

Agenda

Special Meeting (Budget)

Wednesday 27 June 2012

commencing at 9.00am

Council Chambers, Corner Currie and Bury Streets, Nambour

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1 DECLARATION OF OPENING

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

2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE**3 OBLIGATIONS OF COUNCILLORS****3.1 DECLARATION OF MATERIAL PERSONAL INTEREST ON ANY ITEM OF BUSINESS**

Pursuant to Section 172 of the *Local Government Act 2009*, a councillor who has a material personal interest in an issue to be considered at a meeting of the local government, or any of its committees must –

- (a) inform the meeting of the councillor's material personal interest in the matter; and
- (b) 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.

3.2 DECLARATION OF CONFLICT OF INTEREST ON ANY ITEM OF BUSINESS

Pursuant to Section 173 of the *Local Government Act 2009*, a councillor who has a real or perceived conflict of interest in a matter to be considered at a meeting of the local government, or any of its committees must inform the meeting about the councillor's personal interest in the matter and 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.

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4 REPORTS DIRECT TO COUNCIL

4.1.1 REVISED 2012/2013 REGISTER OF COST RECOVERY FEES AND COMMERCIAL CHARGES FOR DEVELOPMENT SERVICES

File No: ECM 27 June 2012

Author: Development Business Services Manager
Regional Strategy and Planning

Appendices: [App A - Plumbing Services](#) (SM Att Pg 3)
[App B - Building Services](#) (SM Att Pg 7)
[App C - Planning Assessment and Engineering and Environment Assessment](#) (SM Att Pg 12)

Attachments: [Att 1 - Plumbing Services Fee Increases Over10%](#) (SM Att Pg 36)
[Att 2 - Plumbing Services](#) (SM Att Pg 39)
[Att 3 - Building Services](#) (SM Att Pg 44)
[Att 4 - Planning Assessment and Engineering and Environment Assessment Complete Listing](#) (SM Att Pg 48)
[Att 5 - Planning Assessment Economic Incentive Fees](#) (SM Att Pg 67)

PURPOSE

To seek adoption of the 2012/2013 Fees and Charges (Appendices A, B and C) for development assessment and related services provided by Development Services.

EXECUTIVE SUMMARY

Fees and charges for Development Services were progressively unified during the period of the first Sunshine Coast Council. These unified fees dealt with the alignment of services and all development assessment fees within the limits of 3 very different planning schemes. The proposed fees for 2012/2013 continue the unified fees and make mostly minor refinements and improvements to fees and charges based on the experience of operating the fees over the past financial year.

The proposed Cost Recovery Fees and Commercial Charges for Development Services for 2012/13 are proposed to be increased by 3.5%, with the exception of:

- Business, Commercial and Industrial uses to be decreased by 5%; and
 - Selected Business, Commercial and Industrial uses to attract a 25% rebate when the use is commenced;
 - Fees for "Outdoor sales and hire yard" amended to increase the base area (thus effectively reducing the fee); and
 - Fees for Pre-lodgement meetings for Material Change of Use and Reconfiguring of a Lot proposals be deleted.
-

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “Revised 2012/2013 Register of Cost-Recovery Fees and Commercial Charges for Development Services”;
- (b) adopt the fees and charges detailed in the Register of Cost Recovery Fees and Commercial Charges for 2012/2013 (Appendices A, B and C);
- (c) note that Appendix C includes:
 - (i) a nil fee for pre-lodgement meetings;
 - (ii) a 5% reduction in fees applying to Business, Commercial and Industrial Uses;
 - (iii) a 25% rebate of the development application fee paid for 7 land use application types within Business, Commercial and Industrial Uses when the use is commenced within 2 years of approval; and
 - (iv) adjustments to the fee for “Outdoor sales and hire yard”;
- (d) resolve that in relation to the fee to which Section 97 of the *Local Government Act 2009* applies:
 - (i) the applicant is the person liable to pay the fees and charges;
 - (ii) the fee or charge must be paid at or before the time the application is lodged or as specified in the fees and charges; and
- (e) delegate to the Chief Executive Officer the power to amend cost recovery fees and commercial charges to which Section 262(3)(c) of the *Local Government Act 2009* apply.

FINANCE AND RESOURCING

The 2011/2012 budget revenue target, as revised by Budget Review 3, for fees and charges for Development Services is \$9.254 million. The year-to-date revenue (end of April 2012) is projected to be \$7.449 million and the year-to-date actuals (end of April 2012) are \$7.680 million. While the actuals are ahead of the monthly revenue targets, the overall figures reflect the general slow down in development due to the continued economic effects of the global financial crisis and low business confidence.

The target of \$9.254 million for 2012/2013 is considered to be a “stretch” target based on the current level of development activity, as this target may only just be met this year. When coupled with the proposed fee reductions and rebates, there will need to be an increase in development activity to achieve the target.

The price parameter to be used for the 2012/2013 fees and charges where applicable is 3.5% as supplied by the Finance Department.

CORPORATE PLAN

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
Strategy: 8.1.2 Ensure legislative compliance and awareness

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.2 Effective business management
Strategy: 8.2.3 Implement a business approach that focuses on maximising opportunities, managing risks and improving quality of service

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.3 Strong financial management
Strategy: 8.3.2 Ensure council's financial performance is well managed and leads to a strong financial position

CONSULTATION

Internal Consultation

Managers of the Branches of Development Services were consulted during the preparation of fees and charges to provide advice regarding refinements gleaned through the implementation of the unified fees.

Following consideration of the proposed 2012/2013 fees for Planning Assessment on 29 May 2012, a working group meeting of 4 Councillors and Senior Officers was held on 4 June 2012 to explore opportunities to reduce selected fees as an incentive to encourage economic development.

Discussion centred on what forms of incentives could be offered by Council that would send the best message around stimulating local development. At the meeting it was generally agreed that the key areas for targeting development which would lead to local economic stimulus lie in those developments which deal with business and industry. The 3 key areas of fees were discussed, ie; pre-lodgement costs, the upfront development application fees and the developer contributions which are payable before a use can commence.

The working group generally agreed that the Council should be dealing with the upfront development fees and "messaging" this in this year's budget. The issue of adopting a scheme for developer contributions waivers, which as exists at the Gold Coast City Council, has been left in abeyance for a subsequent budget year. Additionally, the UDIA liaison group have previously identified the pre-lodgement fee for documented meetings with staff as a barrier to early discussion and direction for proposals. Accordingly, and following discussion with the Manager, Economic Development, this fee is recommended to be NIL in the 2012/2013 Budget.

As a result, officers were asked to look at up-front fee reductions of 5% for development applications for business (including office floor space) and for industry. Further to the 5% reduction there are 7 selected business, commercial and industrial uses, namely; Office, Shop, Medical Centre, Showroom, Warehouse, General Industry, Light/Service Industry that are proposed to attract a further 25% reduction of the lodged application fee as a rebate paid when the use commences within 2 years of development approval. It is anticipated that this rebate will continue for 2 Budget years but is subject to review and formal adoption in the 2013/2014 Budget.

External Consultation

There has been no external consultation undertaken in relation to this report.

Community Engagement

There has been no community consultation undertaken in relation to this report

PROPOSAL

Unified Fees

The introduction of unified fees in 2010/2011 which resulted in 870 individual fees consolidated into 190 fees has been smooth and revenue neutral. The unified fees have encouraged lodgement of combined Operational Works applications in which engineering, environment and landscaping issues are addressed in a single integrated application rather than separate applications.

Job Costing

A job costing system involving the electronic recording of time spent by officers on the various facets of daily work was developed in August 2011 using in-house resources. This system was pilot tested with 20 officers in September – October 2011. The analysis of the data and a review of the functionality of the system indicated that wider trials in each Branch of Development Services were viable.

The trialling of the job costing system has been progressively introduced with Engineering and Environment Assessment commencing in early March 2012, Planning Assessment in late March and Plumbing, Building and Development Business Services in April 2012. The data from this full scale trial will be reviewed in June 2012 to modify and adjust the work description categories and the access/useability of the system. The job costing system will be operational starting 1 July 2012.

The job costing information collected to date is of a preliminary nature with very few completed applications. Hence this information is not suitable for use in setting the fees and charges for Development Services. However, with the rollout of the system from 1 July, the setting of fees and charges in the future will have sound base data on staffing time and inputs.

Overview of Fees

The proposed 2012/2013 fees and charges maintains the structure of the unified fees, ie a base fee and increments formulated to reflect the scale/size of development. Fine tuning of the increments and adjustments to the capped or maximum fee based on experiences learned from the operation of unified fees is proposed.

No new fees are proposed for Plumbing Services and Building Services. Two new fees are proposed for Planning Assessment and Engineering and Environmental Assessment.

Fees and charges for Development Services have been increased by 3.5% in accordance with the council adopted parameters for 2012/2013 budget with the inclusion of a 25% rebate for selected development uses and a 5% fee reduction of Planning Assessment Business, Commercial and Industrial uses.

Plumbing Fees

The Plumbing fees and charges are set out in Appendix A.

Plumbing Fees are proposed to increase by 3.5% except for 10 applications which remain unchanged and 13 applications which are increased by 25% and a single application type which increases by 28%. Refer to Attachment 1 for fee increases over 10% and Attachment 2 for complete listing of Plumbing Services 2012/2013 fees and charges.

Fees which are proposed to remain unchanged or have increased by more than 3.5% have been revised based on the observations of the lesser or greater amount of work required for certain application types. However, the \$ amount of these increases is modest with the applications being raised from \$28 to \$35 (\$7.00 increase).

The *Plumbing and Drainage Act* was amended in March 2012 and the changes will commence in November this year. These changes will affect Plumbing fees and a report will be presented to Council when the new application categories and related fees have been determined.

Building Fees

The Building Fees are set out in Appendix B.

The Building fees were reviewed in last year's budget following the closure of council's private certification business. Changes to delete semi public pool permits, (eg resorts) and licensing of signs have been incorporated into the fees due to statutory changes, otherwise no other changes are proposed. Refer to Attachment 3 for complete listing of Building Services 2012/2013 fees and charges.

Planning Assessment and Engineering and Environmental Assessment Fees

The fees for Planning Assessment and Engineering and Environmental Assessment are set out in Appendix C. Refer to Attachment 4 for complete listing of Planning Assessment and Engineering and Environmental Assessment and Miscellaneous 2012/2013 fees and charges.

Following the successful completion of unifying of fees of the current 3 planning schemes, additional refinements to the fees have been identified and these are listed below:

- maximum fee capped at 3,000m2 Gross Floor Area for all 5 categories of industrial uses;
- maximum fee capped at 2,000m2 Gross Floor Area for a function room;
- maximum fee capped at 5,000m2 site area for external roadworks, stormwater drainage and other engineering works associated with Material Change of Use approvals,

- “Garden Centre” use to remain a Gross Floor Area calculation; and
- introduction of a ‘total use area’ rather than gross floor area for certain land uses, eg salvage yard, outdoor sales and hire yard and Industry – high impact and environmentally assessable industry to better reflect the land consumptive nature of the use.

Following questions from the Budget meeting of 29 May 2012 regarding the use of ‘Total Use Area’ the fees for “Outdoor sales and hire yard” were reviewed. Amendments to the fees to increase the area covered by the base fee (from 500m² to 1,000m²) and lower the maximum capped figure from 3,000 m² to 2,000m² are proposed. The combined effect of these alterations will be to lower the cost of application fees for land consumptive uses such as car and caravan sales yards, swimming pools display and sales, etc.

The 2011/2012 fees included several fees associated with the commencement of the Sustainable Planning Act, eg an application can be ‘revived’ within 5 days of the lapsing of the application in one of the stages of the IDAS process, eg not responding to an Information Request by a set date.

There has not been a significant uptake of the revival provisions by applicants. A refinement to the fee for lodgement of applications that may have lapsed but are still fresh within the assessment process, ie within 3 months of lapsing, is proposed to assist applicants. Applicants in this situation will pay a fee of \$813 rather than the full fee for the proposed development.

The application fees for Environmentally Relevant Activity (Material Change of Use) applications are set by the State Government and administered by council. The basis for setting these fees was changed by the Department of Environment and Resource Management in early 2012 to allow councils to set fees based on guidelines for an “aggregate environmental score” for each environmentally relevant category of development. The guidelines were used by the Environmental Officers to review the 2011/2012 fees and create new fees for 2012/2013.

In July 2011, the new State Government infrastructure charging regime commenced. This regime required significant changes across the region to the way council charged development for trunk infrastructure and the amounts charged. The changes in legislation did not provide transitional arrangements for approvals granted prior to July 2011 in terms of these approvals being able to transfer to the new Adopted Charges Regime. In December 2011, council resolved to allow existing approvals determined prior to the new legislation to be charged under the new system where favourable to the developer and where the use had not commenced or plans had not been sealed. An Infrastructure Agreement accompanying a Change to Conditions provides the means to access the new charges.

A template Infrastructure Agreement has been prepared and will be required to be completed and executed. A new fee of \$813 is proposed for the preparation and administration of the Infrastructure Agreement for permit holders to transfer the contribution conditions to the Adopted Charges Regime.

The existing fee for the administration of a bond or bank guarantee (\$442) has been found insufficient to cover the technical and administrative work associated with bonds for uncompleted works. These bonds are provided by a developer who has substantially completed most of the significant work required under the conditions of development approval but is seeking the early release of the Plan of Subdivision. Uncompleted bonds require technical assessment of the bill of quantities of the itemised outstanding work and follow up inspections and administration. The proposed fee is \$813.

Incentives to Encourage Economic Development

Following discussions with Councillors, a set of incentives to encourage economic and business development is proposed. These incentives entail a reduction of 5% of proposed fees for the planning scheme uses defined under the “Business and Commercial” and “Industrial” headings in the Development Services 2012/2013 fees and charges.

Attachment 5 sets out the details of the fee reductions with a selection of examples to illustrate the benefits of reductions in the cost of fees to applicants.

Further to the 5% reduction, seven (7) uses namely; Office, Shop, Medical Centre, Showroom, Warehouse, General Industry, Light/Service Industry have been selected for a further 25% reduction of the application fee – see Attachment 5 for worked examples.

These seven (7) uses have been selected as it is considered that encouraging the early development of projects for these uses will provide a stimulus for construction activity and commencement of employment once the use starts. The 7 uses cover a range of common uses and provide scope for both small and large scale projects across the urban area and hinterland towns.

It is proposed that the 25% reduction be applied as a rebate to the applicant following the completion of construction and commencement of the use within 2 years of the granting of a development permit. The use of the 2 year rebate mechanism has been employed to facilitate development on the ground within a reasonably quick time period to provide a stimulus for jobs growth. The 25% rebate is set out in Section 1.6 of the Planning Assessment, Engineering and Environment Assessment and Miscellaneous fees, see Appendix C. It is estimated that the proposed 25% rebate will total in the order of \$125,000 - \$150,000 for 2012/2013 based on application patterns over the past 11 months.

Unitywater Fees

Unitywater has provided council with the fees required to be paid by applicants for the development assessment function undertaken by Unitywater. These fees are separate to council's fees and have been included in the register of fees for the convenience of applicants and other users.

Legal

The regulatory basis for development assessment and other related services provided by the branches of Development Services are set out in the *Sustainable Planning Act 2009*, the *Building Act 2004* and the *Plumbing and Drainage Act 2012*.

The *Local Government Act 2009*, Section 97 provides the power for local government to strike application fees for development assessment. Section 262(3) provides the power to charge for services or facility not covered by Section 97, these are known as ‘commercial charges’.

Policy

Fees and charges are adopted by council each financial year as part of the Budget process and can be amended during the year.

Risk

The unified fees have been operational since July 2010 without any significant problems. The continuation of the unified fees is an appropriate basis for application fees given the on-going operation of the three (3) current planning schemes. A new set of fees and charges will be required to be created to accompany the new planning scheme

Previous Council Resolution

Council adopted the Register of Cost Recovery Fees and Commercial Charges for the Sunshine Coast Council 2011/2012 and delegated to the Chief Executive Officer authority to amend fees and charges during the 2011/2012 financial year at the Council Special (Budget) meeting held on 29 April 2011 (OM11/101).

Related Documentation

There is no related documentation for this report

Critical Dates

There are no critical dates that relate to this report

Implementation

Once adopted, the 2012/2013 Register of Cost Recovery Fees and Commercial charges for Development Services will become operational for new applications and services from 1 July 2012. The fees and charges will be published on council's website.

4.1.2 OPERATIONAL PLAN 2012-2013

File No: ECM Special Budget Meeting 27 June 2012
Author: Corporate Planning and Reporting Manager
Finance and Business
Appendix: [App A - Operational Plan 2012-13](#) (SM Att Pg 71)

PURPOSE

This report presents to Council the proposed Operational Plan 2012-2013.

EXECUTIVE SUMMARY

The Operational Plan 2012-2013 (Appendix A) sets out the key project/activities to be undertaken by Council. It is based on emerging priorities and strategies in the Corporate Plan 2009-2014, complements Council's annual budget and resource allocation, and supports the organisation's vision to become Australia's most sustainable region.

The operational plan is presented in corporate plan theme order. The corporate plan has eight themes, supported by emerging priorities and strategies. The strategies are used as the basis for developing the projects and activities in the operational plan.

The operational plan consists of 196 project/activities covering core budget, capital works programs, and any significant new operational projects funded for 2012-2013. The highlights include:

- Preparing a new Regional Economic Development Strategy with a focus on providing a strong and competitive platform for the traditional pillars of the economy and growing industry diversity.
- Continuing the Local Business Support program with emphasis on targeted, fit for purpose, and responsive services.
- Progressing the Environmental Impact Statement for the new runway at Sunshine Coast Airport.
- Continuing to identify opportunities to increase volume and frequency for existing and new routes for Sunshine Coast Airport.
- Implementing an expression of interest process for high use/high impact permit applications for Commercial Use of Community Land.
- Undertaking an organisational review to optimise service efficiencies and service outputs.
- Moving to electronic lodgement in Council's planning, building and plumbing areas.
- Establishing the Sunshine Coast Community Partnership to deliver on the aspirations of the Sunshine Coast Community Plan.
- Undertaking a review of the 2009-2014 Corporate Plan.
- Progressing the new planning scheme through further stages of the process to completion.
- Continued implementation of Council's adopted policy framework including the Biodiversity Strategy and the Affordable Living Strategy.

- Finalising and implementing a Creative Communities Plan for the region.
- Finalising and implementing a Customer Experience Strategy for the organisation.
- Developing a proposal for the construction of an advanced waste treatment plant.
- Completing a review of recent flood events and identification of recommendations for consideration.
- Continuing to refine core asset management plans and commence the development of advanced plans for council's buildings and facilities.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "Operational Plan 2012-2013"; and
- (b) adopt the "Operational Plan 2012-2013" (Appendix A).

FINANCE AND RESOURCING

The Operational Plan 2012-2013 and Annual Budget 2012-2013 are complementary documents and are developed in parallel to ensure that financial decisions and outcomes are reflected in both documents.

CORPORATE PLAN

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.2 Effective business management
Strategies: 8.2.1 Develop indicators and measure the performance of council and the success in achieving its vision
8.2.3 Implement a business approach that focuses on maximum opportunities, managing risks and improving quality of service

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.6 An informed and engaged community
Strategy: 8.6.3 Keep the community informed about council's activities through a wide range of communication tools.

CONSULTATION

Internal Consultation

Executive Directors and Branch Managers have reviewed the corporate plan strategies assigned to their area and determined the projects/activities to be included in the Operational Plan 2012-2013.

External Consultation

External consultation has not been undertaken to develop the activities to be included in the Operational Plan 2012-2013. The Operational Plan 2012-2013 is based on the Corporate Plan 2009-2014.

Community Engagement

Extensive community engagement took place when developing the Corporate Plan 2009-2014 and the strategies in that document have been used as the basis for the development of the Operational Plan 2012-2013.

PROPOSAL

Preparation of the Operational Plan

The Operational Plan 2012-2013 is a requirement under the *Local Government Act 2009*, and the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

The Operational Plan 2012-2013 is part of Council's overall strategic planning framework. The plan reflects how the strategies from the Corporate Plan 2009-2014 are linked to the organisation and sets the direction for the financial year.

The operational plan consists of project/activities funded from core budget, capital works programs, or significant new operational projects to be undertaken by the organisation.

Core budget project/activities

These are essential ongoing services to be delivered to the community and include:

- Infrastructure Services – ensuring essential infrastructure services are maintained
- Community Services – providing important facilities and services to the community
- Internal Services – essential support services to ensure the ongoing operations of Council
- Strategy and Planning – planning for the future of the region and developing essential strategies.

Capital Programs

These are plans which prioritise the construction or purchase of infrastructure to support the development of the region and include: Fleet; Stormwater; Caravan Parks; Strategic Land and Commercial Properties; Transport; Waste; Parks and Gardens; Coastal and Canals; Building and Facilities; Environmental Assets; Airports; and Information Communication Technology.

Significant New Operational Projects

These are important projects determined by Council that are unable to be funded as part of core budget.

Linking the Operational Plan to the Corporate Plan

The Operational Plan 2012-2013 (Appendix A) is presented by corporate plan theme.

The corporate plan has eight themes, 37 emerging priorities, and 135 strategies and these are used as the basis for development of the operational plan.

There are 196 projects/activities in the operational plan and these are associated with the following themes in the corporate plan as listed in Table 1.

Corporate Plan Theme	Number
1. Robust economy	23
2. Ecological sustainability	22
3. Innovation and creativity	10
4. Health and wellbeing	12
5. Social cohesion	16
6. Accessibility and connectedness	12
7. Managing growth	47
8. Great governance	54
Total	196

Table 1. Summary of projects/activities by corporate plan theme

Legal

The Local Government Act 2009, the *Local Government (Finance, Plans and Reporting) Regulation 2010 s(123)* and the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010 s(32)* set out the requirement for and the content of operational plan.

Legislation requires an annual operational plan to:

- be consistent with the annual budget;
- state how a council will progress the implementation of the five-year corporate plan;
- state how a council will manage operational risks; and
- include annual performance plans for each commercialised business unit where applicable.

Policy

The operational plan is based on the Corporate Plan 2009-2014 which is the principal guiding document for Council's future policy direction. The operational plan sets direction for the coming financial year on how Council achieves the Corporate Plan 2009-2014.

Risk

Reputation/public image – building a detailed operational plan based on the corporate plan minimises the risk of Council not achieving the vision set in planning documents (risk level: Low).

Financial – aligning the budget and operational plan projects/activities minimises the risk of projects being undertaken without funding (risk level: Low).

Legislative – following the corporate planning and reporting framework minimises the risk of not meeting legislative requirements of forward planning and reporting (risk level: Low).

Business activities – assigning the corporate plan strategies to branches for implementation over a five-year period minimises the risk of not delivering on the Corporate Plan (risk level: Low).

Business activities – use of the Enterprise Risk Management Framework increases the likelihood that key operational risks are managed (opportunity level: High).

Previous Council Resolutions

The Corporate Plan 2009-2014 was adopted at the Ordinary Meeting on 14 May 2009.

The Operational Plan 2011/2012 was adopted at the Special Meeting (Budget) on 28 June 2011.

Related Documentation

- Sunshine Coast Regional Council Corporate Plan 2009-2014
- Operational Plan 2011-2012
- Sunshine Coast Council Budget 2012-2013

Critical Dates

The operational plan must be adopted before the start of the 2012-2013 financial year.

Implementation

Following adoption, Branch Managers will schedule projects/activities for implementation and report progress to Council through the Chief Executive Officer's Quarterly Progress Report.

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4.1.3 PARREARRA LOCK AND WEIR SPECIAL LEVY

File No: ECM 27 June 2012

Author: Executive Director Finance and Business
Finance and Business

Attachment: [Att 1 - Parrearra Levy Background](#) (SM Att Pg 119)
[Att 2 - Nov 2011 Parrearra Report](#) (SM Att Pg 126)

PURPOSE

The purpose of this report is to provide background information to Council regarding the methodology and implementation of the Parrearra Lock and Weir Special Rate levy.

EXECUTIVE SUMMARY

At the 5 June 2012 budget workshop, Council requested the Chief Executive Officer to provide a report on the methodology and implementation for the Parrearra Lock and Weir Special Rate levy.

Issues raised in discussions at the workshop, and in previous meetings relate to:

1. Parity between Parrearra and system at Noosa Waters and Pelican Waters;
2. Equity in the application of the levy;
3. Calculations as to the quantum of the levy; and
4. The scope of the levy towards whole of life and the range of operations to which the levy applies.

There have been a number of previous reports to Council and a range of complaints against the imposition of the levy.

The original Council resolution SM10/39 of 8 June 2010 related only to the operation and maintenance of the lock and weir system. Historically the operation and maintenance of the lock and weir system has been less than \$30,000 per annum.

The asset management plan developed by Infrastructure Services has identified an average annual requirement of approximately \$32,000 to fund asset renewal and refurbishment. The historical average expenditure on operation and maintenance has been in the vicinity of \$30,000 per annum.

Accordingly, with the current level of lease revenue combined with the reinstated access card fee, there should be sufficient revenue to finance the whole of life costs identified without the Special Rates Levy.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “Parrearra Lock and Weir Special Levy”;
- (b) remove the Parrearra Lock and Weir Special Rate Levy for the 2012/2013 financial year;
- (c) amend the annual access key card issue fee from \$70 to \$130 per annum;
- (d) annually transfer any unexpended revenue from both Jetty/Pontoon lease rental and access key card issue fees into a reserve to fund future asset refurbishment and renewal expenditure; and
- (e) request the Chief Executive Officer to prepare a subsequent report outlining equity issues between the Parrearra, Pelican Waters and Noosa Waters lock and weir systems relating to revenue, expenditure and funding for whole of life asset management costs.

FINANCE AND RESOURCING

The current Parrearra Lock and Weir Special Rates levy raised a total of \$33,405 in 2011/2012. The initial levy was intended to raise a total of \$36,400 but with the exclusion of properties in The Palms development due to the access restriction strip separating their property from the Lake area, revenue was reduced.

The levy is calculated as a rate in the dollar based on valuation, with a minimum annual charge of \$40, which generally applies only to rateable properties within unit developments.

Budgeted expenditure, as identified in the Asset Management Plan for the operation of the Lock and Weir is shown as \$60,669 for the 2011/2012 financial year, and \$61,822 for the 2012/2013 financial year. Actual costs incurred (excluding depreciation expenses) for the 2010/2011 year were \$28,280 and \$27,658 YTD in 2011/2012.

Fee income from the sale of access keys in 2010/2011 was \$16,973 (calculated on a fess of \$125 per annum), but with the advent of the rates levy that provides “as-of-right” access for all properties subject to the levy, revenue from key sales has reduced to \$2,897. The fee for the sale of access cards is currently in the Fees and Charges schedule at \$70 per annum. In the event that the Special Rates Levy is removed, the fee for the access card would need to be reviewed back up to the level prior to the introduction of the levy (plus CPI indexation) and would be reintroduced to apply to all users requiring access.

Revenue from leases for jetty and/or pontoon sites within the Lake Parrearra area is \$40,843 YTD and is based on a rate per square metre as assessed by an independent valuation. There are additional leases expected to come on line that will increase this amount.

CORPORATE PLAN

Corporate Plan Theme: *Managing Growth*

Emerging Priority: 7.4 Timely and appropriate infrastructure and service provision

Strategy: 7.4.3 Ensure the provision of parks, open space and community infrastructure consistent with identified local and regional needs

Corporate Plan Theme: *Managing Growth*

Emerging Priority: 7.5 Council's services and assets meet the needs of our growing community

Strategy: 7.5.1 Determine the types and levels of services provided by council

Corporate Plan Theme: *Managing Growth*

Emerging Priority: 7.5 Council's services and assets meet the needs of our growing community

Strategy: 7.5.3 Maintain and renew council assets to agreed standards

CONSULTATION

Internal Consultation

Internal consultation has occurred between:

- Infrastructure Services Department
- Regional Strategy and Planning Department
- Finance and Business Department
- Legal Services
- Councillors

External Consultation

The Local Government Association of Queensland was consulted informally in October/November 2011 regarding options available under the *Local Government Act 2009*.

Community Engagement

There has been no community engagement in the preparation of this report, however the issues and objections raised by land owners affected by the levy have been considered.

As outlined in the budget workshop discussions, the original officer recommendation for the adoption of the levy in 2010/2011 included a full consultation process with affected ratepayers. The final resolution changed the wording to include "communication" rather than "consultation".

Final information sheets coordinated by Infrastructure Services were distributed in July 2011 just prior to the issuance of the first rate notice containing the levy, having been requested to delay any communication in advance of 2011/2012 budget adoption, pending Council's final decision on the introduction of the levy.

PROPOSAL

In providing a further report regarding the Parrearra Lock and Weir Special Rates Levy, there will necessarily be duplication of some of the issues raised in previous reports. However, this report will focus specifically on the following issues raised in discussions at the budget workshop held 5 June 2012:

1. Parity between Parrearra and system at Noosa Waters and Pelican Waters;
2. Equity in the application of the levy;
3. Calculations as to the quantum of the levy; and
4. The scope of the levy towards whole of life and the range of operations to which the levy applies.

The following table contains a summary of the different lock and weir systems operating at Noosa Waters, Pelican Waters and Parrearra Lake.

	Noosa Waters	Pelican Waters	Parrearra Lake
Number of properties	590	490	443
Lease Sites	349	134 (54 chargeable with 80 vacant)	87
Lease Revenue	\$0	\$24,951	\$40,843
Levy Yield	\$55,000	N/A	\$33,405
Commentary	Whole of life asset management plan – negotiated together with ratepayers association	Sinking Fund based in whole of life asset management plan negotiated with the developer at the time of approval	Operations and maintenance only
Sinking Fund Balance	N/A	\$2,462,198	N/A
Forecast Asset Management Reserve Balance 30 June 2012	\$570 285	N/A	N/A
Pumping System	Salinity exchange with pumping from Noosa River – major infrastructure	Salinity exchange with pumping from Pumice Stone Passage at Golden Beach – major infrastructure	Penstock tidal flow from Mooloolah River at upstream weir

As outlined in the attached information from earlier reports to Council, the levy concept for Parrearra Lake was initially proposed in 2010, but deferred until 2011/2012.

At Pelican Waters and Noosa Waters properties have direct and exclusive access to the canal waterway from their properties, whereas at Parrearra there is a boardwalk recreation reserve separating properties from the lake area. However, each property to which the levy has been applied has been granted an easement across this recreation reserve to enable them to construct a jetty/pontoon (after application to and approval from Council) and provide power and water to the structure.

At Pelican Waters there is no levy, but rather the developer made financial contributions into a Sinking Fund to cover the whole of life costs of the lock and weir system, based on an agreed asset management plan. At Pelican Waters, property owners who have a jetty/pontoon also pay a lease fee to Council in the same manner as for Parrearra Lake.

At Noosa Waters, the levy has been in place for a number of years, with revenue requirements calculated on a five-year rolling basis on a whole of life asset management plan, as negotiated with the Noosa Waters Ratepayers Association. Over the previous ten years of having a levy yield in the vicinity of \$110,000 per annum, the reserve balance accumulated to a level beyond what was required; and after consultation the levy was reduced to a \$55,000 yield for a period of five years to allow the reserve balance to "normalise". The \$55,000 is sufficient to cover all operating and maintenance costs, with renewal and rehabilitation costs met from the reserve.

At Noosa Waters residents do not pay additional lease fees for their jetty/pontoon.

As per Council's resolution (SM10/39), the Parrearra Lock and Weir Special Rates Levy when introduced was to cover only the operations and maintenance costs associated with the lock and weir. Costs include water quality testing; electricity costs for operation of pumping systems and the lock gates; inspection and monitoring of safety signage and lighting; removal of litter and debris; maintenance and operation of the lock system; etc. The levy was not intended to cover any dredging or other major works on the waterway, community pontoons, or maintenance of the boardwalks. Maintenance of the revetment walls is the responsibility of adjoining landowners and is also outside the scope of the levy.

Whole of life costs associated with replacement or refurbishment of any infrastructure associated with the lock and weir system is also outside the scope of the 2011/2012 levy, and represents a significant financial risk to Council in future years. The detailed asset management plan developed by Infrastructure Services identifies optimum intervention and maintenance, and in the absence of any reserve or sinking fund, costs would be met by general fund ratepayers.

Accordingly, it is proposed to quarantine any funds raised from either jetty/pontoon leases or the issue of access key cards to be applied towards the whole of life costs identified in the Asset Management Plan. Any unexpended funds will be transferred to reserve to fund future asset refurbishment and renewal expenditure.

Legal

The Special Rates Levy was implemented under the auspices of the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

Lease fees and card access fees are applied towards the operation and maintenance of the lake and associated infrastructure in accordance with paragraphs 5.8.8 and 8.0 of the Lake Management Plan.

Policy

Council adopted the Revenue Policy 2011/2012 with the current year budget at the Special Budget meeting held 4 April 2011 in accordance with resolution SM11/14.

The Revenue Statement 2011/2012 and Overall Plans 2011/2012 were adopted at the Special Budget meeting held 28 June 2011 in accordance with resolution SM11/51.

Risk

Council, as Trustee for the recreation reserve that comprises the Parrearra Lake area has obligations for the ongoing operation and maintenance of the Lake, including the lock and weir system, in accordance with the *Land Act 1994*, and as outlined in the Parrearra Lake Management Plan.

Previous Council Resolution

Ordinary Meeting 7 December 2011 – Council resolution OM11/297

That Council:

- (a) receive and note the report titled "Parrearra Lock and Weir Special Rates Levy";*
- (b) agree to continue with the current Parrearra Lock and Weir Special Rate Levy towards the operations and maintenance cost of the identified Parrearra Lock and Weir with an exemption for those properties with restricted access to the lake area; and*
- (c) agree to enter into formal consultation processes with affected land owners in the Parrearra Lake area as to the effectiveness of the administrative arrangements under the Lake Management Plan.*

Special Budget Meeting 8 June 2010 – Council resolution SM10/39

That Council:

- (a) note the report titled "Parrearra Lock and Weir Benefited Area Levy";*
- (b) introduce a benefited area levy as part of the 2011/2012 Budget to raise \$121,000 annually for the operation and maintenance of the Parrearra lock and weir system; and*
- (c) undertake a comprehensive communication program.*

Other resolutions are referenced in the Attachments to this report.

Related Documentation

Related documentation includes:

- Parrearra Lake Management Plan
- Pelican Waters (Northern) Lake Management Plan
- Noosa Waters Partnering Charter

Critical Dates

This matter must be determined to enable the Revenue Statement to be adopted as part of the Annual Budget adoption meeting.

Implementation

If the recommendation is adopted, the current levy will be removed from property records and information relating to the decision of Council will be forwarded to all affected landowners prior to the issue of rates for the 2012/2013 period.

4.1.4 REVENUE POLICY 2012/2013

File No: ECM - 27 JUNE 2012

Author: Manager Finance
Finance and Business

Appendix: [App A - 2012 2013 Revenue Policy](#) (SM Att Pg 133)

PURPOSE

Section 134 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* requires that a local government must prepare and adopt a revenue policy.

EXECUTIVE SUMMARY

The purpose of this Revenue Policy is to set out the principles used by Council for:

- The levying of rates and charges;
- Granting concessions for rates and charges;
- The recovery of overdue rates and charges; and
- Costs-recovery fees.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “Revenue Policy 2012/2013” and
- (b) in accordance with section 134 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* adopt the 2012/2013 Revenue Policy (Appendix A).

FINANCE AND RESOURCING

The framework does not place any financial and resourcing obligations on Council, but provides principles and guidelines for the 2012/2013 budget.

CORPORATE PLAN

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
Strategy: 8.1.1 Develop and implement a governance framework that provides transparent and accountable processes and enhances council’s reputation

Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
Strategy: 8.1.2 Ensure legislative compliance and awareness

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.2 Effective business management
Strategy: 8.2.1 Develop indicators and measure the performance of council and the success in achieving its vision

CONSULTATION

Internal Consultation

Internal consultation was conducted within the Finance and Business Department.

External Consultation

No external consultation was required for this report.

Community Engagement

No community engagement was required for this report.

PROPOSAL

The purpose of this Revenue Policy is to set out the principles used by Council for:

- The levying of rates and charges;
- Granting concessions for rates and charges;
- The recovery of overdue rates and charges; and
- Costs-recovery fees.

The Revenue Policy states guidelines that may be used for preparing the revenue statement. The revenue statement includes an outline and explanation of the measures that the local government has adopted for raising revenue, including an outline and explanation of:

- (i) the rates and charges to be levied in the financial year; and
- (ii) the concessions for rates and charges to be granted in the financial year.

The Revenue Policy must be adopted in sufficient time before the start of the financial year to allow an annual budget that is consistent with the revenue policy to be adopted.

Legal

Section 134 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* requires that a local government must prepare and adopt a revenue policy.

Policy

The Revenue Policy states guidelines that may be used for preparing the revenue statement.

Risk

No risks have been identified in relation to this report.

Previous Council Resolution

There are no previous Council resolutions that relate to this report.

Related Documentation

There is no related documentation for this report.

Critical Dates

The local government must adopt the revenue policy in sufficient time before the start of the financial year to allow an annual budget that is consistent with the revenue policy to be adopted for the financial year.

Implementation

This policy sets the principles for the making and levying of rates and charges of Council for the 2012/2013 financial year.

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4.1.5 FINANCIAL POLICIES 2012/2013 ADOPTION

File No: ECM 27 June 2012

Author: Executive Director Finance and Business
Finance and Business

Appendices: [App A - 2012 2013 Investment Policy](#) (SM Att Pg 139)
[App B - 2012 2013 Debt Policy](#) (SM Att Pg 147)

PURPOSE

This report seeks the adoption of an Investment Policy and a Debt Policy to apply for the 2012/2013 financial year.

EXECUTIVE SUMMARY

The *Local Government (Finance, Plans and Reporting) Regulation 2010* (the Regulation), Sections 132 and 133, requires Council to prepare an investment policy and a debt policy each year.

These policies form part of Council's overall Financial Plan, as required under Section 131 of the Regulation.

There has been very little modification required to either document for the new budget period from what was adopted in previous years, other than to broaden the scope of internal loans within the Debt Policy. The borrowing requirements and ratios contained within the appendix to the Debt Policy is based on information taken from the Long Term Financial Forecast.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled 'Financial Policies 2012/2013 Adoption';**
- (b) adopt the 2012/2013 Investment Policy (Appendix A); and**
- (c) adopt the 2012/2013 Debt Policy (Appendix B).**

FINANCE AND RESOURCING

Investment revenue in the vicinity of \$10 million is included in the draft budget and has been calculated based on forecast daily cash balances and investment rates.

Proposed borrowings will be used to finance works identified in the adopted and endorsed Capital Works program.

The resources required to implement these policies are included in Council's operating budget.

CORPORATE PLAN

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
Strategy: 8.1.1 Develop and implement a governance framework that provides transparent and accountable processes and enhances council's reputation

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
Strategy: 8.1.2 Ensure legislative compliance and awareness

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.3 Strong financial management
Strategy: 8.3.2 Ensure council's financial performance is well managed and leads to a strong financial position

CONSULTATION

Internal Consultation

Consultation has occurred with the Deputy Mayor and with Internal Audit through the Investment Oversight Committee, and Councillors had the opportunity for input at the budget workshop held 4 June 2012.

External Consultation

Reference was made to guidelines released by the former Department of Local Government and Planning in the development of these policies.

Community Engagement

There was no community engagement in the development of this report.

PROPOSAL

The *Local Government (Finance, Plans and Reporting) Regulation 2010* requires Council to prepare an investment policy each year which must identify Council's overall philosophy and strategy for investment of surplus funds. The policy must also identify the risk philosophy, investment objectives and expectations; and include procedures and guidelines for achieving the objectives as stated.

Following the request of Council, the policy also includes a requirement for consideration of ethical investment principles in the application of the policy.

Priority is given to the preservation of capital over investment returns, and a detailed risk matrix is included within the policy to guide staff in the implementation of this policy.

Council's borrowing activities are governed by the *Statutory Bodies Financial Arrangements Act 1982*, and the Debt Policy provides clear guidelines for Council loan raising, requiring full evaluation of the long-term impact of proposed borrowing on Council's financial sustainability.

All borrowing proposals remain subject to evaluation by the Department of Local Government, with credit reviews undertaken by the Queensland Treasury Corporation.

The schedule outlines planned borrowing over a 10 year period and is based on the endorsed ten year capital works program.

Legal

The adoption of these policies satisfies Council's legislative obligations and provides clear guidance to staff to ensure understanding and compliance.

Policy

The Investment Policy and the Debt Policy are adopted each year as part of the budget approval process.

Risk

A key purpose of the policies is to minimise Council's exposure to credit risk. Proposed investments are assessed against a risk matrix with maximum exposure for individual counterparties and each credit rating category.

The debt policy provides the opportunity for restructuring of the debt portfolio in the event of significant fluctuations in borrowing interest rates. Further, borrowing is restricted to the Queensland Treasury Corporation under legislation without specific approval from the Treasurer (under advice from the Department of Local Government).

Previous Council Resolution

The current policies were adopted by Council under resolution OM11/127 at the meeting held 18 May 2011:

That Council:

- (a) note the report titled "2011/2012 Investment Policy and Debt Policy";
- (b) adopt the 2011/2012 Debt Policy (Appendix A) as amended; and
- (c) adopt the 2011/2012 Investment Policy (Appendix B).

Related Documentation

There is no related documentation for this report.

Critical Dates

These policies underpin elements of the 2012/2013 budget which are presented to Council for adoption in this meeting.

Implementation

There are no implementation details to include in this report.

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4.1.6 REVENUE STATEMENT ADOPTION OF 2012/2013 RATES AND CHARGES

File No: ECM - 27 June 2012
Author: Executive Director Finance and Business
Finance and Business
Appendices: [App A - Revenue Statement 2012 2013](#) (SM Att Pg 153)
[App B - Overall Plans 2012 2013](#) (SM Att Pg 195)

PURPOSE

To seek Council endorsement for the 2012/2013 Revenue Statement.

EXECUTIVE SUMMARY

Section 106 of the *Local Government (Finance, Plan and Reporting) Regulation 2010* requires Council to prepare and adopt a Revenue Statement each financial year. Section 107 of the *Local Government (Finance, Plan and Reporting) Regulation 2010* specifies the content to be included in the Revenue Statement.

There are a range of issues that have been considered by Council in developing the 2012/2013 Revenue Statement which is included as an attachment to this report.

The key inclusions in the attached Revenue Statement include:

- A general rate increase of 3.6%.
- A Waste Management wheelie bin service increase of 9.2%.
- No increase in key levies such as Environment, Public Transport and Heritage.
- Continuation of pension remissions budgeted at \$3.8 Million, with standard pensioner remissions now applying across the region, with both full and part pensioners eligible.
- Continuation of an early payment discount budgeted at \$8.8 Million.

Department of Natural Resources & Mines (DNRM) has recently released annual valuations for the Sunshine Coast. The overall decrease of 4.7% for the region has been incorporated into the categories and criteria identified in the Revenue Statement for the levying of differential general rates. Details of impacts are included in this report.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "Revenue Statement – Adoption of 2012/2013 Rates and Charges";
- (b) pursuant to section 15 of the *Local Government (Finance, Plan and Reporting) Regulation 2010* has determined that for the purpose of levying differential general rates for the 2012/2013 financial year the different categories of rateable land and a description of those categories is as follows:

- (i) differential category 1, being land where a primary production concession is granted by the Department of Natural Resources & Mines in accordance with Chapter 2, Part 2, Subdivision 2 of the Land Valuation Act 2010;
- (ii) differential categories 2 to 4 inclusive being commercial and industrial land that is used primarily for commerce or industry in particular urban centres and rural localities, other than land used for another rural production industry;
 - (1) differential category 2 valuation to \$175,000
 - (2) differential category 3 valuation from \$175,001 to \$400,000
 - (3) differential category 4 valuation over \$400,000
- (iii) differential category 5 being commercial and industrial land that is used solely for extractive industries;
- (iv) differential categories 6 to 15 inclusive, being vacant land or residential land that is used for residential purposes in particular urban centres and rural localities, and is the owners principal place of residence;
 - (1) differential category 6 valuation to \$280,000
 - (2) differential category 7 valuation from \$280,001 to \$450,000
 - (3) differential category 8 valuation from \$450,001 to \$550,000
 - (4) differential category 9 valuation from \$550,001 to \$700,000
 - (5) differential category 10 valuation from \$700,001 to \$800,000
 - (6) differential category 11 valuation from \$800,001 to \$920,000
 - (7) differential category 12 valuation from \$920,001 to \$1,100,000
 - (8) differential category 13 valuation from \$1,100,001 to \$1,400,000
 - (9) differential category 14 valuation from \$1,400,001 to \$2,500,000
 - (10) differential category 15 valuation over \$2,500,000
- (v) differential categories 16 to 19 inclusive, being residential land that is used for residential purposes in particular urban centres and rural localities, and is not the owners principal place of residence;
 - (1) differential category 16 valuation to \$420,000
 - (2) differential category 17 valuation from \$420,001 to \$500,000
 - (3) differential category 18 valuation from \$500,001 to \$750,000
 - (4) differential category 19 valuation over \$750,000

- (vi) differential category 20 being parcels of land that is valued together at greater than a valuation of \$1,000,000 and is vacant land with a total area greater than 1500 square meters;
- (vii) differential category 21, being land that is
 - (1) subject to a Stock Grazing Permit, or
 - (2) a Pump Station, or
 - (3) a small lot or strata garage less than 20 square metres
- (viii) differential category 22, being land subject to Chapter 2, Part 2, Subdivision 3 of the Land Valuation Act 2010;
- (ix) differential category 23, being land that is used for retirement villages purposes and/or aged people home providing non-medical care;
- (x) differential categories 24 to 26 inclusive, being land that is used for shopping centre purposes, or has the potential predominant use by virtue of its improvements or activities conducted upon the land of shopping centre purposes;
 - (1) differential category 24 valuation from \$3,000,000 to \$10,000,000;
 - (2) differential category 25 valuation over \$10,000,000, which does not fall into differential category 26; and
 - (3) differential category 26 applies to land in Maroochydore where the rateable value is over \$30,000,000;
- (xi) differential categories 27 and 29, being residential land that is used for residential purposes, subject to a community title, and is not the owners principal place of residence:
 - (1) differential category 27 all strata units within a complex containing greater than 4 stories above the ground; and
 - (2) differential category 29 all strata units within a complex containing a maximum of 4 stories above the ground;
- (xii) differential categories 28 and 30, being residential land that is used for residential purposes, subject to a community title, and is the owners principal place of residence:
 - (1) differential category 28 all strata units within a complex containing greater than 4 stories above the ground; and
 - (2) differential category 30 all strata units within a complex containing a maximum of 4 stories above the ground;
- (xiii) other land being any other type of land;

- (c) adopts the 2012/2013 Revenue Statement (Appendix A) ("the Revenue Statement") in accordance with Section 106 of the *Local Government (Finance, Plan and Reporting) Regulation 2010* and also adopts pursuant to Section 28 of the *Local Government (Finance, Plan and Reporting) Regulation 2010* the overall plans for the special rates and charges for the following and appearing in the Revenue Statement, namely:
- (i) Montville Beautification Levy;
 - (ii) Twin Waters Maintenance Charge;
 - (iii) Tourism Levy;
 - (iv) Noosa Waters Lock and Weir Maintenance Levy;
 - (v) Noosa Main Beach Precinct Streetscape Levy;
 - (vi) Rural Fire Charge;
 - (vii) Hastings Street Community Safety Program Charge;
 - (viii) Lower North Shore Electricity Charge;
 - (ix) Noosa Junction Levy; and
 - (x) Brightwater Estate Landscaping Charge;
- (d) levies differential general rates, special rates and charges, utility charges and separate rates and charges for the 2012/2013 financial year pursuant to section 94 of the Local Government Act 2009 at the rates included within the Revenue Statement;
- (e) determines pursuant to section 52 of the *Local Government (Finance, Plan and Reporting) Regulation 2010* that rates and charges must be paid within 30 days of the issuing of rates notices;
- (f) has determined to allow a discount for the payment of rates and charges pursuant to section 64 of the *Local Government (Finance, Plan and Reporting) Regulation 2010* in accordance with the Revenue Statement; and
- (g) has determined to allow payment of certain rates or charges by instalments and concessions to certain classes of ratepayer pursuant to section 63 and section 53 of the *Local Government (Finance, Plan and Reporting) Regulation 2010* in accordance with the Revenue Statement.

FINANCE AND RESOURCING

The 2012/2013 Budget has been developed with the inclusion of the rates and charges as detailed in the Revenue Statement.

An operating surplus of \$7.6 million been achieved with net rates and utility charges of \$265.5 million.

CORPORATE PLAN

Corporate Plan Theme: *Great Governance*

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
Strategy: 8.1.1 Develop and implement a governance framework that provides transparent and accountable processes and enhances council's reputation

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
Strategy: 8.1.2 Ensure legislative compliance and awareness

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.3 Strong financial management
Strategy: 8.3.2 Ensure council's financial performance is well managed and leads to a strong financial position

CONSULTATION

Internal Consultation

The development of the 2012/2013 Revenue Statement has involved consultation and engagement through Councillor meetings and discussions, including:

- Strategic Positioning Workshop, 14 November 2011
- Budget workshop, 28 May 2012
- Budget workshop, 5 June 2012
- Special Budget Meeting, 13 June 2012

External Consultation

No external engagement was required for this report.

Community Engagement

No community engagement was required for this report.

PROPOSAL

Following recent budget discussions, the Council is now in a position to formalise its Revenue Statement for the 2012/2013 financial year.

The revenue statement continues to use a system of differential general rating for the 2012/2013 financial year. The system includes 30 differential bands with 17 differential bands used for residential properties, with a minimum general rate set at \$978.

The Department of Natural Resources & Mines (DNRM) has issued updated valuations that result in an average decrease of 4.7% across the region. Modelling has been undertaken to incorporate the new valuations into the Differential General Rating scheme for 2012/2013.

The rate in the dollar has been adjusted to reflect fluctuations in valuations, enabling maintenance of the revenue derived from each differential category.

The general rate increase of 3.6% increases the current Minimum General Rate from \$944 to \$978, an increase of \$34 per annum. There are 66% of residential ratepayers on the minimum general rate, consistent with the previous year. After incorporation of the new valuations, 79% of residential ratepayers will experience a general rates increase of 3.6% or less.

Ratepayers who reside at a property as their principle place of residence owned by a Company or Trust are eligible in 2012/2013 to qualify for the "Principle Place of Residence" rate category.

The Environment Levy remains at \$60.

The Public Transport Levy remains at \$20.

The Heritage Levy remains at \$5.

The Parrearra Lock and Weir Maintenance Levy has been removed from the Revenue Statement 2012/2013.

The impacts of valuation changes to the Tourism Levy have been incorporated into the Revenue Statement 2012/2013. There are no changes to the other levies other than those impacted by a change in valuations.

The early payment discount remains at 5% of general rates, to a maximum of \$200 per annum. No maximum discount applies to eligible pensioners and Retirement Villages as per the current differential general rate category 23. The 2012/2013 Budget includes early payment discount of \$8.8Million.

The 2012/2013 Budget includes pensioner remissions of \$3.8Million. There have been minor changes to the application of Council's pensioner remissions scheme. Standard pensioner remissions apply across the region, with both full and part pensioners eligible. For holders of the Repatriation Health (Gold) card issued by the Department of Veteran Affairs who have been classified as Totally and Permanently Incapacitated, the three year ownership provision is waived.

Eligible pensioners with sole title to the property that is their principal place of residence will receive a remission calculated at 25% of the general rate, up to a maximum amount of \$230.00 per annum. Where the pensioner is in receipt of the maximum level of pension and owns the property jointly with one or more people the concession will be 25% of the general rate, up to a maximum amount of \$180.00 per annum.

Where the pensioner is not in receipt of the maximum level of pension and has sole title to the property that is their principal place of residence the concession will be 25% of the general rate, up to a maximum amount of \$115.00 per annum. Where the pensioner is not in receipt of the maximum level of pension and owns the property jointly with one or more people the concession will be 25% of the general rate, up to a maximum amount of \$65.00 per annum.

Pension Rate	Sole title to the property	Joint title to the property
Maximum level of pension	\$230 p.a. maximum	\$180 p.a. maximum
Not Maximum level of pension	\$115 p.a. maximum	\$65 p.a. maximum

The Waste Management charge for a 240 litre waste bin is \$229.00, with a charge of \$173.30 for a 140 litre waste bin.

Holding tank services are set at consistent charges across the region.

The percentage change in total rates and utility charges revenue from 2011/2012 to 2012/2013 is 4.3%.

Service	2011/12	2012/13	Variation \$	Variation %
Minimum General Rate	\$944.00	\$978.00	\$34.00	3.6%
240 litre Wheelie Bin	\$209.70	\$229.00	\$19.30	9.2%
Transport Levy	\$20.00	\$20.00	\$0.00	0.0%
Environment Levy	\$60.00	\$60.00	\$0.00	0.0%
Heritage Levy	\$5.00	\$5.00	\$0.00	0.0%
Gross Rates	\$1,238.70	\$1,292.00	\$53.30	4.3%

Legal

Section 106 of the *Local Government (Finance, Plan and Reporting) Regulation 2010* requires Council to prepare and adopt a Revenue Statement each financial year. Section 107 of the *Local Government (Finance, Plan and Reporting) Regulation 2010* specifies the content to be included in the Revenue Statement.

Policy

The Revenue Statement 2012/2013 is consistent with Council's Revenue Policy 2012/2013.

Risk

An operating surplus of \$7.6 million been achieved with net rates and utility charges of \$265.5 million. Budget parameters include general rates growth of 1.5%. The growth rate will need to be closely monitored throughout the year with any reductions reflected in budget reviews.

Previous Council Resolutions

(SM12/02)

That Council:

- (a) *receive and note the report titled "Waste and Resources Management Budget 2012/2013"; and*
- (b) *note the Waste and Resources Management Operational Plan 2012/2013 (Appendix A); and*
- (c) *note the Sunshine Coast Council Waste Minimisation Strategy Implementation Update May 2012 (Appendix B); and*
- (d) *adopt the draft schedule of Waste Management Fees and Charges for 2012/2013 as detailed in Appendix A of the "Waste and Resources Management Operational Plan 2012/13" (Appendix A); and*
- (e) *agree to the "Operational Projects and Core Adjustments" amounting to \$819,000 for 2012/2013 as detailed in Appendix B of the "Waste and Resources Management Operational Plan 2012/2013 (Appendix A); and*
- (f) *resolve that in relation to those regulatory fees to which Section 97 of the Local Government Act 2009 apply:*
 - (i) *the applicant is the person liable to pay these fees and charges; and*
 - (ii) *the fee or charge must be paid at or before the time the application is lodged or as specified in the fees and charges; and*
- (g) *delegate to the Chief Executive Officer the power to amend commercial charges to which section 262 (3) (c) of the Local Government Act 2009 apply; and*
- (h) *adopt the "Waste Management Draft Revenue Statement 2012/2013" as detailed in (Appendix C), and these charges be referred to the 2012/2013 budget meeting for adoption by council; and*
- (i) *agree to fund the Waste Management Community Service Obligations estimated to cost \$1,103,877 from general rates as detailed in the "Waste and Resources Management Operational Plan 2012/2013" (Appendix A); and*
- (j) *adopt the Landfill Rehabilitation Program of \$2,388,350 for 2012/2013 and endorse the allocations for the 4 years 2013/14 to 2016/17 as detailed in Appendix C of the "Waste and Resources Management Operational Plan 2012/2013" (Appendix A).*

(SM12/04)

That Council:

- (a) *receive and note the report titled "Public Transport Levy Initiatives Report 2012/2013";*
- (b) *confirm there is no change to the Public Transport Levy amount and the method of application for 2012/2013, being \$20 per rateable property per annum;*
- (c) *adopt the Public Transport Levy Policy 2012 at Appendix A to this report;*
- (d) *adopt an indicative program of projects/initiatives as listed in Table 1 of the report for implementation in 2012/2013 and authorise the Chief Executive Officer to progress the listing in Table 1 subject to further advice from TransLink and the Department of Transport and Main Roads as necessary and appropriate planning, development and analysis prior to implementation;*
- (e) *request the Chief Executive Officer to make arrangements for meetings to occur with the Minister for Transport and Main Roads and Minister for Public Transport and their relevant Departmental officers to brief them on the public transport goals of the Sunshine Coast; and*
- (f) *request the Chief Executive Officer to conduct with council a workshop review of the Public Transport Levy and associated policy and program of initiatives before December 2012.*

(SM12/05)

That Council:

- (a) *receive and note the report titled 'Sunshine Coast Environment Levy Policy and Program';*
- (b) *continue the Environment Levy at a charge of \$60 per rateable property per annum in accordance with the Environment Levy Policy 2009; and*
- (c) *endorse the revised Environment Levy Program (May 2012) (Appendix A).*

Related Documentation

Included as an attachment to this report is the Revenue Statement 2012/2013 which includes a full outline of each of the rates and charges, discount, concessions, and differential rating structure.

Critical Dates

There are critical dates for the implementation of this report relating to the first issue of semi-annual rate notices in July 2012.

Implementation

There are no implementation details to include in this report.

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4.1.7 ADOPTION OF 2012/2013 BUDGET AND FORWARD ESTIMATES FOR THE 2013/2014 TO 2016/2017 AND FORWARD FINANCIAL RATIOS FOR 2012/2013 TO 2021/2022

File No: ECM - 27 JUNE 2012
Author: Executive Director Finance and Business
Finance and Business
Appendices: [App A - 2012 2013 Financial Statements](#) (SM Att Pg 217)
[App B - Community Service Obligations](#) (SM Att Pg 226)

PURPOSE

This report presents the 2012/2013 Budget and forward estimates financial information for the Sunshine Coast Council for adoption of the 2012/2013 Budget.

EXECUTIVE SUMMARY

Sections 98 to 100 of the *Local Government (Finance, Plans and reporting) Regulation 2010* prescribe the requirements for the adoption of council's budget. This report complies with and exceeds the disclosure requirements of the regulation.

Included in the appendix are the following financial statements:

- Statements of income and expenses;
- Schedule of capital works;
- Statement of financial position;
- Statement of cash flows;
- Statement of changes in equity; and
- Financial ratios.

The 2012/2013 Budget totals \$604.3 million with some of the more significant highlights of the budget being:

- a balanced budget which includes a projected operating surplus of \$7.6 million;
- a general rate increase of 3.6% (in line with the Local Government Cost Index);
- no increase in key levies such as the environment, public transport, tourism and heritage levies;
- continuation of pension remissions, currently estimated at \$3.8million;
- continuation of early payment discounts, currently estimated at \$8.8 million; and
- a total capital works program of \$145.7 million

Under the *Local Government (Finance, Plans and Reporting) Regulation 2010*, council must prepare an accrual based budget for each financial year which is consistent with council's Long Term Financial Forecast (long term Financial Model), Financial Plan, 5-year Corporate Plan, Annual Operational Plan and long term Community Plan. To comply with the Regulation, council must also publish results against a series of measures of financial sustainability for the budget year and the next nine (9) years.

The budgeted statements are aligned with council's long term Financial Model, Financial Plan, Corporate Plan, Operational Plan and long term Community Plan and with the exception of the asset sustainability ratio (reflecting the ongoing development of council's asset management plans), council is meeting or bettering the Department of Local Government and Planning's financial sustainability indicators in the 2012/2013 budget year and each of the subsequent nine (9) years.

National Competition Policy reform provisions contained in the *Local Government Act 2009* (the Act) require council's nominated 'business activities' to apply the competitive neutrality principle to their operations.

Competitive neutrality aims to promote efficient competition between council businesses and private sector businesses. Specifically, the application of competitive neutrality seeks to ensure that council's business activities do not have any competitive advantages or disadvantages over their private sector competitors simply by virtue of their public sector ownership. A key component of competitive neutrality is full cost pricing.

Community service obligations are the primary instruments through which council's social welfare goals are delivered to the wider community. A community service obligation arises when council specifically requires a business activity (by way of council resolution) to carry out activities relating to outputs or inputs which it would not elect to do so on a commercial basis, or would only undertake commercially at higher prices; and/or which council does not require other businesses in the public or private sectors to generally undertake.

Council's budget is required to include a description of community service obligations and competitive neutrality adjustments imposed upon its business units/activities.

As part of the 2012/2013 budget, community service obligations of \$564,537 and competitive neutrality adjustments of \$61,546 have been recommended to council for approval.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "Adoption of the 2012/2013 Budget and Forward Estimates for 2013/2014 to 2016/2017 and Forward Financial ratios for 2012/2013 to 2021/2022";**
- (b) adopt the 2012/2013 Budget Schedules (Appendix A) including the movements in reserves; and**
- (c) approve the competitive neutrality adjustments and community service obligations for its business activities (Appendix B) for inclusion in the 2012/2013 Budget.**

FINANCE AND RESOURCING

This report sets the budget for the 2012/2013 financial year.

CORPORATE PLAN

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
Strategy: 8.1.1 Develop and implement a governance framework that provides transparent and accountable processes and enhances council's reputation

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
Strategy: 8.1.2 Ensure legislative compliance and awareness

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.3 Strong financial management
Strategy: 8.3.2 Ensure council's financial performance is well managed and leads to a strong financial position

CONSULTATION

Internal Consultation

The development of the 2012/2013 budget has involved consultation and engagement through councillor meetings and discussions including:

- Strategic Positioning Workshop, 14 November 2011
- Financial Briefing, 14 May 2012
- Budget Workshop, 28 May 2012
- Budget Workshop, 29 May 2012
- Budget Workshop, 4 June 2012
- Budget Workshop, 5 June 2012
- Special Budget Meeting, 13 June 2012
- Budget Workshop, 21 June 2012

All Departments and branches have participated in the formation of the recommendations associated with this report.

External Consultation

All special budget meetings were open to the public.

Community Engagement

No community engagement was required for this report.

PROPOSAL

This 2012/2013 budget is aimed at strengthening the economic foundations of the Sunshine Coast that have been laid over the initial term of the amalgamated Council.

There have been a number of strong initiatives identified by the incoming Council that will provide a stimulus to businesses and economic activity across the Region and will ensure that Council maintains its strong credit standing.

Over the coming period Council has mandated reviews of the previously adopted Community and Corporate Plans, as well as reviews of the effectiveness and efficiency of previously accepted business paradigms as a means of driving ongoing cost savings.

The ten-year financial forecast has identified moderate increases in general rates required to finance increasing costs associated with growth of the asset base and scope of activities required. The forecast identifies the investment in infrastructure assets of almost \$1.5 billion, funded from the operating surplus, capital contributions from State and Commonwealth Government grants, developers, and moderate loan funding.

Additionally, there are a number of key region building projects that will require additional external funding, but which represent strategic opportunities and core priorities for Council and the economic stability of the region as a whole. These projects include the upgrade of the Sunshine Coast Airport; the creation of a new city heart in Maroochydore; and the Sunshine Coast University Hospital at Kawana.

The 2012/2013 budget delivers an operating surplus of \$7.6 million whilst incorporating the abovementioned impacts and maintaining service delivery. This operating surplus is used to fund key infrastructure projects included in the capital works program.

Rates and utility charges have been increased by 3.6% which is in line with the Local Government Cost Index (3.6%) in recognition of the significant cost pressures facing our ratepayers while noting that council is similarly exposed to many of the same cost increases.

Consolidated asset management plans continue to be developed to ensure that council is managing and maintaining its asset base in line with community expectations and service standards. These plans were refined during 2011/2012 to form the basis of the development of the 2012/2013 budget.

Council has significant commercial business activities with Sunshine Coast Airport, Waste Management Resources, Sunshine Coast Holiday Parks and Quarries contributing to the overall 2012/2013 budget.

In addition to these businesses, council also has three wholly owned enterprises QUAD Park Corporation, Sunshine Coast Events Centre and Noosa Biosphere which support the cultural and sporting diversity of the region.

The following revenue streams from Unitywater are included in the budget: interest \$34.8 million, dividends \$18.1 million; Tax \$4.5 million and Loan repayments \$4.2 million.

These amounts include assumptions in relation to savings in operational expenses by Unitywater, the unknown impact of the price cap and an assumption on Sunshine Coast Councils' share of participation rights.

Council continues to invest in the future, with \$18 million allocated to the new principal activity centre.

At a glance some of the more significant highlights of the budget include:

- a balanced budget which includes a projected operating surplus of \$7.6 million;
- a general rate increase of 3.6% (in line with the Local Government Cost Index);
- no increase in key levies such as the environment, public transport, tourism and heritage levies;
- continuation of pension remissions, currently estimated at \$3.8million;
- continuation of early payment discounts, currently estimated at \$8.8 million; and
- a total capital works program of \$145.7 million.

Brief discussions on each of the major line items of the budget are outlined below.

Revenue

Net Rates and Utility Charges

General rates have increased by 3.6% and Waste Management charges are increasing by 9.2%. The Environment Levy (\$60), Transport Levy (\$20), Tourism Levy (\$60 minimum) and Heritage Levy (\$5) have not increased in the 2012/2013 Budget.

Pension remissions, currently estimated at \$3.8million and early payment discounts currently estimated at \$8.8million have been maintained in the budget.

The ongoing impacts of the global financial crisis and the impacts of the high Australia dollar are expected to continue into 2012/2013 with anticipated growth in properties of 1.5% incorporated into the budget.

Full details of council's rates and charges are outlined in council's Revenue Statement.

Fees and Charges

The two major components of fees and charges are general \$45.2million and development assessment \$7.9 million. Both categories continue to be impacted by the current economic down turn.

Interest Received from Investments

Interest from council's Unitywater investment has been estimated at \$34.8 million, with the balance being interest from council's investments of \$10.3 million. Interest from council's investments has been negatively impacted by the reduction in interest rates.

Grants and Subsidies - Recurrent

The major grants and subsidies include roads \$9 million, respite care \$2 million and libraries \$1.4 million.

Operating Contributions

This line item includes development infrastructure charges that are operating in nature.

Dividends Received

Dividends are comprised of Unitywater dividends of \$18.1 million and tax equivalents of \$4.5 million.

Other Revenue

Council revenues in this line are mainly attributable to lease revenue \$6.3 million, sale of recyclables \$2.4 million and recoverable works \$2.6 million.

Internal Revenues

The \$9.1 million of internal revenues represent "sales" from council's internal service providers to the capital program. Major "sales" include quarry products \$5.6 million and heavy plant hire \$2.6 million.

Expenses

Employee Costs

Employee costs represent the operational employee costs of the organisation with an additional \$19.5 million of employee costs being charged directly to capital. Employee costs include all employee related expenditure including items such as superannuation, fringe benefits tax and workers compensation insurance.

Employee costs have been increased by 3.5% in the 2012/2013 budget in line with council's enterprise bargaining agreement. This amount has been subsequently reduced by \$4.6 million with the establishment of a savings target.

Materials and Services

The 2012/2013 budget for materials and services has been increased by applicable allowances for growth and price. As mentioned earlier council is also impacted by some of the key cost pressures being experience by normal households. The budget includes increases of 13% for electricity and 5.5% for fuel.

Finance Costs

This line item is mainly made up of interest on council's loans from Queensland Treasury Corporation of \$14.2 million and bank and merchant fees of \$856,000.

Company Contributions

This line item represents contributions to council's wholly owned companies. These contributions comprise Quad Park Corporation \$1.3 million, Sunshine Coast Events Centre \$1.1 million and Noosa Biosphere \$170,200.

Depreciation

The budget includes depreciation expense of \$72.5 million. There may be some change in this line item during the year through reviews of council asset management plans, asset replacement values and useful lives.

Other Expenses

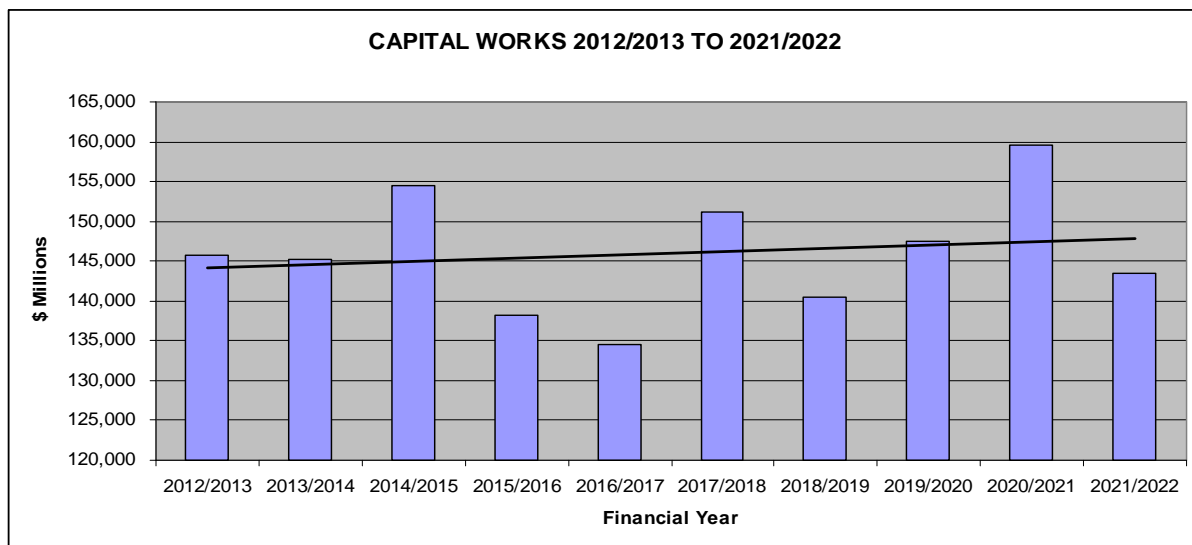
Major components include motor vehicle leases \$6.1 million, office equipment leases \$2.4 million, software maintenance \$2.2 million, building leases \$1.2 million and contributions and donations \$3 million. Contributions and donations are made up of major events funding of \$1.3 million, payments to Sunshine Coast Destination Limited of \$750,000 and the rural fire brigade of \$550,000.

Capital

The main sources of capital funding are the operating surplus of \$7.6 million, grants and subsidies of \$5.6 million, capital contribution of \$12.9 million, loan principal repayments from Unitywater \$4.2 million, loan proceeds of \$44.1 million, asset sale proceeds (plant) of \$1.0 million and depreciation of \$72.5 million and transfers from reserves of \$10.9 million.

The above funding sources are used for the construction of assets \$145.8 million (including \$18 million for the principal activity centre) and loan principal repayments of \$13 million.

A graph of the estimated capital works program by year for the period 2012/2013 to 2021/2022 is given in the following graph.



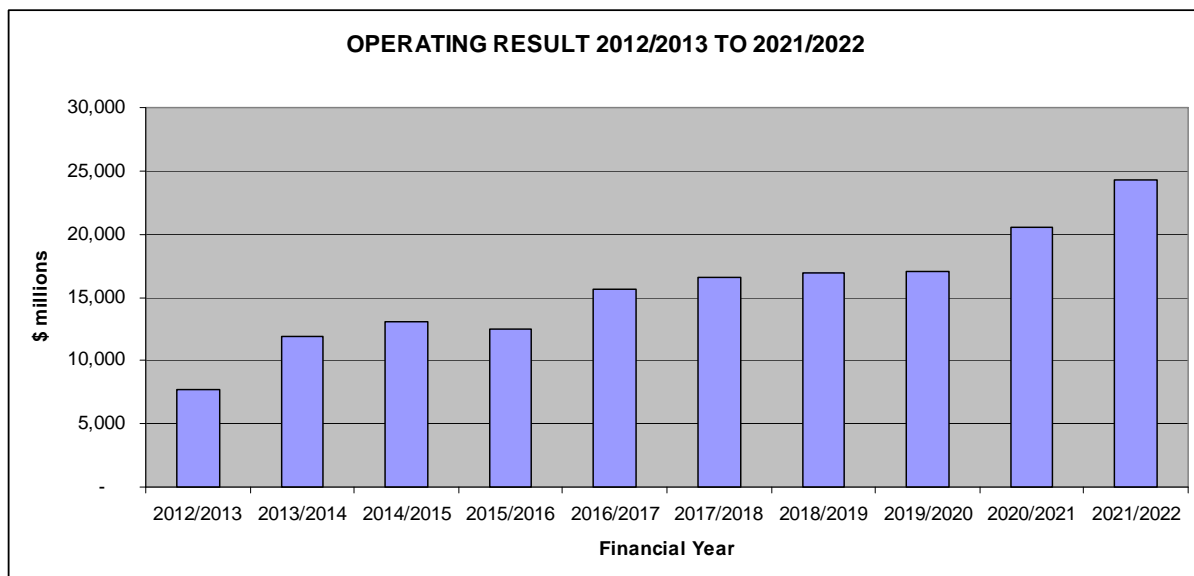
Financial Sustainability

Under the *Local Government (Finance, Plans and Reporting) Regulation 2010*, council must prepare an accrual based budget for each financial year which is consistent with council's long term financial forecast (long term financial model), financial plan, five (5) year corporate plan, annual operational plan and long term community plan. To comply with the Regulation, council must also publish results against a series of measures of financial sustainability for the budget year and the next nine (9) years.

The 2012/2013 budget results against each of the Department of Local Government and Planning's Financial Management Sustainability 2011 Guideline targets are given in the following table. With the exception of the asset sustainability ratio, council is meeting or bettering the LGA indicator in the 2012/2013 budget year and each of the subsequent nine years (as highlighted in Appendix A). The result for the asset sustainability ratio reflects the development phase of council's asset management plans.

Measure of Financial Sustainability	Budget 2011/2012	LGA Indicator
Working Capital Ratio	2.7 : 1	between 1 : 1 and 4 : 1
Operating Surplus	\$7.7 million	Not Applicable
Operating Surplus Ratio (including capital revenue)	13.9%	between 0% and 10%
Operating Surplus Ratio (excluding capital revenue)	1.8%	between 0% and 10%
Net Financial Liabilities Ratio	30%	not greater than 60%
Interest Coverage Ratio	(7.3)%	between 0% and 5%
Asset Sustainability Ratio	70%	greater than 90%
Asset Consumption Ratio	80%	Between 40% and 80%

The following graph which shows council's operating result for the period 2012/2013 to 2021/2022 net of capital revenues is a strong indicator of council's ongoing financial sustainability.



As at 30 June 2017 (the end of the published out year statements), some key sustainability statistics are cash \$160 million, reserves \$112 million, non-current assets \$6,100 million, debt \$288 million and current year operating surplus \$15.6 million.

Community Service Obligations and Competitive Neutrality Adjustments

At the Ordinary Meeting of 18 May 2011, council applied the National Competition Policy reforms to its business activities. Full Cost Pricing was applied to the Waste & Resources Management significant business activity and the Code of Competitive Conduct was applied to Sunshine Coast Airport, Sunshine Coast Holiday Parks and the Quarries Business Units.

The application of National Competition Policy reforms for 2012/2013 will be considered by Council in the new financial year following the gazettal of the expenditure thresholds by the Minister for Local Government and the release of the subsequent bulletin by the Department of Local Government.

National Competition Policy reform provisions contained in the Act require council's nominated 'business activities' to apply the competitive neutrality principle to their operations.

Competitive neutrality aims to promote efficient competition between council businesses and private sector businesses. Specifically, the application of competitive neutrality seeks to ensure that council's business activities do not enjoy competitive advantages over their private sector competitors simply by virtue of their public sector ownership.

A key component of competitive neutrality is full cost pricing. Prices are required to be set to fully recover all the relevant costs of supplying a product or service, including the recovery of all of the direct and indirect costs of running the business, including the application of corporate overheads and the targeting of a commercial return on capital employed in the business, and removing any competitive advantages or disadvantages associated with the business being operated by council.

Community Service Obligations

Community service obligations are the primary instruments through which council's social welfare goals are delivered to the wider community. A community service obligation arises when council specifically requires a business activity (by way of council resolution) to carry out activities relating to outputs or inputs which it would not elect to do so on a commercial basis, or would only undertake commercially at higher prices; and/or which council does not require other businesses in the public or private sectors to generally undertake.

The cost of carrying out a community service obligation, less any revenue received from performing the obligation must be treated as revenue for the business activity.

As part of the 2012/2013 budget, Community Service Obligations of \$564,537 have been recommended to council for approval. A full listing of these Community Service Obligations is given in the attachment with some of the key items being:

1. Subsidies for community waste disposal. Council has historically subsidised the disposal of waste from approximately 15 community organization including Lifeline, St Vincent de Paul and The Salvation Army. This waste is mainly from illegal dumping and waste at community collection bins; and
2. Reduced charges for community groups at Sunshine Coast Airport including the AGL Helicopter Rescue Service. The AGL Helicopter Rescue Service undertakes approximately 1,000 missions each financial year at a cost of approximately \$7.5 million. Council contributes to the service through reduced lease charges and the exemption of Airport charges.

Competitive Neutrality Adjustments

It also is important for the prices of government business activities to reflect the same costs that the private sector is faced with. Council achieves this by the application of competitive neutrality adjustments.

Council also identifies other instances where council business activities have advantages or disadvantages relative to private sector business activities. Competitive neutrality adjustments for both advantages and disadvantages are made and shown in the business activity.

Guidelines in this area indicate that advantages and disadvantages arising because of the business activity's location or because the business is owned by an entity of substantial size and complexity should not be eliminated. Only those advantages and disadvantages related to the business being owned by a public sector entity should be eliminated.

Competitive neutrality adjustments for superannuation and workers compensation have been identified for inclusion in the 2012/2013 budget. Superannuation of \$169,251 reflects the 3% difference between council contributions and the private industry standard. The competitive neutrality adjustment for workers compensation of (\$107,705) which is a cost transfer reflects the difference between council's rate of 1.14% and private industry rates. Full details of these competitive neutrality adjustments are also set out in **appendix B**.

Legal

Under Section 100 of *Local Government (Finance, Plans and Reporting) Regulation 2010*, a local government must adopt its budget for a financial year after 31 May in the year before the financial year and before 1 September in the financial year.

Under this regulation, council must prepare an accrual based budget for each financial year which is consistent with council's long term financial forecast (long term financial model), Financial Plan, five (5) year Corporate Plan, annual Operational Plan and long term Community Plan.

The budget must show prescribed financial information for the current year and two out years together with the costs of significant business activities and details of relevant measures of financial sustainability (ratios) for the current year and nine out years.

Local Government (Beneficial Enterprises and Business Activities) Regulation 2010 Chapter 3 Part 3 Full Cost Pricing and Chapter 4 Code of Competitive Conduct.
Local Government (Finance, Plans and Reporting) Regulation 2010 sections 99 and 121

Policy

These financial statements have been prepared in accordance with council's Financial Sustainability Plan and adopted Strategies.

This report complies with council's legislative obligations and the Organisation Policy on Competition Reform Compliance.

Risk

The operating result is contingent upon achievement of council's savings target of \$4.6 million.

Previous Council Resolution

All 2012/2013 Budget resolutions including:

(SM12/01)

That Council:

- (a) receive and note the report titled 'Register of General Cost-recovery Fees and Commercial Charges 2012/2013';*
- (b) adopt the fees in Register of General Cost-recovery Fees and Commercial Charges 2012/2013 (Appendix A);*
- (c) resolve that, in relation to those cost-recovery fees to which Section 97 of the Local Government Act 2009 apply:*
 - (i) the applicant is the person liable to pay these fees; and*
 - (ii) the fee must be paid at or before the time the application is lodged; and*

- (d) *delegate to the Chief Executive Officer the power to amend commercial charges to which section 262(3)(c) of the Local Government Act 2009 apply.*
- (e) *continue to require applications and approvals for commercial filming on community land, and provide a nil fee conditional upon an assessment of the activity meeting one of the following criteria, namely:*
 - (i) *promoting the region as a tourist or visitor destination; or*
 - (ii) *enabling a local business to market its product or services; or*
 - (iii) *developing a local industry segment; or*
 - (iv) *marketing or promoting a major or regional event.*

(SM12/02)

That Council:

- (a) *receive and note the report titled "Waste and Resources Management Budget 2012/2013"; and*
- (b) *note the Waste and Resources Management Operational Plan 2012/2013 (Appendix A); and*
- (c) *note the Sunshine Coast Council Waste Minimisation Strategy Implementation Update May 2012 (Appendix B); and*
- (d) *adopt the draft schedule of Waste Management Fees and Charges for 2012/2013 as detailed in Appendix A of the "Waste and Resources Management Operational Plan 2012/13" (Appendix A); and*
- (e) *agree to the "Operational Projects and Core Adjustments" amounting to \$819,000 for 2012/2013 as detailed in Appendix B of the "Waste and Resources Management Operational Plan 2012/2013 (Appendix A); and*
- (f) *resolve that in relation to those regulatory fees to which Section 97 of the Local Government Act 2009 apply:*
 - (i) *the applicant is the person liable to pay these fees and charges; and*
 - (ii) *the fee or charge must be paid at or before the time the application is lodged or as specified in the fees and charges; and*
- (g) *delegate to the Chief Executive Officer the power to amend commercial charges to which section 262 (3) (c) of the Local Government Act 2009 apply; and*
- (h) *adopt the "Waste Management Draft Revenue Statement 2012/2013" as detailed in (Appendix C), and these charges be referred to the 2012/2013 budget meeting for adoption by council; and*
- (i) *agree to fund the Waste Management Community Service Obligations estimated to cost \$1,103,877 from general rates as detailed in the "Waste and Resources Management Operational Plan 2012/2013" (Appendix A) as amended namely:*
 - (i) *increase the Waste Management Community Service Obligations by a further \$2,226,440 million for the purposes of implementing a regional Annual Kerbside Collection; and*
- (j) *adopt the Landfill Rehabilitation Program of \$2,388,350 for 2012/2013 and endorse the allocations for the 4 years 2013/14 to 2016/17 as detailed in Appendix C of the "Waste and Resources Management Operational Plan 2012/2013" (Appendix A).*

(SM12/03)

That Council request the Chief Executive Officer to provide a report to the July 2012 Ordinary Meeting looking at options for a kerbside collection service including funding and the ability to undertake the service on a divisional basis so long as the funds to be allocated for the divisional kerbside collection are derived from budget allocations for that division.

(SM12/04)

That Council:

- (a) *receive and note the report titled "Public Transport Levy Initiatives Report 2012/2013";*
- (b) *confirm there is no change to the Public Transport Levy amount and the method of application for 2012/2013, being \$20 per rateable property per annum;*
- (c) *adopt the Public Transport Levy Policy 2012 at Appendix A to this report;*
- (d) *adopt an indicative program of projects/initiatives as listed in Table 1 of the report for implementation in 2012/2013 and authorise the Chief Executive Officer to progress the listing in Table 1 subject to further advice from TransLink and the Department of Transport and Main Roads as necessary and appropriate planning, development and analysis prior to implementation;*
- (e) *request the Chief Executive Officer to make arrangements for meetings to occur with the Minister for Transport and Main Roads and Minister for Public Transport and their relevant Departmental officers to brief them on the public transport goals of the Sunshine Coast; and*
- (f) *request the Chief Executive Officer to conduct with council a workshop review of the Public Transport Levy and associated policy and program of initiatives before December 2012.*

(SM12/05)

That Council:

- (a) *receive and note the report titled 'Sunshine Coast Environment Levy Policy and Program';*
- (b) *continue the Environment Levy at a charge of \$60 per rateable property per annum in accordance with the Environment Levy Policy 2009; and*
- (c) *endorse the revised Environment Levy Program (May 2012) (Appendix A).*

(SM12/06)

That Council:

- (a) *receive and note the report entitled 2012/2013 Ten-Year Capital Works Program*
- (b) *adopt the Capital Works Program for 2012/2013 (Appendices A, B, C and D);*
- (c) *endorse the indicative four-year program for the period from 2013/2014 to 2016/2017; and*
- (d) *note the indicative program for the five years from 2017/2018 to 2021/2022.*

Related Documentation

All 2012/2013 Budget reports and briefing papers.

Critical Dates

Budget Adoption 27 June 2012.

Implementation

When adopted the budget will be loaded in council's Finance System in preparation for the new financial year and will be monitored via monthly reports to council and regular budget reviews.

5 CONFIDENTIAL SESSION

Nil.

6 NEXT MEETING

Nil.

7 MEETING CLOSURE
