. Capital spend on non-renewal projects grow the asset base and therefore increases depreciation expense, resulting in a lower asset sustainability ratio. The upward revaluation of the infrastructure assets also results in a lower ratio.

Council's Capital Works Prioritisation Policy (POL-3131) demonstrates its commitment to maintaining existing infrastructure and the adoption of a renewal strategy for its existing assets ahead of 'upgrade' and/or 'new' works.

### **Legislative Requirements**

The May 2017 financial results are presented in accordance with the legislative requirement of section 204(2) of the *Local Government Regulation 2012*, requiring the Chief Executive Officer to present the financial report to a monthly Council meeting.

### **Risk Management**

The May 2017 financial results have been noted by the Executive Leadership Team and relevant officers who can provide further clarification and advice around actual to budget variances.

### **Financial**

There is no direct financial impact to Council as a result of this report; however it provides an indication of financial outcomes at the end of May 2017.

### **People**

Nil impact expected as the purpose of the attached report is to provide financial information to Council based upon actual versus budgeted financial activity.

### **Environmental**

Nil impact expected as the purpose of the attached report is to provide financial information to Council based upon actual versus budgeted financial activity.

**Social**

Nil impact expected as the purpose of the attached report is to provide financial information to Council based upon actual versus budgeted financial activity.

**Alignment with Council's Policy and Plans**

This report has a relationship with the following items of the 2015-2020 Corporate Plan:

**8. Inclusive and ethical governance**

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

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

**CONSULTATION**

Council departmental officers, Financial Services Group officers and the Executive Leadership Team are consulted on financial results and outcomes throughout the period.

**OPTIONS**

1. That Council resolves to note the financial position, results and ratios for May 2017 as presented in the attached Monthly Financial Report.
2. That Council requests additional information.

**OFFICER'S RECOMMENDATION**

**That Council resolves to note the financial position, results and ratios for May 2017 as presented in the attached Monthly Financial Report.**



**Redland**  
CITY COUNCIL



# Monthly Financial Report

## May 2017



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## 1. EXECUTIVE SUMMARY

This monthly report illustrates the financial performance and position of Redland City Council compared to its adopted budget at an organisational level for the period ended 31 May 2017. The year to date and annual revised budget referred to in this report reflects the final revised budget as adopted by Council on 10 May 2017.

### Key Financial Highlights and Overview

Key Financial Results	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000	YTD Variance %	Status
Operating Surplus / (Deficit)	(3,767)	6,388	10,332	3,944	62%	✓
Recurrent Revenue	255,373	240,976	241,331	355	0%	✓
Recurrent Expenditure	259,140	234,588	230,999	(3,589)	-2%	✓
Capital Works Expenditure	83,824	58,964	52,183	(6,781)	-12%	✓
Closing Cash & Cash Equivalents	137,171	168,158	177,265	9,107	5%	✓

#### Status Legend:

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

*Note: all amounts are rounded to the nearest thousand dollars.*

The year to date operating surplus of \$10.33M exceeded the year to date revised budget by \$3.94M.

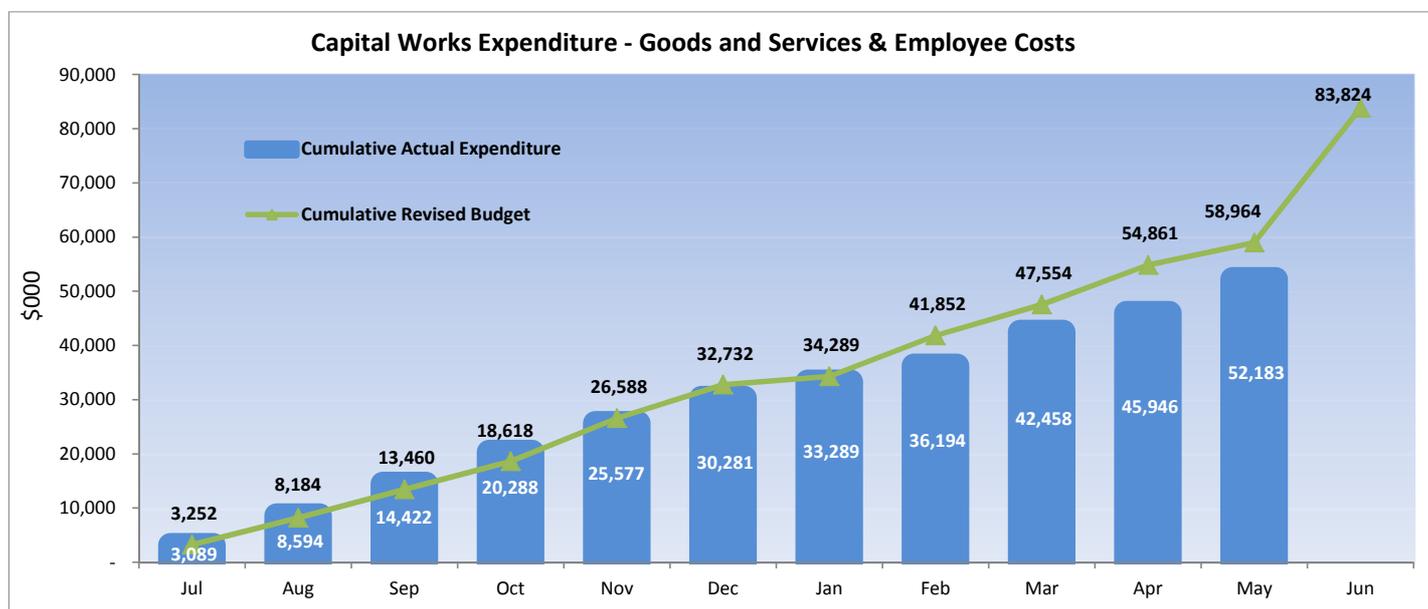
Higher than expected water consumption YTD has contributed to higher than expected levies and utility charges revenue, especially water consumption and wastewater charges revenue with a combined \$1.55M favourable variance to budget offset by general rates revenue \$0.85M below budget YTD.

The favourable variance in recurrent expenditure is primarily due to underspends in contractor, consultant and operational costs in capital jobs as well as vacancies across the organisation.

Capital revenue from grants, subsidies and contributions are below budget due to timing of developer cash contributions.

Council's capital works expenditure is behind budget by \$6.78M due to timing of works for a number of projects which are delayed or are still in the early stages of being progressed. Capital works identified to date that are no longer expected to be undertaken in this financial year have been carried forward during the final budget review.

Council's cash balance exceeds the budgeted cash balance due to lower than expected payments to suppliers and for property, plant and equipment. In line with the rating cycle, quarter four general rates were due for payment in May 2017. Constrained cash reserves represent 60% of the cash balance.



## 2. KEY PERFORMANCE INDICATORS

### Key Performance Indicators

Financial Stability Ratios and Measures of Sustainability	Target	Annual Revised Budget	YTD May 2017	Status
<b>Operating Surplus Ratio (%)</b>	Target between 0% and 10% (on average over the long-term)	-1.48%	4.28%	✓
<b>Asset Sustainability Ratio (%)</b>	Target greater than 90% (on average over the long-term)	69.31%	56.55%	✗
<b>Net Financial Liabilities (%)*</b>	Target less than 60% (on average over the long-term)	-30.35%	-43.10%	✓
<b>Level of Dependence on General Rate Revenue (%)</b>	Target less than 37.5%	32.83%	34.41%	✓
<b>Ability to Pay Our Bills - Current Ratio</b>	Target between 1.1 & 4.1	3.99	4.06	✓
<b>Ability to Repay Our Debt - Debt Servicing Ratio (%)</b>	Target less than or equal to 10%	3.03%	3.25%	✓
<b>Cash Balance \$M</b>	Target greater than or equal to \$40M	\$137.171M	\$177.265M	✓
<b>Cash Balances - Cash Capacity in Months</b>	Target 3 to 4 months	8.06	10.94	✓
<b>Longer Term Financial Stability - Debt to Asset Ratio (%)</b>	Target less than or equal to 10%	1.72%	1.70%	✓
<b>Operating Performance (%)</b>	Target greater than or equal to 20%	18.94%	27.98%	✓
<b>Interest Coverage Ratio (%)**</b>	Target between 0% and 5%	-0.50%	-0.48%	✓

#### Status Legend

KPI target achieved or exceeded	✓	KPI target not achieved	✗
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\* The net financial liabilities ratio exceeds the target range when current assets are greater than total liabilities (and the ratio is negative)

\*\* The interest coverage ratio exceeds the target range when interest revenue is greater than interest expense (and the ratio is negative)

### 3. STATEMENT OF COMPREHENSIVE INCOME

#### STATEMENT OF COMPREHENSIVE INCOME

For the period ending 31 May 2017

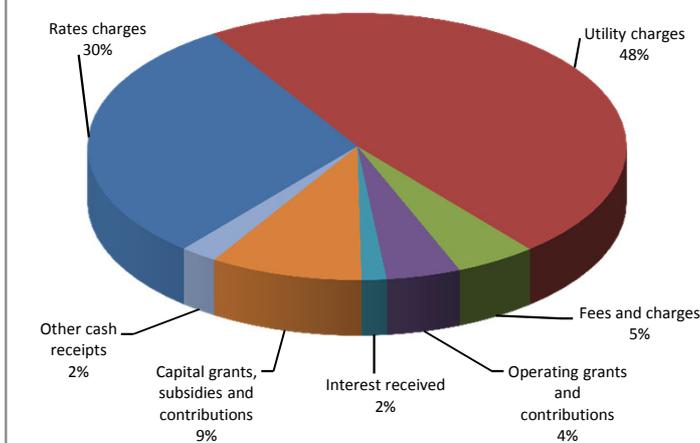
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Recurrent revenue</b>					
Rates, levies and charges	214,758	216,484	206,337	207,165	828
Fees and charges	13,291	13,026	12,024	11,785	(239)
Rental income	811	811	718	803	85
Interest received	4,271	4,481	4,153	4,079	(74)
Investment returns	4,685	1,800	-	-	-
Sales revenue	4,030	4,398	4,022	3,456	(566)
Other income	763	1,132	1,038	1,050	12
Grants, subsidies and contributions	11,959	13,241	12,684	12,993	309
<b>Total recurrent revenue</b>	<b>254,569</b>	<b>255,373</b>	<b>240,976</b>	<b>241,331</b>	<b>355</b>
<b>Capital revenue</b>					
Grants, subsidies and contributions	32,248	35,864	30,244	24,955	(5,289)
Non-cash contributions	3,144	3,144	73	839	766
<b>Total capital revenue</b>	<b>35,393</b>	<b>39,008</b>	<b>30,317</b>	<b>25,794</b>	<b>(4,523)</b>
<b>TOTAL INCOME</b>	<b>289,962</b>	<b>294,381</b>	<b>271,293</b>	<b>267,125</b>	<b>(4,168)</b>
<b>Recurrent expenses</b>					
Employee benefits	80,389	81,988	76,896	75,975	(921)
Materials and services	119,315	118,237	103,684	100,658	(3,026)
Finance costs	3,758	3,520	3,227	3,242	15
Depreciation and amortisation	50,628	55,395	50,781	51,124	343
<b>Total recurrent expenses</b>	<b>254,090</b>	<b>259,140</b>	<b>234,588</b>	<b>230,999</b>	<b>(3,589)</b>
<b>Capital expenses</b>					
(Gain) / loss on disposal of non-current assets	289	(172)	143	2,420	2,277
<b>Total capital expenses</b>	<b>289</b>	<b>(172)</b>	<b>143</b>	<b>2,420</b>	<b>2,277</b>
<b>TOTAL EXPENSES</b>	<b>254,379</b>	<b>258,968</b>	<b>234,731</b>	<b>233,419</b>	<b>(1,312)</b>
<b>NET RESULT</b>	<b>35,583</b>	<b>35,413</b>	<b>36,562</b>	<b>33,706</b>	<b>(2,856)</b>
<b>Other comprehensive income / (loss)</b>					
Items that will not be reclassified to a net result					
Revaluation of property, plant and equipment	-	-	-	(782)	(782)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>35,583</b>	<b>35,413</b>	<b>36,562</b>	<b>32,924</b>	<b>(3,638)</b>

## 4. STATEMENT OF CASH FLOWS

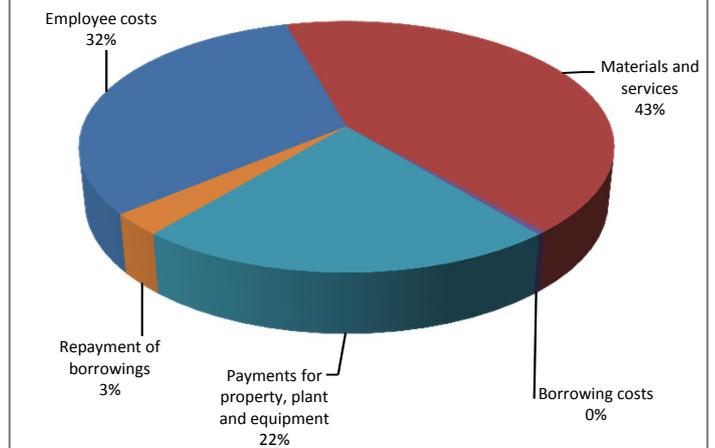
### STATEMENT OF CASH FLOWS For the period ending 31 May 2017

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	232,889	235,087	230,035	230,477
Payments to suppliers and employees	(202,780)	(203,113)	(183,147)	(177,216)
	<b>30,110</b>	<b>31,974</b>	<b>46,888</b>	<b>53,261</b>
Interest received	4,271	4,481	4,153	4,079
Rental income	811	811	718	803
Non-capital grants and contributions	11,056	11,508	10,952	12,202
Borrowing costs	(3,195)	(1,066)	(1,066)	(1,066)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>43,053</b>	<b>47,708</b>	<b>61,645</b>	<b>69,279</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for property, plant and equipment	(76,938)	(83,799)	(58,963)	(52,126)
Payments for intangible assets	(100)	(25)	-	(57)
Proceeds from sale of property, plant and equipment	630	1,091	700	780
Capital grants, subsidies and contributions	32,248	35,864	30,244	24,955
Other cash flows from investing activities	4,685	1,800	-	-
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(39,474)</b>	<b>(45,069)</b>	<b>(28,019)</b>	<b>(26,448)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	(4,551)	(6,680)	(6,680)	(6,778)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(4,551)</b>	<b>(6,680)</b>	<b>(6,680)</b>	<b>(6,778)</b>
<b>Net increase / (decrease) in cash held</b>	<b>(972)</b>	<b>(4,041)</b>	<b>26,946</b>	<b>36,053</b>
Cash and cash equivalents at the beginning of the year	119,449	141,212	141,212	141,212
<b>Cash and cash equivalents at the end of the financial year / period</b>	<b>118,477</b>	<b>137,171</b>	<b>168,158</b>	<b>177,265</b>

### Cash Funding (YTD)



### Cash Expenditure (YTD)



Total Cash Funding (Actual YTD)	273,296
Total Cash Funding (Annual Revised Budget)	290,642
% of Budget Achieved YTD	94%

Total Cash Expenditure (Actual YTD)	237,243
Total Cash Expenditure (Annual Revised Budget)	294,683
% of Budget Achieved YTD	81%

## 5. STATEMENT OF FINANCIAL POSITION

### STATEMENT OF FINANCIAL POSITION As at 31 May 2017

	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual Balance \$000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	118,477	137,171	168,158	177,265
Trade and other receivables	25,017	25,805	20,735	25,944
Inventories	779	678	678	710
Non-current assets held for sale	1,309	4,278	4,278	1,028
Other current assets	1,104	2,122	2,122	1,112
<b>Total current assets</b>	<b>146,686</b>	<b>170,054</b>	<b>195,971</b>	<b>206,059</b>
<b>NON-CURRENT ASSETS</b>				
Investment property	956	1,054	1,054	1,054
Property, plant and equipment	2,293,906	2,456,540	2,433,241	2,419,228
Intangible assets	2,000	2,309	2,367	2,374
Other financial assets	73	73	73	73
Investment in other entities	10,063	5,961	5,961	14,224
<b>Total non-current assets</b>	<b>2,306,999</b>	<b>2,465,937</b>	<b>2,442,696</b>	<b>2,436,953</b>
<b>TOTAL ASSETS</b>	<b>2,453,685</b>	<b>2,635,991</b>	<b>2,638,667</b>	<b>2,643,012</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	18,454	20,763	20,895	22,960
Borrowings	4,482	7,701	7,701	7,701
Provisions	7,571	12,415	12,513	10,437
Other current liabilities	2,673	1,705	3,203	9,660
<b>Total current liabilities</b>	<b>33,179</b>	<b>42,585</b>	<b>44,312</b>	<b>50,758</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	40,727	37,604	37,342	37,237
Provisions	12,143	12,350	12,412	14,053
<b>Total non-current liabilities</b>	<b>52,869</b>	<b>49,954</b>	<b>49,754</b>	<b>51,290</b>
<b>TOTAL LIABILITIES</b>	<b>86,048</b>	<b>92,539</b>	<b>94,066</b>	<b>102,048</b>
<b>NET COMMUNITY ASSETS</b>	<b>2,367,637</b>	<b>2,543,452</b>	<b>2,544,601</b>	<b>2,540,964</b>
<b>COMMUNITY EQUITY</b>				
Asset revaluation surplus	827,411	963,349	963,349	962,567
Retained surplus	1,443,724	1,479,834	1,475,469	1,471,985
Constrained cash reserves	96,502	100,269	105,783	106,412
<b>TOTAL COMMUNITY EQUITY</b>	<b>2,367,637</b>	<b>2,543,452</b>	<b>2,544,601</b>	<b>2,540,964</b>

## 6. OPERATING STATEMENT

### OPERATING STATEMENT For the period ending 31 May 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Revenue</b>					
Rates charges	85,691	86,742	86,742	85,890	(852)
Levies and utility charges	132,436	133,111	122,942	124,524	1,582
<i>Less: Pensioner remissions and rebates</i>	(3,370)	(3,370)	(3,347)	(3,249)	98
Fees and charges	13,291	13,026	12,024	11,785	(239)
Operating grants and subsidies	11,370	12,320	11,857	12,275	418
Operating contributions and donations	589	921	827	718	(109)
Interest external	4,271	4,481	4,153	4,079	(74)
Investment returns	4,685	1,800	-	-	-
Other revenue	5,604	6,341	5,778	5,309	(469)
<b>Total revenue</b>	<b>254,569</b>	<b>255,373</b>	<b>240,976</b>	<b>241,331</b>	<b>355</b>
<b>Expenses</b>					
Employee benefits	80,389	81,988	76,896	75,975	(921)
Materials and services	119,731	118,999	104,437	101,691	(2,746)
Finance costs other	562	325	294	317	23
Other expenditure	398	74	16	(20)	(36)
Net internal costs	(814)	(836)	(769)	(1,013)	(244)
<b>Total expenses</b>	<b>200,266</b>	<b>200,550</b>	<b>180,874</b>	<b>176,950</b>	<b>(3,924)</b>
<b>Earnings before interest, tax and depreciation (EBITD)</b>	<b>54,303</b>	<b>54,823</b>	<b>60,102</b>	<b>64,381</b>	<b>4,279</b>
Interest expense	3,195	3,195	2,933	2,925	(8)
Depreciation and amortisation	50,628	55,395	50,781	51,124	343
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>479</b>	<b>(3,767)</b>	<b>6,388</b>	<b>10,332</b>	<b>3,944</b>

### Levies and utility charges breakup For the period ending 31 May 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Levies and utility charges</b>					
Refuse charges	20,903	20,903	19,161	19,043	(118)
Special charges	3,974	3,285	3,285	3,280	(5)
SES Separate charge	331	331	331	336	5
Environment levy	6,093	6,093	6,093	6,158	65
Landfill remediation charge	2,795	2,795	2,562	2,587	25
Wastewater charges	42,254	42,816	39,295	39,470	175
Water access charges	17,989	18,121	16,622	16,685	63
Water consumption charges	38,098	38,767	35,593	36,965	1,372
<b>Total Levies and utility charges</b>	<b>132,436</b>	<b>133,111</b>	<b>122,942</b>	<b>124,524</b>	<b>1,582</b>

## 7. CAPITAL FUNDING STATEMENT

### CAPITAL FUNDING STATEMENT For the period ending 31 May 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Sources of capital funding</b>					
Capital contributions and donations	29,425	29,425	25,920	21,142	(4,778)
Capital grants and subsidies	2,824	6,439	4,324	3,813	(511)
Proceeds on disposal of non-current assets	630	1,091	700	780	80
Capital transfers (to) / from reserves	(15,839)	(7,441)	(12,254)	(12,137)	117
Non-cash contributions	3,144	3,144	73	839	766
Funding from general revenue	64,549	58,860	45,087	43,503	(1,584)
<b>Total sources of capital funding</b>	<b>84,733</b>	<b>91,519</b>	<b>63,850</b>	<b>57,940</b>	<b>(5,910)</b>
<b>Application of capital funds</b>					
Contributed assets	3,144	3,144	73	839	766
Capitalised goods and services	71,905	80,571	55,492	47,403	(8,089)
Capitalised employee costs	5,133	3,253	3,472	4,780	1,308
Loan redemption	4,551	4,551	4,813	4,918	105
<b>Total application of capital funds</b>	<b>84,733</b>	<b>91,519</b>	<b>63,850</b>	<b>57,940</b>	<b>(5,910)</b>
<b>Other budgeted items</b>					
Transfers to constrained operating reserves	(11,683)	(10,848)	(10,554)	(10,907)	(353)
Transfers from constrained operating reserves	10,321	10,193	9,199	8,806	(393)
Written down value (WDV) of assets disposed	919	919	843	3,200	2,357

## 8. REDLAND WATER & REDWASTE STATEMENTS

### REDLAND WATER SUMMARY OPERATING STATEMENT For the period ending 31 May 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Total revenue	102,096	103,459	94,939	96,025	1,086
Total expenses	57,907	55,696	50,887	49,479	(1,408)
Earnings before interest, tax and depreciation (EBITD)	44,189	47,763	44,052	46,546	2,494
Depreciation	16,505	18,062	16,540	16,872	332
<b>Operating surplus / (deficit)</b>	<b>27,684</b>	<b>29,701</b>	<b>27,512</b>	<b>29,674</b>	<b>2,162</b>

### REDLAND WATER CAPITAL FUNDING STATEMENT For the period ending 31 May 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Capital contributions, donations, grants and subsidies	6,539	9,282	7,111	7,050	(61)
Net transfer (to) / from constrained capital reserves	(713)	(221)	1,618	(725)	(2,343)
Non-cash contributions	3,065	3,065	-	-	-
Funding from utility revenue	7,993	7,440	5,667	5,234	(433)
<b>Total sources of capital funding</b>	<b>16,883</b>	<b>19,566</b>	<b>14,396</b>	<b>11,559</b>	<b>(2,837)</b>
Contributed assets	3,065	3,065	-	-	-
Capitalised expenditure	13,818	16,501	14,396	11,559	(2,837)
<b>Total application of capital funds</b>	<b>16,883</b>	<b>19,566</b>	<b>14,396</b>	<b>11,559</b>	<b>(2,837)</b>

### REDWASTE OPERATING STATEMENT For the period ending 31 May 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Total revenue	24,137	24,188	22,107	21,713	(394)
Total expenses	18,155	17,364	15,884	16,007	123
Earnings before interest, tax and depreciation (EBITD)	5,982	6,824	6,223	5,706	(517)
Interest expense	40	40	37	36	(1)
Depreciation	572	225	206	158	(48)
<b>Operating surplus / (deficit)</b>	<b>5,371</b>	<b>6,559</b>	<b>5,980</b>	<b>5,512</b>	<b>(468)</b>

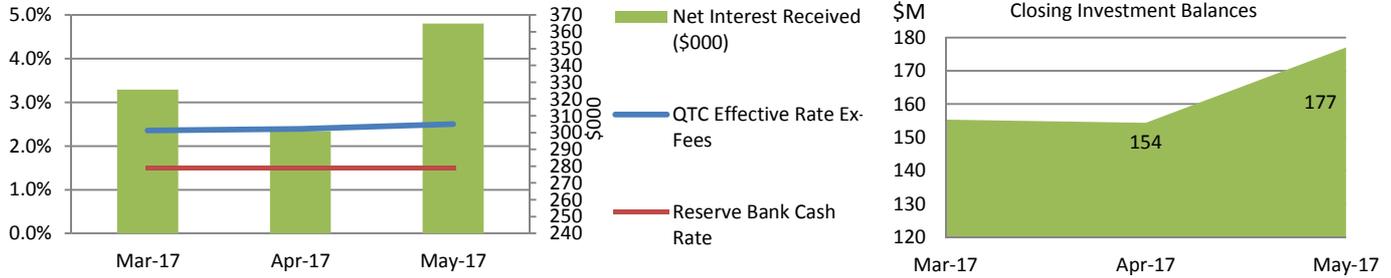
### REDWASTE CAPITAL FUNDING STATEMENT For the period ending 31 May 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Funding from utility revenue	307	1,967	1,844	1,870	26
<b>Total sources of capital funding</b>	<b>307</b>	<b>1,967</b>	<b>1,844</b>	<b>1,870</b>	<b>26</b>
Capitalised expenditure	233	1,892	1,769	1,754	(15)
Loan redemption	75	75	75	116	41
<b>Total application of capital funds</b>	<b>307</b>	<b>1,967</b>	<b>1,844</b>	<b>1,870</b>	<b>26</b>

## 9. INVESTMENT & BORROWINGS REPORT

For the period ending 31 May 2017

### INVESTMENT RETURNS



**Total Investment at End of Month was \$177.02M**

All Council investments are currently held in the Capital Guaranteed Cash Fund, which is a fund operated by the Queensland Treasury Corporation (QTC).

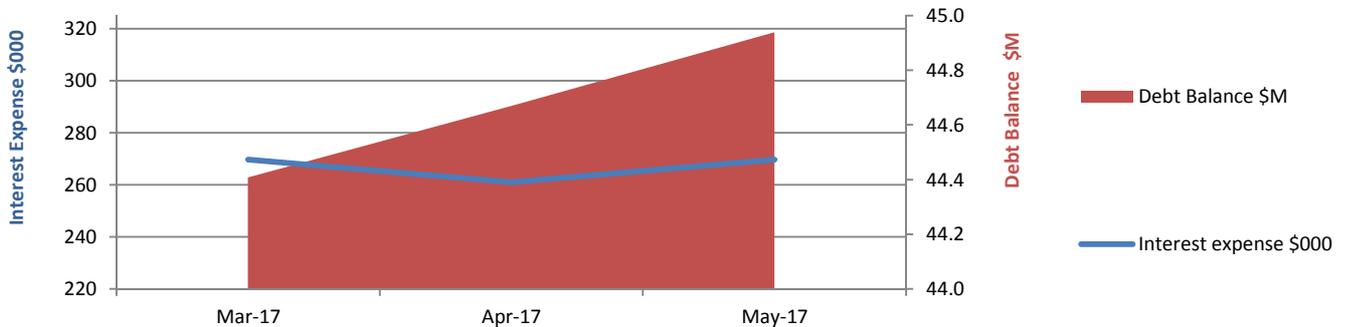
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

Note: the Reserve Bank reduced the cash rate down to 1.5% in the August 2016 sitting - this has not changed in subsequent months.

On a daily basis, cash surplus to requirements are deposited with QTC to earn higher interest as QTC is offering a higher rate than what is achieved from Council's transactional bank accounts. The current interest rate paid by QTC of 2.50% exceeds the Bloomberg AusBond Bank Bill Index (previously the UBS Bank Bill Index) of 1.84% as at the end of May 2017 in accordance with Corporate POL-3013. Term deposit rates are being monitored to identify investment opportunities to ensure Council maximises its interest earnings.

Council adopted its revised Investment Policy (POL-3013) in May 2016 for the 2016/2017 financial year

### BORROWING COSTS



The existing loan accounts were converted to fixed rate loans on 1 April 2016 following a QTC restructure of loans and policies. In line with Council's debt policy, the principal debt repayment has been made *annually* in advance for 2016/2017 which will result in the loans being repaid approximately one year earlier.

The debt balance shows an increase due to interest being accrued. The total borrowings will decrease when the 2017/2018 repayment is made in July 2017 and interest will accrue monthly based on the reduced debt balance.

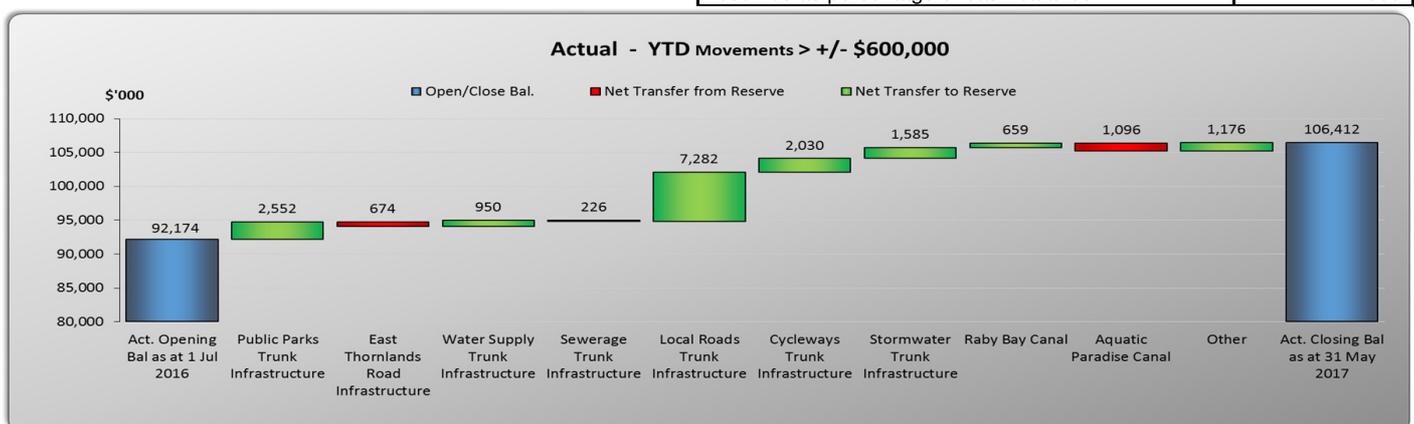
**Total Borrowings at End of Month were \$44.94M**



Council adopted its revised Debt Policy (POL-1838) in July 2016 for the 2016/2017 financial year

### 10. CONSTRAINED CASH RESERVES

Reserves as at 31 May 2017	Opening Balance	To Reserve	From Reserve	Closing Balance
	\$000	\$000	\$000	\$000
<b>Special Projects Reserve:</b>				
Weinam Creek Reserve	2,406	559	(22)	2,943
Red Art Gallery Commissions & Donations Reserve	2	-	-	2
	<b>2,408</b>	<b>559</b>	<b>(22)</b>	<b>2,945</b>
<b>Utilities Reserve:</b>				
Redland Water Reserve	8,300	-	-	8,300
Redland WasteWater Reserve	1,600	-	-	1,600
	<b>9,900</b>	-	-	<b>9,900</b>
<b>Constrained Works Reserve:</b>				
Public Parks Trunk Infrastructure Reserve	9,150	3,816	(1,264)	11,702
East Thornlands Road Infrastructure Reserve	674	-	(674)	-
Land for Community Facilities Trunk Infrastructure Reserve	1,696	647	(249)	2,094
Water Supply Trunk Infrastructure Reserve	8,911	1,107	(157)	9,861
Sewerage Trunk Infrastructure Reserve	6,516	4,515	(4,741)	6,290
Constrained Works Res-Cap Grants & Contribs	1,549	-	(509)	1,040
Local Roads Trunk Infrastructure Reserve	21,897	7,627	(345)	29,179
Cycleways Trunk Infrastructure Reserve	5,844	2,520	(490)	7,874
Stormwater Trunk Infrastructure Reserve	5,613	1,585	-	7,198
Constrained Works Reserve-Operational Grants & Contributions	1,666	140	(290)	1,516
Tree Planting Reserve	64	51	(37)	78
	<b>63,580</b>	<b>22,008</b>	<b>(8,756)</b>	<b>76,832</b>
<b>Separate Charge Reserve - Environment:</b>				
Environment Charge Acquisition Reserve	6,794	-	(63)	6,731
Environment Charge Maintenance Reserve	1,243	6,158	(5,229)	2,172
	<b>8,037</b>	<b>6,158</b>	<b>(5,292)</b>	<b>8,903</b>
<b>Special Charge Reserve - Other:</b>				
Bay Island Rural Fire Levy Reserve	-	232	(172)	60
SMBI Translink Reserve	13	931	(950)	(6)
	<b>13</b>	<b>1,163</b>	<b>(1,122)</b>	<b>54</b>
<b>Special Charge Reserve - Canals:</b>				
Raby Bay Canal Reserve *	4,113	2,110	(1,451)	4,772
Aquatic Paradise Canal Reserve *	3,685	685	(1,781)	2,589
Sovereign Waters Lake Reserve *	438	43	(64)	417
	<b>8,236</b>	<b>2,838</b>	<b>(3,296)</b>	<b>7,778</b>
<b>TOTALS</b>	<b>92,174</b>	<b>32,726</b>	<b>(18,488)</b>	<b>106,412</b>
			Closing cash and cash equivalents	<b>177,265</b>
			Reserves as percentage of cash balance	<b>60%</b>



Total Reserves increased by \$1.18M during the month and the movement relates primarily to various infrastructure reserves. YTD growth in infrastructure reserves is predominantly from developments in Thornlands, Capalaba and Cleveland. Movement in the East Thornlands Road Infrastructure Reserve is due to closure of the fund and funds transferred to the Transport Trunk Infrastructure Reserve. Movement in the Sewerage Trunk Infrastructure Reserve is mainly due to \$3.28M spend at the Pt. Lookout waste water treatment plant.

\* Special charges levied on canal and lake-front homeowners has been temporarily suspended as per media release on 30/03/2017.

## 11. GLOSSARY

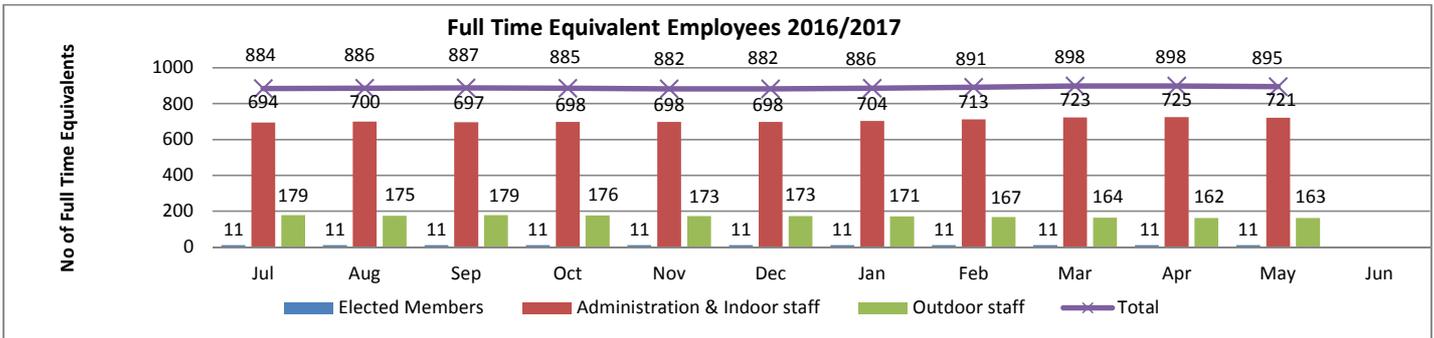
### Definition of Ratios

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

\* These targets are set to be achieved on average over the longer term and therefore are not necessarily expected to be met on a monthly basis.

## 12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

### Workforce Reporting



Department Level	Employee Type						Total by Department
	Casual	Contract of Service	Perm Full	Perm Part	Temp Full	Temp Part	
Office of CEO	12	4	91	12	14	2	135
Organisational Services	4	6	103	6	12	2	133
Community and Customer Service	32	5	243	59	29	10	378
Infrastructure and Operations	17	5	301	9	7	3	342
<b>Total</b>	<b>65</b>	<b>20</b>	<b>738</b>	<b>86</b>	<b>62</b>	<b>17</b>	<b>988</b>

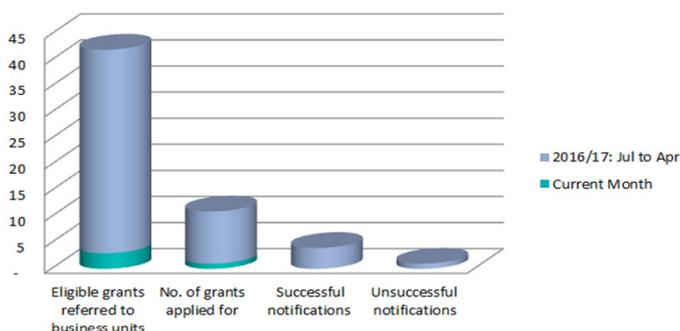
Note: Full Time Equivalent Employees includes all full time employees at a value of 1 and all other employees, at a value less than 1. The table above demonstrates the headcount by department (excluding agency staff) and does not include a workload weighting. It includes casual staff in their non-substantive roles as at the end of the period where relevant.

### Overdue Rates Debtors

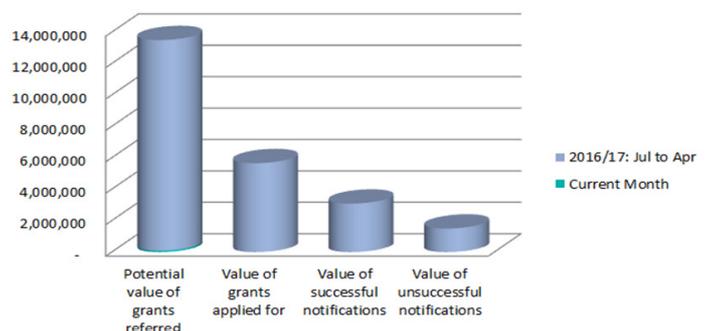
Days Overdue	May-16	% Overdue	May-17	% Overdue	\$ Variance	% Variance
0 - 30	\$4,737,000	2.0%	\$4,894,172	2.0%	\$157,172	-0.01%
31 - 60	\$528	0.0%	\$2,756	0.0%	\$2,228	0.00%
61 - 90	\$1,213	0.0%	\$2,171	0.0%	\$957	0.00%
>90	\$4,396,707	1.9%	\$4,350,018	1.8%	-\$46,689	-0.09%
<b>Total</b>	<b>\$9,135,448</b>	<b>3.92%</b>	<b>\$9,249,116</b>	<b>3.82%</b>	<b>\$113,668</b>	<b>-0.10%</b>

### External Funding Summary

#### Number of external grant applications



#### Value of external grant applications



#### Month of May 2017

##### In the current month referred funding opportunities include:

- Threatened Species Recovery Fund, potential value between \$0.02M and \$0.25M
- Advancing Queensland: Age Friendly Community Grants Program, potential value between \$0.025M and \$0.1M
- RACQ Foundation: Natural Disasters, value is a maximum \$0.05M, with special consideration for up to \$0.2M

##### In the current month submitted applications include:

- Application is now being prepared for Smart Cities which is due by June 30 2017
- Expression of interest letter submitted for Wifi-for-Tourism (potential future funding round)

##### In the current month successful applications include:

No reports for successful funding applications released this month

#### YTD 2016/17

##### The YTD main funding applications submitted & successful include:

- Local Government Subsidy Scheme Program x 2 applications:
  - Thorneside WWTP (package of 5 separate projects) - \$2.75M
  - Indigiscapes Native Plant Nursery - \$0.11M
- Queensland ANZAC Centenary Lasting Legacies Program:
  - Remembering them: Honouring the First World War soldiers of the Redlands project - \$0.02M
- QCoast2100 Program for Coastal Adaptation Study:
  - 4 phases of work over 2016/2017 and 2017/2018 - \$0.2M

##### The YTD main funding applications submitted & not successful include:

- Ex-HMAS Tobruk EOI - Economic benefit in first year - \$1.50M

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**11.2 ORGANISATIONAL SERVICES****11.2.1 OPERATIONAL PLAN 2017/18**

**Objective Reference:** A2404001  
Reports and Attachments (Archives)

**Attachment:** [Operational Plan 2017-18](#)

**Authorising Officer:**   
John Oberhardt  
General Manager Organisational Services

**Responsible Officer:** Andrew Hurford  
Group Manager Corporate Planning &  
Transformation

**Report Author:** Lorraine Lee  
Senior Adviser Strategic & Community

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**PURPOSE**

The purpose of this report is to recommend the adoption of the Redland City Council Operational Plan 2017/18.

**BACKGROUND**

The *Local Government Act 2009* (the Act) requires Council to adopt an Operational Plan each year. The Operational Plan 2017/18 forms an important part of Council's strategic planning and sets out the work Council plans to deliver towards achievement of the Corporate Plan 2015-2020 which was adopted on 20 May, 2015.

The draft Operational Plan is structured to reflect the eight key outcomes of the Redlands 2030 Community Plan and the Corporate Plan 2015-2020. It includes significant activities that will be delivered in 2017/18 which contribute to the delivery of 2020 outcomes in the Corporate Plan 2015-2020.

**ISSUES**

The attached draft Operational Plan 2017/18 is presented to Council for adoption. The Act also requires the Chief Executive Officer to present a written assessment of Council's progress towards implementing the annual operational plan at meetings of Council, at least quarterly.

**STRATEGIC IMPLICATIONS****Legislative Requirements**

The Operational Plan 2017/18 is an important statutory document which sets out how Council intends to implement the Corporate Plan 2015-2020 and progress the longer term Redlands 2030 Community Plan. The Operational Plan 2017/18 includes a wide range of significant activities which directly contribute to the delivery of Council's strategic 2020 outcomes.

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The *Local Government Act 2009* requires Council to adopt an annual operational plan. The *Local Government Regulation 2012* (section 174) states that “the chief executive officer must present a written assessment of the local government’s progress towards implementing the annual operational plan at meetings of the local government held at regular intervals not more than 3 months”. Under the same regulation Council may amend the plan, by resolution, at any time before the end of the financial year.

### **Risk Management**

Not delivering against the Operational Plan 2017/18 presents a risk to Council relating to the progression of 2020 outcomes set out in the Corporate Plan 2015 - 2020. Each significant activity details projects/activities that have associated risks which would be managed by the relevant area of Council.

### **Financial**

The Operational Plan 2017/18 will be funded from the annual budget.

### **People**

Significant activities in the Operational Plan 2017/18 are managed by the appropriate area of Council. Key accountability and group partners involved in the implementation of significant activities are identified. Delivery of the plan is dependent on staff resources.

### **Environmental**

Some projects and activities in the Operational Plan 2017/18 directly contribute to Council’s environmental commitments, in particular those related to Outcome 1 ‘Healthy natural environment’.

### **Social**

Some projects and activities in the Operational Plan 2017/18 directly contribute to Council’s social agenda, in particular those related to Outcome 7 ‘Strong and connected communities’.

### **Alignment with Council's Policy and Plans**

The Operational Plan 2017/18 is a key planning document that outlines projects and activities against the eight outcomes in the Corporate Plan 2015-2020.

### **CONSULTATION**

Councillors, executive leadership group, senior management group and other officers were consulted for the development of the Operational Plan 2017/18.

### **OPTIONS**

1. That Council adopts the draft Operational Plan 2017/18.
2. That Council adopts the draft Operational Plan 2017/18, subject to amendments.

### **OFFICER'S RECOMMENDATION**

**That Council resolves to adopt the draft Operational Plan 2017/18.**

# Operational Plan 2017-2018



MAKE A  
**DIFFERENCE**  
MAKE IT  
**COUNT**

# Operational Plan 2017 - 2018

## About the Operational Plan

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

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

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

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

- Redland Water
- RedWaste

## Strategic Alignment

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

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

## Performance Reporting

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

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

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

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

## Managing risk

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

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

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

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

## 1. Healthy natural environment

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

<b>2020 Strategic Outcome</b>	<b>#1.1</b>	<b>Redland City's natural assets including flora, fauna, habitats, biodiversity, ecosystems and waterways are managed, maintained and monitored.</b>
<b>2017/18 Significant Activity</b>	<b>Significant Activity Description (What and How)</b>	
#1.1.1	<b>Manage Council owned water bodies for improved environmental outcomes.</b> a) Investigate and monitor water bodies. b) Improve conditions and prevent downstream inputs of sediments and nutrients. c) Revise the Redland City Council Total Water Cycle Management Plan.	
#1.1.2	<b>Plan and deliver conservation restoration activities.</b> a) Rehabilitate riparian corridors on Council land to prevent entry of sediments and nutrients to waterways.	
#1.1.3	<b>Engage and deliver restoration through partnership with community and external groups.</b> a) Provide community extension services with private land owners. b) Deliver community bush care.	
#1.1.2	<b>Continue implementing a program to plant one million native plants in the Redlands by 2026.</b> a) Identify areas for planting based on the Network and Corridor Strategy, mapping and other applicable strategies. b) Prepare sites for planting. c) Continue planting.	
<b>2020 Strategic Outcome</b>	<b>#1.2</b>	<b>Threatened species are maintained and protected, including the vulnerable koala species.</b>
<b>2017/18 Significant Activity</b>	<b>Significant Activity Description (What and How)</b>	
#1.2.1	<b>Implement the Natural Environment Policy.</b> a) Implement the Koala Strategy and Action Plan. b) Implement the Networks and Corridor Strategy.	
#1.2.2	<b>Plan and deliver community education programs to protect native wildlife.</b> a) Provide community education programs for wildlife protection and management.	
<b>2020 Strategic Outcome</b>	<b>#1.3</b>	<b>Community and private landholder stewardship of natural assets increases.</b>
<b>2017/18 Significant Activity</b>	<b>Significant Activity Description (What and How)</b>	
#1.3.1	<b>Partner with community for improved environmental outcomes.</b> a) Provide education programs and training events at IndigiScapes. b) Engage private land owners and community groups with conservation activities.	
#1.3.2	<b>Deliver land management extension programs within the community.</b> a) Provide training program opportunities and property visits for private landholders managing their land for improved environmental outcomes.	
	<b>Key Accountable</b>	

# 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.

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

## 2. Green Living

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

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

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

### 3. Embracing the bay

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

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

### 3. Embracing the bay

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

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

## 4. Quandamooka Country

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

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

## 4. Quandamooka Country

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

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

## 5. Wise planning and design

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

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

## 5. Wise planning and design

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

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

## 6. Supportive and vibrant economy

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

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

## 6. Supportive and vibrant economy

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

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

## 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.

<b>2020 Strategic Outcome</b>	<b>#7.1</b>	<b>Festivals, events and activities bring together and support greater connectivity between cross-sections of the community.</b>
<b>2017/18 Significant Activity</b>	<b>Significant Activity Description (What and How)</b>	
#7.1.1	<p><b>Design and deliver an annual calendar with a range of festivals, events and activities across the city.</b></p> <ul style="list-style-type: none"> <li>a) Plan and deliver Council cultural and social events.</li> <li>b) Manage Council's grants and sponsorship program.</li> </ul>	Community and Customer Services
#7.1.2	<p><b>Develop a public art strategy and plan for Council that maximises community benefits from grant funding and ensures a vibrant public art program across the city.</b></p> <ul style="list-style-type: none"> <li>a) Undertake consultation with key internal stakeholders including Councillors.</li> <li>b) Obtain Council approval of strategy.</li> <li>c) Commission public art.</li> </ul>	Community and Customer Services
<b>2020 Strategic Outcome</b>	<b>#7.2</b>	<b>Council maximises community benefit from the use of its parklands and facilities by improving access to, and the quality and shared use of, public spaces and facilities by groups for sporting, recreational and community activities.</b>
<b>2017/18 Significant Activity</b>	<b>Significant Activity Description (What and How)</b>	
#7.2.1	<p><b>Plan for effective sport and recreation areas.</b></p> <ul style="list-style-type: none"> <li>a) Look to acquire land to provide more sporting facilities.</li> <li>b) Coordinate and partner on Council and community activities and infrastructure to support groups in delivering specific activities and plans.</li> <li>c) Identify and assist groups with funding opportunities and support to develop grant applications, implement projects and acquittals.</li> </ul>	Infrastructure and Operations
#7.2.2	<p><b>Develop master plan for Cleveland activities precinct.</b></p> <ul style="list-style-type: none"> <li>a) Design upgrade for the William Ross Park.</li> </ul>	Infrastructure and Operations
#7.2.3	<p><b>Finalise and implement Council's library strategy to align library services to ongoing and changing customer needs.</b></p> <ul style="list-style-type: none"> <li>a) Finalise and implement the new library strategy to support ongoing delivery of a contemporary, customer focused library service that contributes to Council's outcomes.</li> </ul>	Community and Customer Services
<b>2020 Strategic Outcome</b>	<b>#7.3</b>	<b>Council's assessment of community issues and needs provides timely opportunities to pursue grants and partnerships that realise long-term benefits.</b>
<b>2017/18 Significant Activity</b>	<b>Significant Activity Description (What and How)</b>	
#7.3.1	<p><b>Partner with community organisations and the private sector to deliver social infrastructure supporting community needs.</b></p> <ul style="list-style-type: none"> <li>a) Source funding for the Cleveland Community Hub from a variety of government and non-government partnerships.</li> <li>b) Partner with community service providers to develop detailed design and operating model for the Cleveland Community Hub.</li> </ul>	Community and Customer Services

## 7 Strong and connected communities

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

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

## 8. Inclusive and ethical governance

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

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

## 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.

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

# REDLAND WATER

A commercial business unit of Redland City Council

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**Water & Wastewater services**

# **Annual Performance Plan 2017-18**

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# 1 Introduction

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

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

In deciding whether an activity should be a significant business activity for the 2017-18 financial year, local governments must consider the operating expenditure for the 2016-17 financial year less any depreciation included therein and any expenditure included therein to achieve competitive neutrality which is not actually incurred by the local government plus any loan redemption payments in that year.

Section 19 of the *Local Government Regulation 2012* was recently amended to increase the thresholds. The thresholds for the 2017-18 financial year are therefore as follows:

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

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

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

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

## 2 Key principles of a commercial business unit

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

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

## 3 Redland City Council vision

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

## 4 Redland Water vision, objectives and functions

### 4.1 Business focus

#### 4.1.1 Vision

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

#### 4.1.2 Mission

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

#### 4.1.3 Key drivers

The key business drivers are:

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

## 5 Roles of each party

### 5.1 Redland City Council’s role

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

### 5.2 Redland Water’s role

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

## 6 Undertakings by the parties

### 6.1 Redland City Council

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

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

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

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

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

### 6.2 Redland Water

Redland Water will:

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

## 7 Redland City Council corporate plan objectives

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

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

## 8 Redland Water's strategies for achieving objectives

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

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

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

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

## 9 Redland Water services

Chapter 3A Part 2 of the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* states that, from the end of June 2012, Redland Water, as a commercialised business unit of RCC, will be a service provider subject to the *Water Supply (Safety and Reliability) Act 2008*.

Chapter 2 Part 3 Division 2 of the *Water Supply (Safety and Reliability) Act 2008* provides Redland Water with the general power of a service provider to operate water and wastewater services within the RCC area with current service delivery areas.

The nature and scope of Redland Water's main activities and undertakings are:

### 9.1 Water supply service

Redland Water's undertaking for water supply will include the planning, construction, operation and maintenance of the following assets:

- reticulation network;
- trunk mains;
- services;
- meters;
- hydrants;
- pump stations;
- reservoirs; and
- water boosters.

## 9.2 Wastewater service

Redland Water's undertaking for wastewater supply will include the planning, construction, operation and maintenance of the following assets:

- wastewater treatment plants (WWTPs);
- pump stations;
- pressure mains;
- reticulation network;
- manholes;
- effluent mains;
- developing recycled water opportunities;
- irrigation and reuse systems; and
- the provision of trade waste services.

# 10 Reporting

## 10.1 Reporting structure

In line with the key principles of commercialisation in section 28(b) of the Regulation, Redland Water has autonomy in its day-to-day operations.

The reporting structure is such that the General Manager Infrastructure & Operations reports to the Chief Executive Officer (CEO) of RCC regarding Redland Water.

## 10.2 Reporting

Redland Water will provide the following reports:

### Monthly:

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

### Yearly:

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

# 11 Meeting our customers' needs

## 11.1 Customer service standards

### Water and wastewater

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

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

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

For 2017-18 CSS, Redland Water will make every effort to:

#### Water

- respond to discoloured water complaints within 4 hours;
- make sure at least 98% of properties, when tested, have a minimum 22 metres static head and flow to the atmosphere of at least 30 litres a minute at the meter;
- improve inadequate water pressure and flow within 28 working days of a test for water services otherwise we will advise of actions required;
- make sure there are no more than 12 water quality incidents per month caused by the distribution network;
- respond to general requests within 5 working days;
- respond to loss of supply within 1 hour on mainland;
- restore 97% of mainland interruptions caused by disruptions in the distribution network within 5 hours;
- make sure there are no more than 8 water main breaks and leaks per month for every 100 kilometres within the distribution network; and
- connect new water services for mainland standard connections within 15 working days of the request.

#### Wastewater

- restore service to customers within 5 hours following a mainland incident;
- respond to 90% of mainland wastewater blockages or overflows within 1 hour;
- make sure there are no more than 7 dry weather overflows each month;
- respond to reports of odour on the mainland within 5 hours;
- make sure there are no more than 3 odour complaints per month; and
- respond to general requests within 5 working days.

### 11.2 Customer advice

Redland Water will provide a range of information relating to service advice, accounts and charges on request.

Redland Water will make available information to customers through the use of fact sheets, Redland Water's internet pages, community education programs and so on.

The CSS for water and wastewater also contains useful advice on sustainable water supply and a complaints resolution process for dealing with customer requests and concerns.

### 11.3 Seeking feedback from our customers and community

Redland Water will collect community feedback information and participate in community consultations. Feedback from surveys and consultation will be used to gauge acceptance of service levels. This mechanism is seen by the CBU as a valuable input into improving services delivery.

Customer feedback may be collected through some or all of the following forms:

- recording unsolicited complaints and comments;
- management or staff attendance at community consultation sessions; and
- formal surveys by a third party consultant or formal surveys by in-house staff as part of Council process.

## 12 Planning for the future

### 12.1 Financial planning

- Redland Water will review its financial model on a yearly basis. The financial model will be for a period of no less than 10 years.
- The CBU's budget will be formulated on an annual basis and reviewed during the financial year in accordance with the timeframes set by Council, the anticipated capital structure and Council's net return expectations.

### 12.2 Assets

Redland Water will optimise assets and strive for best value of operations by:

- regularly assessing assets and development of planning reports;
- implementing and improving preventative maintenance programs;
- enhancing asset condition ratings and information;
- timely updating of asset databases;
- improving data for calculation of valuations;
- considering contemporary valuation methodologies in accordance with effective NCP pricing principles;
- prepare and action an Asset Service Management Plan (ASMP); and
- considering the risk of possible obsolescence when evaluating use of advancing technology.

### 12.3 Employment and training plan

Redland Water will make sure the intellectual property of the CBU is retained and operational processes are maintained in perpetuity by implementing the corporate human resource plan which will:

- recognise the need for succession planning;
- adopt the staff performance appraisal process;
- adopt Council's policy on remuneration packages for staff; and
- undertake staff training programs based on legislative requirements and a skills gap analysis.

### 12.4 Financial risk

Redland Water will adopt strategies to minimise financial risk by:

- continually reviewing and refining the costing and quotation of jobs;
- following a structured but flexible process for quotation and tendering in line with corporate processes;
- maximising the use of grants and/or subsidies for works;
- ensuring appropriate levels of headworks payments are collected from developers and property owners where applicable;
- adopting Council's policies on funding, so that an appropriate level of depreciation ensures long-term cash flows are not jeopardised;
- ensuring developer contributions are transferred to reserves where appropriate;
- holding an appropriate level of insurance cover; and
- monitoring the sundry debtors to ensure revenues are maximised.

## 13 Revenue

Revenues are collected by Council and transferred to Redland Water for all services it provides.

### 13.1 Collection of rates

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

All outstanding rates will appear in Redland Water's balance sheets.

### 13.2 Collection of fees, charges and miscellaneous incomes

Revenues for fees and charges will be collected in the following manner:

- prepayment for works associated with developments, new properties or alterations to infrastructure; and
- revenue for other works including trade waste fees will be by invoice with a 30-day payment period.

### 13.3 Community service obligations (CSOs)

CSO payments will be made by Council for services supplied for less than full cost price in accordance with Council pricing, Council policy or Council operations. A summary of the CSOs will be provided in Council's annual report in accordance with the *Local Government Regulation 2012*.

CSOs may include:

- concessions provided to sporting bodies or clubs;
- concessions, remissions or rebates for specific persons stated in a policy;
- any non-commercially driven concession or remission provided by resolution of Council;
- community services; and
- special audits and assessments outside commercial requirements.

Current CSOs for Council 2017/18 are:

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

### 13.4 Measurement of water consumptions

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

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

## 14 Financial Structure

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

A separate accounts payable and receivable ledger will operate within RCC's financial system to allow for

easy identification of payments.

#### 14.1 Capital structure

The consolidated capital structure of the CBU will comprise community equity to the value of assets less liabilities.

The 10-year Debt to Debt + Equity level shall be in the range of 35-55%, currently the planned level for 2017/18 shall be 42%.

#### 14.2 Physical assets

In accordance with the initial CBU establishment plan, the capital structure of Redland Water will include all current and non-current assets and liabilities and equity shown in the financial statements.

#### 14.3 Monetary assets

All current assets as recorded in Redland Water including reserves, debtors and prepayments are to be managed by the CBU.

#### 14.4 Investment

RCC's financial services section will invest all excess cash held by Redland Water at the best possible interest rate.

#### 14.5 Cash balances

The cash balances shall be held at a level that equates to 3-4 months annualised average operational costs.

#### 14.6 Loans

The CBU will use debt to fund large infrastructure projects associated with the generation of revenue in line with corporate guidelines and Executive Leadership Team (ELT) direction.

#### 14.7 Subsidy

Redland Water will optimise the use of available grants and subsidies by managing the forward planning of future works programs.

#### 14.8 Recognition of assets

Assets will be recognised using industry standards and the methodologies developed through Council's asset valuation policy, the *Local Government Regulation 2012*, and the *Australian Accounting Standards*.

#### 14.9 Depreciation

Redland Water will depreciate its assets in accordance with the *Australian Accounting Standards* having regard for contemporary depreciation methods.

#### 14.10 Pricing policies

Redland Water will price its services in accordance with NCP methodologies while taking into account RCC policy. This may include introducing additional user pays type fees and charges.

Water charges are set as a 2-part tariff – an access charge and a consumption charge.

Wastewater charges are set as one tariff based on sewer units.

Commercial and industrial properties are charged on a per lot and/or per pedestal or equivalent pedestal (urinal) basis.

#### 14.11 Net return to Council

Redland Water will provide to Council a surplus made up of dividend, income tax and internal debt finance structuring to the value of the following:

Tax on operating capability @ 30% - calculated for each individual product, i.e. water and wastewater.

Dividend: 75% on earnings after tax and other agreed exclusions – calculated for each individual product, i.e. water and wastewater.

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

Revenue: Water increased in line with long-term pricing and financial modeling of Maximum Allowable Revenue (MAR).

Revenues should be modeled to meet the requirements and commercial rates of return required by NCP reforms.

Expenses: Wages increases in line with enterprise bargaining agreement (EBA) and commercial activity needs.

Goods and services increased by no greater than CPI, growth and environmental or legislative influences.

Net Return to Council: The net return to Council is made up of the following:

+ Tax

+ Dividend

+ Internal interest

#### **14.12 Reserves**

##### **Constrained cash reserves (Redland Water 543 & Wastewater 544)**

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

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

##### **Constrained capital works reserves (Redland Water 5134 & Wastewater 5135)**

Developer cash contributions received by Redland Water are transferred to constrained cash reserves. It is the purpose of this reserve to fund future capital works that relate to projects that are classified upgrade, expansion or new projects.

#### **14.13 Developer contributions**

Redland Water will appropriate developer contributions to the capital works reserve less a portion to be recorded as operating revenue that equates to the interest on Queensland Treasury Corporation (QTC) loans for that year.

Donated assets will be recorded as revenue and the value recorded to the balance sheet as a non-current asset. Donated assets will be recorded in the electronic asset register and as constructed data recorded in the GIS system.

# ATTACHMENTS

## ATTACHMENT 1 – OPERATIONAL BUDGET 2017-18 – 3 YEARS

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

## ATTACHMENT 2 – CAPITAL FUNDING 2017-18 – 3 YEARS

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

## ATTACHMENT 3 – KEY PERFORMANCE INDICATORS 2017-18

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

KRA and Goals	REDLAND WATER SCORECARD WATER & WASTEWATER INDICATORS – 2017-18	Monthly Target	Unit	Reporting Frequency	Annual Target
<b>Financial management</b> Ensure the long term financial viability of the city and provide public accountability in financial management.	Operating revenue (actual to budget)	+/- 5%	%	Monthly	=/-5%
	Operating goods and services expenditure (actual to budget)	+/- 5%	%	Monthly	=/-5%
	Capital expenditure (actual to budget)	+/- 5%	%	Monthly	=/-5%
	Treatment costs per property serviced (wastewater)	\$10.99	\$	Monthly	\$120.89
	Maintenance costs per property serviced (water)	\$4.04	\$	Monthly	\$44.45
	Maintenance costs per property serviced (wastewater)	\$7.49	\$	Monthly	\$82.41
<b>Deliver essential services</b> Provide and maintain water, waste services, roads, drainage and support the provision of transport and waterways infrastructure to sustain our community.	Number WWTP non-conformances with EHP licence	max 0.5	#	Monthly	max 6
	% compliance with Australian Drinking Water Guidelines (ADWG) within distribution system. Does not include non-compliant water received at the point of transfer to the distribution system, i.e. from the bulk water authority or the bulk transport authority.	min 98	%	Monthly	min 98
<b>People management</b> Development of organisational cultural values and people behaviours in order to meet agreed community expectations.	Number of LTIs	0	#	Annually	0

# REDWASTE

A commercial business unit of Redland City Council

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# Performance Plan 2017-18

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## 1. Introduction

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

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

In deciding whether an activity should be a significant business activity for the 2017-18 financial year, local governments must consider the operating expenditure for the 2016-17 financial year less any depreciation included therein and any expenditure included therein to achieve competitive neutrality which is not actually incurred by the local government plus any loan redemption payments in that year.

Section 19 of the *Regulation* was recently amended to increase the thresholds. The thresholds for the 2017-18 financial year are therefore as follows:

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

Section 175 of the *Regulation* states:

- 4) The annual operational plan for a local government must:
    - (a) be consistent with its annual budget; and
    - (b) state how the local government will:
      - (i) progress the implementation of the 5-year corporate plan during the period of the annual operational plan; and
      - (ii) manage operational risks; and
    - (c) include an annual performance plan for each CBU of the local government.
  - 5) An annual performance plan for a CBU is a document stating the following for the financial year, the:
    - (a) unit's objectives;
    - (b) nature and extent of the significant business activity the unit is to conduct;
    - (c) unit's financial and non-financial performance targets;
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    - (c) the information is of a commercially sensitive nature to the commercial business unit; and
    - (d) the information is given to each of the local government's councillors.
- c) *Note* – See also section 171 (Use of information by councillors) of the *Act*.
- 5) The local government may change an annual performance plan for a commercial business unit at any time before the end of the financial year.

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

## 2. Key principles of a commercial business unit

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

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

## 3. Redland City Council vision

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

## 4. RedWaste vision, objectives and functions

### 4.1 Business' focus

#### 4.1.1 Vision

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

#### 4.1.2 Mission

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

#### 4.1.3 Key drivers

The key business drivers are:

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

## 5. Roles of each party

### 5.1 Role of Redland City Council

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

### 5.2 Role of RedWaste

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

## 6. Undertakings by the parties

### 6.1 Redland City Council

RCC has delegated management autonomy to RedWaste's management team for:

- entering into contracts in the name of the business unit as a commercial business of Council in line with Council delegations;

- completing approved programs in accordance with Council’s budget, operational and corporate plans as well as RedWaste’s performance plan;
- promoting and presenting RedWaste to the community as a professional commercial business by undertaking educational, promotional and customer activities;
- developing and implementing budgets and long-term pricing models and financial plans.

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

Council will buy waste management services from RedWaste under the same terms and conditions as customers.

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

## 6.2 RedWaste

RedWaste will:

- provide waste management operations;
- conduct its business and operations in compliance with the requirements of the *Environmental Protection Act 1994*, *Local Government Act 2009*, *Waste Reduction & Recycling Act 2011*, other relevant acts and regulations and Council policies and guidelines;
- operate within National Competition Policy (NCP) guidelines and deliver an annual net return to Council as detailed in this plan;
- adopt the principles of ecologically sustainable development;
- operate and maintain assets to ensure nominated service levels are maintained;
- commit to the overall Council vision of operating within a best value framework - value for money will be superior to lowest pricing;
- use Council’s full range of corporate services by entering into service level agreements (SLAs) with Council;
- implement the approved asset management plans in its day-to-day operations;
- provide monthly reports on its financial and non-financial performance;
- show due diligence in immediately reporting any serious non-compliances or incidents to Council and DEHP as appropriate ;
- pursue and undertake asset maintenance and repair works on a full cost basis provided the works fall within the scope, skill and competencies of the contractors.

## 7. Redland City Council corporate plan objectives

To address key strategies within the RCC Corporate Plan for 2015-2020, RedWaste will:

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

## 8. RedWaste’s strategies for achieving objectives

### 8.1 Waste Reduction and Recycling Plan

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

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

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

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

## 8.2 Queensland Waste Strategy

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

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

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

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

## 8.3 Other strategies

RedWaste will strive to provide high levels of performance in the following areas in achieving the objectives:

- quality products and service;
- customer services including timely response to complaints and requests; and
- environmental standards through implementation and regular reviews of the site-based environmental plans and associated environmental monitoring; and
- workplace health and safety standards as required under the RCC safety system.

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

- improving the value of the business and meeting Council’s capital structure and net return targets;
- managing costs to improve value to customers;
- investigating new waste and resource recovery solutions;
- implementing actions identified within Council’s waste management strategy and other environmental programs;
- monitoring and reporting on key financial and non-financial performance indicators;
- meeting the objectives of the Council of Australian Governments (COAG) and NCP reforms; and
- keeping updated of changes in the external regulatory environment that affect RedWaste through participation and advocacy with industry partners.

## 9. RedWaste Services

RedWaste's undertaking for waste management will include the operation and maintenance of the following assets:

- waste transfer stations;
- kerbside and bulk waste, recycling and green organics bin network;
- South Street waste collection contractor vehicle depot; and
- RecycleWorld.

In addition, developing strategies and forward planning is undertaken for new infrastructure requirements as part of the implementation of the *Waste Reduction & Recycling Plan 2015-2020*.

The management of closed landfills is excluded from the RedWaste services and managed under the landfill remediation program.

## 10. Reporting

### 10.1 Reporting structure

In line with the key principles of commercialisation in section 28(b) of the *Regulation*, RedWaste has autonomy in its day-to-day operations.

The reporting structure is such that the General Manager Infrastructure & Operations reports to the Chief Executive Officer (CEO) of RCC regarding RedWaste.

### 10.2 Reporting

RedWaste will provide the following reports:

#### Monthly:

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

#### Yearly:

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

## 11. Meeting our customers' needs

### 11.1 Customer service standards (CSSs)

For 2017/18 CSS, RedWaste will make every effort to:

- respond to a missed service on the mainland within 1 working day of the report being registered with RedWaste where the missed service was the fault of the CBU;
- commence new waste services within 2 working days (mainland) and next scheduled collection day (island) of the request being lodged with RedWaste;
- provide exchanges or alterations to bin services within 2 working days (mainland) and on the next scheduled collection day (island) of the request being lodged; and
- respond to non-urgent general requests within 5 working days.

### 11.2 Customer advice

RedWaste will provide a range of information relating to service advice, accounts and charges on request.

RedWaste will make available information to customers through the use of fact sheets, internet pages, community education programs and other like programs.

### 11.3 Seeking feedback from our customers and community

RedWaste will collect community feedback information and participate in community consultations. Feedback from surveys and consultation will be used to gauge acceptance of service levels. This mechanism is seen by the CBU as a valuable input into improving service delivery.

Customer feedback may be collected through some or all of the following forms:

- recording unsolicited complaints and comments;
- management or staff attendance at community consultation sessions; and
- formal surveys by a third party consultant or formal surveys by in-house staff as part of Council process.

## 12. Planning for the future

### 12.1 Financial planning

- RedWaste will review its financial model on a yearly basis. The financial model will be for a period of no less than 10 years.
- The CBU's budget will be formulated on an annual basis and reviewed during the financial year in accordance with the timeframes set by Council, the anticipated capital structure and Council's net return expectations.

### 12.2 Assets

RedWaste will optimise assets and strive for best value of operations by:

- regularly assessing assets and development of planning reports;
- implementing and improving preventative maintenance programs;
- enhancing asset condition ratings and information;
- timely updating of asset databases;
- improving data for calculation of valuations;
- considering contemporary valuation methodologies in accordance with effective NCP pricing principles; and
- considering the risk of possible obsolescence when evaluating use of advancing technology.

### 12.3 Employment and training plan

RedWaste will make sure the intellectual property of the CBU is retained and operational processes are maintained in perpetuity by implementing the corporate human resource plan which will:

- recognise the need for succession planning;
- adopt the staff performance appraisal process;
- adopt Council's policy on remuneration packages for staff: and
- undertake staff training programs based on legislative requirements and a skills gap analysis.

### 12.4 Financial risk

RedWaste will adopt strategies to minimise financial risk by:

- continually reviewing and refining the costing and quotation of jobs;
- following a structured but flexible process for quotation and tendering in line with corporate processes;
- maximising the use of grants and/or subsidies for works;

- adopting Council's policies on funding, so that an appropriate level of depreciation ensures long-term cash flows are not jeopardised;
- holding an appropriate level of insurance cover; and
- monitoring the sundry debtors to ensure revenues are maximised.

## 13. Revenue

Revenues collected by Council are transferred to RedWaste for all services it provides.

### 13.1 Collection of rates

RedWaste's waste management service charges will be integrated on an RCC rate notice.

All outstanding rates will appear in RedWaste's balance sheets.

### 13.2 Collection of fees, charges and miscellaneous incomes

Revenues for fees and charges will be collected in the following manner:

- revenue for other works including waste disposal fees will be by invoice with a 30-day payment period;
- direct gate fee payment at the time of transaction or monthly account invoice for commercial and non-resident customers, and customers without proof of residency; and
- sale of recoverable materials including scrap metal and cardboard.

### 13.3 Community service obligations (CSOs)

CSO payments will be made by Council for services supplied for less than full cost price in accordance with Council pricing, Council policy or Council operations. A summary of the CSOs will be provided in Council's annual report in accordance with Section 35 of the *Regulation*.

CSOs may include (but are not limited to):

- concessions provided to home assist secure program;
- provision of on-demand bulky household item collection service;
- concessions, remissions or rebates for specific persons stated in a policy;
- any non-commercially driven concession or remission provided by resolution of Council;
- community services such as Clean Up Australia Day;
- special audits and assessments outside commercial requirements;
- waiver of disposal fees for charities, schools, clubs, and non-profit organisations that meet the conditions of Corporate Policy POL-0057;
- waiver of fees for disposal of asbestos, construction and demolition waste from the Bay Islands to Birkdale waste transfer station; and
- emergency disposal of debris from major catastrophes, e.g. storms/floods.

Current CSOs for Council 2017/18 are:

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

## 14. Financial structure

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

A separate accounts payable and receivable ledger will operate within RCC's financial system to allow for easy identification of payments.

### 14.1 Capital structure

The consolidated capital structure of the CBU will comprise community equity to the value of assets less liabilities.

The 10-year average Debt to Debt + Equity level shall be in the range of 30-50%.

### 14.2 Physical assets

In accordance with the initial CBU establishment plan, the capital structure of RedWaste will include all current and non-current assets and liabilities and equity shown in the financial statements.

### 14.3 Monetary assets

All current assets as recorded in RedWaste including debtors and prepayments are to be managed by the CBU.

### 14.4 Investment

RCC's Financial Services group will invest all excess cash held by RedWaste at the best possible interest rate.

### 14.5 Cash balances

The cash balances shall be held at a level that equates to 3-4 months annualised average operational costs.

### 14.6 Loans

The CBU will utilise debt to fund large infrastructure projects that are associated with the generation of revenue in line with corporate guidelines and Executive Leadership team (ELT) direction.

### 14.7 Subsidy

RedWaste will optimise the use of available grants and subsidies by managing the forward planning of future works programs.

### 14.8 Recognition of assets

Assets will be recognised using industry standards and the methodologies developed through Council's asset valuation policy, the *Regulation*, and the *Australian Accounting Standards*.

### 14.9 Depreciation

RedWaste will depreciate its assets in accordance with the *Australian Accounting Standards* having regard for contemporary depreciation methods.

#### 14.10 Pricing policies

RedWaste will price its services in accordance with NCP methodologies while taking into account RCC policy. This may include introducing additional user pays type fees and charges.

The waste/recycling charge is determined by Council to ensure that it is able to cover costs associated with the provisions of the service. The costs include payment to contractors for both refuse collection and a kerbside recycling service. Disposal costs are also factored into the charge to cover contractor costs for disposal, site development works, transfer station operations, management and administration costs.

#### 14.11 Net return to Council

RedWaste will provide to Council a surplus made up of dividend, income tax and internal debt finance structuring to the value of the following:

Tax on operating capability @ 30%.

Dividend: 50% on after tax operating surplus.

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

Revenue:	Revenues should be modelled to meet the requirements and commercial rates of return required by NCP reforms.
Expenses:	Wages increases in line with enterprise bargaining agreement (EBA) and commercial activity needs. Goods and services increased in line with market pricing, growth and environmental or legislative influences.
Retained earnings:	All surplus profit after tax and dividend will be transferred to retained earnings for use by the entity for capital or operational projects as required.
Net Return to Council:	The net return to Council is made up of the following: + Tax + Dividend + Internal interest

# ATTACHMENTS

## ATTACHMENT 1 – OPERATIONAL BUDGET 2017-2018 – 3 YEARS

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

**ATTACHMENT 2 – CAPITAL FUNDING 2017-2018 – 3 YEARS**

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

**ATTACHMENT 3 – CAPITAL PROJECTS BUDGET 2017-18**

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

## ATTACHMENT 4 KEY PERFORMANCE INDICATORS 2017-18

Vision outcome	RedWaste indicators – 2017-18	Monthly target	Unit	Reporting frequency	Annual target
<b>Green living</b> Our green living choices will improve our quality of life and our children's lives, through our sustainable and energy efficient use of resources, transport and infrastructure, and our well informed responses to risks such as climate change.	Total kilos of domestic waste land filled per capita per year	max 29.83	kg/ cap/ year	Annually	max 358
	Municipal solid waste resource recovery rate	min 49.4%	%	Quarterly	49.4%
<b>Healthy &amp; natural environment</b> A diverse and healthy natural environment, with an abundance of native flora and fauna and rich ecosystems will thrive through our awareness, commitment and action in caring for the environment	% compliance with EHP licence requirements for waste management facilities	min 98	%	Quarterly	min 98
<b>An efficient and effective organisation</b> Council is well respected and seen as an excellent organisation which manages resources in an efficient and effective way.	Waste operating revenue	+/- 5	%	Monthly	+/- 5
	Waste operating goods & services	+/- 5	%	Monthly	+/- 5
	Waste capital expenditure	+/- 5	%	Monthly	+/- 5
	Lost time injuries	0	#	Annually	0
	Missed service complaints	<0.035%	%	Annually	<0.035%



MAKE A  
**DIFFERENCE**  
MAKE IT  
**COUNT**

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**11.3 COMMUNITY & CUSTOMER SERVICES****11.3.1 DECISIONS MADE UNDER DELEGATED AUTHORITY FOR CATEGORY 1, 2 & 3 DEVELOPMENT APPLICATIONS**

**Objective Reference:** A2396710  
Reports and Attachments (Archives)

**Attachment:** [Decisions Made Under Delegated Authority for 21.05.2017 to 03.06.2017](#)

**Authorising Officer:**   
Louise Rusan  
General Manager Community & Customer Services

**Responsible Officer:** Stephen Hill  
Acting Group Manager City Planning & Assessment

**Report Author:** Debra Weeks  
Senior Business Support Officer

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**PURPOSE**

The purpose of this report is for Council to note that the decisions listed below were made under delegated authority for Category 1, 2 and 3 development applications.

This information is provided for public interest.

**BACKGROUND**

At the General Meeting of 27 July, 2011, Council resolved that development assessments be classified into the following four Categories:

Category 1 – Minor Complying Code Assessments and Compliance Assessments and associated administrative matters, including correspondence associated with the routine management of all development applications;

Category 2 – Complying Code Assessments and Compliance Assessments and Minor Impact Assessments;

Category 3 – Moderately Complex Code & Impact Assessments; and

Category 4 – Major and Significant Assessments

The applications detailed in this report have been assessed under:-

- Category 1 criteria - defined as complying code and compliance assessable applications, including building works assessable against the planning scheme, and other applications of a minor nature, including all accelerated applications.
  - Category 2 criteria - defined as complying code assessable and compliance assessable applications, including operational works, and Impact Assessable applications without submissions of objection. Also includes a number of process related delegations, including issuing planning certificates, approval of
-

works on and off maintenance and the release of bonds, and all other delegations not otherwise listed.

- Category 3 criteria that are defined as applications of a moderately complex nature, generally mainstream impact assessable applications and code assessable applications of a higher level of complexity. Impact applications may involve submissions objecting to the proposal readily addressable by reasonable and relevant conditions. Both may have minor level aspects outside a stated policy position that are subject to discretionary provisions of the Planning Scheme. Applications seeking approval of a plan of survey are included in this category. Applications can be referred to General Meeting for a decision.

#### **OFFICER'S RECOMMENDATION**

**That Council resolves to note this report.**

## Decisions Made Under Delegated Authority for 21.05.2017 to 27.05.2017

### CATEGORY 1

Application Id	Application Full Details	Applicant	Associated Property Address	Primary Category	Decision Date	Negotiated Decision Date	Decision Description	Division
BWP004278	Design and Siting - Dwelling House	Building Code Approval Group Pty Ltd	29 Kelso Street Wellington Point QLD 4160	Concurrence Agency Referral	25/05/2017	NA	Approved	1
BWP004152	Design and Siting - Dwelling	The Certifier Pty Ltd	4A Joanne Crescent Thornlands QLD 4164	Concurrence Agency Referral	25/05/2017	NA	Approved	3
BWP004204	Design and Siting - Dwelling	Reliable Certification Services	11 Yaroomba Close Thornlands QLD 4164	Concurrence Agency Referral	23/05/2017	NA	Approved	3
BWP004240	Design and Siting - Domestic Outbuilding - New Open Carport	Kc And Et Consultancy Pty Ltd	12 Lind Street Thornlands QLD 4164	Concurrence Agency Referral	25/05/2017	NA	Approved	3
BWP004262	Design and Siting - Carport	John James GOODWIN	36 Link Road Victoria Point QLD 4165	Concurrence Agency Referral	23/05/2017	NA	Approved	4
BWP004274	Design and Siting - Carport	Fastrack Building Certification	63 Prescoter Drive Victoria Point QLD 4165	Concurrence Agency Referral	24/05/2017	NA	Approved	4
ROL006161	Reconfiguring a Lot - Standard Format - 1 into 2 lots	Sudsy Pty Ltd As Trustee	5 School Road Victoria Point QLD 4165	Code Assessment	25/05/2017	NA	Development Permit	4
BWP004275	Design and Siting - Dwelling House	Bay Island Designs	6 Zephyr Street Russell Island QLD 4184	Concurrence Agency Referral	26/05/2017	NA	Approved	5
BWP004276	Design and Siting - Carport	Gavin John SHEPHERD	9 Pine Terrace Redland Bay QLD 4165	Concurrence Agency Referral	26/05/2017	NA	Approved	5
BWP004057	Design and Siting - Swimming Pool	Apex Certification & Consulting	20 Poplin Place Mount Cotton QLD 4165	Concurrence Agency Referral	23/05/2017	NA	Approved	6
BWP004214	Secondary Dwelling	ASI Planning	47-53 Kiwi Street Sheldon QLD 4157	Code Assessment	25/05/2017	NA	Development Permit	6

## Decisions Made Under Delegated Authority for 21.05.2017 to 27.05.2017

### CATEGORY 1

Application Id	Application Full Details	Applicant	Associated Property Address	Primary Category	Decision Date	Negotiated Decision Date	Decision Description	Division
BWP004244	Design and Siting - Dwelling House	Dixon Homes (Rocklea)	115 Brookvale Drive Victoria Point QLD 4165	Concurrence Agency Referral	24/05/2017	NA	Approved	6
BWP004272	Design and Siting - Dwelling	Apex Certification & Consulting	55 Capella Drive Redland Bay QLD 4165	Concurrence Agency Referral	24/05/2017	NA	Approved	6
BWP004273	Design and Siting - Dwelling	Allan Van Planning Pty Ltd	71 Unwin Road Redland Bay QLD 4165	Concurrence Agency Referral	26/05/2017	NA	Approved	6
BWP004252	Design and Siting - Dwelling House	Dixon Homes (Rocklea)	175 Mount Cotton Road Capalaba QLD 4157	Concurrence Agency Referral	24/05/2017	NA	Approved	9
OPW002174	Advertising Signs	App Corporation Pty Ltd	57 Old Cleveland Road Capalaba QLD 4157	Code Assessment	23/05/2017	NA	Development Permit	9
ROL006185	Rearranging Boundaries - 2 into 2 Lots	Suzanne Kate HEMBROW	110 Thorneside Road Thorneside QLD 4158	Code Assessment	26/05/2017	NA	Development Permit	10

## Decisions Made Under Delegated Authority for 21.05.2017 to 27.05.2017

### CATEGORY 2

Application Id	Application Full Details	Applicant	Associated Property Address	Primary Category	Decision Date	Negotiated Decision Date	Decision Description	Division
MCU013866	Multiple Dwelling x 14	Platinum Design	100 Sturgeon Street Ormiston QLD 4160	Code Assessment	26/05/2017	NA	Development Permit	8

## Decisions Made Under Delegated Authority 28.05.2017 TO 03.06.2017

### CATEGORY 1

Application Id	Application Full Details	Applicant	Associated Property Address	Primary Category	Decision Date	Negotiated Decision Date	Decision Description	Division
MCU013952	Dwelling House	Sutgold Pty Ltd	42-44 Edith Street Wellington Point QLD 4160	Code Assessment	29/05/2017	NA	Development Permit	1
BWP004268	Design and Siting - Dwelling	Blueprint Designs	57 Island Street Cleveland QLD 4163	Concurrence Agency Referral	01/06/2017	NA	Approved	2
BWP004281	Dwelling House	N G Sanders & Associates Pty Ltd	28 Timbin Road Point Lookout QLD 4183	Concurrence Agency Referral	31/05/2017	NA	Approved	2
BWP004286	Design and Siting - Dwelling House	Richard PEACH	114 Sunshine Drive Cleveland QLD 4163	Concurrence Agency Referral	29/05/2017	NA	Approved	2
BWP004290	Design and Siting - Carport	Bartley Burns Certifiers & Planners	74 Shore Street East Cleveland QLD 4163	Concurrence Agency Referral	30/05/2017	NA	Approved	2
ROL006157	ROL 1 into 2 including New Road	Michell Town Planning & Development	110-112 Queen Street Cleveland QLD 4163	Code Assessment	29/05/2017	NA	Development Permit	2
ROL006180	Reconfiguring a Lot - Standard Format - 1 into 2 lots	George Phillip BUGEJA	10 Caravel Court Cleveland QLD 4163	Code Assessment	29/05/2017	NA	Development Permit	2
BWP004295	Design and Siting - Dwelling	BA Group Australia Pty Ltd	19 Condamine Crescent Thornlands QLD 4164	Concurrence Agency Referral	01/06/2017	NA	Approved	3

## Decisions Made Under Delegated Authority 28.05.2017 TO 03.06.2017

### CATEGORY 1

Application Id	Application Full Details	Applicant	Associated Property Address	Primary Category	Decision Date	Negotiated Decision Date	Decision Description	Division
BWP003990	Building Over/near relevant infrastructure - Carport	Brian ALGEO	13 Ooyan Street Coochiemudlo Island QLD 4184	ConRef 20 Day Referral	21/12/2016	31/05/17	Development Permit	4
BWP004280	Design and Siting - Carport	Applied Building Approvals	5 Dinjerra Street Macleay Island QLD 4184	Concurrence Agency Referral	29/05/2017	NA	Approved	5
MCU013954	Dwelling House	B Approved	3 Rainbow Avenue Macleay Island QLD 4184	Code Assessment	01/06/2017	NA	Development Permit	5
MCU013957	Dwelling House	Applied Building Approvals	152 Canaipa Point Drive Russell Island QLD 4184	Code Assessment	29/05/2017	NA	Development Permit	5
MCU013995	Dwelling	Bay Island Designs	43 Tina Avenue Lamb Island QLD 4184	Code Assessment	29/05/2017	NA	Development Permit	5
ROL006151	Standard Format: 1 into 2 Lots	Suzanne Kate HEMBROW	137-139 Main Street Redland Bay QLD 4165	Code Assessment	29/05/2017	NA	Development Permit	5
BWP004291	Design and Siting - Patio	Fluid Approvals	50 Ellabay Crescent Redland Bay QLD 4165	Concurrence Agency Referral	30/05/2017	NA	Approved	6
MCU013956	Dwelling House	Dan James KUHNERT David Wright Properties Project Urban	52-62 Heinemann Road Redland Bay QLD 4165	Code Assessment	02/06/2017	NA	Development Permit	6

## Decisions Made Under Delegated Authority 28.05.2017 TO 03.06.2017

### CATEGORY 1

Application Id	Application Full Details	Applicant	Associated Property Address	Primary Category	Decision Date	Negotiated Decision Date	Decision Description	Division
BWP004300	Design and Siting - Dwelling Extension	Bartley Burns Certifiers & Planners	22 Rossinton Street Birkdale QLD 4159	Concurrence Agency Referral	02/06/2017	NA	Approved	8
BWP004269	Design & Siting - Outbuilding	The Certifier Pty Ltd	6 Hooper Street Birkdale QLD 4159	Concurrence Agency Referral	01/06/2017	NA	Approved	10
BWP004289	Design and Siting - Dwelling Extension	Chistopher Ian HENDERSON	21 Galley Way Birkdale QLD 4159	Concurrence Agency Referral	31/05/2017	NA	Approved	10

## Decisions Made Under Delegated Authority 28.05.2017 TO 03.06.2017

### CATEGORY 2

Application Id	Application Full Details	Applicant	Associated Property Address	Primary Category	Decision Date	Negotiated Decision Date	Decision Description	Division
MCU013192	Shop	Powercat Partners Pty Ltd	101 Valley Way Mount Cotton QLD 4165	Impact Assessment	24/07/2014	1/06/17	Development Permit	6
OPW002198	Operational Work - Stand-Alone Earthworks associated with MCU013731	Hutchinson Builders	75 Boundary Street Redland Bay QLD 4165	SPA - 15 Day Compliance Assessment	31/05/2017	NA	Compliance Certificate Approved	6
MCU013874	Multiple Dwelling (13 Units) over four Development Stages	Wolter Consulting Group	Oaklands Street Child Care Centre 9-11 Oaklands Street Alexandra Hills QLD 4161	Code Assessment	27/01/2017	31/05/17	Development Permit	7
BWP004247	Build Over/Near Relevant Infrastructure (Sewer)	Cert 1 Private Building Certification	25 Keppell Street Birkdale QLD 4159	ConRef 20 Day Referral	31/05/2017	NA	Approved	10
BWP004248	Build Over/Near Relevant Infrastructure (Sewer)	Cert 1 Private Building Certification	27 Keppell Street Birkdale QLD 4159	ConRef 20 Day Referral	31/05/2017	NA	Approved	10

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**11.3.2 PLANNING & ENVIRONMENT COURT MATTERS AS AT 6 JUNE 2017**

**Objective Reference:** A2396686  
Reports and Attachments (Archives)

**Authorising Officer:**



**Louise Rusan**  
General Manager Community & Customer  
Standards

**Responsible Officer:**

**Stephen Hill**  
Acting Group Manager City Planning &  
Assessment

**Report Author:**

**Emma Martin**  
Acting Senior Planner

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## PURPOSE

The purpose of this report is for Council to note the current appeals and other matters/proceedings in the Planning and Environment Court.

## BACKGROUND

Information on these matters may be found as follows:

### 1. Planning and Environment Court

- a) Information on current appeals and declarations with the Planning and Environment Court involving Redland City Council can be found at the District Court web site using the "Search civil files (eCourts) Party Search" service: <http://www.courts.qld.gov.au/esearching/party.asp>
- b) Judgements of the Planning and Environment Court can be viewed via the Supreme Court of Queensland Library web site under the Planning and Environment Court link: <http://www.sclqld.org.au/gjudgment/>

### 2. Department of Infrastructure, Local Government and Planning (DILGP)

The DILGP provides a Database of Appeals (<http://www.dlg.qld.gov.au/resources/tools/planning-and-environment-court-appeals-database.html>) that may be searched for past appeals and declarations heard by the Planning and Environment Court.

The database contains:

- A consolidated list of all appeals and declarations lodged in the Planning and Environment Courts across Queensland of which the Chief Executive has been notified.
  - Information about the appeal or declaration, including the appeal number, name and year, the site address and local government.
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**APPEALS**

<b>1.</b>	<b>File Number:</b>	Appeal 3641 of 2015 (MCU012812)
<b>Applicant:</b>		<b>King of Gifts Pty Ltd and HTC Consulting Pty Ltd</b>
<b>Application Details:</b>		Material Change of Use for Combined Service Station (including car wash) and Drive Through Restaurant 604-612 Redland Bay, Road, Alexandra Hills
<b>Appeal Details:</b>		Applicant appeal against refusal.
<b>Current Status:</b>		Appeal filed in Court on 16 September 2015. Without Prejudice meeting held December 2015. Hearing set down for July 2017.
<b>2.</b>	<b>File Number:</b>	Appeals 4940 of 2015, 2 of 2016 and 44 of 2016 (MCU013296)
<b>Applicant:</b>		<b>Lipoma Pty Ltd, Lanrex Pty Ltd and Victoria Point Lakeside Pty Ltd</b>
<b>Application Details:</b>		Preliminary Approval for Material Change of Use for Mixed Use Development and Development Permit for Reconfiguring a Lot (1 into 2 lots) 128-144 Boundary Road, Thornlands
<b>Appeal Details:</b>		Submitter appeals against approval.
<b>Current Status:</b>		Appeals filed in Court on 18 December 2015, 4 January 2016 and 6 January 2016. Directions orders obtained 19 February 2016. Trial held 27-30 September 2016. Final submissions 7 October 2016. Awaiting Judgment.
<b>3.</b>	<b>File Number:</b>	Appeal 4807 of 2016 (MCU013719)
<b>Applicant:</b>		<b>IVL Group Pty Ltd and Lanrex Pty Ltd</b>
<b>Application Details:</b>		Car Park at 32A Teak Lane, Victoria Point (Lot 12 on SP147233)
<b>Appeal Details:</b>		Applicant appeal against Council refusal
<b>Current Status:</b>		Appeal filed 6 December 2016. Appointed experts (except planning) to meet and prepare joint reports prior to mediation. Mediation scheduled for 7 June 2017. Next Court review date 20 July 2017.
<b>4.</b>	<b>File Number:</b>	Appeal BD617 of 2017 (MCU013477)
<b>Applicant:</b>		<b>Roycorp Pty Ltd</b>
<b>Application Details:</b>		Multiple Dwelling (x 141) at 11 Rachow Street, Thornlands (Lot 8 on RP84253)
<b>Appeal Details:</b>		Applicant appeal against Council refusal
<b>Current Status:</b>		Appeal filed 20 February 2017. Experts being briefed. Mediation held on 8 May 2017. Hearing set for 5 days in September 2017.
<b>5.</b>	<b>File Number:</b>	1085 of 2017 (MCU012368)
<b>Applicant:</b>		<b>Ponda Developments Pty Ltd</b>
<b>Application Details:</b>		Multiple Dwelling (x 87) and 900m <sup>2</sup> commercial office or shops at 219-221 Bloomfield Street, Cleveland (Lot 2 on RP212525)
<b>Appeal Details:</b>		Originating application to revive a lapsed approval
<b>Current Status:</b>		Application filed 24 March 2017. Review scheduled for 16 June 2017.
<b>6.</b>	<b>File Number:</b>	1476 of 2017 (MC008414)
<b>Applicant:</b>		<b>Cleveland Power Pty Ltd</b>
<b>Application Details:</b>		Request to extend the relevant period – Biomass Power Plant at 70-96 Hillview Road, Mount Cotton (Lot 2 on RP30611)
<b>Appeal Details:</b>		Applicant appeal against Council refusal
<b>Current Status:</b>		Appeal filed 27 April 2017.

**OTHER PLANNING & ENVIRONMENT COURT MATTERS/PROCEEDINGS**

There are no other current matters.

**OFFICER'S RECOMMENDATION**

**That Council resolves to note this report.**

**11.3.3 DELEGATIONS FOR THE NEW PLANNING ACT 2016**

- Objective Reference:** A2301180  
Reports and Attachments (Archives)
- Attachments:** Delegation Register for *Planning Act 2016*  
Delegation Register for *Planning Regulation 2017*  
Delegation Categories and Limitations  
[Minister's Guidelines and Rules Schedule 1 \(Types of planning instrument amendments\)](#)
- Authorising Officer:**   
Louise Rusan  
General Manager Community and Customer Services
- Responsible Officer:** Stephen Hill  
Acting Group Manager City Planning and Assessment
- Report Author:** Craig Dickson  
Acting Principal Adviser Business Planning and Improvement
- 

**PURPOSE**

The purpose of this report is to:

1. provide delegations to the Chief Executive Officer (CEO) under the *Planning Act 2016* and *Planning Regulation 2017*; and
2. update the limitation of powers conferred by delegation.

**BACKGROUND**

Section 257 of the *Local Government Act 2009* (the Act) allows a local government to delegate a power under the Act or another Act, other than where an Act specifically states that the power must be exercised by Council resolution. Section 257 (1)(b) of the Act specifically provides for a power to be delegated to the CEO. Section 259 of the Act allows a CEO to then on-delegate their powers to appropriately qualified officers, other than where the local government specifically directs that the power not be further delegated or it is a power to keep a register of interests.

In order for Council to perform its business of development assessment and development compliance, numerous operational decisions must be made on a day to day basis for tasks such as the issuing of notices and providing development approvals. It would be ineffective, inefficient and inconvenient for all of these decisions to have to be made by reports to Council meetings and Council resolutions.

Delegations for the *Planning Act 2016* and *Planning Regulation 2017* have been compiled based on the Local Government Association of Queensland (LGAQ) delegations register template. These proposed delegated powers must be conferred by Council resolution before the commencement of the new legislation on 3 July 2017 to ensure the ongoing operational efficiency of Council in relation to land use planning matters.

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***Delegations under legislation***

On 25 May 2016 the State Government provided assent to the *Planning Act 2016* (the Act) with a commencement date later confirmed for 3 July 2017. The Planning Regulation 2017 was finalised on 2 June 2017 and will commence simultaneously with the *Planning Act 2016*. Both pieces of legislation will replace the current *Sustainable Planning Act 2009* (SPA) and Sustainable Planning Regulation 2009. As such, new delegations are required for Council to administer the new legislation.

***Delegations by category***

At the General Meeting on 27 July 2011 (Item 11.1.5) Council resolved to amend delegations under various planning acts repealed or in force at the time. The powers conferred for administering the relevant planning acts were broken down into categories based on an application's level of complexity. The categories are as follows and have remained unchanged since adoption:

Category 1 – Minor Complying Code Assessments and Compliance Assessments and associated administrative matters, including correspondence associated with the routine management of all development applications;

Category 2 – Complying Code Assessments and Compliance Assessments and Minor Impact Assessments;

Category 3 – Moderately Complex Code & Impact Assessments; and

Category 4 – Major and Significant Assessments

Introduction of new legislation has provided an opportunity to review the category descriptions.

***Delegations under statutory instruments***

At the Environment and Planning Committee meeting on 11 July 2012 Council resolved to delegate authority to the CEO to undertake administrative amendments to the Redlands Planning Scheme including planning, preparation and adoption in line with the Minister's statutory guidelines in force at the time.

The new Act gives power to a new Minister's Guidelines and Rules which Council must follow for the making or amending of a planning scheme, Temporary Local Planning Instrument (TLPI), Planning Scheme Policies (PSP) and the Local Government Infrastructure Plan (LGIP).

This report seeks to replace the current delegation to the CEO for administrative amendments to the planning scheme in line with the new Minister's Guideline and Rules and seeks to include administrative amendments for TLPI, PSP and the LGIP.

**ISSUES*****Delegations under legislation***

In order for officers to effectively implement the *Planning Act 2016* and Planning Regulation 2017 from 3 July 2017 they must have the appropriate delegations. Attachments 1 and 2 provide a list of delegations supplied by LGAQ as part of their delegations register. This report seeks a resolution of Council to provide delegations to the CEO, as listed in Attachments 1 and 2, acknowledging the limitations noted in each, pursuant to s.259 of the *Local Government Act 2009*.

Officers have been working on the appropriate assignment of on-delegations for the CEOs approval. This approval will be sought after Council's decision and before the legislation commences. Powers under repealed legislation will remain in force with the transitional provisions of the new *Planning Act 2016*.

There are a small number of new powers introduced under the *Planning Act 2016*, identified in Table 1, which have been removed from the original delegation register provided by LGAQ. At this time it is recommended that these powers are not delegated and consequently these would remain with Council for a decision.

**Table 1:** Delegations remaining with Council and explanation of power

Delegation power	Explanation
s.46 Power to give an exemption certificate for development	The Act allows Council to give a certificate that would exempt the applicant from requiring an application for their development. It is unknown the type and quantity of exemption certificates that may be sought therefore this decision will remain with Council and be monitored for any required changes.
s.48(3) Power to keep a list and enter an agreement with appropriately qualified alternative assessment managers	The Act allows Council to appoint alternative assessment managers (e.g. through a panel of providers) to assess development applications. It is not intended Council will utilise this new provision at this time.
S123(a) Power to agree with the recipient of an infrastructure charges notice about paying a levied charge in a way different to that specified in s122, including by instalments	The Act allows for an agreement between Council and the developer to pay an infrastructure charge in a manner different to what is generally allowed for under the Act. Any variation to what is allowed under s.122 would remain a decision of Council.
s.221 Power to make a claim for compensation from the State where Council incurs loss because of the exercise, or purported exercise, of a power by or for an inspector	If an inspector appointed by the Chief Executive causes a loss incurred by Council in the course of their duties, Council may seek compensation from the State. It is unlikely this power will need to be exercised and if it was, Council would make a decision on whether or not to proceed with a compensation claim.
s.229(2) Power as an appellant to start an appeal	Any decision to start an appeal against a decision of another agency, for example State Government as Assessment Manager.

### **Delegations by category**

All delegations provided must be exercised in accordance with legislative requirements, Council's Code of Conduct and the limitations outlined in the Instrument of Delegation. To provide further clarity around limitations the delegation categories, which break down delegation powers by application complexity, have been refined (see Attachment 3).

Should Council choose to adopt the amended category descriptions the resolution date and attachment will be quoted in the Instrument of Delegation to ensure full transparency and accountability of delegation powers. In addition, Attachment 1 will also reflect this report date as part of the delegation limitations.

Under the categories, there has been no change to the ability for Council to call in an application or for larger and more complex applications to be determined by a resolution of Council.

### ***Delegations under statutory instruments***

The Minister's Guidelines and Rules is the new statutory guideline for Councils to follow in making and amending local planning instruments. The previous delegation to the CEO for administrative amendments to the Redlands Planning Scheme will therefore be invalid; in addition to the fact the Redlands Planning Scheme will soon be replaced.

Schedule 1 of the Rules (see Attachment 4) defines administrative amendments including issues such as formatting, numbering, grammar, incorrect statement of fact or cross references to out-dated documents. Administrative amendments do not amend policy direction or development rights.

This report seeks to continue delegating power to the CEO for administrative amendments to the planning scheme, in addition to Temporary Local Planning Instruments (TLPI), Planning Scheme Policies (PSP) and the Local Government Infrastructure Plan (LGIP). The CEO may on-delegate administrative amendments to the General Manager Community and Customer Services and the Group Manager, City Planning and Assessment.

Any decision regarding the following will remain a decision of Council:

- resolve to undertake a minor, major or qualified state interest amendment;
- introduce a new, or repeal an existing TLPI (note Council does not currently have a TLPI);
- approve a minor, major or qualified state interest amendment for forwarding to the Minister for final approval;
- make or amend (other than an administrative amendment) the LGIP; and
- make or amend (other than an administrative amendment) a PSP.

The administrative functions required to undertake the above including preparing the amendments, notifying relevant parties including the administering Department, preparing consultation reports and the like will be delegated to appropriately qualified officers in order for Council to adequately perform the administrative requirements of the Rules.

## **STRATEGIC IMPLICATIONS**

### **Legislative Requirements**

This review and the recommendations of this report are in accordance with the legislative requirements relating to delegation of powers to the CEO.

### **Risk Management**

Utilising the delegation register supplied by King and Company solicitors through LGAQ ensures that Council's delegations are accurate and in accordance with the relevant legislation. Clarification of category limitations ensures all officers with delegation fully understand their delegated authority capacity.

### **Financial**

There are no specific financial implications associated with this report.

### **People**

This review and report ensures that delegations to the CEO are accurate and allows the on-delegation of powers to appropriate officers to provide for the day to day decisions and responsibilities required under the *Planning Act 2016*.

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**Environmental**

There are no specific environmental implications associated with this report.

**Social**

There are no specific social implications associated with this report.

**Alignment with Council's Policy and Plans**

The delegation process provides an important role in the operation of Council in accordance with a number of Council's policies and plans.

**CONSULTATION**

In conducting this review and preparing this report, consultation has occurred with the Local Government Association of Queensland, Corporate Services, General Counsel, Environment and Regulation and other relevant stakeholders of Council impacted by the new legislation.

**OPTIONS**

1. That Council resolves to accept the officer's recommendations and attachments to this report.
2. That Council resolves to accept the officer's recommendations and attachments to this report with amendments.
3. That Council resolves not to accept the officer's recommendations and attachments.

**OFFICER'S RECOMMENDATION**

**That Council resolves to:**

1. **Delegate under section 257 (1)(b) of the *Local Government Act 2009*, all functions and powers (including relevant limitations) as listed in Attachment 1 and 2 of this report to the Chief Executive Officer;**

**Adopt the revised categories of delegation as listed in Attachment 3 with the categories to be reflected as a summary of limitations in each delegated officer's Instrument of Delegation and a reference made to this resolution date.**

Delegation Register for Planning Act 2016

(Attachment to follow)

Delegation Register for *Planning  
Regulation 2017*

(Attachment to follow)

## Delegation Categories and Limitations

(Attachment to follow)

## Schedule 1—Types of planning instrument amendments<sup>24</sup>

### For a local planning scheme

1. For Chapter 2, Part 1, an administrative amendment to a planning scheme is an amendment that—
  - a) the local government is satisfied corrects or changes—
    - i. an explanatory matter about the instrument;
    - ii. the format or presentation of the instrument;
    - iii. a spelling, grammatical or mapping error in the instrument that does not materially affect the remainder of the instrument;
    - iv. a factual matter incorrectly stated in the instrument;
    - v. a redundant or outdated term in the instrument;
    - vi. inconsistent numbering of provisions in the instrument;
    - vii. cross-references in the instrument; or
  - b) the local government makes to—
    - i. reflect an amendment to the regulated requirements under the Planning Act and used in the planning scheme; or
    - ii. amend a statement that a regional plan or the SPP is appropriately integrated, in whole or in part, in the planning scheme, if the Minister has advised the local government that the planning scheme appropriately integrates the regional plan or the SPP.
  
2. For Chapter 2, Part 2, a minor amendment to a planning scheme is an amendment that is not an administrative amendment and that the local government is satisfied meets any of the following—
  - a) is undertaken in accordance with a Ministerial direction or request (made under Chapter 2, Part 3, Division 3 of the Act) relating to rezoning of government owned land and any consequential amendment to planning scheme provisions for government owned land;
  - b) removes a provision in a planning scheme which has been declared by a regulation made pursuant to the SEQ Water Act to have no effect for the assessment of a development application in the SEQ Region (see sections 78A and 102 of the SEQ Water Act);
  - c) reflects an amendment to a matter addressed in the regulated requirements used in the planning scheme;
  - d) includes a statement that a referral agency has devolved or delegated a referral agency jurisdiction to a local government;
  - e) reflects a current development approval, a master plan for a declared master planned area, or an approved development plan under the *South Bank Corporation Act 1989*, or an approval under other legislation;

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<sup>24</sup> For Chapters 2 and 3.

- f) includes a PSP having followed the appropriate making or amending process and prepared in accordance with Chapter 3, Part 1 of this document;
  - g) is a change to comply with the relevant matters of state and regional significance in any regional plan (including regulatory provisions that apply in the local government area) that does not include a change to—
    - i. a category of development or category of assessment;
    - ii. a zone under the scheme; or
    - iii. a policy position expressed in the scheme;
  - h) reflects a change or changes to mapping in Appendix 1 of the SPP where the mapping is not locally refined by the local government and is not mapping under section 2(k) of this schedule;
  - i) is a change to integrate the state interests in the SPP that does not include a change to—
    - i. a category of development or category of assessment;
    - ii. a zone under the scheme; or
    - iii. a policy position expressed in the scheme;
  - j) reflects changes in response to a Ministerial direction given under Chapter 2, Part 3, Division 3 of the Planning Act, if in the local government's opinion, the subject matter of those changes has involved adequate public consultation;
  - k) ensures the planning scheme contains the most up-to-date information about the risks to life and/or property by providing for the inclusion of new or amended natural hazard mapping in the scheme where the mapping is—
    - i. for a flood hazard area - based on a localised flood study that has been undertaken by an RPEQ, includes climate change projections and has been accepted by a local government; or
    - ii. the state mapping layer, that has not been locally refined, for—
      - a. bushfire prone area;
      - b. erosion prone area; or
      - c. storm tide inundation area; or
  - l) is of a minor nature that does not include zoning changes.
3. For Chapter 2, Part 3 a qualified state interest amendment is an amendment that the Minister is satisfied—
- a) is not a minor amendment or an administrative amendment;
  - b) affects no more than three state interests as expressed in the SPP, relevant regional plan or other statutory instrument or that the Minister is satisfied meets the requirements of 3(d)(iii) of Schedule 1;
  - c) does not involve the state interest of natural hazards, risk and resilience as set out in the SPP; and
  - d) meets at least one of the following—
    - i. is an amendment to make a change or changes to mapping in Appendix 1 of the SPP where the mapping is locally refined by the local government;

- ii. is an amendment to comply with the relevant matters of state and regional significance in any regional plan including regulatory provisions, or in response to the SPP, that does not adversely impact upon a state interest, and is not a minor change;
  - iii. is an amendment that—
    - a. reflects the guiding principles of the SPP;
    - b. does not adversely affect a state interest in the SPP or regional plan;
    - c. accords with the Act's purpose; and
    - d. is consistent with the regulated requirements under the Act.
4. For Chapter 2, Part 4, a major amendment is an amendment that is not an administrative amendment, a minor amendment or a qualified state interest amendment.

**For a planning scheme policy (PSP)**

5. An administrative amendment to a PSP is an amendment that the local government is satisfied corrects or changes—
- a) an explanatory matter about the planning scheme or PSP;
  - b) the format or presentation of the PSP;
  - c) a spelling, grammatical or mapping error in the PSP that does not materially affect the remainder of the PSP;
  - d) a factual matter incorrectly stated in the PSP;
  - e) a redundant or outdated term in the PSP;
  - f) inconsistent numbering of provisions in the PSP; or
  - g) cross-references in the planning scheme or PSP.
6. A minor amendment to a planning scheme policy is an amendment making a correction or change which the local government is satisfied—
- a) does not introduce new information; or
  - b) does not significantly change an existing policy position of the planning scheme or technical matter contained in the existing planning scheme policy.
7. An amendment to a PSP is an amendment that is not an administrative or minor amendment.

**11.3.4 ECONOMIC DEVELOPMENT ADVISORY BOARD UPDATE**

**Reference:** A124442  
**Reports and Attachments (Archives)**

**Authorising Officer:**   
**Louise Rusan**  
**General Manager Community and Customer Services**

**Responsible Officer:** **Kim Kerwin**  
**Group Manager Economic Sustainability and Major Projects**

**Report Author:** **Noreen Orticio**  
**Research Economist**

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**PURPOSE**

The purpose of this document is to present a report to Council on the sixth formal meeting of the Redland City Economic Development Advisory Board (the Advisory Board) as specified in the Terms of Reference.

**BACKGROUND**

Redland City Council has formed an Economic Development Advisory Board as part of its commitment to increasing the city's economic capacity through business retention and growth and employment generation.

The Advisory Board provides strategic advice on the implementation of the Economic Development Framework including through the development of industry sector strategy and action plans.

**ISSUES****1. Advisory Board meeting 18 May 2017:**

The sixth formal Advisory Board meeting was held on the 18 May 2017.

The meeting agenda consisted of updates on key Council initiatives including the development of the action plans in the industries of Education and Training; and Health Care and Social Assistance. Presentations on the Cleveland Central Business District (CBD) and Tourism Accommodation Incentives Package and the City Branding project were also provided for Advisory Board input

The following items formed the agenda for the meeting:

- i. Economic Sustainability and Major Projects Snapshot
  - ii. City Internet Connectivity
  - iii. Innovation
    - a. Advance Queensland Regional Innovation Program
    - b. RedGen<30 Innovation Forum
  - iv. Industry Sector Strategies and Action Plans
  - v. Cleveland CBD and Tourism Accommodation Incentives Package Review
-

- vi. City Branding and Tourism Update
- vii. Regional Development Australia (RDA) Logan and Redlands Update
  - a. City4Age: Smart Cities International Research Collaboration
  - b. Smart Transport- NGO Vehicle Asset Utilisation Study

A summary of presentations is provided below:

- i. Economic Sustainability and Major Projects (ES&MP) Snapshot:  
The Advisory Board was provided with the various initiatives of ES&MP including updates on team members, international relations, 7 Day Makeover for Cleveland CBD, branding, and Commonwealth Games.
- ii. City Internet Connectivity  
The Advisory Board has consistently discussed the relevance of improving internet connectivity in the city as it facilitates economic growth and job creation. They highlighted the need to identify options of addressing internet service gaps and have supported potential implementation of a high speed network in key areas of the city. The data from a business survey conducted last year suggested that internet connectivity is a significant issue for most businesses and while this cannot be addressed quickly a more targeted approach might provide more doable solutions for improving internet speed. To further understand the internet gaps in key economic and commercial areas, a follow up survey focusing on businesses in the Capalaba and Cleveland Industrial Estates was conducted.

The follow up survey took place between February-March 2017. More than 500 businesses were targeted in the Capalaba and Cleveland Industrial Estates. 137 businesses responded to the voluntary survey. The results mirrored the preliminary city-wide survey results. Most businesses have stated the high speed internet is of critical importance to their operations. There is wide spread dissatisfaction with current internet services. Of particular note was the frustration of the Cleveland Industrial Estate business owners who variously had to pay for their own Fibre to the Premises (FTTP) connection or have been quoted large sums to get a high speed solution.

The Chief Information Officer met with the National Broadband Network (NBN) Community Affairs Manager. Based on NBN's timeline most of the city will receive NBN by 2019

Options that Council can explore to improve the internet gaps include:

- Option 1 Lobby NBN Co to fast-track the rollout of NBN in the city.
- Option 2 Identify opportunities for a Council implemented solution.
- Option 3 Investigate commercial partner solutions.
- Option 4 Pursue further discussion with telecommunication service provider specifically about Cleveland Industrial Estate.

Council officers will explore the options further before making any final recommendations.

- iii. Innovation
  - a. Advance Queensland Regional Innovation Program  
The Advance Regional Innovation Program application has been submitted with Redland City Council taking over from RDA Logan and Redlands as the lead partner in the last week before submission. Logan City Council also joined the proposal during the last week.

The components included:

- Cross-regional co-ordination
- Innovation Summit Series targeted at different sectors of the economy
- Dedicated innovation space
- Partnerships with schools and university delivering innovation programs into these sectors
- Partnerships with Redland City Chamber of Commerce including mentoring and Angel Investment program

The commercial cash partnership funding is still being sourced and the Advisory Board's assistance is being sought. The next step is a presentation to the Assessment Panel scheduled on 8 June.

b. RedGen<30 Innovation Forum

The RedGen Under 30 Youth Innovation Forum that took place on 7 April attracted 24 of the city's brightest young people aged 18-30 as well as a range of other stakeholders. The innovation summit for young people was borne out of the Advisory Board's recommendation of pursuing innovation in the city as it brings potential social and economic benefits.

The participants of the forum were from a broad range of occupations. They were inspired by excellent speakers and generated a range of great ideas on how to attract and retain young people in Redland City.

Pre-engagement exercises were conducted that helped shape the discussion during the forum. An online survey generated 118 responses. Focus group discussions were also conducted at Sheldon College and Victoria Point State High School. The themes that emerged from these exercises were

- the highly valued lifestyle;
- poor public transport;
- congested road networks;
- a strong polarisation between those that wanted more affordable housing and the anti-development sentiment of others;
- lack of job opportunities; and
- the need for both better nightlife and more family-focussed activities.

The priority issues raised during the forum with regard to progressing innovation related initiatives and the short term actions that Council can undertake to address these included:

- Widespread support for a co-working/innovation space.
- Participants were extremely keen to be involved in some way going forward, e.g. through a local Meetup startup group. Council will explore ways to develop and maintain an effective network from which suggestions and feedback can be sought, particularly with regard to the co-working/innovation space; and

- Participants felt that schools had a key role to play in: a) encouraging students to consider 'entrepreneurship' as a future career direction; and b) establishing traineeship and/or work experience programs with innovative local businesses. This will be discussed during future engagement between Council, schools and local Chambers of Commerce.

iv. Industry Sector Strategies and Action Plan

The Health Care and Social Assistance Strategy and Action Plan was presented to and workshopped with the Advisory Board on the 21<sup>st</sup> of April. The Board members provided feedback and recommended that the report needed to be amended prior to the Councillors' workshop scheduled on the 31<sup>st</sup> of May. A presentation on the updated action plan was made at the Advisory Board meeting. The consultants briefed the Advisory Board on the changes they have undertaken particularly on the SWOT analysis, strategies and the list of actions. The economic impact analysis of the actions and the underpinning assumptions was also discussed. Feedback from the Advisory Board members focused on the role of Council in driving the health precinct, attracting GP's and specialists in the city and how employment in the Health Care and Social Industry can be facilitated.

A report to Council on the final Health Care and Social Assistance and the Education and Training Industry Sector Strategies and Action Plans will be presented at a future General meeting.

v. Cleveland CBD and Tourism Accommodation Incentives Package Review

At the General meeting on 22 June 2016, Council resolved to refer the incentive packages to the Advisory Board for review and feedback. The Advisory Board commended Council for its initiative in creating a package that aims to boost the local economy and recognised that the approved applications will provide economic benefits for the long term. The Advisory Board also recommended that there is a need to measure the effectiveness of the incentives packages as a basis for considering whether to continue with the program or not.

In view of this recommendation, Council engaged consultants to independently review the Cleveland CBD and Tourism Accommodation Incentives Package and the results were presented to the Advisory Board. The Cleveland CBD Incentives package was introduced to provide a short term stimulus to the economy by encouraging investments in light of the Global Financial Crisis (GFC). The package was later expanded to include Tourist Accommodation across the city. While the findings suggest the positive impact of the incentives package (given high benefit cost ratio) and constructive feedback from development applicants, the recommendation is for Council to adopt a more strategic and targeted approach that combines both financial and non-financial incentives. A separate Council report will discuss further details of the methodology and recommendations of the review.

vi. City Branding and Tourism Update

The Advisory Board recognised the need for city branding as it provides economic leverage. It can contribute to the city's development by creating pride and identity, encouraging investment and attracting domestic and international visitors. Council resolved to endorse developing a city branding

and identity strategy at the General meeting on 9 November 2016. City Branding was also identified as one of Council's five strategic priorities.

The City Branding project is underway and the consultants (Clemenger) commissioned by Council to lead this project gave an overview of their organisation and discussed their branding development approach. Various engagement activities both internal and external will be undertaken to capture the essence of Redlands. Clemenger sought the Advisory Board's feedback on what they thought is the essence of the Redlands. The Advisory Board also provided input on the approach and scope of undertaking the project.

- vii. Regional Development Australia (RDA) Logan and Redlands Update
  - c. City4Age: Smart Cities International Research Collaboration  
City4Age is a Smart Cities research project that aims to use technological tools to enhance early detection of risk. Test bed cities are found in Europe and Asia like Madrid, Athens, and Singapore. Redlands is being proposed as the first test bed city in Australia. Submissions are being made to access funding at the State and Federal levels.
  - d. Smart Transport- NGO Vehicle Asset Utilisation Study  
RDA and Queensland University of Technology (QUT) are undertaking an investigation on NGO vehicle asset sharing and utilisation. The project has collected and analysed data to understand vehicle usage, demand and geographic data. Early insights suggest that NGOs do not keep useable transport records or data and that early models of community transport were not sustainable because they are inefficient. Further data collection and workshop with stakeholders will follow.

## 2. Advisory Board Recommendations:

Addressing the internet service gaps and improving city internet connectivity is a major concern as it is a key enabler of economic development. The Advisory Board have expressed their willingness to provide advice and feedback when commercial opportunities arise in relation to Option 3 in addressing internet gaps. They have also endorsed that a meeting between telecommunication service provider and Redland City Council be held prior to the next Advisory Board meeting which is scheduled to take place on 24 August 2017.

The positive impact of the Cleveland CBD and Tourism Accommodation Incentives Packages was highlighted by the review. However, a more targeted incentives approach might provide better economic outcomes. The Advisory Board recommended that the incentive schemes be extended for 6 to 12 months until industry sector strategies and action plans have been finalised to provide an opportunity to align with business needs and potential benefits.

The Advisory Board further endorsed the City4Age initiative but did not support funding contribution from Council.

## **STRATEGIC IMPLICATIONS**

### **Legislative Requirements**

There are no legislative requirements that affect the outcome of this report.

### **Risk Management**

Identified risks to successful economic development in the City include:

- Failure to work in partnership with the business community, and other levels of government which will inhibit the delivery of the framework; and
- Failure to develop and implement the industry action plans due to inadequate resourcing.

### **Financial**

Budgets have been allocated

- for the development of the Health Care and Social Assistance and Education and Training industry sectors.
- for the City Branding project.

The Cleveland CBD and Tourism Accommodation Incentives Package is allocated \$2,150,000 which includes both the infrastructure and development fee concessions. Both incentives packages are due to conclude by 30 June 2017 or until expended (whichever comes first). A separate Council report will seek Council's recommendations on the incentives packages.

### **People**

The various projects such as the Industry Sector action plans, city internet connectivity and City Branding may impact upon staff resources within the Economic Sustainability and Major Projects Group, Communications, Engagement and Tourism Group, and Information Management Group.

### **Environmental**

There are no identified environmental impacts.

### **Social**

A strong and vibrant economy allows a community to reinvest its wealth back into the society that helped contribute to that growth. The well-being of people, the environment and the economy are intricately linked. A strong and sustainable economy will be integrated and deliver benefits from across a range of sectors, through all parts of the city and across all demographic boundaries.

### **Alignment with Council's Policy and Plans**

#### *Relationship to Corporate Plan*

The Economic Development Advisory Board through its role of monitoring the implementation of the Redland City Economic Development Framework 2014-2041 supports Council's strategic priority of delivering a supportive and vibrant economy. In addition, the Redland City Economic Development Framework 2014 – 2041 will also:

- Provide opportunity for business investment and local employment;
- Develop a supportive vibrant economy that delivers business opportunities;
- Promote local jobs; and
- Strengthen the tourism industry.

#### *Relationship with Council's Strategic Priorities*

Redland City Council identified five strategic priorities that will guide the organisation for the remainder of the local government term. Of these five, two align with the role of Economic Development Advisory Board, namely: economic development and branding identity.

## CONSULTATION

The sixth formal meeting of the Economic Development Advisory Board has secretariat staff from the Economic Sustainability and Major Projects Group with input from the following:

### Internal

- Information Management; and
- Communications, Engagement and Tourism Group;

### External

- Carramar;
- RPS;
- Clemenger;
- Queensland University of Technology and
- Regional Development Australia (RDA) Logan and Redlands

## OPTIONS

### Option One

That Council resolves to:

1. Note the report from the Economic Development Advisory Board meeting of 18 May 2017;
2. Note the EDAB recommendation to Council to consider continuing the Cleveland CBD and Tourism Accommodation Incentives Package for up to 12 months until the package is reframed to form a more targeted incentives program that aligns with priorities emerging from industry sector strategies and action plans; and
3. Endorse the EDAB recommendation of supporting the City4Age initiative with no funding allocation from Council.

### Option Two

That Council requests additional information on the Economic Development Advisory Board meeting of 18 May 2017.

## OFFICER'S RECOMMENDATION

That Council resolves to:

1. **Note the report from the Economic Development Advisory Board meeting of 18 May 2017;**
2. **Note the EDAB recommendation to Council to consider continuing the Cleveland CBD and Tourism Accommodation Incentives Package for up to 12 months until the package is reframed to form a more targeted incentives program that aligns with priorities emerging from industry sector strategies and action plans; and**
3. **Endorse the EDAB recommendation of supporting the City4Age initiative with no funding allocation from Council.**

**11.3.5 CLEVELAND CBD TOURISM ACCOMODATION INCENTIVE PACKAGES**

**Objective Reference:** A124442  
Reports and Attachments (Archives)

**Attachments:** [Report from 27 January 2016 Item 11.2.3 Cleveland CBD and Tourism Accommodation Incentives Package](#)  
[Report from 22 June 2016 Item 11.3.3 Tourism Accommodation Incentives Package Redland City Council Incentives Package Assessment Report](#)

**Authorising Officer:**   
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**Responsible Officer:** Kim Kerwin  
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**PURPOSE**

The purpose of this report is to seek Council's endorsement to extend the Cleveland Central Business District (CBD) Development Incentives Package and Tourism Accommodation Incentives Package until 30 June 2018 or until expended (whichever occurs first), maintaining the current program while developing a new Investment Attraction Strategy which adopts a more targeted and strategic approach to investment attraction and the types of incentives being offered, aligned to Council's priority industry sectors.

**BACKGROUND**

The Cleveland CBD Incentives Package was endorsed by Council in February 2013 as a way of stimulating economic activity within the Cleveland CBD and providing catalyst projects that would assist in the activation of the Cleveland Centre Master Plan. The operation of the Incentives Package was originally from 1 March 2013 until 30 June 2015.

The Tourism Accommodation Incentives Package was designed to stimulate investment and construction in tourist accommodation in the City, outside of the Toondah and Weinam Creek Priority Development Areas and the Cleveland CBD Incentives Package defined area. Endorsed by Council on 30 July 2014, the program was designed to be implemented in tandem with the Cleveland CBD Incentives package drawing from the same funding allocation.

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The Cleveland CBD Incentives package was extended in July 2015, with an expiry date of 30 June, 2017 to conclude alongside the Tourist Accommodation Incentives package.

An additional funding of \$400,000 for the Development Application Fee concession component of the Cleveland CBD Development Incentives Package and Tourism Accommodation Incentives Package was endorsed by Council on 27 January 2016.

### **Cleveland CBD Development Incentives Package**

The Cleveland CBD Development Incentives Package consisted of a number of measures and conditions including:

- A defined geographical area within the Cleveland CBD consisting of a Primary and Secondary Incentives Area;
- Infrastructure contribution concessions across the Primary and Secondary Incentives Area for certain eligible uses (cap of \$1.5million);
- Development Application fee concessions within the Primary and Secondary Incentives Area (cap of \$650,000);
- Ratings and utility charge concessions within the Primary and Secondary Incentives Area;
- Regulatory and facilitative concessions within the Primary and Secondary Incentives Area; and
- A defined operational life of the program that is designed to conclude in June 2017.

### **Tourism Accommodation Incentives Package**

The Tourism Accommodation Incentives Package offers similar measures and conditions as the Cleveland CBD Development Incentives Program including:

- Concessions on infrastructure charges;
- Concessions on development application fees;
- Rating and utility charge concessions during construction; and
- Fast tracking of development applications.

A review of the incentives packages to assess their effectiveness was recommended by the Redland Economic Development Advisory Board (EDAB). Council commissioned RPS to conduct an independent review of the Cleveland CBD and Tourism Accommodation Incentives Package. The findings of this review are discussed below.

## **ISSUES HIGHLIGHTED BY REVIEW**

### **1. Overview of the review of Incentives Packages**

Council commissioned an independent review of the Cleveland CBD and Tourism Accommodation Incentives Packages. The scope and methodology of the review included:

- An analysis of the history and take up of both incentive packages;
- An environmental scan of economic incentives programs offered by local government.

- An economic assessment of the incentives packaged using Cost Benefit analysis (CBA).
- Workshop with EDAB to generate feedback on the assessment and recommendations.

A separate key informant interview process was undertaken by the Principal Adviser Strategic Economic Development. The interviews targeted proponents of large developments that were successful in attracting incentive fee waivers and was aimed at obtaining the proponents' perspectives on the incentive packages.

## 2. Redland City Council Incentives Packages – Budget vs. Allocation

When the independent assessment was undertaken in May 2017, there had been no draw down on the infrastructure charges concession component of the incentives package. There is usually a significant lead time from the date of development application to completion of construction and eligibility to attract an infrastructure charges waiver. The most recent take up of the incentives is indicated below:

Table 1: Cleveland CBD Incentives Package and Tourism Accommodation Incentives Package budget\*

Description	Budget \$	Expended \$	Remaining \$
<b>Infrastructure Charges Concessions</b>	1,500,000.00	403,233.09	1,096,766.91
<b>Development Application Fee Concessions</b>	650,000.00	335,861.00	314,139.00
<b>Total</b>	<b>2,150,000.00</b>	<b>739,094.09</b>	<b>1,410,905.91</b>

\*Note: As of 1 June 2017

Some of the development applications that have received discounts under the incentives packages include:

- Tourist Accommodation at 332 Finucane Road, Alexandra Hills;
- Tourist Accommodation, Apartment Building, Refreshment Establishment and Shop at 18-20 Waterloo Street and 22 Taylor Crescent, Cleveland;
- Tourist Accommodation and Tourist Park at 149-169 and 207-215 Mount View Road, Mount Cotton;
- Apartment Building at 22 Waterloo Street, 140-146 Queen Street and 24-26 Taylor Crescent, Cleveland;
- Tourist Accommodation, Apartment Building, Refreshment Establishment and Shop at 4 Harbourview Court and 144A Shore Street West, Cleveland; and
- Tourist Accommodation, Apartment Building and Shop at 138-144 Bloomfield Street, Cleveland.

## 3. Role of Local Government in Attracting Development and Models of Incentives Packages

Governments play a vital role in attracting development in their areas. The approach taken by local government needs to be multifaceted and undertaken in conjunction with state and possibly federal government and industry. The review noted factors that need to be considered include but are not limited to:

- Current economic conditions as well as access to finance;
- Assisting existing businesses in the development of growth opportunities, rather than attempting to immediately attract new business;
- Development plans for a particular area and their attractiveness to investors;
- Willingness of local governments to assist with the development process i.e. through incentives and bonuses;
- A proactive, rather than reactive approach to development that promotes development incentives in return for public and environmental benefits;
- Understanding the competitive advantages of our region;
- Access to transport and infrastructure; and
- Supply of labour.

Local governments around South-East Queensland (SEQ) have adopted a variety of options when pursuing investment opportunities. Table 2 below provides a snapshot of how local governments attract investment.

Table 2. Snapshot of SEQ Councils Incentive Packages

Brisbane City Council	Sunshine Coast Council
<ul style="list-style-type: none"> <li>• Incentives targeted at student accommodation, aged care development and not for profit organisations</li> <li>• Financial and non-financial incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Financial and non-financial incentives</li> <li>• Development investment incentives. Targeted at specific industry sectors                             <ul style="list-style-type: none"> <li>○ Rural</li> <li>○ Tourism</li> <li>○ Aged Care</li> </ul> </li> <li>• Investment Attraction Incentives. Targeted at specific industry sectors e.g.                             <ul style="list-style-type: none"> <li>○ Health and Wellbeing</li> <li>○ Education and Research</li> <li>○ Tourism, Sport and Leisure</li> <li>○ Food and Agribusiness</li> <li>○ Knowledge and Professional Services</li> </ul> </li> <li>• That development must demonstrate profitability</li> <li>• Investment capital of &gt;\$10m or at least 10 jobs</li> </ul>
Logan City Council	Gold Coast City Council
<ul style="list-style-type: none"> <li>• Financial and non-financial incentives</li> <li>• Infrastructure charges deferrals</li> <li>• Targeting non-residential development, 4-5 star hotel accommodation and not for profit organisations</li> <li>• Creation of a new Springwood Economic Development Zone that will offer                             <ul style="list-style-type: none"> <li>○ Infrastructure concessions</li> <li>○ Relaxation of car parking requirements</li> <li>○ Increased building heights</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Targeted, sector specific incentives' programs Incentives are both financial and non-financial and aimed at the following areas                             <ul style="list-style-type: none"> <li>○ Film attraction</li> <li>○ Export Assistance</li> <li>○ International trade delegations</li> <li>○ Southport CBD</li> <li>○ Dedicated team offering business support in capacity building, pre-development meetings, strategic advice and research to targeted industries</li> </ul> </li> </ul>

#### **4. Economic Assessment of the Incentives Package**

The review used a Cost Benefit Approach (CBA) to evaluate the incentives packages. The method compares the monetised benefits and costs as a basis for evaluating a project's desirability. CBA complies with the Queensland Government Guidelines for Economic Appraisal.

The review used a conservative 10% discount rate for the assessment with a timeframe of 15 years. The results show that the net present value (NPV) of the benefits associated with the incentives packages over the 15 year timeframe yields benefits amounting to \$42,448,550 while the expended costs yields a NPV of \$277,398. The benefit-cost ratio (BCR) of 153 indicates that the benefits of the incentives package outweighed the cost.

The review of the incentives packages attributed the following factors as contributing to the success of the incentives packages:

- The aims of the incentives packages have been achieved, namely;
  - to stimulate investment and development during a downturn in construction in the Cleveland CBD; and
  - to stimulate investment and development in the tourist accommodation offering.
- Generated forward construction activity in the Cleveland CBD and the wider City;
- The NPV of the benefits associated with incentives packages has generated additional construction sector Gross Value Add (GVA) for the city; and
- No opportunity cost can be attributable to the delivery of the incentives packages for Council.

#### **5. Assessment Recommendations**

The review highlighted the success of the incentives packages but encouraged Council to look at the current program as the foundation for an evolving process that will need to include:

- Adopting a more targeted and strategic approach to investment attraction and the types of development being offered through the development of an Investment Attraction Strategy for the priority industry sectors identified in the Redland City Economic Development Framework 2014 - 2041;
  - The targeted investment attraction strategies should be integrated into the Industry Strategy and Action Plans that have been or are in the process of being developed;
  - Determining precisely what outcomes the City is attempting to achieve from an incentives program;
  - Offer both financial and non-financial incentives and assistance;
  - Providing Case Managers or Development Advocates to oversee and guide developments;
  - Adopting more rigorous requirements around eligibility;
  - Requiring the development of a business case for eligible developments;
  - Work with other levels of government and the private sector in the development and delivery of future incentives; and
-

- Continue to invest in the amenity of the City through Master Planning and investment and upgrades in public infrastructure.

## **6. Key informant interviews**

Council's Principal Advisor Strategic Economic Development interviewed six project proponents/applicants who had been successful in attracting planning application fee waiver incentives totalling \$82,928 as well as a developer who had not accessed the program. Responses confirmed the value of the incentives packages as an indication of Council support for investment in the City, while highlighting the need for better promotion of the packages and a more targeted approach to incentivising investment based on alignment with key industry sectors.

## **7. Economic Development Advisory Board Recommendations**

Council engaged RPS to independently review the Cleveland CBD and Tourism Accommodation Incentives Packages in light of EDAB's recommendation to Council of the need to measure the effectiveness of the incentive packages. RPS presented the results of their assessment to EDAB at the Board meeting on 18 May 2017.

The Cleveland CBD Incentives package was particularly introduced to provide a short term stimulus to the economy by encouraging investments in light of the Global Financial Crisis (GFC). The package was later expanded to include Tourist Accommodation across the city.

While the findings strongly reinforce the positive impact of the incentives packages (given high benefit cost ratio) and constructive feedback from development applicants, the recommendation is for Council to adopt a more strategic and targeted approach that combines both financial and non-financial incentives. EDAB recommends to Council that the incentive packages be extended for 6 to 12 months until industry sector strategies and action plans have been finalised to provide an opportunity to develop incentives that are aligned with the objectives of the strategies and the desired economic benefits to Redland City.

## **STRATEGIC IMPLICATIONS**

### **Legislative Requirements**

A resolution of Council is required to extend the operation of the Cleveland CBD Development and Tourism Accommodation Incentives Packages beyond 30 June 2017.

### **Risk Management**

#### *Risks*

Investors may bypass Redland in favour of other areas of Southeast Queensland that offer potentially greater return on investment based on more mature investment attraction strategies.

If Council intends supporting development of a more targeted investment attraction strategy, there is a positive message in maintaining the current incentives packages until fully drawn down or replaced with a more strategic incentives package.

### **Financial**

Of the \$1.5m allocated in infrastructure contribution concessions and \$650,000 allocated in development application fee concessions, there remains a balance of \$1.41m in incentives available including \$1.097m in infrastructure charges and \$314,139 in application fees.

## People

The extension of the Cleveland CBD Development Incentives Package and the Tourism Accommodation Incentives Package will require continued involvement of officers from across a number of departments to oversee implementation and to manage and process development applications, including:

- Economic Sustainability and Major Projects;
- City Planning and Assessment;
- City Infrastructure; and
- Financial Services.

## Environmental

Nil

## Social

A strong and vibrant economy allows a community to reinvest its wealth back into the society that helped contribute to that growth. The well-being of people, the environment and the economy are intricately linked. A strong and sustainable tourism sector will deliver benefits through all parts of the city's economy and across all demographic boundaries.

## Alignment with Council's Policy and Plans

### *Relationship to Corporate Plan*

The Cleveland CBD Development Incentives Package primarily supports Council's strategic priority of delivering a supportive and vibrant economy, wise planning and design and strong and connected communities. In addition, the Cleveland CBD Development Incentives Package and Tourism Accommodation Incentives Package will also:

- Provide opportunity for business investment and local employment;
- Develop a supportive vibrant economy that delivers business opportunities; and
- Strengthen the tourism industry.

### *Relationship to Redland City Tourism Strategy and Action Plan 2015 - 2020*

The Tourism Accommodation Incentives package aligns with the Redland City Tourism Strategy and Action Plan which provides the blueprint for growing the tourism industry in the city. The incentives package supports the key opportunities identified in the action plan specifically in the area of tourism investment and development.

## CONSULTATION

The preparation of this report included input from:

- Service Manager Planning Assessment.
- Redland Economic Development Advisory Board.
- Development applicants/proponents.
- RPS.

**OPTIONS****Option One**

That Council resolves to:

1. Note the Redland City Council Incentives Packages Assessment, Cleveland CBD and Tourism Accommodation Incentives Packages Report 30 May 2017;
2. Endorse extension of the Cleveland CBD Development Incentives Package and Tourism Accommodation Incentives Package until expended, or the expiry of the program in June 2018 (whichever occurs first); and
3. Endorse the development of a new Investment Attraction Strategy which adopts a more targeted and strategic approach to investment attraction and the types of incentives being offered, aligned to Council's priority industry sectors.

**Option Two**

That Council resolves not to endorse the extension of the Cleveland CBD Development Incentives Program and Tourism Incentives Package.

**OFFICER'S RECOMMENDATION**

That Council resolves to:

1. **Note the Redland City Council Incentives Packages Assessment, Cleveland CBD and Tourism Accommodation Incentives Packages Report 30 May 2017;**
2. **Endorse extension of the Cleveland CBD Development Incentives Package and Tourism Accommodation Incentives Package until expended, or the expiry of the program in June 2018 (whichever occurs first); and**
3. **Endorse the development of a new Investment Attraction Strategy which adopts a more targeted and strategic approach to investment attraction and the types of incentives being offered, aligned to Council's priority industry sectors.**

### 11.2.3 CLEVELAND CBD AND TOURISM ACCOMMODATION INCENTIVES ADDITIONAL FUNDING REPORT

**Objective Reference:** A1199998  
Reports and Attachments (Archives)

**Attachment:** [Report from 15 July 2015 Cleveland CBD Development Incentives Program](#)

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#### PURPOSE

The purpose of this report is to seek Council's endorsement for additional funding of the Development Application Fee Concessions component of the Cleveland CBD Development Incentives Program and Tourism Accommodation Incentives Package, which are currently operational until 30 June 2017.

#### BACKGROUND

In July 2015, Council endorsed the continuation of the Cleveland CBD Development Incentives Package for a further two years to take advantage of the current upturn in the wider property market. The Cleveland CBD Development Incentives Package has been promoted jointly with the Tourism Accommodation Incentives Package as a means of stimulating activity both in the Cleveland CBD and more broadly in encouraging development of the city's tourism accommodation offering. A brief overview of the Cleveland CBD Development Incentives Package and Tourism Accommodation Incentives Package is provided below, with a copy of the July 2015 report attached.

#### Cleveland CBD Development Incentives Program

The Cleveland CBD Development Incentives Program extension consisted of a number of measures. The detailed measures are contained in the attached report. In summary the incentives included:

- A defined geographical area within the Cleveland CBD consisting of a Primary and Secondary Incentives Area;
- Infrastructure contribution concessions across the Primary and Secondary Incentives Area for certain eligible uses (cap of \$1.5million);

- Development Application fee concessions within the Primary and Secondary Incentives Area (cap of \$250,000);
- Ratings and utility charge concessions within the Primary and Secondary Incentives Area;
- Regulatory and facilitative concessions within the Primary and Secondary Incentives Area;
- A defined operational life of the program that is designed to conclude in June 2017.

### **Tourism Accommodation Incentives Package**

The Tourism Accommodation Incentives Package was endorsed through a resolution of Council on the 30 July 2014, terminating on 30 June 2017. The Tourism Accommodation Incentives Package was designed to stimulate investment and construction in tourist accommodation in the city, outside of the Toondah and Weinam Creek PDA sites and the Cleveland CBD Development Incentives Program Area.

The following elements of the Cleveland CBD Development Incentives Program were applied to the Tourism Accommodation Incentives Package:

- Concession on infrastructure charges;
- Concession on development application fees;
- Rating and utility charge exemption during construction;
- Fast tracking of development applications.

Funding for the infrastructure charges and development application fees is sourced from the same budget as the Cleveland CBD Development Incentives Program.

### **ISSUES**

Take-up of the current financial incentives for both the Cleveland CBD Development Incentives Program and Tourism Accommodation Incentives Package is outlined in the budget table below:

**Table 1: Cleveland CBD Development Package and Tourism Accommodation Incentives Package budget.**

<b>Description</b>	<b>Budget \$</b>	<b>Expended \$</b>	<b>Remaining \$</b>
Infrastructure Charges concessions	1,500,000	0	1,500,000
Development Application Fee Concessions	250,000	247,066.50	2,933.50

Development applications that have received discounts under the incentive programs include:

- Tourist Accommodation, Apartment Building, Refreshment Establishment and Shop at 18-20 Waterloo Street and 22 Taylor Crescent, Cleveland;

- Apartment Building at 22 Waterloo Street, 140-146 Queen Street and 24-26 Taylor Crescent, Cleveland;
- Tourist Accommodation at 332 Finucane Road, Alexandra Hills;
- Tourist Accommodation, Apartment Building and Shop at 138-144 Bloomfield Street, Cleveland;
- Tourist Accommodation, Apartment Building, Refreshment Establishment and Shop at 4 Harbourview Court and 144A Shore Street West, Cleveland; and
- Tourist Accommodation and Tourist Park at 149-169 and 207-215 Mount View Road, Mount Cotton.

Additionally, there is one (1) development application that is currently not properly made and will seek an application fee reduction from these incentive programs. This project, which involves Tourist Accommodation on Russell Island, is potentially eligible for a reduction of \$143,776, therefore exceeding the allocated budget by a total of \$140,842.50.

The uptake of the Development Application Fee Concessions associated with both the Cleveland CBD and Tourism Accommodation indicate some strength in the construction and accommodation sectors of the local economy.

Current low interest rates, an easing of credit restrictions by some lending institutions, favourable construction activity in other parts of South East Queensland and the impending development of Toondah PDA will potentially continue to act as enablers for an increase in economic activity in the Cleveland CBD.

The endorsement for the extension of the Cleveland CBD Incentives Program (and Tourism Accommodation Incentives Package) was designed to take advantage of the upturn in these two sectors that is occurring across other parts of South East Queensland. The financial incentives were designed to act as a potential stimulus to generate construction activity and benefit from the associated multiplier effects that construction generates within an economy.

In order to take advantage of the increase in development applications and to continue offering the Cleveland CBD Incentives Program and Tourism Accommodation Incentives Package in their current form, it is recommended that a further \$400,000 in funding be allocated to continue the Development Application Fee Concessions component of the incentives. This amount will cover the approximate \$140,000 shortfall that will be created once the two pending applications are properly made, and will leave a balance of approximately \$260,000 to be used for future eligible development applications.

The infrastructure charges concessions component of the incentives initiatives, consisting of \$1.5million, has not yet been expended.

## **STRATEGIC IMPLICATIONS**

### **Legislative Requirements**

To facilitate the implementation of the Cleveland CBD Development Incentives Program a number of resolutions in accordance with the *Local Government Act* and Regulation and Adopted infrastructure Charges Resolution were necessary. These requirements remain the same as per the current Cleveland CBD Development Incentives Program.

## **Risk Management**

### *Opportunities*

- Support implementation of the Cleveland Master Plan;
- Renewed investor and consumer confidence in Cleveland;
- Increased employment growth across a range of sectors;
- Increased economic growth;
- Greater mixed use development; and
- Potential to increase rateable properties within the CBD and increase to revenue stream.

### *Risks*

- Potential financial costs associated with implementation of Incentives Program;
- Investors continue to bypass Cleveland in favour of other areas of Southeast Queensland that offer potentially greater return on investment;
- Planned developments that seek to take advantage of incentives but do not proceed to the construction phase.

## **Financial**

Additional funding of the Development Application fee concessions component of the Cleveland CBD Development Incentives Program and Tourism Accommodation Incentives Package is requested as follows:

- Development Application Fees concessions – additional funding cap of \$400,000. Provision needs to be made within Council budget deliberations for the financial impact of the Incentives Program on future budgets. The impacts will also need to be monitored as part of Council's quarterly budget review process.

## **People**

The extension of the Cleveland CBD Development Incentives Program will require continued involvement of officers from across a number of departments to oversee implementation and to manage and process development applications. Officers from the following groups are likely to be affected:

- City Planning and Assessment;
- City Infrastructure; and
- Financial Services.

## **Environmental**

Nil.

## **Social**

A more varied mix of uses within the CBD (both commercial and residential) has the potential to increase activity within Cleveland contributing to a more vibrant centre.

## **Alignment with Council's Policy and Plans**

### *Relationship to Corporate Plan*

The Cleveland CBD Development Incentives Program primarily supports Council's strategic priority of delivering a supportive and vibrant economy, wise planning and design and strong and connected communities. In addition, the Cleveland CBD

Development Incentives Program and Tourism Accommodation Incentives Package will also:

- Provide opportunity for business investment and local employment;
- Develop a supportive vibrant economy that delivers business opportunities; and;
- Strengthen the tourism industry.

## CONSULTATION

The preparation of this report has been a collaborative effort between Officers from across the organisation including;

- Service Manager Planning Assessment.

## OPTIONS

1. Endorse the additional \$400,000 in funding for the Development Application Fee Concessions component of the Cleveland CBD Development Incentives Program and Tourism Accommodation Incentives Package until expended, or the expiry of the program in June 2017 (whichever occurs first).
2. Endorse an alternative amount of additional funding for the Development Application Fee Concessions component of the Cleveland CBD Development Incentives Program and Tourism Accommodation Incentives Package until expended, or the expiry of the program in June 2017 (whichever occurs first).
3. Refuse to endorse any additional funding for the Development Application Fee Concessions component of the Cleveland CBD Development Incentives Program and Tourism Accommodation Incentives Package, whilst retaining the remaining financial incentive provisions (\$1.5m Infrastructure Charges Concessions) until expended, or the expiry of the program in June 2017 (whichever occurs first).

## OFFICER'S RECOMMENDATION/ COUNCIL RESOLUTION

Moved by: Cr J Talty  
Seconded by: Cr M Edwards

**That Council resolves to endorse the additional \$400,000 in funding for the Development Application Fee Concessions component of the Cleveland CBD Development Incentives Program and Tourism Accommodation Incentives Package until expended, or the expiry of the program in June 2017 (whichever occurs first).**

## AMENDMENT MOTION

Moved by: Cr M Elliott  
Seconded by: Cr W Boglary

**That a new point 2 be added which reads: Officer's to provide an update to Councillors by June 2016.**

**CARRIED 10/1**

Crs Boglary, Ogilvie, Hardman, Hewlett, Edwards, Talty, Beard, Bishop and Williams voted FOR the amendment motion.

Cr Gleeson voted AGAINST the amendment motion.

Cr Talty's motion with the amendment became the motion and was put as follows:

**That Council resolves as follows:**

- 1. To endorse the additional \$400,000 in funding for the Development Application Fee Concessions component of the Cleveland CBD Development Incentives Program and Tourism Accommodation Incentives Package until expended, or the expiry of the program in June 2017 (whichever occurs first); and**
- 2. That officers provide an update to Councillors by June 2016.**

**CARRIED 10/1**

Crs Boglary, Ogilvie, Hardman, Hewlett, Edwards, Talty, Beard, Bishop and Williams voted FOR the motion.

Cr Gleeson voted AGAINST the motion.

ATTACHMENT

**11.2.3 CLEVELAND CBD DEVELOPMENT INCENTIVES PROGRAM**

**Objective Reference:** A214656  
Reports and Attachments (Archives)

**Attachments:** [Cleveland CBD Incentives Program \(2013 Report\)](#)  
[Cleveland CBD Development Incentives Area Map](#)

**Authorising Officer:**



**Louise Rusan**  
General Manager Community & Customer Services

**Responsible Officer:** David Jeanes  
Group Manager City Planning & Assessment

**Report Author:** Douglas Hunt  
Principal Advisor Strategic Economic Development

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**PURPOSE**

The purpose of this report is to seek Council's continuation of the Cleveland CBD Development Incentives Program, proposed to operate from 15 July 2015 to 30 June 2017.

**BACKGROUND**

Cleveland CBD is recognised as a key regional activity centre playing a vital role in the history, lifestyle and culture, administrative and economic development of Redland City. The Cleveland Centre Master Plan seeks to build upon the CBD's strategic assets, providing a vision to guide growth, development and investment.

A range of factors had negatively impacted on business activity and development within the Cleveland CBD, before the establishment of the Cleveland CBD Development Incentives Program. These factors prompted the introduction of the program and they have continued, resulting in ongoing subdued market conditions in the Cleveland CBD during the life of the current CBD Development Incentives Program.

The factors include; difficulty accessing finance associated with tightened credit conditions related to borrowing to fund commercial and residential development post Global Financial Crisis (GFC), subdued investor and consumer confidence across the city (and more broadly Australia) and lower levels of population growth comparative to historical averages across Redland City and South East Queensland more broadly, resulting in a fall in construction activity.

The Cleveland CBD Development Incentives Program was accepted by a resolution of Council in February 2013 (see Report Attachment), as a way of stimulating economic activity within the Cleveland CBD and providing catalyst projects that would assist in the activation of the Cleveland Centre Master Plan.

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The Cleveland CBD Development Incentives Program consisted of a number of measures. The detailed measures are contained in the attached report. In summary the incentives included:

- A defined geographical area within the Cleveland CBD consisting of a Primary and Secondary Incentives Area (see attached map);
- Infrastructure contribution concessions across the Primary and Secondary Incentives Area for certain eligible uses;
- Development Application fee concessions within the Primary and Secondary Incentives Area;
- Ratings and utility charge concessions within the Primary and Secondary Incentives Area;
- Regulatory and facilitative concessions within the Primary and Secondary Incentives Area;
- A defined operational life of the program that was designed to conclude in June 2015.

The purpose of a proposed extension to the Cleveland CBD Development Incentives Program is to continue to build confidence, encourage investment and achieve economic objectives in the Cleveland CBD, along with assisting the Cleveland Centre Master Plan activation process.

## ISSUES

The importance of Cleveland as one of two key activity centres in the city (the other being Capalaba) has been recognised across a range of documents, including, but not limited to the Redlands Planning Scheme, Redlands 2030 Community Plan, the Corporate Plan 2015-2020, the Economic Development Framework 2014-2041 and the current SEQ Regional Plan 2009-2031. The recent decline in construction activity in the Cleveland CBD due to aforementioned factors and continued weakness in retail in the city, associated with competition from other competing centres, highlights a need for continued Council intervention as one avenue to stimulate investment in the CBD. Take-up of the current package (which now includes the Tourism Accommodation Incentives Package) is outlined in the budget table below:

**Table 1: Cleveland CBD Development Package and Tourism Accommodation Incentives Package budget**

Description	Budget \$	Expended \$	Remaining Budget \$
Infrastructure Charges concessions	1,500,000	0	1,500,000
Development Application Fee Concessions	250,000	128,680	121,320

There have been some positive indicators in the broader Redland City economy that have potential implications for an increase in economic activity in the Cleveland CBD that would justify an extension to the Cleveland CBD Development Incentives Package. These include:

- Increased economic activity, particularly in the construction sector in the city;
- The Toondah Harbour PDA announcement; and
- The Tourist Accommodation Incentives Package.

### **Increase in construction economic activity**

The broader Redland City economy has experienced an increase in economic output in the construction sector of \$119million since 2011/12 (NIEIR, 2015). A large portion of this growth has been in building construction, mostly associated with residential construction activity. In 2014, new lot sales (which includes house and land packages) in the city have shown the strongest growth since 2007 (QGSO, 2014). In addition, the median sale price of both detached houses and units and townhouses have increased by approximately 3% over the last twelve months, indicating some strength returning to the residential housing market.

This increase in construction activity is occurring across South East Queensland, despite continued weakness in interstate migration comparative to recent history (QGSO, 2014). This is possibly indicative of an increase in investor related activity that has the potential to generate a new wave of investment in the region, particularly with access to low interest rates and favourable borrowing conditions for potential investors.

This activity however, has not yet been reflected in the Cleveland CBD and would appear to indicate a continuation of the subdued market conditions that have been experienced in the CBD since 2008. One area that offers potential to generate an increase in economic activity for the Cleveland CBD is the redevelopment of the Toondah harbour precinct.

### **Toondah Harbour Priority Development Area (PDA)**

The recent endorsement of the Walker Corporation's \$1.3billion dollar Toondah harbour development by the State Government, will potentially act as a catalyst for other commercial and retail development within the Cleveland CBD. The size of the Toondah project both in dollar value and in the amount of employment generated by the development has the potential to stimulate other construction activity within Cleveland due to increased confidence associated with the Toondah project. In addition the location of Toondah in relation to the Cleveland CBD and the strategic importance of Toondah in terms of transport infrastructure and the link to North Stradbroke Island could assist in generating further economic activity in the Cleveland CBD, particularly in relation to tourism through increased visitation.

Toondah Harbour has the potential to be closely aligned with the Cleveland CBD and there are a number of synergies between the two areas that if realised have significant potential to broaden the economic base of Cleveland and Redland City in the long term. These synergies include, but are not limited to:

- Developing enhanced transport links between the harbour and the CBD and realizing the site's potential as a Transport Hub and bayside activity node;

- Increasing residential and mixed use development opportunities at Toondah Harbour, this would provide economic multiplier effects to the CBD, both during and post construction;
- Providing developers with the option of undertaking multiple projects both at Toondah and within the Cleveland CBD, potentially enabling some economies of scale in their operations, reducing their average costs;
- Enabling the construction of a dedicated linear ferry departure point, which has been recognised in previous Council reports as necessary to allow faster loading and unloading and potentially increase the number of ferry departures;
- Providing Cleveland with another marina, taking pressure off existing facilities and providing increased mooring opportunities; and
- Increasing tourists to the region by expanding the tourism offering within the city.

The potential offered by tourism in the city and the requirement for a more diverse range of accommodation offering in the city prompted Council to establish the Tourist Accommodation Incentives Package.

### **Tourist Accommodation Incentives Package**

The Tourist Accommodation Incentives Package was endorsed through a resolution of Council on the 30<sup>th</sup> of July 2014, terminating on 30 June, 2016. The Tourist Accommodation Incentives Package was designed to stimulate investment and construction in tourist accommodation in the city, outside of the Toondah and Weinam Creek PDA sites and the Cleveland CBD Development Incentives Package area.

The following elements of the Cleveland CBD Development Incentives Package were applied to the Tourism Accommodation Incentives Package:

- Concession on infrastructure charges;
- Concession on development application fees;
- Rating and utility charge exemption during construction;
- Fast tracking of development applications.

The Tourism Accommodation Incentives Package applies to three defined uses to stimulate activity in a range of accommodation options, including small or micro businesses. These include:

- Bed and Breakfast; use of premises for the provision of short-term accommodation on a commercial basis within a dwelling house, where such accommodation is not self-contained.
- Tourist Accommodation: use of premises for short-term accommodation for tourists. The term includes self-contained motel, serviced apartments, guesthouse, backpacker's hostel and resort.
- Tourist Park: use of premises for holiday and recreational purposes, involving the setting up of short-term and easily removable accommodation for travellers or holiday cabin. The term includes ancillary communal, management and recreational facilities.

The continued weak construction activity being experienced in the Cleveland CBD is in contrast to conditions being experienced in other parts of the city, notably in relation to residential and to a lesser extent commercial construction. Current low interest rates, an easing of credit restrictions by some lending institutions, favourable construction activity in other parts of South East Queensland and the impending development of Toondah PDA will potentially act as enablers for an increase in economic activity in the Cleveland CBD.

A continuation of the Cleveland CBD Development Incentives Package for a further two years will potentially take advantage of the current upturn in the wider property market. The Cleveland CBD Development Incentives Package can continue to be promoted jointly with the Tourism Accommodation Incentives Package as a means of stimulating activity both in the Cleveland CBD and more broadly in encouraging development of the city's tourism accommodation offering.

## **STRATEGIC IMPLICATIONS**

### **Legislative Requirements**

To facilitate the implementation of the Cleveland CBD Development Incentives Program a number of resolutions in accordance with the *Local Government Act* and Regulation and Adopted Infrastructure Charges Resolution have been necessary. These requirements remain the same as per the current Cleveland CBD Development Incentives Program.

### **Risk Management**

#### *Opportunities*

Support implementation of the Cleveland Master Plan:

- Renewed investor and consumer confidence in Cleveland;
- Increased employment growth across a range of sectors;
- Increased economic growth;
- Greater mixed use development; and
- Potential to increase rateable properties within the CBD and increase to revenue stream.

#### *Risks*

- Potential Financial costs associated with implementation of Incentives Program;
- Investors continue to bypass Cleveland in favour of other areas of Southeast Queensland that offer potentially greater return on investment;
- Perception that the focus on Cleveland is at the expense of other areas in the City;
- Planned developments that seek to take advantage of incentives but do not proceed to the construction phase; and
- Potential for interest only in the primary incentives area and not in the secondary area.

## Financial

Continuation of the Cleveland CBD Development Incentives Program will potentially impact upon a number of revenue streams including infrastructure charge contributions, development application fees and rating and utility charges during the extended life of the program. Maximum concessions have been identified as:

- Infrastructure Charges concessions – initial cap of \$1.5 million (\$0 expended);
- Development Application Fees concessions - cap of \$121,320 (\$128,680 of budgeted \$250,000 currently expended);
- Rating and utility concessions – no cap identified.

Whilst reducing infrastructure contributions offers a potential stimulus for development in the short term, waiving these charges will in the longer term increase Council costs in delivering trunk infrastructure networks.

It is envisaged that the program can be delivered without requiring significant revision of the current estimates of infrastructure charges. However, provision needs to be made within Council budget deliberations for the financial impact of the Incentives Program on future budgets. The impacts will also need to be monitored as part of Council's quarterly budget review process.

## People

The extension of the Cleveland CBD Development Incentives Program will require continued involvement of officers from across a number of departments to oversee implementation and to manage and process development applications. Officers from the following groups are likely to be affected:

- City Planning and Assessment;
- City Infrastructure; and
- Financial Services.

## Environmental

There are no identified significant environmental impacts in relation to the implementation of the Cleveland CBD Development Incentives Program.

## Social

A more varied mix of uses within the CBD (both commercial and residential) has the potential to increase activity within Cleveland contributing to a more vibrant centre.

## Alignment with Council's Policy and Plans

### *Relationship to Corporate Plan*

The Cleveland CBD Development Incentives Program primarily supports Council's strategic priority of delivering a supportive and vibrant economy, wise planning and design and strong and connected communities. In addition, the Cleveland CBD Development Incentives Program will also:

- Provide opportunity for business investment and local employment;
- Develop a supportive vibrant economy that delivers business opportunities; and
- Strengthen the tourism industry.

## CONSULTATION

The preparation of the policy document has been a collaborative effort between Officers from across the organisation including;

- Principal Adviser Strategic Economic Development;
- Service Manager Planning Assessment; and
- Senior Planner Planning Assessment.

## OPTIONS

1. Endorse the continuation of the Cleveland CBD Development Incentives Program for a period of two years concluding on June 30 2017, in accordance with established business rules, subject to the following:
  - a) The incentives shall only be available within the Primary and Secondary Incentives Areas as depicted on Map 1 - Cleveland CBD Development Incentives Area Map (see Attachment 1);
  - b) The Cleveland CBD Development Incentives Program shall operate from 15 July 2015 until 30 June 2017;
  - c) Council will provide infrastructure contributions concessions on a first come first served basis for new approved material change of use development (involving building works) which:
    - is identified as eligible for the Incentives Program as defined below;
    - is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan ; and
    - involves building works which can demonstrate substantial completion by 30 June 2018.

The infrastructure contributions concession is available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:
  - i. *Aged Care and Special Needs Housing where part of mixed use;*
  - ii. *Apartment Buildings where part of a mixed use ;*
  - iii. *Commercial Offices;*
  - iv. *Community Facility;*
  - v. *Hotel;*
  - vi. *Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);*
  - vii. *Refreshment Establishment; and*
  - viii. *Shop;*

- d) Provide development application fee concessions, on a first come first served basis, for well-made applications for new material change of use development ( involving building works), and operational works for new approved Material Change of use development (involving building works) which:
- Is identified as eligible for the Incentives Program as defined below;
  - Is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan; and
  - Involves building works which can demonstrate substantial completion by 30 June 2018.

The development application fee concessions are available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;
- 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:
  - i. *Aged Care and Special Needs Housing where part of a mixed use;*
  - ii. *Apartment Buildings where part of a mixed use;*
  - iii. *Commercial Offices;*
  - iv. *Community Facility;*
  - v. *Hotel;*
  - vi. *Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);*
  - vii. *Refreshment Establishment; and*
  - viii. *Shop.*

- e) Pursuant to Part 10 of Chapter 4 of the Local Government Regulation 2012 Council will provide rating and utility charge concession during the construction phase for approved new development on the following basis:

- is identified as eligible for the Incentives Program as defined below;
- is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan; and
- involves building works which can demonstrate substantial completion by 30 June 2018.

The rating and utility charge concessions are available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;
- 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:

- 
- i. *Aged Care and Special Needs Housing where part of a mixed use;*
  - ii. *Apartment Buildings where part of a mixed use;*
  - iii. *Commercial Offices;*
  - iv. *Community Facility*
  - v. *Hotel;*
  - vi. *Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);*
  - vii. *Refreshment Establishment; and*
  - viii. *Shop.*
- f) Regulatory and facilitative incentives will be available within the Primary and Secondary Incentives Area as depicted on Map 1 - Cleveland CBD Development Incentives Area;
  - g) Fast track eligible new material change of use and operational works development applications ( involving building works) which are well-made and which are consistent with the Redlands Planning Scheme and Cleveland Master Plan within twenty (20) business days (Regulatory Incentives);
  - h) Utilise the Base Maximum Car parking rates for Activity Centres as identified in the "Transit Orientated Development – Guide for Practitioners in Queensland" released by the Queensland State Government for new material change of use development applications (involving building works) (Regulatory Incentives) which:
    - are consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan;
    - are for a land use identified as eligible for the Incentives Program;
    - are lodged with Council prior to the 30 June 2017; and
    - involve building works which can demonstrate substantial completion by 30 June 2018.
  - i) Where Council is satisfied that a material change of use application (involving building works) for an eligible use is capable of providing on site car parking in accordance with the base maximum rates of the TOD guideline for Activity Centres it will be deemed to satisfy the relevant Specific Outcome of the Access and Parking Code of the Redlands Planning Scheme;
2. Endorse the continuation of the Cleveland CBD Development Incentives Program for a period of one year until June 30 2016, with substantial completion of building work by 30 June 2017 concluding in conjunction with the Tourist Accommodation Incentives Package.
  3. Refuse to endorse the extension of the Cleveland CBD Development Incentives Program.
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**OFFICER'S RECOMMENDATION**

That Council resolves as follows:

1. To endorse the continuation of the Cleveland CBD Development Incentives Program for a period of two years concluding on June 30 2017, in accordance with established business rules, subject to the following:
  - a) The incentives shall only be available within the Primary and Secondary Incentives Areas as depicted on Map 1 - Cleveland CBD Development Incentives Area Map (see Attachment 1);
  - b) The Cleveland CBD Development Incentives Program shall operate from 15 July 2015 until 30 June 2017;
  - c) Council will provide infrastructure contributions concessions on a first come first served basis for new approved material change of use development (involving building works) which:
    - is identified as eligible for the Incentives Program as defined below;
    - is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan ; and
    - involves building works which can demonstrate substantial completion by 30 June 2018.

The infrastructure contributions concession is available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses; 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
  - 75% concession - Secondary Incentives Area for remaining eligible uses as follows:
    - i. *Aged Care and Special Needs Housing where part of mixed use;*
    - ii. *Apartment Buildings where part of a mixed use ;*
    - iii. *Commercial Offices;*
    - iv. *Community Facility;*
    - v. *Hotel;*
    - vi. *Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);*
    - vii. *Refreshment Establishment; and*
    - viii. *Shop;*
- d) Provide development application fee concessions, on a first come first served basis, for well-made applications for new material change of use development ( involving building works), and operational works for new approved Material Change of use development (involving building works) which:
    - Is identified as eligible for the Incentives Program as defined below;
    - Is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan; and

- Involves building works which can demonstrate substantial completion by 30 June 2018.

The development application fee concessions are available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;
  - 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
  - 75% concession - Secondary Incentives Area for remaining eligible uses as follows:
    - i. *Aged Care and Special Needs Housing where part of a mixed use;*
    - ii. *Apartment Buildings where part of a mixed use;*
    - iii. *Commercial Offices;*
    - iv. *Community Facility;*
    - v. *Hotel;*
    - vi. *Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);*
    - vii. *Refreshment Establishment; and*
    - viii. *Shop.*
- e) Pursuant to Part 10 of Chapter 4 of the Local Government Regulation 2012 Council will provide rating and utility charge concession during the construction phase for approved new development on the following basis:
- is identified as eligible for the Incentives Program as defined below;
  - is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan; and
  - involves building works which can demonstrate substantial completion by 30 June 2018.

The rating and utility charge concessions are available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;
- 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:
  - i. *Aged Care and Special Needs Housing where part of a mixed use;*
  - ii. *Apartment Buildings where part of a mixed use;*
  - iii. *Commercial Offices;*
  - iv. *Community Facility*
  - v. *Hotel;*
  - vi. *Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);*

- vii. *Refreshment Establishment; and*
- viii. *Shop.*
- f) Regulatory and facilitative incentives will be available within the Primary and Secondary Incentives Area as depicted on Map 1 - Cleveland CBD Development Incentives Area;
- g) Fast track eligible new material change of use and operational works development applications ( involving building works) which are well-made and which are consistent with the Redlands Planning Scheme and Cleveland Master Plan within twenty (20) business days (Regulatory Incentives);
- h) Utilise the Base Maximum Car parking rates for Activity Centres as identified in the "Transit Orientated Development – Guide for Practitioners in Queensland" released by the Queensland State Government for new material change of use development applications (involving building works) (Regulatory Incentives) which:
- are consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan;
  - are for a land use identified as eligible for the Incentives Program;
  - are lodged with Council prior to the 30 June 2017; and
  - involve building works which can demonstrate substantial completion by 30 June 2018.
- i) Where Council is satisfied that a material change of use application (involving building works) for an eligible use is capable of providing on site car parking in accordance with the base maximum rates of the TOD guideline for Activity Centres it will be deemed to satisfy the relevant Specific Outcome of the Access and Parking Code of the Redlands Planning Scheme.

## **COUNCIL RESOLUTION**

Moved by: Cr J Talty  
Seconded by: Cr C Ogilvie

That Council resolves as follows:

1. To endorse the continuation of the Cleveland CBD Development Incentives Program for a period of two years concluding on June 30 2017, in accordance with established business rules, subject to the following:
  - a) The incentives shall only be available within the Primary and Secondary Incentives Areas as depicted on Map 1 - Cleveland CBD Development Incentives Area Map (see Attachment 1);
  - b) The Cleveland CBD Development Incentives Program shall operate from 15 July 2015 until 30 June 2017;
  - c) Council will provide infrastructure contributions concessions on a first come first served basis for new approved material change of use development (involving building works) which:
    - is identified as eligible for the Incentives Program as defined below;
    - is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan ; and

- involves building works which can demonstrate substantial completion by 30 June 2018.

The infrastructure contributions concession is available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses; 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
  - 75% concession - Secondary Incentives Area for remaining eligible uses as follows:
    - i. *Aged Care and Special Needs Housing where part of mixed use;*
    - ii. *Apartment Buildings where part of a mixed use ;*
    - iii. *Commercial Offices;*
    - iv. *Community Facility;*
    - v. *Hotel;*
    - vi. *Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);*
    - vii. *Refreshment Establishment; and*
    - viii. *Shop;*
- d) Provide development application fee concessions, on a first come first served basis, for well-made applications for new material change of use development ( involving building works), and operational works for new approved Material Change of use development (involving building works) which:
- Is identified as eligible for the Incentives Program as defined below;
  - Is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan; and
  - Involves building works which can demonstrate substantial completion by 30 June 2018.

The development application fee concessions are available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;
- 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:
  - i. *Aged Care and Special Needs Housing where part of a mixed use;*
  - ii. *Apartment Buildings where part of a mixed use;*
  - iii. *Commercial Offices;*
  - iv. *Community Facility;*
  - v. *Hotel;*

- vi. *Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);*
  - vii. *Refreshment Establishment; and*
  - viii. *Shop.*
- e) Pursuant to Part 10 of Chapter 4 of the Local Government Regulation 2012 Council will provide rating and utility charge concession during the construction phase for approved new development on the following basis:
- is identified as eligible for the Incentives Program as defined below;
  - is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan; and
  - involves building works which can demonstrate substantial completion by 30 June 2018.

The rating and utility charge concessions are available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;
  - 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
  - 75% concession - Secondary Incentives Area for remaining eligible uses as follows:
    - i. *Aged Care and Special Needs Housing where part of a mixed use;*
    - ii. *Apartment Buildings where part of a mixed use;*
    - iii. *Commercial Offices;*
    - iv. *Community Facility*
    - v. *Hotel;*
    - vi. *Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);*
    - vii. *Refreshment Establishment; and*
    - viii. *Shop.*
- f) Regulatory and facilitative incentives will be available within the Primary and Secondary Incentives Area as depicted on Map 1 - Cleveland CBD Development Incentives Area;
- g) Fast track eligible new material change of use and operational works development applications ( involving building works) which are well-made and which are consistent with the Redlands Planning Scheme and Cleveland Master Plan within twenty (20) business days (Regulatory Incentives);
- h) Utilise the Base Maximum Car parking rates for Activity Centres as identified in the "Transit Orientated Development – Guide for Practitioners in Queensland" released by the Queensland State Government for new material change of use development applications (involving building works) (Regulatory Incentives) which:

- are consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan;
  - are for a land use identified as eligible for the Incentives Program;
  - are lodged with Council prior to the 30 June 2017; and
  - involve building works which can demonstrate substantial completion by 30 June 2018.
- i) Where Council is satisfied that a material change of use application (involving building works) for an eligible use is capable of providing on site car parking in accordance with the base maximum rates of the TOD guideline for Activity Centres it will be deemed to satisfy the relevant Specific Outcome of the Access and Parking Code of the Redlands Planning Scheme.

2. To note amendment of table 1 in report as follows:

Description	Budget \$	Expended \$	Remaining Budget \$
Infrastructure Charges concessions	1,500,000	0	1,500,000
Development Application Concessions Fee	250,000	128,680	121,320

**CARRIED 10/1**

Crs Boglary, Ogilvie, Hardman, Hewlett, Edwards, Elliott, Talty, Beard, Bishop and Williams voted FOR the motion.

Cr Gleeson voted AGAINST the motion.

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**11.3.3 TOURISM ACCOMMODATION INCENTIVES PACKAGE EXTENSION**

**Objective Reference:** A1813477  
Reports and Attachments (Archives)



**Authorising Officer:**  
**Louise Rusan**  
General Manager Community and Customer Services

**Responsible Officer:** Kim Kerwin  
Group Manager Economic Sustainability and Major Projects

**Report Author:** Craig Dickson  
A/Principal Adviser Business Planning and Improvement

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**PURPOSE**

The purpose of this report is to seek Council's continuation of the Tourist Accommodation Incentives Package until 30 June 2017.

**BACKGROUND**

The Tourist Accommodation Incentives Package was endorsed through a resolution of Council on the 30 July 2014 and is due to conclude on 30 June, 2016. The Package is designed to stimulate investment and construction in tourist accommodation in the city, outside of the Toondah and Weinam Creek PDA sites and the Cleveland CBD Development Incentives Package area.

The Tourist Accommodation Incentives Package complements the Cleveland CBD Development Incentives Program which was extended by resolution of Council on 15 July 2015 to conclude on 30 June 2017. The following elements of the Cleveland CBD Development Incentives Package also apply to the Tourism Accommodation Incentives Package:

- Concession on infrastructure charges;
- Concession on development application fees;
- Rating and utility charge exemption during construction;
- Fast tracking of development applications.

**ISSUES**

Future growth in the tourism sector requires the continuation of investment in the expansion of tourism accommodation offerings in the city. The purpose of the proposed extension is to continue to build confidence, encourage investment and achieve this growth objective. If approved, the Package will continue to apply to the three defined uses under the Redland Planning Scheme of Bed and Breakfast, Tourist Accommodation and Tourist Park.

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At the Council meeting of 27 January 2016 Council resolved to extend the funding for the Development Application Fee Concessions component of the Cleveland CBD Development Incentives Program and Tourism Accommodation Incentives Package until expended, or the expiry of the program in June 2017 (whichever occurs first). This resolution however did not provide an extension to the package and only to the funding attached to it.

If extended, the Tourism Accommodation Incentives Package can continue to be promoted jointly with the Cleveland CBD Development Incentives Package as a means of encouraging development of the city's tourism accommodation offerings.

## **STRATEGIC IMPLICATIONS**

### **Legislative Requirements**

There are no legislative requirements that affect the outcome of this report.

### **Risk Management**

- Perception from other industry sectors that an incentives package for tourism accommodation is too narrowly focussed, given the economic importance of other industry sectors in the city;
- Investors continue to bypass Redland City in favour of other areas of Southeast Queensland that offer potentially better ROI;
- Failure to work in partnership with the tourism business community, and other levels of government which will inhibit the success of the incentives package; and
- The above risk could be mitigated by industry engagement using the resources of the Communications, Engagement and Tourism team to re-communicate the package extension to industry.

### **Financial**

Council resolved at its meeting on 27 January 2016 to endorse an additional \$400,000 in funding for the Development Application Fee Concessions component of the Cleveland CBD Development Incentives Program and Tourism Accommodation Incentives Package until expended, or the expiry of the program in June 2017 (whichever occurs first).

### **People**

The extension of the Tourism Accommodation Incentives Package will require continued involvement of officers from across a number of departments to oversee implementation and to manage and process development applications. Officers from the following groups are likely to be affected:

- City Planning and Assessment;
- City Infrastructure; and
- Financial Services.

### **Environmental**

Nil.

## Social

A strong and vibrant economy allows a community to reinvest its wealth back into the society that helped contribute to that growth. The well-being of people, the environment and the economy are intricately linked. A strong and sustainable tourism sector will deliver benefits through all parts of the city's economy and across all demographic boundaries.

## Alignment with Council's Policy and Plans

### *Relationship to Corporate Plan*

The recommendation primarily supports Council's strategic priorities of delivering a supportive and vibrant economy, and strong and connected communities. In addition, the extension of the current Cleveland CBD Incentives Package to promote and facilitate tourist accommodation development will also:

- Provide opportunity for business investment and local employment;
- Promoting local jobs; and
- Strengthening the tourism industry.

## CONSULTATION

The preparation of this report has been a collaborative effort between Officers from across the organisation including;

- Service Manager Planning Assessment.

## OPTIONS

1. That Council resolves to endorse the continuation of the Tourism Accommodation Incentives Package for a period of one year from 1 July 2016 to June 30 2017, in accordance with established business rules and subject to the following:
    1. 100% infrastructure charges concession provided on a first come first served basis for material change of use development (involving building works);
    2. 100% development application fee concession provided on a first come first served basis for material change of use development (involving building works)
    3. Twenty business day priority assessment of development applications that are well made;
    4. Rating and utility charge concession during the construction phase for material change of use development (involving building work), pursuant to Part 10 of Chapter 4 of the *Local Government Regulation 2012*;
    5. Applicable outside the Cleveland CBD Incentives Area Map and the Toondah Harbour and Weinam Creek Priority Development Areas;
    6. Development must be assessed and determined to be compliant with the Redlands Planning Scheme and other relevant planning instruments; and
    7. Building work associated with material change of use development must be substantially complete by 30 June 2018.
  2. That Council resolves to endorse the continuation of the Tourism Accommodation Incentives Package for a period of one year from 1 July 2016 to June 30 2017, with amendments to conditions.
-

3. That Council resolves not to endorse the continuation of the Tourism Accommodation Incentives Package.

### **OFFICER'S RECOMMENDATION**

That Council resolves to endorse the continuation of the Tourism Accommodation Incentives Package for a period of one year from 1 July 2016 to June 30 2017, in accordance with established business rules and subject to the following:

1. 100% infrastructure charges concession provided on a first come first served basis for material change of use development (involving building works);
2. 100% development application fee concession provided on a first come first served basis for material change of use development (involving building works);
3. Twenty business day priority assessment of development applications that are well made;
4. Rating and utility charge concession during the construction phase for material change of use development (involving building work), pursuant to Part 10 of Chapter 4 of the *Local Government Regulation 2012*;
5. Applicable outside the Cleveland CBD Incentives Area Map and the Toondah Harbour and Weinam Creek Priority Development Areas;
6. Development must be assessed and determined to be compliant with the Redlands Planning Scheme and other relevant planning instruments; and
7. Building work associated with material change of use development must be substantially complete by 30 June 2018.

### **COUNCIL RESOLUTION**

Moved by: Cr M Edwards

Seconded by: Cr P Bishop

That Council resolves to endorse the continuation of the Tourism Accommodation Incentives Package for a period of one year from 1 July 2016 to June 30 2017, in accordance with established business rules and subject to the following:

1. 100% infrastructure charges concession provided on a first come first served basis for material change of use development (involving building works);
2. 100% development application fee concession provided on a first come first served basis for material change of use development (involving building works);
3. Twenty business day priority assessment of development applications that are well made;
4. Rating and utility charge concession during the construction phase for material change of use development (involving building work), pursuant to Part 10 of Chapter 4 of the *Local Government Regulation 2012*;
5. Not applicable within the Cleveland CBD Incentives Area Map and the Toondah Harbour and Weinam Creek Priority Development Areas;
6. Development must be assessed and determined to be compliant with the Redlands Planning Scheme and other relevant planning instruments;

7. **Building work associated with material change of use development must be substantially complete by 30 June 2018;**
8. **Officers provide update to Councillors by December 2016 on Tourism Accommodation Incentives Package; and**
9. **The Tourism Accommodation Incentives Package and the Cleveland CBD Incentives Package are referred to the Economic Development Advisory Board for review and feedback.**

**CARRIED 11/0**

Crs Boglary, Mitchell, Gollè, Hewlett, Edwards, Talty, Elliott, Huges, Gleeson, Bishop and Williams voted FOR the motion.

ATTACHMENT

REDLAND CITY COUNCIL INCENTIVES PACKAGES  
ASSESSMENT

*Cleveland CBD and Tourism Accommodation Incentives Packages*

*Prepared for **Redland City Council***

30 MAY 2017



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Prepared by:

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### Document Status

Version	Purpose of Document	Orig	Review	Review Date
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FINAL	Final for client review	DBH	MW	30/05/2017

### Approval for Issue

Name	Signature	Date
Mark Wallace		30/05/2017

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## Summary

RPS was engaged by Redland City Council to undertake an assessment of the Cleveland CBD Incentives and Tourist Accommodation Incentives Packages. To undertake this assessment RPS provided an overview of both incentives packages program, conducted an environmental scan of other local government incentives packages and then undertook an economic assessment of the incentives packages using a Cost Benefit Methodology. Following a workshop with the Redland City Council Economic Development Advisory Board, RPS has provided recommendations on future options for Council.

### E.1 Incentives Packages Overview

The Cleveland CBD Development Incentives Program consisted of a number of measures. The detailed measures are contained in the report. In summary, the incentives included:

- A defined geographical area within the Cleveland CBD consisting of a Primary and Secondary Incentives Area (see attached map);
- Infrastructure contribution concessions across the Primary and Secondary Incentives Area for certain eligible uses;
- Development Application fee concessions within the Primary and Secondary Incentives Area;
- Ratings and utility charge concessions within the Primary and Secondary Incentives Area;
- Regulatory and facilitative concessions within the Primary and Secondary Incentives Area;
- A defined operational life of the program that was designed to conclude in June 2017.

The Tourism Accommodation Incentives Package was endorsed through a resolution of Council on the 30 July 2014, terminating on 30 June 2017. The Tourism Accommodation Incentives Package was designed to stimulate investment and construction in tourist accommodation in the city, outside of the Toondah and Weinam Creek PDA sites and the Cleveland CBD Development Incentives Program Area.

The following elements of the Cleveland CBD Development Incentives Program were applied to the Tourism Accommodation Incentives Package:

- Concession on infrastructure charges;
- Concession on development application fees;
- Rating and utility charge exemption during construction;
- Fast tracking of development applications.

### E.2 Investment Attraction and Incentives

The Cleveland CBD and Tourist Accommodation Incentives Packages should represent one aspect of the overall approach to economic development in Redland City which requires long-term investment, in addition to any short and medium term approaches that may be used to attract initial development opportunities. The decision by an industry or business to locate to a particular location is driven by numerous interrelated and interdependent factors that may run into the hundreds and that normally require some degree of compromise by a business in that decision-making process. There are however a number of standard locational factors that will influence this decision-making process. These factors include (but are not limited to):

- Markets
- Industry Site
- Labour
- Utilities
- Raw Materials
- Financial Capital

- Transportation
- Intangible factors

There is no one correct way for local governments to approach the issue of developer incentives and bonuses. In addition to this, it is not possible for local governments to influence the wider aspects of the economy that impact development decisions. Instead the approach taken by local governments in attracting development to a region or specific area needs to be multi-faceted and undertaken in conjunction with state and possibly federal counterparts and industry themselves. For local governments these factors include (but are not limited to):

- Current economic conditions, including access to finance;
- Utilise existing business in development opportunities, rather than attempting to immediately attract new business;
- Development plans for a particular area and their attractiveness to investors;
- Willingness of local governments to assist with the development process i.e. through incentives and bonuses;
- A proactive, rather than reactive approach to development that promotes development incentives in return for public and environmental benefits;
- Understanding the competitive advantages of your region, or locality;
- Access to transport and infrastructure; and
- Supply of labour.

There are a variety of options available to local governments when pursuing investment opportunities. The table below provides a brief overview of incentives offered in Queensland, with one example included from South Australia as a way of comparing these approaches from an interstate perspective. Section 3.4 provides further detail on the incentives and the investment attraction strategies they are attached to.

**Table 1 Overview of Other Local Government Area Incentives Packages**

LGA	Incentives
Brisbane City Council	<ul style="list-style-type: none"> <li>• Targeted at student accommodation, aged care development and not-for profit organisations</li> <li>• Financial and non-financial</li> </ul>
Sunshine Coast Council	<ul style="list-style-type: none"> <li>• Financial and non-financial incentives</li> <li>• Development investment incentives. Targeted at specific industry sectors:               <ul style="list-style-type: none"> <li>➢ Rural</li> <li>➢ Tourism</li> <li>➢ Aged Care</li> </ul> </li> <li>• Investment attraction incentives. Targeted at specific industry sectors:               <ul style="list-style-type: none"> <li>➢ Health and Wellbeing</li> <li>➢ Education and Research</li> <li>➢ Tourism, Sport and Leisure</li> <li>➢ Clean Technologies</li> <li>➢ Aviation and Aerospace</li> <li>➢ Food and Agribusiness</li> <li>➢ Knowledge and Professional Services</li> </ul> </li> <li>• The developer must demonstrate profitability</li> <li>• Investment capital of &gt;\$10m, or at least 10 jobs</li> </ul>
Logan City Council	<ul style="list-style-type: none"> <li>• Financial and non-financial</li> <li>• Infrastructure charges deferrals</li> <li>• Targeting non-residential development, 4-5 star hotel accommodation and not-for-profit organisations</li> </ul>

LGA	Incentives
	<ul style="list-style-type: none"> <li>• Late May a new Springwood Economic Development Zone will be announced in addition to the existing incentives. This will offer:               <ul style="list-style-type: none"> <li>➢ Infrastructure concessions</li> <li>➢ Relaxation of car parking requirements</li> <li>➢ Increased building heights</li> </ul> </li> </ul>
Gold Coast City Council	<p>Targeted, sector specific incentives programs. Incentives are both financial and non-financial. Incentives are aimed at the following areas:</p> <ul style="list-style-type: none"> <li>• Film attraction</li> <li>• Export Assistance</li> <li>• International Trade Delegations</li> <li>• Southport CBD</li> <li>• Dedicated team to target industries that offer:           <ul style="list-style-type: none"> <li>➢ pre-development meetings;</li> <li>➢ strategic advice and research;</li> <li>➢ business support and capacity building;</li> <li>➢ investment and relocation;</li> <li>➢ partnership opportunities;</li> <li>➢ international delegation assistance;</li> <li>➢ marketing and promotion;</li> <li>➢ financial assistance; and</li> <li>➢ event management</li> </ul> </li> </ul>
Rockhampton Regional Council	<p>Focused on Rockhampton CBD only. Incentives are financial and non-financial covering two precinct areas within the CBD. Incentives aims are to:</p> <ul style="list-style-type: none"> <li>• Create new employment and investment ;</li> <li>• Value-add through enhanced service delivery or supply chains;</li> <li>• Generate growth within identified strategic industrial and commercial locations, including high density residential areas;</li> <li>• Diversify and make the local economy more sustainable; and</li> <li>• Activate the Rockhampton Central Business District</li> </ul> <p>The incentives offered include:</p> <p><b>Precinct 1</b></p> <ul style="list-style-type: none"> <li>• 100% discount on infrastructure charges for commercial and industrial development;</li> <li>• 50% discount on infrastructure charges for specified residential development in the Special Use Precinct - Inner City North;</li> <li>• Refunded planning fees; and</li> <li>• Refunded connection fees for water and sewerage.</li> </ul> <p><b>Precinct 2</b></p> <ul style="list-style-type: none"> <li>• If the use is in the same building - 100% discount; and</li> <li>• If the use is an extension or a new development - 50% discount.</li> <li>• Development application fee refunds</li> </ul> <p>Council also offers a facilitation service that includes</p> <ul style="list-style-type: none"> <li>• Access to Council's Economic Development Officer to provide advice on eligibility and incentives that may be available under this policy;</li> <li>• Access to Council Planning Officers through the Duty Planner arrangements to provide advice in preparing development applications;</li> <li>• Pre-lodgment meetings with all relevant Council Officers free of any charges; and</li> <li>• Assistance with identifying and facilitating contact with the State Government agencies with a view to facilitating the development.</li> </ul>

LGA	Incentives
Townsville City Council	<p>A jobs and investment package limited to the Townsville CBD, PDA and Waterfront Project Areas. It is aimed at specific uses including:</p> <ul style="list-style-type: none"> <li>• Multiple Dwellings</li> <li>• Shopping Centre</li> <li>• Shop</li> <li>• Food and Drink Outlet</li> <li>• Short-term Accommodation</li> <li>• Hotel or Motel</li> <li>• Projects must have construction costs that exceed \$3,000,000</li> </ul> <p>A dedicated Development Advocate is assigned to the project to work with the developers.</p> <p>The types of incentives offered include:</p> <ul style="list-style-type: none"> <li>• Sundry Fee and Application Charge Waiver</li> <li>• Rate and Utility Charge Exemptions</li> <li>• Infrastructure Charge Concessions</li> </ul>
Whyalla City Council (South Australia)	<p>A targeted investment attraction strategy to entice new businesses that is offering financial and non-financial incentives. Eligible businesses must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• A successful and proven track record and technical capability to carry out the proposed activity</li> <li>• Operating profitably for at least the last two years</li> <li>• Provide significant economic benefits for the city that will create sustainable jobs for the city</li> <li>• Have an ABN</li> <li>• Not be a Whyalla registered business, unless the business is developing a new stream that will provide significant economic impact</li> <li>• Must be financially viable</li> <li>• The business must not have detrimental impacts on an existing Whyalla City Council based business</li> <li>• Demonstrate the % or \$ value of local contractors to be used</li> <li>• The activity must not compromise national and international obligations for South Australia and Australia</li> <li>• The proposal must adhere to the implementation strategy of the Council and RDA Whyalla Eyre Peninsula strategic objectives and economic strategy.</li> </ul> <p>A Case Manager is appointed to the project from Council and works through the entire process. Other incentives offered include:</p> <ul style="list-style-type: none"> <li>• Waiver of Development Approval Rebate</li> <li>• Council Rates rebate</li> <li>• Infrastructure Charges Deferrals and Waivers</li> <li>• Leasing city owned buildings and land</li> </ul>

### E.3 Economic Assessment

A Cost Benefit Analysis (CBA) is the most commonly used and most comprehensive of the economic evaluation techniques. Essentially, a CBA compares the monetised benefits and costs of a project to evaluate the desirability of a project.

RPS uses an incremental CBA approach which analyses only the incremental, or additional, benefits/costs (i.e. the net impact of the development options compared to status quo). This approach is considered to be the most appropriate to quantify the net economic benefits that accrue from the incentives packages as it recognises the opportunity costs of each of the incentives packages.

This cost benefit analysis complies with the *Queensland Government Guidelines for Economic Appraisal*. RPS has used a discount rate of 10% for this assessment with an assessment timeframe of 15 years. Assessed benefits are detailed in the following table.

**Table 2 Redland City Incentives Packages Benefits**

Benefit	Description
Induced Tourist Expenditure	The induced tourist expenditures are expenditures linked with real GDP (GRP) that varies with GDP movements i.e. as GDP increases so does Induced tourism expenditure and vice versa. The expenditure takes the form of both total expenditure and non-local expenditure commencing in 2018, which is the assumed development completion date.
Induced Local Retail Expenditure	As with induced tourist expenditure this expenditure is associated with real GDP and models the Cleveland CBD Incentives Packages benefits. It is a conservative assumption that only 20% of expenditure for retail is captured locally.
Gross Value Add of New Commercial Business	This captures the benefits associated with new commercial business from development induced by the Cleveland CBD Incentives Package. The modelling depicts the present value generated by commercial office and retail space from the base date of 2018.

The NPV of the benefits associated with the incentives packages over the 15 year assessment timeframe using a 10% discount rate yields benefits to the city of \$42,448,550. In contrast the expended costs associated with the incentives packages using the 10.0% discount rate, yields a NPV of \$277,398, which is a relatively minor outlay given the benefits associated with the incentives packages. The BCR of 153 indicates that the benefits associated with the incentives packages have outweighed the costs associated with its delivery, as shown in the following table.

**Table 3 Cost Benefits Analysis Results**

NPV (10%)	Value
<b>2033 assessment timeframe</b>	
Costs	\$277,398
Benefits	\$42,488,550
<b>BCR</b>	<b>153</b>

### E.3 Findings and Recommendations

The assessment undertaken by RPS found that the Cleveland CBD and Tourist Accommodation Incentives Packages have been overwhelming successes due to following factors:

- The aim to stimulate investment and development during a downturn in construction in the Cleveland CBD has been achieved.
- The aim to stimulate investment and development in tourist accommodation offerings across Redland City has occurred.

- The incentives packages have generated forward construction activity in the Cleveland CBD and the wider City.
- The NPV of the Benefits associated with incentives packages has generated additional construction sector GVA for the City.
- No opportunity cost can be attributable to the delivery of the Incentives Packages for Council.

Based on the assessment of the Incentives Packages which conclude that they have been successful, RPS recommends that the consideration for Redland City in determining the future incentives offerings involve accepting that the current Redland City Council Incentives Packages are in the next step of an evolutionary process that will need to include:

- Adopting a more targeted and strategic approach to investment attraction and the types of development incentives being offered, through the development of an Investment Attraction Strategy;
- The targeted industries should be focussed around the Industry Sector Action Plans that have been, or are in the process of being developed for the following industry sectors;
  - > Tourism
  - > Healthcare and Social Assistance
  - > Education and Training
  - > Advanced Manufacturing
- Determine what outcomes the City requires from an incentives program;
- Offer both financial and non-financial incentives and assistance;
- Providing Case Managers or Development Advocates to oversee and guide developments;
- Adopting more rigorous requirements around eligibility;
- Requiring the development of a business case for eligible developments;
- Work with other levels of government and the private sector in the development and delivery of future incentives;
- Continue to invest in the amenity of the City through Master Planning and investment and upgrades in public infrastructure.

## 1.0 Introduction

This section provides a background, context and overview of the project and the tasks undertaken by RPS in support of the Cleveland CBD Incentives Package and Tourism Accommodation Incentive Package (Incentives Packages) assessment and recommend future options for Council consideration.

### 1.1 Background

The Cleveland CBD Development Incentives Program was accepted by a resolution of Council in February 2013 ), as a way of stimulating economic activity within the Cleveland CBD and providing catalyst projects that would assist in the activation of the Cleveland Centre Master Plan.

The Tourist Accommodation Incentives Package was endorsed through a resolution of Council on the 30<sup>th</sup> of July 2014 and was designed to stimulate investment and construction in tourist accommodation in the city, outside of the Toondah and Weinam Creek PDA sites and the Cleveland CBD Development Incentives Package area.

The Incentives Packages were both extended in July 2015 through a Council resolution, with a final end date of June 2017.

### 1.2 Study Purpose

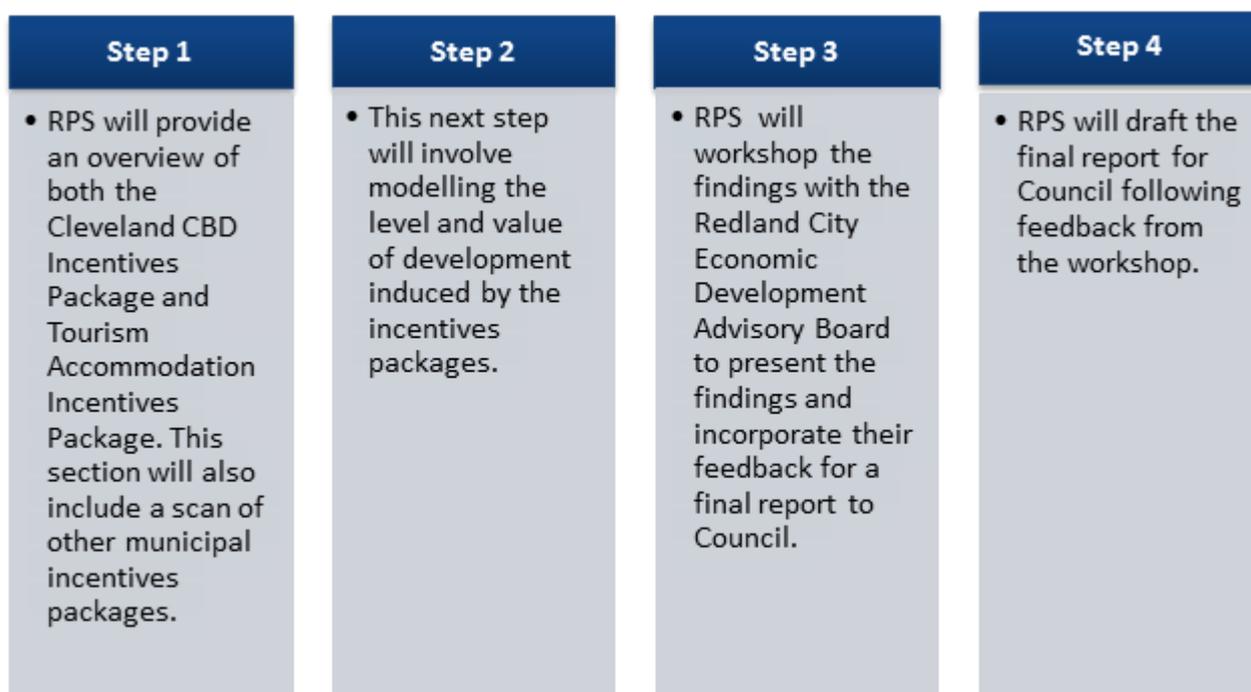
RPS were engaged by Redland City Council to undertake an assessment of two development incentives packages running concurrently in the city known as the *Cleveland CBD Incentives Package and Tourism Accommodation Incentive Package (Incentives Packages)*.

This Study **does not** represent an endorsement of a replacement for the current incentives packages for the city and instead includes an assessment of the current Incentives Packages and recommendations for consideration by the Redland City Economic Development Advisory Board (Advisory Board) in their advice to Council on the way forward for the Incentives Packages, following their conclusion in June, 2017.

### 1.3 Project Scope and Structure

The revised scope to assess the effectiveness of the Cleveland Incentives Package and Tourism Accommodation Incentive Package that considers how effective the Incentives Packages have been will incorporate the following components:

- Step 1 Incentives Packages Overview: RPS will provide an overview of both the Cleveland CBD Incentives Package and Tourism Accommodation Incentives Package. This can be supplied by Redland City Council; however it will be required internally by RPS to inform the economic modelling. It will incorporate an environmental scan of incentives packages offered by other local government municipalities to determine other options for the consideration of the Advisory Board.
- Step 2 Economic Modelling: RPS will model the level and value of development induced by the Incentives Packages. In addition, RPS will quantify the benefits/costs/opportunity foregone to Council associated with the program.
- Step 3 Workshop with Redland City Council Economic Development Advisory Board: RPS will facilitate a workshop with the Advisory Board to present the findings and incorporate input for a final report.
- Step 4 Final Report: Following feedback and input from the Advisory Board RPS will draft the final report, with recommendations on the future of the Incentives Packages for Council consideration.



**Figure 1 Project Scope and Structure Overview**

## 1.4 Document Review

A range of reports previously prepared by Redland City Council on both the Cleveland CBD Incentives Package and Tourism Accommodation Incentives Packages, along with local and regional reports. Information and statistical information have formed critical inputs into the assessment of the Incentives Packages. The documents provided to and referred to by RPS include:

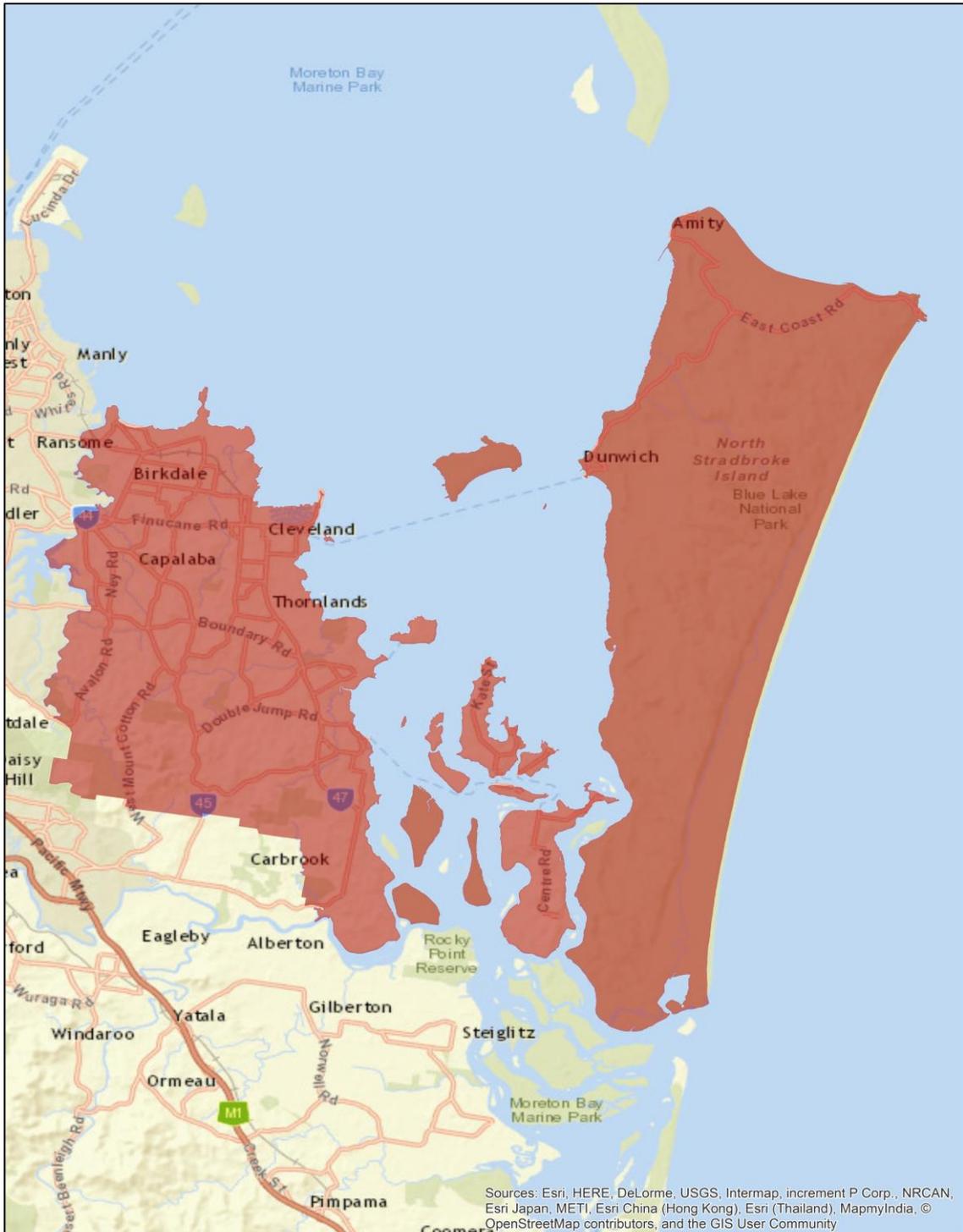
- Cleveland CBD and Tourism Accommodation Incentives Additional Funding, Redland City Council General Meeting Report, 27<sup>th</sup> January, 2016
- Cleveland CBD Development Incentives Program, Redland City Council General Meeting Report, 15<sup>th</sup> July, 2015
- Tourism Accommodation Incentives Packages Extension, Redland City Council General Meeting Report, 22<sup>nd</sup> June, 2015
- Proposed Tourism Accommodation Incentives Package, Redland City Council General Meeting Report, 30<sup>th</sup> July, 2014
- Cleveland CBD Development Incentives Program, Redland City Council General Meeting Report, February 1, 2013.
- Regional Statistics by LGA, 2010-2014, Redland City 36250, Australian Bureau of Statistics
- 3218, Regional Population Growth, Australia, 2014-15, Australian Bureau of Statistics

## 1.5 Geography

For the purpose of this study the Redland City Council region is as defined by the Local Government area boundaries as per the ABS' 2011 Australian Statistical Geography Standard (ASGS). The Redland City LGA is governed by Redland City Council. The city's geography is defined by its location on the southern shores of Moreton Bay, with the main offshore areas including North Stradbroke Island, Coochiemudlo, Lamb, Russell, Macleay and Karragarra Islands. The main centres on the mainland are in the City are:

- Alexandra Hills
- Birkdale
- Capalaba
- Cleveland
- Mount Cotton
- Ormiston
- Redland Bay
- Sheldon
- Thorneside
- Thornlands
- Victoria Point
- Wellington Point

The geography of the city is illustrated in the following figure.



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), MapmyIndia, © OpenStreetMap contributors, and the GIS User Community



Legend

Redland LGA



Scale: 1 : 225,000 @ A3 | Date: 10/05/2017 | Project No: 136138-1

Figure 2 Context Map

## 1.6 Glossary and Abbreviations

The following terms and abbreviations have been used within the Assessment.

ABS	Australian Bureau of Statistics
ABN	Australian Business Number
ASGS	Australian Statistical Geography Standard
AUD	Australian Dollar
BCR	Benefit Cost Ratio
CBA	Cost Benefit Analysis
CBD	Central Business District
DET	Department of Education and Training
FTE	Full Time Equivalent
GFC	Global Financial Crisis
GRP	Gross Regional Product
GVA	Gross Value Add
GSP	Gross State Product
IT	Information Technology
km	Kilometre
LGA	Local Government Area
MBRC	Moreton Bay Regional Council
MRA	Metropolitan Redevelopment Authority
NFP	Not for Profit
NPV	Net Present Value
PDA	Priority Development Area
QGSO	Queensland Government Statisticians Office
RDA	Regional Development Australia Logan and Redlands
REDAB	Redland City Economic Development Advisory Board (Advisory Board)
SA2	Statistical Area Level 2
SEIFA	Socio-Economic Indexes for Areas
SEQ	South East Queensland
TAFE	Technical and Further Education
TOD	Transit Oriented Development

## 2.0 Incentives Packages Overview

This section provides an overview of the Cleveland CBD Development Incentives Package and Tourism Accommodation Incentives Package (Incentives Packages). It provides context to the historical background to each of the respective Incentives Packages and an overview of what incentives are offered, including eligibility criteria. The Incentives Packages consist of funding of \$650,000 for Development Application Fee Concessions and \$1.5m in Infrastructure Charges Concessions. The majority of the wording for this section of the report has been adopted from a range of Council reports on the Incentives Packages and reworded where required for the purposes of this report.

### 2.1 Cleveland CBD Development Incentives Package History

The Cleveland CBD Development Incentives Program was accepted by a resolution of Council in February 2013, as a way of stimulating economic activity within the Cleveland CBD and providing catalyst projects that would assist in the activation of the Cleveland Centre Master Plan. The Cleveland Centre Master Plan (adopted by Council in 2010) aims to build upon the CBD's strategic assets, providing a vision to guide growth, development and investment in the Cleveland CBD. The adoption of the Cleveland CBD Development Incentives was preceded by the establishment of the Cleveland CBD Revitalisation Committee (an internal Council Committee) which operated from February to December of 2013.

The initial justification for the adoption of an incentives package for the Cleveland CBD was to stimulate development in the Cleveland CBD. The Cleveland CBD is recognised as a key regional activity centre playing a vital role in the history, lifestyle and culture, administrative and economic development of Redland City. Cleveland's importance as one of two key activity centres in the city (the other being Capalaba) has been recognised across a range of documents, including, but not limited to the Redlands Planning Scheme, Redlands 2030 Community Plan, the Corporate Plan 2015-2020, the Economic Development Framework 2014-2041 and the current SEQ Regional Plan 2009-2031.

A range of factors had negatively impacted on business activity and development within the Cleveland CBD, before the establishment of the Cleveland CBD Development Incentives Program. These factors prompted the introduction of the program, resulting in ongoing subdued market conditions in the Cleveland CBD during the life of the CBD Development Incentives Program.

The factors included; difficulty accessing finance associated with tightened credit conditions related to borrowing to fund commercial and residential development post Global Financial Crisis (GFC), subdued investor and consumer confidence across the city (and more broadly Australia) and lower levels of population growth comparative to historical averages across Redland City and South East Queensland more broadly, resulting in a fall in construction activity<sup>1</sup>.

The Cleveland CBD Development Incentives Package were initially to cease operation in June, 2015, however continued subdued market conditions in the Cleveland CBD, which contrasted to what was occurring in the construction sector in other parts of Redland City and more broadly in across South East Queensland prompted Council to extend the Cleveland CBD Development Incentives Package to June 2017. Council was hopeful that an extension of the Cleveland CBD Development Incentives Package would allow Cleveland to benefit from an increase in investor confidence occurring across South East Queensland and also to capture the economic benefits associated with an increase in economic activity from the redevelopment of the Toondah harbour Priority Development Area (PDA) precinct<sup>2</sup>.

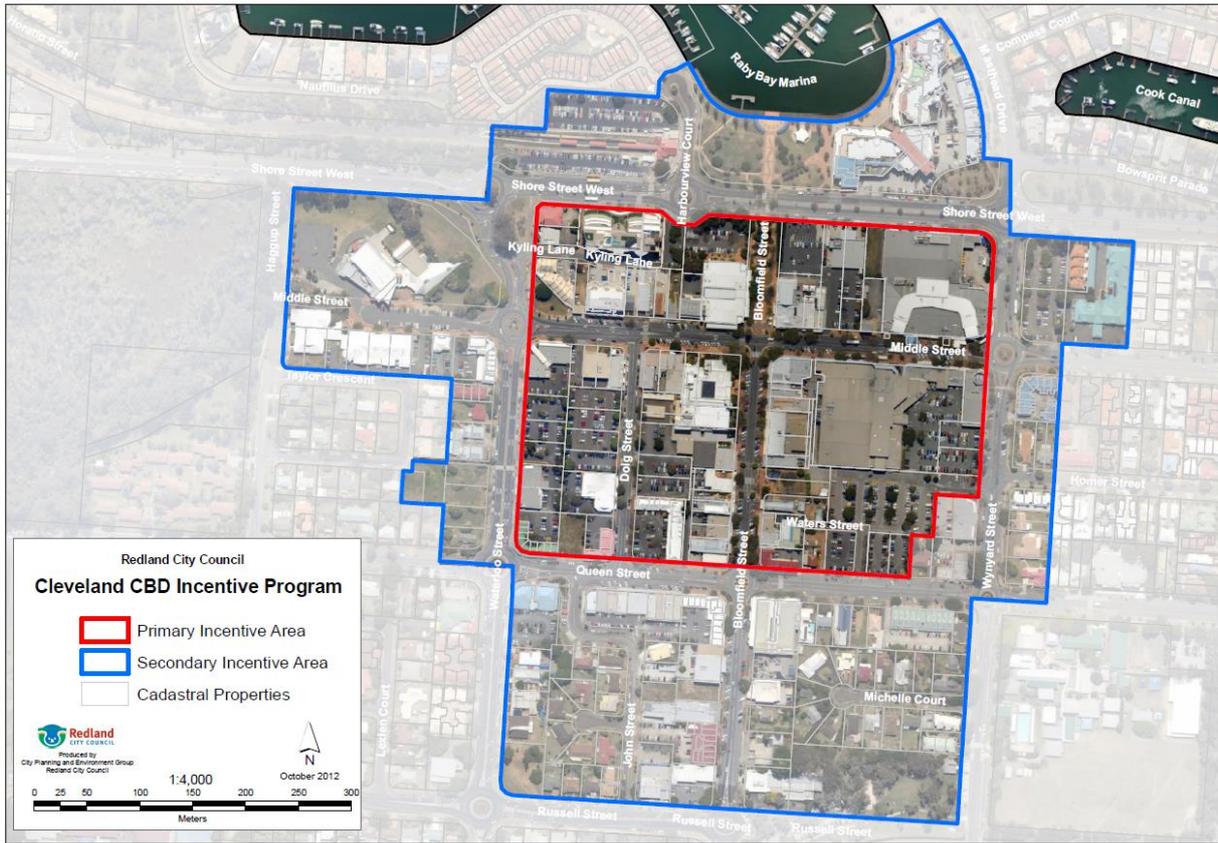
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<sup>1</sup> Cleveland CBD Development Incentives Program, General Meeting Minutes, Redland City Council, 15 July, 2015

<sup>2</sup> Cleveland CBD Development Incentives Program, General Meeting Minutes, Redland City Council, 15 July, 2015

## 2.2 Cleveland CBD Development Incentives Package Eligibility Criteria

This section will detail the content of the Cleveland CBD Development Incentives Program. The Cleveland CBD Development Incentives Package was only available in a primary and secondary area of the Cleveland CBD in order to restrict development to a core area of the CBD. The defined areas are shown on the map below provided by Council<sup>3</sup>.



**Figure 1 Cleveland CBD primary and secondary incentives area**

The Cleveland CBD Development Incentives Program consisted of both financial and non-financial incentives. The criteria for eligibility in relation to the Cleveland CBD Development Incentives Package are as follows<sup>4</sup>:

- a) The incentives shall only be available within the Primary and Secondary Incentives Areas;
- b) The Cleveland CBD Development Incentives Program shall operate until 30 June 2017;
- c) Council will provide infrastructure contributions concessions on a first come first served basis for new approved material change of use development (involving building works) which:
  - is identified as eligible for the Incentives Program as defined below;
  - is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master

<sup>3</sup> Redland City Council, 2017, *Cleveland CBD Incentives Package - Eligibility criteria*, retrieved from [https://www.redland.qld.gov.au/info/20165/opportunities\\_and\\_investment\\_in\\_redlands/284/cleveland\\_cbd\\_incentives\\_package](https://www.redland.qld.gov.au/info/20165/opportunities_and_investment_in_redlands/284/cleveland_cbd_incentives_package)

<sup>4</sup> Cleveland CBD Development Incentives Program, Cleveland CBD Revitalisation Special Committee Report, Redland City Council 1 February, 2013

Plan; and

- involves building works which can demonstrate substantial completion by 30 June 2018.

The infrastructure contributions concession is available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses; 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:

- I. Aged Care and Special Needs Housing where part of mixed use;
- II. Apartment Buildings where part of a mixed use ;
- III. Commercial Offices;
- IV. Community Facility;
- V. Hotel;
- VI. Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);
- VII. Refreshment Establishment; and
- VIII. Shop.

- a) Provide development application fee concessions, on a first come first served basis, for well-made applications for new material change of use development ( involving building works), and operational works for new approved Material Change of use development (involving building works) which:

- Is identified as eligible for the Incentives Program as defined below;
- Is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan; and
- Involves building works which can demonstrate substantial completion by 30 June 2018.

The development application fee concessions are available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;
- 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:

- I. Aged Care and Special Needs Housing where part of a mixed use;
- II. Apartment Buildings where part of a mixed use;
- III. Commercial Offices;
- IV. Community Facility;
- V. Hotel;

- VI. Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);
- VII. Refreshment Establishment; and
- VIII. Shop.

a) Pursuant to Part 10 of Chapter 4 of the Local Government Regulation 2012 Council will provide rating and utility charge concession during the construction phase for approved new development on the following basis:

- is identified as eligible for the Incentives Program as defined below;
- is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan; and
- involves building works which can demonstrate substantial completion by 30 June 2018.

The rating and utility charge concessions are available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;
- 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:

- I. Aged Care and Special Needs Housing where part of a mixed use;
- II. Apartment Buildings where part of a mixed use;
- III. Commercial Offices;
- IV. Community Facility
- V. Hotel;
- VI. Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);
- VII. Refreshment Establishment; and
- VIII. Shop.

- a) Regulatory and facilitative incentives will be available within the Primary and Secondary Incentives Area - Cleveland CBD;
- b) Fast track eligible new material change of use and operational works development applications (involving building works) which are well-made and which are consistent with the Redlands Planning Scheme and Cleveland Master Plan within twenty (20) business days (Regulatory Incentives);
- c) Utilise the Base Maximum Car parking rates for Activity Centres as identified in the "Transit Orientated Development – Guide for Practitioners in Queensland" released by the Queensland State Government for new material change of use development applications (involving building works) (Regulatory Incentives) which:

- are consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master

Plan;

- are for a land use identified as eligible for the Incentives Program;
  - are lodged with Council prior to the 30 June 2017; and
  - involve building works which can demonstrate substantial completion by 30 June 2018.
- d) Where Council is satisfied that a material change of use application (involving building works) for an eligible use is capable of providing on site car parking in accordance with the base maximum rates of the TOD guideline for Activity Centres it will be deemed to satisfy the relevant Specific Outcome of the Access and Parking Code of the Redlands Planning Scheme;

### 2.3 Tourist Accommodation Incentives Package History

The Tourist Accommodation Incentives Package was endorsed through a resolution of Council on the 30<sup>th</sup> of July 2014 and was originally to cease by June 2016. The Tourist Accommodation Incentives Package was designed to stimulate investment and construction in tourist accommodation in the city, outside of the Toondah and Weinam Creek PDA sites and the Cleveland CBD Development Incentives Package area. The Tourism Accommodation Incentives Package operated from the Cleveland CBD Development Incentives budget and was designed to operate in conjunction with the Cleveland CBD Development Incentives Program. An extension to the Tourism Accommodation Incentives and Cleveland CBD Development Incentives Packages was endorsed by a resolution of Council in June 2016, with a Council resolution nominating to cease operation of both incentives packages in June 2017.

The original report to Council noted the importance of Tourism to the Queensland economy and its identification through the then draft Redland City Economic Development Framework as one of the city's key growth sectors. The report went on to note research conducted by the Australian Workforce and Productivity Agency (2013), Deloitte (2014) and Queensland Treasury and Trade (2014) all of which forecast strong economic growth for the sector, particularly for the Queensland economy. The report also noted the contribution of tourism to Gross Regional Product (GRP) within Queensland's regions as further justification for focusing on the adoption of Tourism Accommodation Incentives, noting tourism's contribution to GRP in the Brisbane region (which Redland City is classified as part of), where in level terms, the total value of tourism is 35%, which is higher than the Gold Coast (21%), Tropical North Queensland (14%) and the Sunshine Coast (11%)<sup>5</sup>.

The report to Council outlining the case for a Tourist Accommodation Incentives package also cited other economic indicators to build a case for the incentives to boost tourist accommodation in the city. These indicators included the Newman Government's Four Pillars of growth strategy of which Tourism was identified as one of the pillars. The report went on to note that the sector contributed \$22 billion per year to the state's Gross State Product (GSP), accounting for 6% of the state's employment, earning \$5.7 billion in export income, and accounting for 13% of all registered businesses in the state<sup>6</sup>.

It was outlined in the report to Council that the tourism sector in Redland City (as measured by the Tourism Satellite Account) represented a small portion of the city's gross regional product, however the Food and Accommodation Sector in the city accounted for 8.7% of the city's workforce, making it one of the city's key industry employment sectors. The lack of four and five star tourist accommodation offerings in Redland City, along with research indicating growth potential in the city for this type of accommodation were cited in the report as further justification to extend the Cleveland CBD Development Incentive program to include tourism accommodation across the whole city. It was identified in the report that there was potential for growth in the sector in the Redlands particularly in boutique accommodation and facilities associated with the city's rural

<sup>5</sup> Tourism Research Australia, 2013, Tourist Accommodation Small Area Data, Queensland

<sup>6</sup> ibid

areas, the growth of which was being encouraged in the SEQ Regional Plan and from which the city could leverage due to its proximity to both the Brisbane and Gold Coast markets<sup>7</sup>.

### 2.3.1 Tourist Accommodation Incentives Package Eligibility Criteria

This section of the report will detail the content of the Tourist Accommodation Incentives Package. The budget for the Incentives Package was sourced from the Cleveland CBD Development Incentives Package and also included both financial and non-financial incentives; however it applied to all areas in the city (with the exception of the Toondah Harbour and Weinam Creek PDA's). The types of accommodation encouraged as part of the incentives package, were adopted from the Redlands Planning Scheme and included the following:

- Bed and Breakfast; use of premises for the provision of short-term accommodation on a commercial basis within a dwelling house, where such accommodation is not self-contained.
- Tourist Accommodation: use of premises for short-term accommodation for tourists. The term includes self-contained motel, serviced apartments, guesthouse, backpacker's hostel and resort.
- Tourist Park: use of premises for holiday and recreational purposes, involving the setting up of short-term and easily removable accommodation for travelers or holiday cabin. The term includes ancillary communal, management and recreational facilities<sup>8</sup>.

The criteria for eligibility in relation to the Tourist Accommodation Incentives Package were as follows<sup>9</sup>:

- 100% infrastructure charges concession (\$1.5 million currently allocated) provided on a first come first served basis for material change of use development (involving building works).
- 100% development application fee concession provided on a first come first served basis for material change of use development (involving building works).
- Twenty business day priority assessment of development applications that are well made.
- Rating and utility charge concession during the construction phase for material change of use development (involving building work), pursuant to Part 10 of Chapter 4 of the Local Government Regulation 2012.

The Tourist Accommodation Incentives Program will be subject to the following:

- Operation from 1 August 2014 until 30 June 2017.
- Applicable outside the Cleveland CBD Incentives Area Map and the Toondah Harbour and Weinam Creek Priority Development Areas.
- Development must be assessed and determined to be compliant with the Redlands Planning Scheme and other relevant planning instruments.
- Building work associated with material change of use development must be substantially complete by 30 June 2016.
- Infrastructure charges concessions (combined with the CBD Incentives Program) capped at \$1.5M.
- Development application fee concessions (combined with the CBD Incentives Program) capped at \$650,000.

<sup>7</sup> Proposed Tourist Accommodation Incentives Package, Redland City Council General Meeting Report, 30 July, 2014

<sup>8</sup> Proposed Tourist Accommodation Incentives Package, Redland City Council General Meeting Report, 30 July, 2014

<sup>9</sup> ibid

1. Authorise the Chief Executive Officer to finalise all business rules for the implementation and administration of the Tourist Accommodation Incentives Program;
2. Delegate power to the Chief Executive Officer to determine eligibility for the infrastructure charges and development application fee concessions and the rating and utility charge exemptions, pursuant to Part 3 of the Local Government Regulation 2012; and

Identify and remove any unnecessary regulatory impediments to the development of Tourist Accommodation through the City Plan 2015.

## 3.0 Investment Attraction and Incentives

This section of the report will detail what makes an area an attractive investment location and why investors may choose to locate in a particular region. The section will also provide some examples of other incentives programs being used by other local government authorities to attract investment.

### 3.1 Competitive Advantage

A community's competitive advantage may be in one or more areas of production. Potential advantages may include for example water supplies, access to reliable electricity supply, transportation opportunities, location, natural resources, labour skills, and educational facilities, to provide some examples. It is important for Councillors to be aware of situations giving their area its competitive advantage.

The Redland City area is fortunate in having comparative advantage over its competitors in many if not all of these areas. As such it is the role of a local government to recognise its competitive advantages and work in partnership with state and federal counterparts and the private sector to pursue these opportunities. The role of Council is normally to facilitate development.

The Cleveland CBD and Tourist Accommodation Incentives Packages should represent one aspect of the overall approach to economic development in Redland City which requires long-term investment, in addition to any short and medium term approaches that may be used to attract initial development opportunities. The decision by an industry or business to locate to a particular location is driven by numerous interrelated and interdependent factors that may run into the hundreds and that normally require some degree of compromise by a business in that decision-making process. There are however a number of standard locational factors that will influence this decision-making process. These factors include (but are not limited to):<sup>10</sup>

- Markets
- Industry Site
- Labour
- Utilities
- Raw Materials
- Financial Capital
- Transportation
- Intangible factors

Each will be examined briefly to provide insight into their role in the decision-making process.

- Markets – Consumer goods markets (which the Cleveland CBD is comprised of) location factors include population concentration, income levels and demographic factors such as age and sex composition of the population.
- Industry Site – A site or sites must be available within a community to attract potential investors. It can be an advantage if the site is owned by the local community, or the local council. In addition it is if advantage if the site has access to utilities, transport, and infrastructure such as telecommunications.
- Labour – Businesses will use a number of factors in relation to labour to determine investment opportunities. These include but are not limited to: age, sex structure, education and skill levels, current

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<sup>10</sup> Oklahoma State University, *Critical Factors in attracting new business and industry in Oklahoma*, retrieved from <http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-1794/AGEC-862web.pdf>

unemployment rates in an area, median salary levels. Also included in this will be access to education facilities such as schools and post-secondary education and training providers such as TAFE and University institutions.

- Utilities – Access to affordable energy, water and waste treatment, is a basic component of attracting investment to a location. The rates charged for access to these utilities will also play a part in the investment decision being made by an organisation.
- Raw Materials – This will not play a major factor in investment decisions for the Cleveland CBD; however, it may play a role in any new construction development, notably in access to construction materials.
- Financial Capital – Post GFC access to financial capital has been constrained due to tightened lending criteria that now often requires pre-commitment from tenants for commercial and residential construction projects before any capital will be lent. This has somewhat constrained development activity across the globe and made the issue of comparative advantage and investment attraction more critical than ever for governments at all levels. Funding for projects can come from sources other than traditional lending institutions, including state and federal governments, private investors and less commonly local investment pools.

There are some alternatives to finance access from traditional lenders; however they are aimed primarily at consumer product development, rather than commercial investment decisions. This funding platform is known as ‘crowd-funding’ and it involves the general public investing in projects, by pledging contributions to them. It is not used to fund investment projects however, it is being used successfully by start-ups and small to medium firms to attract investment in projects that may have otherwise had limited access to capital.

This type of funding would not attract large investors to the Cleveland CBD for example; however it is an option for micro and small businesses to use as a capital investment source in the development of their business using the CBD as the shopfront. It is not applicable to all industry sectors; however substantial funding is being generated by this method in the creative industries and in IT, and is driving entrepreneurial activity particularly in the United States<sup>11</sup>.

- Transport – Access to reliable public transport and the ability of employees to access a workplace by private vehicles play a critical role in an investment decision by an organisation. The issue of transport also includes access to markets by suppliers and producers and hence the issue of road transport infrastructure is an important component of any investment decision. The other industry sector where this is important is for tourists and their ability to visit a location using a variety of transport options. Cleveland has a competitive advantage in this instance in its proximity to Brisbane and the Gold Coast and the provision of a rail line.
- Personal and Intangible Factors – The above factors are key components of investment decision-making, however they are by no means the only factors and they represent only a fraction of the many facets involved in the decision making process.

The personal and intangible attributes of communities also play a role in investment decision making. These attributes can be described best in terms of community leadership and attitudes, housing, schools, recreation, shopping, and overall community image. Most large companies are also concerned about their corporate image, and they want to be a good corporate neighbour. Their impressions of a potential location can be greatly enhanced if community leaders create an image of acceptance, cooperation, and fairness<sup>12</sup>. This is a much easier task if community leaders can exhibit a history of creating a favourable

<sup>11</sup> Management Today, August 2012, The Money Mosh Pit, Australian Institute of Management, Brisbane

<sup>12</sup> Oklahoma State University, *Critical Factors in attracting new business and industry in Oklahoma*, retrieved from <http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-1794/AGEC-862web.pdf>

environment for existing businesses. This is one factor in the investment process in which a community has a great deal of control.

- Other factors – Other influences that will impact on investment decision making include: local and state taxes, laws that may affect the industry being recruited and any special inducements for industry that may choose to locate in a particular community.

The modern decision-making framework of investment decision making tends to increase the influence of desirable characteristics of a location as a place to live and work. Worker productivity is always affected by these personal factors and can lead to attracting quality labour and management investments decisions to a particular geographic area. Making a community more attractive to industry also creates a better place to live for existing residents. Thus, even if a new development does not eventuate, the community benefits from the effort.

### 3.2 Development Authorities

In addition to the above factors local governments working in conjunction with state and/or federal governments and private industry can establish Development Authorities as a means of attracting and driving investment strategies for a particular location. There are a number of notable successful Authorities that have been established both in Australia and overseas that have developed often run-down areas of a city or region and redeveloped them into successful residential and commercial hubs. Successful examples of these include:

- London Docklands Development Corporation – was a non-departmental public body responsible for the redevelopment of the London Docklands area. The government established the body with a grant, with funding then being based on the proceeds of land sales. The corporation was in existence from 1981-1998 and although it had the power to compulsorily acquire land, the planning for public purposes resided in the hands of the Boroughs<sup>13</sup>.
- Metropolitan Redevelopment Authority – the MRA is a body corporate established in 2011 to take responsibility for a number of urban renewal projects in the Perth Metropolitan area. These areas were previously undertaken by separate bodies in each of the renewal areas; however the MRA was formed to take overall responsibility for all of these projects. The authority is a body of the state and as such have all of the immunities associated with that. The authority has total planning authority in urban renewal areas, however it does work in conjunction with local governments, but it is the lead planning agency. Funding is obtained from the government and the proceeds of land sales<sup>14</sup>.
- Melbourne Docklands - the Melbourne Docklands redevelopment a former working waterfront area of Melbourne that fell into disuse when the container shipping was moved to the west of Melbourne. The initial development of the area was undertaken with the 1996 development of the Docklands Stadium being catalyst project for the area. The residential and commercial component of the redevelopment was overseen by Places Victoria (previously VicUrban) a Victorian State Government Agency tasked with overseeing land sales and acting as a land developer in the Docklands precinct. The area is now headquarters to organisations such as NAB, Myer, Bureau of Meteorology, ANZ, Medibank Private, Ericsson and Bendigo Bank and supports a residential population of nearly 10,000<sup>15</sup>.

These development authorities are only a few examples of the types of governance options available to governments in the pursuit of investment attraction. They are normally undertaken as part of a broad master

<sup>13</sup> London Docklands Development Corporation, 2009, *About LDDC; a brief overview*, retrieved from <http://www.lddc-history.org.uk/lddcachievements/index.html>

<sup>14</sup> Western Australian Government, 2017, Metropolitan Redevelopment Authority Act 2011, retrieved from [http://www.austlii.edu.au/au/legis/wa/consol\\_act/mraa2011436/s7.html](http://www.austlii.edu.au/au/legis/wa/consol_act/mraa2011436/s7.html)

<sup>15</sup> Places Victoria, 2012, *Our Projects: Docklands*, retrieved from <http://www.places.vic.gov.au/precincts-and-development/docklands/about/docklands-history>

planning process, such as that provided by the Cleveland CBD Master Plan, or through the conferring of Priority and State Development Areas.

### 3.3 The Role of Local Government in Attracting Development

The approach taken by local governments in attracting development to a region or specific area needs to be multi-faceted and undertaken in conjunction with state and possibly federal counterparts and industry themselves. The facets that need consideration in attracting development to a region have been noted above and they additionally include<sup>16</sup>:

- Current economic conditions, including access to finance;
- Assist existing businesses in the development of growth opportunities, rather than attempting to immediately attract new business;
- Development plans for a particular area and their attractiveness to investors;
- Willingness of local governments to assist with the development process i.e. through incentives and bonuses;
- A proactive, rather than reactive approach to development that promotes development incentives in return for public and environmental benefits;
- Understanding the competitive advantages of your region, or locality;
- Access to transport and infrastructure; and
- Supply of labour.

Intangible factors include the attractiveness of a location, access to education facilities, cultural and recreational facilities, shopping and housing affordability including rental costs. In developing the Cleveland CBD and Redland City as a whole, it is important to understand the impact of the wider economy on attracting development to the city, the built environment and the amenity of the city as a whole as part of the city's appeal.

### 3.4 Other Local Government Initiatives

There are a variety of options available to local governments when pursuing investment opportunities. The following is a brief review of incentives offered in Queensland, with one example included from South Australia as a way of comparing these approaches from an interstate perspective. The following examples are by no means a comprehensive list of examples and each example has a number of unique individual factors that could not be repeated in Redland City. What they represent collectively however, are examples that are being used to attract investment, elements of which could be replicated in the overall development of Redland City and its activity centres.

#### 3.4.1 Brisbane

The LGA of Brisbane has a resident population of 1,041,839, covering an area of 1,367km<sup>2</sup> and is the largest local government area in the country. The unemployment rate of 5.3% is below the State's rate, with a median weekly household income of \$1547, higher than the state average<sup>17</sup>. The city has suffered an increase in the office vacancy rate, to 15.3% due to the slowdown in the state's economy and a reduction in

<sup>16</sup> McKinsey, (1994), *Lead Local, Compete Global: unlocking the growth potential of Australia's Regions*, Regional Development, Canberra: Australian Government

<sup>17</sup> Australian Bureau of Statistics, 2017, *2011 Census QuickStats, Brisbane (C)*, code LGA 31000, retrieved from [http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2011/quickstat/LGA31000?opendocument&navpos=220](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA31000?opendocument&navpos=220)

commercial activity<sup>18</sup>. Brisbane City Council has introduced a number of incentives to stimulate activity within the Brisbane LGA boundaries. The table below highlights the key features of the incentives programs<sup>19</sup>;

**Table 4 Brisbane City Council Incentives**

Incentive Category	Incentive Type	Description
Retirement and Aged Care incentive	Infrastructure charges concession	A reduction in infrastructure concessions of 33% for eligible development approvals given between December 2016 and December 2019. Building works must be substantially commenced by December 2020.
Student Accommodation Charges Reduction	Infrastructure charges concession	A reduction in infrastructure charges for eligible student accommodation developments for developments that take effect between July 2014 and June 2017. Some of the criteria for eligibility include: <ul style="list-style-type: none"> <li>The development must provide accommodation for students enrolled at a tertiary or higher education campus within the Brisbane Local Government Area, including university and TAFE colleges and private educational establishments providing nationally accredited courses</li> <li>The development must contain a minimum of 20 bedrooms</li> <li>be operated and actively managed by a bona fide and experienced tertiary or higher education student accommodation provider</li> <li>Up to a maximum total of \$12,000 (in reductions) for suites with six or more bedrooms.</li> </ul>
Charges Reductions for Eligible Community Organisations	Infrastructure Charges Reductions	A reduction is available for 75% of the infrastructure charges levied by Council on an associated development approval, up to a maximum amount of \$45,000 for development approvals given between July 2016 and June 2020. The types of organisations include: <ul style="list-style-type: none"> <li>Charitable organisations</li> <li>NFP community based organisations</li> <li>Sporting or recreation organisations</li> <li>Religious organisations</li> <li>Schools (DET accredited)</li> </ul>

### 3.4.2 Sunshine Coast Council

The Sunshine Coast Council region is the third largest urban area in Queensland, with a population of 306,909 covering an area of 2,251km<sup>2</sup> and a lower than state average household income and higher unemployment<sup>20</sup> than the state average. The Council has established a dedicated business facilitation service that offers an Industry Investment Facilitator to bring investments to market. In addition to this it has

<sup>18</sup> Property Council of Australia, 2017, Demand boosts Queensland Office Markets, retrieved from [http://www.propertycouncil.com.au/Web/Content/Media\\_Release/QLD/2017/Demand\\_boosts\\_Queensland\\_office\\_markets.aspx](http://www.propertycouncil.com.au/Web/Content/Media_Release/QLD/2017/Demand_boosts_Queensland_office_markets.aspx)

<sup>19</sup> Brisbane City Council, 2017, Grants and Incentives for Business, retrieved from [http://www.choosebrisbane.com.au/invest/how-we-can-help/grants-and-incentives?sc\\_lang=en-au](http://www.choosebrisbane.com.au/invest/how-we-can-help/grants-and-incentives?sc_lang=en-au)

<sup>20</sup> Australian Bureau of Statistics, 2012, 2011 Quick Stats, Sunshine Coast, retrieved from [http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2011/quickstat/LGA36710?opendocument&navpos=220](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA36710?opendocument&navpos=220)

established a number of initiatives aimed at encouraging investment and generating development across the entire LGA. The Council incentives are targeted in their aims and objectives. The initiatives include<sup>21</sup>:

**Table 5 Sunshine Coast Council Incentives**

Incentive Category	Incentive Type	Description
Development Incentives	Rebate	<p>A rebate of 25% of the fees paid at the lodgment of a development application can be sought if the work commences within two years from the date of approval and is for one of the following uses under the region's planning scheme:</p> <ul style="list-style-type: none"> <li>• Rural – agriculture, environment facility, roadside stall, winery</li> <li>• Tourism – nature-based, short-term accommodation (5-star or better facility), art and craft centre shop in a rural zone, tourist attraction in a rural zone</li> <li>• Health Care Services - residential care facility (high care).</li> </ul>
Fee Reductions	Assessment Fee Discount	A 20% discount offered on all assessment fees that apply to all operational works applications made by an approved consultant and decision ready.
Investment Incentives Scheme	Offset Relocation and Establishment Costs	<p>The aim of the Scheme is to diversify the Sunshine Coast economy increase employment opportunities and increase capital expenditure. Council will offset certain costs associated with relocation and establishment. Eligibility criteria include:</p> <ul style="list-style-type: none"> <li>• it is already established and has a history of at least three years profitable trading and a positive balance sheet</li> <li>• it will be investing capital of at least \$2 million and/or creating 10 new jobs (by FTE) in the region</li> <li>• it will generate significant economic benefit for the Sunshine Coast region</li> </ul> <p>Industry sectors that the Incentives Scheme is targeting include:</p> <ul style="list-style-type: none"> <li>• Health and Wellbeing</li> <li>• Education and Research</li> <li>• Tourism, Sport and Leisure</li> <li>• Clean Technologies</li> <li>• Aviation and Aerospace</li> <li>• Food and Agribusiness</li> <li>• Knowledge and Professional Services</li> </ul>

### 3.4.3 Logan City Council

Logan City has a population of 278,050 however the population is projected to grow to 490,522 by 2036, making it one of the fastest growing regions in the state, covering an area of 323km<sup>2</sup><sup>22</sup>. The city, however has a higher than state average unemployment rate and an average household income that is broadly equal

<sup>21</sup> Sunshine Coast Council, 2017, Invest Sunshine Coast Australia – Financial Incentives, retrieved from <https://invest.sunshinecoast.qld.gov.au/Investment-Support/Government-Incentives-and-Assistance/Financial-Incentives>

<sup>22</sup> Queensland Government Statisticians Office, 2017, Queensland Regional Profile, Logan Local Government Area, retrieved from <http://statistics.qgso.qld.gov.au/profiles/qrp/resident/pdf/YB45CG1VWJXJVORV81K64PYHV/MGPQSJXP1K6NIY47D51ZBD32YAZE6TYLU28KSMKHPI7P0GEP730CLYLRP43PRNNE8W3RQSUUJ71DKHOH3EMRRJCK7CAJ97WYEAHR89/qld-regional-profiles-resident#view=fit&pagemode=bookmarks>

to the state average, however there are pockets of severe disadvantage in parts of the LGA<sup>23</sup>. The city has a range of incentives aimed at generating development that are applied across the city, most notable for non-residential development, 4 and 5 star hotel accommodation and development that involves not-for-profit organisations<sup>24</sup>. In addition to these, the city has recently declared Springwood as an Economic Development Zone offering a range of incentives to generate development, the program details will be formally announced in late May. These include<sup>25</sup>:

**Table 6 Logan City Council Incentives**

Incentive Category	Incentive Type	Description
Infrastructure Charges	Infrastructure Charges Deferral	<ul style="list-style-type: none"> <li>Council will not levy a charge if a non-residential development simply replaces an existing non-residential development without adding floor space. In the event of the new non-residential use having a higher charge rate than the existing, Council will exempt the charge up to a difference of \$50k.</li> <li>Deferring the payment of infrastructure charges for new high quality 4-5 star hotel developments within the City of Logan.</li> <li>Not-for-profit and charitable organisations infrastructure charges deferrals.</li> </ul>
Administrative Streamlining	Development Assessment Valuation Simplification	<ul style="list-style-type: none"> <li>Applicants can submit valuations upfront as part of the Development Assessment process if they are entitled to infrastructure charges offsets or refunds.</li> </ul>
Infrastructure Charges (Springwood ED zone)	Infrastructure Fee Discount	Developers are being offered \$1m in discounts on infrastructure fees to encourage development in the centre.
Car Parking (Springwood ED Zone)	Car Parking Requirements Relaxation	Relaxation of Car parking requirements for new developments in Springwood.
Building Heights (Springwood ED Zone)	Allowing for increased building heights	The City will support increased building heights for new developments in Springwood Centre.

### 3.4.4 Gold Coast City Council

The Gold Coast City region is the sixth largest urban area in Australia, with a population of 494,501 over an area of 1,358km<sup>2</sup>. The City has a lower than state average household income and higher unemployment<sup>26</sup> than the state average. The Gold Coast did have an extensive incentives program based around enticing investment and construction, however this has since been wound back as the sector has shown strong growth since 2010 with the focus now on incentives more targeted in areas such as film making, export

<sup>23</sup> Australian Bureau of Statistics, 2017, 2033.0.55.001 - Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA), retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/2033.0.55.0012011?OpenDocument>

<sup>24</sup> Logan City Council, 2017, Infrastructure Planning and Charges, retrieved from <http://www.logan.qld.gov.au/planning-and-building/planning-and-development/infrastructure-planning-and-charging>

<sup>25</sup> Logan City Council, 2017, Media Releases, retrieved from <http://www.logan.qld.gov.au/about-council/news-and-publications/media-releases/media-releases/one-million-reasons-to-invest-in-springwood>

<sup>26</sup> Australian Bureau of Statistics, 2017, 2011 Quick Stats, Gold Coast, retrieved from [http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2011/quickstat/309?opendocument&navpos=220](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/309?opendocument&navpos=220)

assistance, international trade and investment and business assistance programs<sup>27</sup>. A brief overview is provided below:

**Table 7 Gold Coast City Council Incentives**

Incentive Category	Incentive Type	Description
Film Attraction	Film assistance incentives	<p>The city assists film and production companies looking to film in the city, with incentives available for films meeting the following requirements:</p> <ul style="list-style-type: none"> <li>the approximate value of the production (minimum AU\$1.5 million spend on the Gold Coast)</li> <li>duration of the production and approximate percentage conducted on the Gold Coast</li> <li>approximate number of jobs and economic impact created on the Gold Coast during these periods</li> </ul> <p>The city offers incentives between \$30,000 and \$100,000 depending on the film's production value.</p>
Export Assistance Scheme	Export assistance	<p>The city has developed a scheme to assist existing and emerging exporters both develop and grow export markets. The types of assistance available in two categories that include:</p> <ul style="list-style-type: none"> <li>Category A: companies exporting to North East Asia, South East Asia, South Asia, New Zealand and Pacific Islands, will be funded \$1500.</li> <li>Category B; companies exporting to Europe, Middle East, Africa and the Americas, will be funded \$3000.</li> </ul> <p>The funding is available for three consecutive years.</p> <p>Eligibility criteria are quite rigorous and state that the company must:</p> <ul style="list-style-type: none"> <li>be a registered Gold Coast based business, established for more than two years, with an active Australian Business Number (ABN)</li> <li>be participating in either a City of Gold Coast mission, an Austrade or Trade Queensland supported event or undertaking their own market visit</li> <li>be registered with TradeStart Gold Coast</li> <li>have a turnover of between \$250,000 and not more than \$15 million (AUD)</li> <li>be export ready, with a clearly defined export strategy and the ability to assign export budget</li> <li>own the product/service/intellectual property that is being promoted</li> <li>manufacture or produce their products and services in Australia on the Gold Coast or, if manufactured or produced outside Australia, must provide a significant benefit to the Gold Coast from overseas sales</li> <li>complete a short outcomes summary following your trip, listing your meetings and export outcomes achieved or in process.</li> </ul>

<sup>27</sup> Gold Coast City Council, 2017, Gold Coast Business, retrieved from <http://www.goldcoast.qld.gov.au/business/default.html>

Incentive Category	Incentive Type	Description
International Trade and Investment	International Trade Missions	The City offers opportunities for companies to participate in activities including trade missions for both international and inbound trade.
Gold Coast CBD	Non-financial	<p>Gold Coast has provided a dedicated team to assist specifically in the development of Southport (Gold Coast CBD). The team provides support and advice for investors and developers.</p> <ul style="list-style-type: none"> <li>• pre-development meetings;</li> <li>• strategic advice and research;</li> <li>• business support and capacity building;</li> <li>• investment and relocation;</li> <li>• partnership opportunities;</li> <li>• international delegation assistance;</li> <li>• marketing and promotion;</li> <li>• financial assistance (programs listed above); and</li> <li>• event management.</li> </ul> <p>The team is also overseeing projects in the CBD including:</p> <ul style="list-style-type: none"> <li>• Light rail</li> <li>• Gold Coast Chinatown</li> <li>• Broadwater Parklands Stage 3</li> <li>• Gold Coast Aquatic Centre</li> <li>• Southport Mall improvements</li> </ul>

### 3.4.5 Rockhampton Regional Council

Rockhampton Regional Council is the fourth largest regional city in Queensland with a population of 109,336 over an area of 18,361km<sup>2</sup>. It is the major administrative, business, government and community centre on the Central Coastal region of the state. The city has a lower than state average unemployment and lower household average income<sup>28</sup>. The LGA has been affected by the downturn in the mining sector and the regional economy more broadly which has impacted on development in the city. Council is offering a range of incentives for the CBD area (that are due to cease by the end of June 2017) of the city aimed at revitalising the CBD, including<sup>29</sup>:

**Table 8 Rockhampton Regional Council Incentives**

Incentive Category	Incentive Type	Description
Infrastructure	Infrastructure Charge Concessions	Council offer a range of incentives for development within the CBD. The policy applies to developments making a material change of use or carrying out building works that are consistent with the Rockhampton Region Planning Scheme for an eligible

<sup>28</sup> Australian Bureau of Statistics, 2017, 2011 Quick Stats, Rockhampton LGA, retrieved from [http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2011/quickstat/LGA36360?opendocument&navpos=220](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA36360?opendocument&navpos=220)

<sup>29</sup> Rockhampton Regional Council, 2017, Rockhampton CBD Development Initiatives, retrieved from <http://www.google.com.au/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0ahUKEwjzm9XpjOTTAhVCvbwKHYPABvEQFggmMAE&url=http%3A%2F%2Fwww.rockhamptonregion.qld.gov.au%2Ffiles%2Fassets%2Fpublic%2Fregional-services%2Fplanning-building-plumbing%2Fmarketing%2Fdevelopment-incentives%2Fdevelopment-incentives-cbd-final-january-2017.pdf&usg=AFQjCNFuo3GPQGeK0W1CgpAOoGzSjzbUrQ>

Incentive Category	Incentive Type	Description
		<p>use. The aim of the incentives has been to:</p> <ul style="list-style-type: none"> <li>• Create new employment and investment ;</li> <li>• Value-add through enhanced service delivery or supply chains;</li> <li>• Generate growth within identified strategic industrial and commercial locations, including high density residential areas;</li> <li>• Diversify and make the local economy more sustainable; and</li> <li>• Activate the Rockhampton Central Business District</li> </ul> <p>It is broken down into two precinct areas, with the following incentives offered :</p> <p><b>Precinct 1</b></p> <ul style="list-style-type: none"> <li>• 100% discount on infrastructure charges for commercial and industrial development;</li> <li>• 50% discount on infrastructure charges for specified residential development in the Special Use Precinct - Inner City North;</li> <li>• Refunded planning fees; and</li> <li>• Refunded connection fees for water and sewerage.</li> </ul> <p><b>Precinct 2</b></p> <ul style="list-style-type: none"> <li>• If the use is in the same building - 100% discount; and</li> <li>• If the use is an extension or a new development - 50% discount.</li> </ul> <p>The incentives apply to applications made between December 2013 and June 2017 and need to be completed within three of approval.</p>
Development Application Fees	Development Application Fee Refund	Development application fees associated with developments approved by Council and which have been paid to Council, will be refunded on completion of the development.
Facilitation	Non-Financial Incentives	<p>Council offers a facilitation service that assist with the approval process for developments through Council. This includes:</p> <ul style="list-style-type: none"> <li>• Access to Council's Economic Development Officer to provide advice on eligibility and incentives that may be available under this policy;</li> <li>• Access to Council Planning Officers through the Duty Planner arrangements to provide advice in preparing development applications;</li> <li>• Pre-lodgment meetings with all relevant Council Officers free of any charges; and</li> <li>• Assistance with identifying and facilitating contact with the State Government agencies with a view to facilitating the development.</li> </ul>

### 3.4.6 Townsville City Council

Townsville is the largest urban area outside South East Queensland, with a resident population of 174,462, covering an area of 3,736 km<sup>2</sup>. The city has an unemployment rate higher than the state average; however its median income is higher than the state average, which is consistent with the diversity of the local

economy<sup>30</sup>. As with Rockhampton the city has experienced a downturn associated with the mining industry and the broader economy, however it is a diverse regional economy and the downturn has been less pronounced than experienced in regional areas where mining was the main industry.

The city embarked on a CBD development incentives program in 2011 to stimulate economic activity in the core activity centre of the CBD. This project was aimed as an immediate stimulus to the local economy; however it was part of a broader long-term approach to the development of the CBD that focused on a number of initiatives including community infrastructure, public spaces, and consolidation of government premises. In 2015 Townsville introduced a revised Townsville Jobs and Investment Package that is set to cease in 2018. The key features of this package are outlined below<sup>31</sup>:

**Table 9 Townsville Jobs and Investment Package**

Incentive Category	Incentive Type	Description
Eligibility		<p>Eligible projects for this package need to conform to the following use types:</p> <ul style="list-style-type: none"> <li>• Multiple Dwellings</li> <li>• Shopping Centre</li> <li>• Shop</li> <li>• Food and Drink Outlet</li> <li>• Short-term Accommodation</li> <li>• Hotel or Motel</li> <li>• Projects must have construction costs that exceed \$3,000,000</li> </ul> <p>The incentives are limited to an area within the Townsville CBD that includes the PDA and Townsville Waterfront Project Area.</p>
Development Advocate	Facilitation	The Development Advocate will be the main point of contact for proposed CBD developments, and will work with developers to assess the eligibility of projects, apply the relevant concessions, and provide a streamlined process for obtaining approvals and processes.
Site and Service Advocacy	Facilitation	Council will assist developers where required to obtain road and footpath closure approvals and provide access to Council services.
Fees and Application Waivers	Sundry Fee and Application Charge Waiver	<p>Council will waive a number of fees and charges associated with a development including:</p> <ul style="list-style-type: none"> <li>• Operational Works</li> <li>• Compliance Assessment</li> <li>• Miscellaneous Infrastructure</li> <li>• Hydraulic Services</li> <li>• Water meter and service connection fees</li> </ul>
Rates and Utility Charges	Rate and Utility Charge Exemptions	100% concessions on rates and utility charges during periods of construction. A signed construction contract must be provided to be eligible.
Infrastructure Charges	Infrastructure Charge Concessions	100% concessions on infrastructure charges

<sup>30</sup> Australian Bureau of Statistics, 2017, 2011 Quick Stats, Townsville LGA, retrieved from [http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2011/quickstat/LGA37010?opendocument&navpos=220](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA37010?opendocument&navpos=220)

<sup>31</sup> Townsville City Council, 2015, Townsville Jobs and Investment Package 2015-2018, retrieved from [https://www.townsville.qld.gov.au/\\_\\_data/assets/pdf\\_file/0006/5100/TCC10401\\_JOBS-AND-INVESTMENT-PACKAGE\\_A4\\_APR16.pdf](https://www.townsville.qld.gov.au/__data/assets/pdf_file/0006/5100/TCC10401_JOBS-AND-INVESTMENT-PACKAGE_A4_APR16.pdf)

### 3.4.7 Whyalla City Council (South Australia)

Whyalla City is located in the north-east corner of South Australia on the Eyre Peninsula and is the fourth largest urban area in the State. The city has a population of 22,088, covering an area of 1,033km<sup>2</sup> and is the major regional centre for the Eyre Peninsula<sup>32</sup>. The city has an unemployment rate that is higher than the State average and lower household income and is heavily dependent on industries associated with the Steelworks (OneSteel) plant located in the city<sup>33</sup>. The city has developed a business incentives program that is aimed that offers both financial and non-financial incentives to locate and expand their businesses in the city. An overview is provided in the table below<sup>34</sup>:

**Table 10 Whyalla City Council Incentives**

Incentive Category	Incentive Type	Description
Eligibility		<p>Eligible projects for this package need to conform to the following criteria:</p> <ul style="list-style-type: none"> <li>• A successful and proven track record and technical capability to carry out the proposed activity</li> <li>• Operating profitably for at least the last two years</li> <li>• Provide significant economic benefits for the city that will create sustainable jobs for the city</li> <li>• Have an ABN</li> <li>• Not be a Whyalla registered business, unless the business is developing a new stream that will provide significant economic impact</li> <li>• Must be financially viable</li> <li>• The business must not have detrimental impacts on an existing Whyalla City Council based business</li> <li>• Demonstrate the % or \$ value of local contractors to be used</li> <li>• The activity must not compromise national and international obligations for South Australia and Australia</li> <li>• The proposal must adhere to the implementation strategy of the Council and RDA Whyalla Eyre Peninsula strategic objectives and economic strategy.</li> </ul>
Facilitation and Advocacy	Facilitation	<p>Council provides a range of facilitation services to assist businesses in locating in the city. These include:</p> <ul style="list-style-type: none"> <li>• Appointment of a case manager</li> <li>• Itinerary development</li> <li>• Site selection</li> <li>• State and Federal government facilitation (where required)</li> <li>• Local industry facilitation (where required)</li> </ul>
Development Approval Fee	Waiver of Development Approval Rebate	Providing a rebate to reduce or offset planning and building fees and charges
Council Rates	Council Rates rebate	This is only available to developments that will have a large workforce requirement

<sup>32</sup> Australian Bureau of Statistics, 2017, 2011 Quick Stats, Whyalla LGA, retrieved from [http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2011/quickstat/LGA48540?opendocument&navpos=220](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA48540?opendocument&navpos=220)

<sup>33</sup> Unearth Whyalla, 2017, The Story of Whyalla, retrieved from <http://www.whyalla.com/story-of-whyalla>

<sup>34</sup> Whyalla City Council, 2015, Unearth opportunity in Whyalla – Business support and investment incentives, retrieved from [http://www.whyalla.sa.gov.au/webdata/resources/files/WHYALLA\\_BusinessIncentiveSupport\\_Flyer.pdf](http://www.whyalla.sa.gov.au/webdata/resources/files/WHYALLA_BusinessIncentiveSupport_Flyer.pdf)

Incentive Category	Incentive Type	Description
Infrastructure costs	Infrastructure Charges Deferrals and Waivers	Deferral, or waiver on local government Infrastructure charges
City Property Leasing	Leasing city owned buildings and land	Council offers to assist with leasing of Council owned property to support with business establishment.

### 3.4.8 Cairns Regional Council

Cairns is the major administrative area for Far North Queensland and the fifth largest urban area in Queensland. The city has a population of 156,159 covering an area of 1691 km<sup>2</sup>. The city has a higher unemployment rate than the state average and a lower household income than the state average<sup>35</sup>. The city along with Townsville has experienced soft economic conditions following the contraction of mining investment across the state and slower economic growth following a series of natural disasters and a slowdown in the tourism industry upon which the city is heavily dependent. The city historically however has always been subject to fluctuations in its economy in part due to its dependence on trade and exchange exposed industries. The city has embarked upon business incentives program that is designed to generate with series of specific outcomes that focus on specific areas of growth within the local economy. The table below provides an overview of the incentives offered by the Council<sup>36</sup>.

**Table 11 Cairns Regional Council Incentives**

Incentive Category	Incentive Type	Description
Eligibility		<p>The incentives offered by the Council are targeted at specific areas within the local economy. The following areas are listed as focus areas for the program:</p> <ul style="list-style-type: none"> <li>• Create new jobs</li> <li>• Create direct value-add</li> <li>• Catalyse additional investment</li> <li>• Generate growth in a key strategic area</li> <li>• Support growth of other companies</li> </ul> <p>The following criteria need to be met for eligibility to access the package:</p> <ul style="list-style-type: none"> <li>• Demonstrated experience and the development of a comprehensive business plan</li> <li>• Demonstrated ongoing financial viability and sustainability</li> <li>• Demonstrated evidence that the project is viable without the incentives</li> <li>• Demonstrated economic and community outcomes</li> <li>• Meets legislation, policy and environmental outcomes</li> </ul>
Infrastructure costs	Infrastructure cost fee waivers/reductions	Council may provide waivers and reductions in infrastructure costs associated with eligible projects

<sup>35</sup> Australian Bureau of Statistics, 2017, 2011 Quick Stats – Cairns Local Government Area, retrieved from [http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2011/quickstat/LGA32070?opendocument&navpos=220](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA32070?opendocument&navpos=220)

<sup>36</sup> Cairns Regional Council, 2016, Cairns Regional Council Investment Incentives, retrieved from [http://www.cairns.qld.gov.au/\\_\\_data/assets/pdf\\_file/0009/48978/InvestIncentives.pdf](http://www.cairns.qld.gov.au/__data/assets/pdf_file/0009/48978/InvestIncentives.pdf)

Incentive Category	Incentive Type	Description
Establishment costs	Financial grants for establishment costs	Council may provide grants for establishment costs associated with eligible projects
Facilitation	Advisory Service	Council will provide an advisory service for eligible projects, the provision of which includes: <ul style="list-style-type: none"> <li>• Identify investment opportunities</li> <li>• Arrange site visits</li> <li>• Facilitate discussions with State and Federal Government agencies where required</li> <li>• Facilitate introductions with local businesses where required</li> <li>• Assist with finding site locations</li> </ul>
Facilitation	Approvals Facilitation	Pre-lodgement meetings to facilitate the approvals process
Facilitation	Business Case Assistance	Assist with business case development, inclusive of research provision and data analysis

## 4.0 Economic Assessment

This section of the report will undertake an assessment of the Incentives Packages using a Cost Benefit Analysis to assess the benefits and costs associated with the Incentives Packages. An overview of the Cost Benefit Analysis methodology as used by RPS is provided below.

### 4.1 Cost Benefit Analysis Methodology

A Cost Benefit Analysis (CBA) is the most commonly used and most comprehensive of the economic evaluation techniques. Essentially, a CBA compares the monetised benefits and costs of a project to evaluate the desirability of a project.

RPS uses an incremental CBA approach which analyses only the incremental, or additional, benefits/costs (i.e. the net impact of the development options compared to status quo). This approach is considered to be the most appropriate to quantify the net economic benefits that accrue from the incentives packages as it recognises the opportunity costs of each of the incentives packages.

The CBA appraises the net economic value of each development option to the City, as the majority of benefits will accrue locally. This approach enables Redland City to assess the dollar losses that would accrue to the economy as a result of both incentives packages.

The CBA steps include:

1. Identify the quantifiable benefits that are able to be monetised;
2. Calculate the value (in monetary terms) of the quantified incremental benefits in net present value (NPV) terms using the discount rates;
3. Calculate the benefit cost ratio (BCR) – the total present value of all net benefits compared to the present value of costs to determine the ratio to which incremental net benefits exceed (or undershoot) incremental costs related with the option.

The methodology and assumptions utilised in this assessment complies with guidance from Queensland Treasury and other relevant State Government agencies. This includes the *QLD Government Guidelines for Economic Appraisal*.

All assumptions and inputs made in the preparation of the cost benefit analysis are conservative and therefore defensible and reliable in nature. This is an important feature of the analysis, as it ensures that all decisions made based on the results of the assessment have a low risk profile and therefore are regarded as highly appropriate.

### 4.2 Discount Rates

Discounting is the reverse of adding (or compounding) interest. It reduces the monetary value of future costs and benefits back to a common time dimension – the base date (i.e. July, 2014). Discounting satisfies the view that people prefer immediate benefits over future benefits (social time preference) and it also enables the opportunity cost to be reflected (opportunity cost of capital). RPS typically used real discount rates of 5%, 7.5% and 10%. This complies with the Queensland Government preference for a 7.5% real discount rate plus risk measures (i.e. 5% and 10%). In this scenario RPS has used a slightly higher discount rate of 10% to factor in slightly higher risk associated with commercial ventures compared to government.

### 4.3 Assessment Period

Modelling of quantifiable benefits and costs were developed over a 15 year timeframe, with economic values illustrated in current (2017) prices. This is in line with timeframes to evaluate the economic costs and benefits

of a project, which can range from between 10 and 20 years. This period commences in the 2017/18 financial year, as the current operating year for the project.

#### 4.4 Redland City Council Incentives Packages Expenditure to Date

The endorsement for the extension of the Cleveland CBD Incentives Program (and Tourism Accommodation Incentives Package) in 2015 was designed to take advantage of the upturn that was occurring across other parts of South East Queensland in the construction sector. The financial incentives were designed to act as a potential stimulus to generate construction activity and benefit from the associated multiplier effects that construction generates within an economy.

During the latter half of 2014 and into 2015, the uptake of the Development Application Fee Concessions associated with both the Cleveland CBD and Tourism Accommodation indicate some strength in the construction and accommodation sectors of the local economy.

To take advantage of the increase in development applications and to continue offering the Cleveland CBD Incentives Program and Tourism Accommodation Incentives Package, it was recommended to Council that a further \$400,000 in funding be allocated to continue the Development Application Fee Concessions component of the incentives. An identified potential shortfall in the funding for the Development Application Fee Concessions of \$140,000 necessitated the request for the additional funding.

The table below provides an overview of the budget for the Incentives Packages and the amount expended as at 28-04-2017.

**Table 12 Incentives Packages Budget and Expended Component**

Description	Budget	Expended 28-04-2017	Remaining
Infrastructure Charges Concessions	\$1,500,000	0	\$1,500,000
Development Application Fee Concessions	\$650,000	\$334,638	\$315,362

There have been 20 developments that have been granted application fee concessions from the incentives packages. Of the 20 developments, 18 were tourism accommodation related projects, including those within the Cleveland CBD. Within the Cleveland CBD 8 development applications were lodged, with only 2 of the developments not associated with tourist accommodation. The Cleveland CBD component of the incentives package consisted mostly of Mixed Use Development, comprising apartments, with small retail and commercial elements as part of the development. The following table provides a breakdown of the types of developments and the corresponding Incentives Packages program.

**Table 13 Development types associated with the Incentives Packages**

Development Type	Locality	Tourism Accommodation Incentives Package	Cleveland CBD Incentives Package
Tourism Accommodation (includes Apartments, refreshment establishment and shop)	Cleveland CBD		Applicable
Tourist Resort	Russel Island	Applicable	
Tourist Resort (extension of above)	Russel Island	Applicable	
Tourist Accommodation (Tourist Park)	Mount Cotton	Applicable	
Tourist Accommodation	Alexandra Hills	Applicable	
Bed and Breakfast	Redland Bay	Applicable	
Mixed Use (includes tourist accommodation, apartments and office/shop)	Cleveland CBD		Applicable
Tourist Accommodation	Russel Island	Applicable	
Tourist Accommodation	Sheldon	Applicable	
Mixed Use	Cleveland CBD		Applicable
Apartments	Cleveland CBD		Applicable
Bed and Breakfast	Cleveland CBD		Applicable
Tourist Accommodation	North Stradbroke	Applicable	
Apartments (includes Tourism Accommodation) with commercial	Cleveland CBD		Applicable
Refreshment Establishment	Cleveland CBD		Applicable
Tourist Accommodation	Russel Island	Applicable	
Tourist Accommodation	Mount Cotton	Applicable	
Tourist Accommodation	Mount Cotton	Applicable	
Tourist Accommodation	Sheldon	Applicable	
Tourist Accommodation	Cleveland		Applicable
Tourist Accommodation	Redland Bay	Applicable	

## 5.0 Benefits

This section outlines the assumptions which have been used in developing the benefits for the cost benefit analysis for the Incentives Packages. It also includes a description of the benefits assessed and the value of the benefits.

### 5.1 Assumptions

In order to provide conservative estimates of the benefits from the Incentives Packages, RPS has assumed that values used to assess the benefits are based on industry sector and local government area averages and in the case of tourism that occupancy rates are based on low season rates. To maintain the conservative estimates, RPS has not applied any multipliers to the expenditure, thus ensuring all expenditure benefits are direct benefits.

A number of overarching assumptions have been used in the assessment of the benefits, these include:

- The start date for the benefits calculations commences in 2018
- Proposed rooms for both tourist accommodation and apartments are based on Council data
- Data relating to occupied room nights are based on conservative estimates associated with low season rates for the Brisbane Tourism Region (which comprises Redland City<sup>37</sup>)
- Occupied room rates for tourist accommodation are calculated on low season rates
- Tourism total expenditure is based on Tourism and Events Queensland, 2016 Domestic Tourism Profile
- Non local tourism expenditure is based on the interstate share of domestic visitation as based on 2016 Domestic Tourism Profile
- The Development completion rates assume 100% completion for all development associated with both Incentives Packages
- Expenditure associated with occupancy rates for apartments is based on ABS census data for costal SA2 areas within Redland City
- Retail expenditure (associated with Cleveland CBD Incentives Packages developments) is based on expenditure per household for retail goods and services and derived from MarketData Systems<sup>38</sup>
- Retail expenditure captured in the modelling assumes only 20% is captured locally to provide a conservative assessment
- Business GVA calculations are based on average turnover of commercial and retail businesses in Cleveland SA2 based on data sourced from the Australian Bureau of Statistics

### 5.2 Description of Benefits

The benefits identified in this report have been assessed across benefit indicators that have been derived from the information provided to RPS by Redland City Council. The projected values of the benefits used in this assessment have been based on development associated with the Tourist Accommodation Incentives Package including occupancy rates, total expenditure (including non-local) and 100% completion rates for all developments. The second and third set of benefits calculated in the assessment has been derived from data provided to RPS on the types of development associated with the Cleveland CBD Development Incentives Package. The benefits calculated for the Cleveland CBD assume that 100% of developments

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<sup>37</sup> Destination Q, 2017, Regions, Queensland Destinations, retrieved from <https://www.destq.com.au/industry/regions>

<sup>38</sup> MarketData Systems. 2017, Services, retrieved from <http://www.marketdatasystems.com.au/services.htm>

proceed and that 80% of apartments are occupied at completion based on census data for apartment occupancy rates within the Redland City LGA.

**Table 14 Incentives Packages Benefits**

Benefit	Description
Induced Tourist Expenditure	The induced tourist expenditures are expenditures linked with real GDP (GRP) that varies with GDP movements i.e. as GDP increases so does Induced tourism expenditure and vice versa. The expenditure takes the form of both total expenditure and non-local expenditure commencing in 2018, which is the assumed development completion date.
Induced Local Retail Expenditure	As with induced tourist expenditure this expenditure is associated with real GDP and models the Cleveland CBD Incentives Packages benefits. It is a conservative assumption that only 20% of expenditure for retail is captured locally.
Gross Value Add of New Commercial Business	This captures the benefits associated with new commercial business from development induced by the Cleveland CBD Incentives Package. The modelling depicts the present value generated by commercial office and retail space from the base date of 2018.

### 5.2.1 Results

The following table illustrates the total benefits for the Tourism which for each closure scenario in the CBA, with the present values at a 10.0% discount rate. The induced tourist expenditure provides the largest benefit from the incentives packages which is reflective of the large number of tourism accommodation related projects even within the Cleveland CBD incentives package. This is followed by the gross value-add of new commercial businesses which demonstrate the additional GRP captured in the local economy through the establishment of new commercial businesses. It should be noted that this figure is a conservative one as it is calculated on average turnover for the Cleveland CBD; the actual net present value figure most likely be higher. The lowest benefit from the incentives packages is in the induced local expenditure by local residents, which the modelling has assumed only has a capture rate of 20%, which is a conservative benefit and the actual net present value of benefits would likely be higher.

**Table 15 Net Present Value by Incentives Packages Benefits**

Benefit	10%
<b>2033 assessment timeframe</b>	
Induced Tourist Expenditure	\$80,447,053
Induced Local Retail Expenditure by Residents	\$7,455,252
Gross Value Add of New Commercial Businesses	\$42,942,405
<b>Total Benefits</b>	<b><u>\$130,844,711</u></b>

### 5.3 Costs

This section outlines the assumptions which have been used in developing the costs used in the analysis for the Cleveland CBD Incentives and Tourist Accommodation Incentives Packages. It also includes a brief description of the costs assessed and the value of the costs.

#### 5.3.1 Assumptions

All of the feasible economic opportunities (both current and future) which have been reviewed by RPS as part of the *Redland City Council Incentives Packages Assessment* were not contingent on specific operational costs to Council e.g. employee wages (as no Officer has been employed on a full-time basis to manage the implementation of the Incentives Packages. As a result of this, no opportunity costs have been

incurred against the Council in this assessment, only the costs incurred through the waiver of Development Application Fees.

### 5.3.2 Description of Cost

Following on from the section above, one cost has been identified as a result of the implantation of the incentives packages. This cost relates to the Development Application Fee costs associated with discounts paid on development project applications. At this stage none of the \$1.5m associated with the Infrastructure Concessions has been expended and has not been included in the costs.

### 5.3.3 Results

The following table illustrates the total costs for the Incentives Package in the CBA, with the present values calculated for the three years of the Development Application Fee concessions at a 10.0% discount rate. As there is only one cost associated with the Incentives Packages to date, it has provided Redland City Council with a relatively small outlay compared to the net present value of the benefits associated with the Incentive Packages.

**Table 16 Net Present Value of Costs**

Benefits	10%
<b>2033 assessment timeframe</b>	
Incentives	\$277,398
<b><u>Total Costs</u></b>	<b><u>\$277,398</u></b>

## 6.0 Cost Benefit Analysis

This section estimates the current net benefit of the both the Cleveland CBD Incentives and Tourism Accommodation Incentives Packages to Redland City Council.

### 6.1 Net Present Value and Benefit Cost Ratios

RPS condensed the monetised net present value (NPV) of the benefits and costs of the incentives packages at the 10.0% discount rate. This also formed the basis for the calculation of Benefit Cost Ratio (BCR) which measure the degree to which incremental benefits exceed (or fall short of) incremental costs for the incentives packages.

The NPV of the benefits associated with the incentives packages over the 15 year assessment timeframe using a 10.0% discount rate yields benefits to the city of \$42,448,550. In contrast the expended costs associated with the incentives packages using the 10.0% discount rate, yields a NPV of \$277,398, which is a relatively minor outlay given the benefits associated with the incentives packages. The infrastructure charges concession cost of the incentives packages has yet to be expended and has not been included in this calculation, however its inclusion would still indicate a positive result for the city from any outlay associated with the incentives packages. The BCR associated with the incentives packages of 153 confirms that the program has provided significant benefits to the city during its life and that any costs associated with the implementation and administration of the packages have had a minimal impact on Redland City Council finances.

**Table 17 Cost Benefit Analysis Results**

NPV (10%)	Value
<b>2033 assessment timeframe</b>	
Costs	\$277,398
Benefits	\$42,488,550
<b>BCR</b>	<b>153</b>

## 7.0 Findings and Recommendations

This section of the report provides the findings and recommendations following input from a workshop conducted with the Redland City Economic Development Advisory Board.

### 7.1 Assessment Findings

The Cleveland CBD Incentives Package introduced in 2013 and designed to stimulate investment within the Cleveland CBD that included a range of both financial and non-financial incentives has been successful in attracting development proposals within the core CBD area of Cleveland. The majority of development associated with the Cleveland CBD Incentives Package has been in the form of tourism accommodation, with some apartment and mixed use development that will add both commercial and retail capacity to the Cleveland CBD. In addition to this there was an application for a proposed 'Eat Street Market' development that will provide a unique attraction for the CBD.

The Tourist Accommodation Incentives Package introduced in 2014 was delivered as an extension to the Cleveland CBD Incentives Package and was designed to stimulate investment in the construction and the supply of tourist accommodation across the whole of Redland City where it was identified there was a shortfall in the city. The take-up of the Tourist Accommodation Incentives Package was spread across all parts the mainland, with some proposed development also occurring on the Islands. The tourist accommodation incentives have been granted across a range of developments from bed and breakfast establishments to small and large scale resort style developments.

The cost benefit analysis of the incentives packages was prepared using a 10% discount rate, discounted over a 15 year timeframe. The results of the analysis indicate that the incentives packages have achieved what they were designed to, namely stimulate development in both the Cleveland CBD and increase the supply of tourist accommodation in the city. The incentives packages were broad in their approach and have delivered to the city development proposals that may not have eventuated without the additional enticements offered by them. The costs to Redland City Council associated with the implementation of the incentives packages has been minimal, with no real opportunity cost to Council due to the nature of the incentives offered and the fact that no direct wage costs are attributable to the delivery of the incentives packages. In summary the Cleveland CBD and Tourist Accommodation Incentives Packages have been overwhelming successes due to following factors:

- The aim to stimulate investment and development during a downturn in construction in the Cleveland CBD has been achieved.
- The aim to stimulate investment and development in tourist accommodation offerings across Redland City has occurred.
- The incentives packages have brought forward construction activity in the Cleveland CBD and the wider City.
- The NPV of the Benefits associated with incentives packages has generated additional construction sector GVA for the City.
- No opportunity cost can be attributable to the delivery of the Incentives Packages for Council.

### 7.2 Recommendation: A Targeted and Strategic Approach

The research conducted by RPS examining investment attraction, the role of local government and incentives packages offered by other local governments across Queensland indicate that incentives packages are evolutionary in their nature. The research conducted looking at the role of local governments both in Australia and overseas concludes that local governments cannot influence the wider aspects of the economy that impact on industry location and investment decision making. Instead the approach taken by

local governments in attracting development to a region or specific area needs to be versatile and undertaken where possible, in conjunction with State and Federal Government counterparts and industry.

The majority of local government areas included in the assessment (and others that were reviewed but not included) were in mature phases of their incentives packages programs. The incentives being offered were both financial and non-financial in their nature and designed to meet specific eligibility requirements. This was evidenced in LGA's such as Brisbane, the Gold and Sunshine Coasts, Townsville and Whyalla in South Australia where the incentives offered were targeted at specific industry sectors or development types that were part of a broader strategic approach to investment attraction and incentives programs.

The research also indicates that Councils are providing dedicated case managers, or development advocates that assist investors and developers interested in investing in the city and remain with them through the planning and approvals process. In addition some local governments offered other services including local research and access to business case development where required. This appears to be part of the evolution process whereby a greater emphasis is being placed by local governments on offering a facilitation role to assist in the investment location process.

There also appears to be a move by local governments to request the development of business cases for proposed developments as part of the eligibility criteria associated with incentives packages including requirements that eligible businesses demonstrate profitability and sustainability in their operations before being considered for suitability. Evidence from the research also suggests that many incentive programs are also being targeted at investment that offer additional employment generation for a region and will provide ongoing wider economic benefits in areas ranging from new business/industry sector expansion, export generation, sector specific development such as aged care and education, supply chain integration and film production.

The research found that there are also a range of other factors that Council will need to consider when targeting investment and development to a region and that assist in its strengthening its competitive advantage. These include intangible factors such as a locations amenity, its health and education facilities, cultural and recreational facilities, shopping opportunities and housing choices.

In summary the considerations for Redland City in determining the future incentives offerings involve accepting that the current Redland City Council Incentives Packages are in the next step of an evolutionary process that will need to include:

- Adopting a more targeted and strategic approach to investment attraction and the types of development incentives being offered, through the development of an Investment Attraction Strategy;
- The targeted industries should be focussed around the Industry Sector Action Plans that have been have been, or are in the process of being developed for the developed for the following industry sectors:
  - > Tourism
  - > Healthcare and Social Assistance
  - > Education and Training
  - > Advanced Manufacturing
- Determine what outcomes the City requires from an incentives program;
- Offer both financial and non-financial incentives and assistance;
- Providing Case Managers or Development Advocates to oversee and guide developments;
- Adopting more rigorous requirements around eligibility;
- Requiring the development of a business case for eligible developments;
- Work with other levels of government and the private sector in the development and delivery of future incentives;

- Continue to invest in the amenity of the City through Master Planning and investment and upgrades in public infrastructure.

### 7.3 Redland City Council Future Development Incentives

There are a range of potential incentives that could be considered by Redland City Council to encourage further targeted investment in the City. A summary of these Incentive Types are outlined in the following table.

**Table 18 Development Incentives**

Incentive Category	Incentive Type	Relevant Land Uses	Description
Built Form Allowances	Floor Space Bonuses	Residential, Commercial, Retail	<p>Allowance for an increase in the floor space of a subject site, above that generally approved. This allowance is usually provided in circumstances where the development has provided some form of public amenity/good including:</p> <ul style="list-style-type: none"> <li>Public toilets and infant change rooms;</li> <li>Corner site streetscapes;</li> <li>Affordable housing (owner occupier or rental);</li> <li>For retirement village and aged care developments;</li> <li>Site Amalgamations;</li> <li>Public art;</li> <li>Heritage protection; and</li> <li>Urban Design or Architectural Merit (above that legislatively required<sup>39</sup>).</li> </ul> <p>Similarly, floor space bonuses can be given to developments of a particular type to enhance their viability. For example, the Western Australian Planning Commission and the City of Wanneroo proved a substantial increase in the Westfield Whitford City Shopping Centre contingent on the delivery of affordable apartments on the site<sup>40</sup>.</p>
Car Parking	Reduced Bay Requirements	Residential, Commercial	Reduction in locations of strategic transport and accessibility value of car parking requirements. Typically includes a halving of traditional requirements and the application of further bonuses in strategic locations (i.e. CBD centres and directly adjacent major public transport infrastructure). This can save up to \$50,000 per car bay, enhancing development viability. Other examples include reductions in car parking requirements for developments that provide space for car sharing facilities (i.e. bays).
Development Applications	Reduced or Waived Fees	All	Reduction or waiving of sundry fees (Operational works, Miscellaneous infrastructure, Hydraulic services or Water and meter service connections).
	Code Accessibility	All	Making select development types within identified locations code assessable (to the extent possible).
	Timeframe Certainty	All	Providing certainty to proponents of the timing of application approvals through either fixed or maximum terms. Typically facilitated by establishing a requirement for pre-lodgment, mid-lodgment and post-lodgment meetings.
	Development Advocate	All	Allocating a Council officer or team to act as a "Development Advocate" for developments on a subject site (this could be for more than one site). The Advocate is responsible within Council for streamlining the development application and approvals processes, advocating for the development internally and acting

<sup>39</sup>Redland (2016) Examples of Other Local Government Development Initiatives accessed at [web01.redland.qld.gov.au/robo/minutes\\_agendas/jul12-jun13/Agendas/February/14FebCBD/Item-1.3-Examples-of-Other-Local-Government-Development-Initiatives.pdf](http://web01.redland.qld.gov.au/robo/minutes_agendas/jul12-jun13/Agendas/February/14FebCBD/Item-1.3-Examples-of-Other-Local-Government-Development-Initiatives.pdf)

<sup>40</sup> BusinessNews WA (2015) 739 Apartments in Whitford City Expansion accessed at <https://www.businessnews.com.au/article/739-apartments-in-Whitford-City-expansion>

Incentive Category	Incentive Type	Relevant Land Uses	Description
			as a coordinating point of contact for the development
Infrastructure Charges	Charges Discount	All	Discounting of infrastructure charges (typically 33-50%) for developments meeting set conditions (located in a CBD) or providing certain benefits (long-term employment or economic contributions, affordable housing or aged accommodation) <sup>41</sup>
	Charges Moratorium	All	Waiving of 100% of applicable infrastructure charges for a set period (typically 3-5 years) for developments that commence and/or complete during this period. Used by Queensland Government in promoting short-stay/tourist accommodation in Brisbane.
Rates Holidays	Waiving of Rates	Commercial, Retail, Community	A moratorium (1-3 years) on general rates on new floor space. Covers both new developments and expansions to existing developments and applies to the new floor space <sup>42</sup> . Effective in the first full year of the development upon completion and valuation. Generally only applicable for non-residential developments.
	Rates Discount	Commercial, Residential, Community	Discount of general rates on the subject site for developments providing long-term employment and economic benefits. Discounts vary but are typically linked to the number of workers or the turnover of the business, rather than the size of the development.
Tenancy/Occupation Decisions	RCC Tenancy	Commercial	Local or State Government helps to stimulate commercial office development by acting as an anchor tenant in a private owned office building for an extended lease. Examples include Joondalup City Centre and Brisbane Square <sup>43</sup> .
Amenity Investments	Streetscape Improvements	All	Investment in enhancing streetscapes and pedestrian amenity in locations of potential development. Can be undertaken independently or by the developer as a charges offset <sup>44</sup> .

<sup>41</sup> BCC (2016) Retirement and Aged Care accessed at <https://www.brisbane.qld.gov.au/community-safety/community-support/seniors/retirement-aged-care>

<sup>42</sup> City of Clarence (2016) Rates Holiday, accessed at <http://www.ccc.tas.gov.au/page.aspx?u=990>

<sup>43</sup> WA State Government (2016) New Public Sector Offices for Joondalup accessed at <https://www.mediastatements.wa.gov.au/Pages/Barnett/2016/07/New-public-sector-offices-for-Joondalup.aspx>

<sup>44</sup> City of Melbourne (2016) Streetscape Improvement Program accessed at <http://participate.melbourne.vic.gov.au/streetscapes>

**12 MAYORAL MINUTE**

In accordance with s.22 of POL-3127 *Council Meeting Standing Orders*, the Mayor may put to the meeting a written motion called a 'Mayoral Minute', on any matter. Such motion may be put to the meeting without being seconded, may be put at that stage in the meeting considered appropriate by the Mayor and once passed becomes a resolution of Council.

**13 NOTICES OF MOTION TO REPEAL OR AMEND RESOLUTIONS**

In accordance with s.262 *Local Government Regulation 2012*.

**14 NOTICES OF MOTION**

In accordance with s.3(4) of POL-3127 *Council Meeting Standing Orders*

**15 URGENT BUSINESS WITHOUT NOTICE**

In accordance with s.26 of POL-3127 *Council Meeting Standing Orders*, a Councillor may bring forward an item of urgent business if the meeting resolves that the matter is urgent.

<b>Urgent Business Checklist</b>	<b>YES</b>	<b>NO</b>
To achieve an outcome, does this matter have to be dealt with at a general meeting of Council?		
Does this matter require a decision that only Council can make?		
Can the matter wait to be placed on the agenda for the next Council meeting?		
Is it in the public interest to raise this matter at this meeting?		
Can the matter be dealt with administratively?		
If the matter relates to a request for information, has the request been made to the CEO or to a General Manager previously?		

**16 MEETING CLOSURE**