



SPECIAL MEETING

AGENDA

7 MAY 2020

Your attendance is required at a Special meeting of Council to be held at the Pilbeam Theatre, Victoria Parade (corner of Cambridge Street), Rockhampton on 7 May 2020 commencing at 9:00am for transaction of the enclosed business.

In line with section 277E of the Local Government Regulation 2012, it has been determined that it is not practicable for the public to attend Council meetings in person at the current time. Until further notice, Council meetings will instead take place via videoconference and will be livestreamed online.

A handwritten signature in black ink, appearing to be "C. P.", written in a cursive style.

CHIEF EXECUTIVE OFFICER
6 May 2020

Please note:

In accordance with the *Local Government Regulation 2012*, please be advised that all discussion held during the meeting is recorded for the purpose of verifying the minutes. This will include any discussion involving a Councillor, staff member or a member of the public.

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1 OPENING

2 PRESENT

Members Present:

The Mayor, Councillor M F Strelow (Chairperson)
Deputy Mayor, Councillor N K Fisher
Councillor S Latcham
Councillor A P Williams
Councillor C E Smith
Councillor C R Rutherford
Councillor M D Wickerson
Councillor D Kirkland

In Attendance:

Mr E Pardon – Chief Executive Officer

3 APOLOGIES AND LEAVE OF ABSENCE

4 DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA

5 OFFICERS' REPORTS

5.1 RELAXATION OF SUBORDINATE LOCAL LAW 1.2 (COMMERCIAL USE OF LOCAL GOVERNMENT CONTROLLED AREA AND ROADS) 2011

File No:	7892
Attachments:	Nil
Authorising Officer:	Doug Scott - Acting General Manager Community Services
Author:	Karen Moody - Acting Manager Planning and Regulatory Services

SUMMARY

This report recommends relaxation to approvals for static shopfront displays and footpath dining for a period of 3 months under Subordinate Local Law 1.2.

OFFICER'S RECOMMENDATION

THAT Council approves that up until 30 June 2020 applications for Commercial Use of Roads approvals for static shopfront displays and footpath dining be waived from paying application fees. Approvals will last for a period of 3 months.

BACKGROUND

Rockhampton Regional Council has legislated Subordinate Local Law 1.2 (*Commercial Use of Local Government Controlled Areas and Roads*) 2011. This includes footpath dining and static retail shopping activities within our region.

As restrictions relax over the coming months due to COVID-19 federal and state government decisions, businesses within our community will return to operation. To support this return to operation it is proposed that Council relax the requirements of Subordinate Local Laws 1.2 in relation to static shopfront displays and footpath dining for a period of 3 months, with a review at this time.

The proposal is to offer a short term permit for up to 3 months. The proprietor would need to apply for the approval and Local Laws would prioritise the assessment and issuing of the approvals. There would be no cost for applying for this approval for this initial three months. Applications must be made by the end of June 2020.

Key areas that will be required to be met by the applicant include:

- Provision of appropriate public liability insurance;
- Provision of a clear 1.5 metre access for pedestrian movement; and
- Any equipment is erected in a safe and secure manner.

Businesses will be required to meet any requirements of the state or federal government in relation to social distancing. This will be for the state government to enforce, not Council.

Relaxing the requirements so that approvals were not required, was considered, however this results in Council being unable to enforce the activity. This could result in unsafe displays and footpath hindrance to the public and no ability for Council to action.

A significant proportion of businesses within Rockhampton already have the relevant approval to use Council Controlled Areas or Roads. Currently there are twenty five approved footpath dining permits within the region.

PREVIOUS DECISIONS

Subordinate Local Law 1.2 was approved by Council in 2019. Councils Fees and Charges for 2019-2020 were set in 2019. This decision would change the fees and charges for this period of time.

BUDGET IMPLICATIONS

There is no significant budget implications on this decision given the short nature of the relaxation. This decision does not apply to renewal applications.

LEGISLATIVE CONTEXT

Subordinate Local Law 1.2 legislates that certain activities on Council controlled roads and areas require approval. These activities include footpath dining and static displays for shops. This relaxation will allow premises to use the footpath with a short term approval, at no cost to the applicant.

LEGAL IMPLICATIONS

Local Law Officers will be able to enforce the requirements of Subordinate Local Law 1.2 when required, to ensure that public access and safety is not compromised.

STAFFING IMPLICATIONS

There will be only minimal staffing implications on this decision. Processing of applications can be undertaken in a timely manner and Local Laws staff will attend onsite on complaint basis only.

RISK ASSESSMENT

This decision balances both the risk to the public and the risk to Council. Council still has control over how displays or dining areas are set up and ensures that the appropriate insurances are obtained. However, the process can be expedited to ensure that approvals are provided in a timely manner at no cost to the customer.

CORPORATE/OPERATIONAL PLAN

This decision goes towards meeting section 4.2 of Councils Operational Plan (Practical and values based compliance frameworks), though there is no specific operational action.

CONCLUSION

The relaxation of Subordinate Local Law 1.2 for a short period will allow for businesses to use the Council Controlled footpath to display their goods or for dining activities, at no further cost to the applicant.

6 CLOSED SESSION

In accordance with the provisions of section 275 of the *Local Government Regulation 2012*, a local government may resolve to close a meeting to the public to discuss confidential items, such that its Councillors or members consider it necessary to close the meeting.

RECOMMENDATION

THAT the meeting be closed to the public to discuss the following items, which are considered confidential in accordance with section 275 of the *Local Government Regulation 2012*, for the reasons indicated.

7.1 COVID-19 Potential 20/21 Budget Impacts

This report is considered confidential in accordance with section 275(1)(c), of the *Local Government Regulation 2012*, as it contains information relating to the local government's budget.

7.2 Hold Recover Grow Priorities

This report is considered confidential in accordance with section 275(1)(h), of the *Local Government Regulation 2012*, as it contains information relating to other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.

7 CONFIDENTIAL REPORTS

7.1 COVID-19 POTENTIAL 20/21 BUDGET IMPACTS

File No: 8785
Attachments: 1. Electricity Expenses
Authorising Officer: Ross Cheesman - Deputy Chief Executive Officer
Author: Alicia Cutler - Chief Financial Officer

This report is considered confidential in accordance with section 275(1)(c), of the *Local Government Regulation 2012*, as it contains information relating to the local government's budget.

SUMMARY

Council has sought a report on what opportunities there might be to mitigate the losses of COVID-19 impacts on Council's budget. This report outlines a number of options for Council's consideration.

7.2 HOLD RECOVER GROW PRIORITIES**File No:** 4704**Attachments:**

1. Hold Recover Grow Priorities
2. Stimulus Options Table

Authorising Officer: Evan Pardon - Chief Executive Officer**Author:** Ross Cheesman - Deputy Chief Executive Officer

This report is considered confidential in accordance with section 275(1)(h), of the *Local Government Regulation 2012*, as it contains information relating to other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.

SUMMARY

This report considers the current priorities of Council's Hold Recover Grow Strategy in response to the COVID-19 pandemic and for which Council endorsement is sought.

5 OFFICERS' REPORTS

5.2 2020-21 OPERATIONAL PLAN

File No: 8320

Attachments:

1. [2020-21 Operational Plan](#)
2. [2020-21 Performance Plan - Airport](#)
3. [2020-21 Performance Plan - FRW](#)
4. [2020-21 Performance Plan - RRWR](#)

Authorising Officer: Tracy Sweeney - Executive Manager Workforce and Governance

Author: Allysa Brennan - Coordinator Legal and Governance

SUMMARY

The draft Operational Plan activities, actions and targets for the financial year 2020-21 are presented for Councillor discussion.

OFFICER'S RECOMMENDATION

THAT the officer's presentation be received.

COMMENTARY

The intention of this meeting is generate discussion and obtain Council feedback on the draft Operational Plan activities, actions and targets for 2020-21 (**Attachment 1**). However, it is noted that the draft Operational Plan does not yet include any detailed references to the Community and Economic Hold Recover Grow initiative that Council is looking to deliver as a result of the impacts of COVID-19. Further, activities can be added to deliver actions in accordance this direction from Council prior to the Operational Plan being presented for adoption.

Council's annual Operational Plan is required to include an annual Performance Plan for each of its commercial business units. The draft annual Performance Plans for Fitzroy River Water, Rockhampton Regional Waste and Recycling and the Airport are detailed in **Attachments 2, 3 and 4**. However, it should be noted that the financial and statistical data contained within the plans will change in the version that will be presented for adoption to reflect the position at year end.

PREVIOUS DECISIONS

The 2019-2020 Operational Plan was adopted by Council on 26 June 2019 and since that time quarterly updates on the progress against the adopted actions and targets have been presented for Quarter 1 on 19 November 2019 and Quarter 2 on 18 February 2020.

BUDGET IMPLICATIONS

In accordance with the Section 175 of the *Local Government Regulation 2012* the Operational Plan must be consistent with the budget.

LEGISLATIVE CONTEXT

Section 174 of the *Local Government Regulation 2012* requires that a local government must:

- Prepare and adopt an annual Operational Plan for each financial year;
 - The Chief Executive Officer must present a written assessment of the local government's progress towards implementing the annual Operational Plan at meetings of the local government held at regular intervals of not more than 3 months; and
 - A local government must discharge its responsibilities in a way that is consistent with
-

its annual Operational Plan.

Section 175 of the *Local Government Regulation 2012* outlines that a local government's Operational Plan must:

- Be consistent with its annual budget;
- State how the local government will:
- Progress the implementation of the 5 year Corporate Plan during the period of the annual operational plan; and
- Manage operational risks; and
- Include an annual performance plan for each commercial business unit of the local government.

LEGAL IMPLICATIONS

Failure to adopt an annual Operational Plan will result in legislative non-compliance.

STAFFING IMPLICATIONS

It is anticipated that there will be no implications to Council permanent staffing levels.

RISK ASSESSMENT

In accordance with the Section 175 of the Local Government Regulation 2012 the Operational Plan must manage operational risks.

CORPORATE/OPERATIONAL PLAN

The purpose of the annual Operational Plan is to advise how Council intends to address the 2017-22 Corporate Plan outcomes over the coming financial year by outlining the activities, actions and targets Council will undertake in accordance with the adopted budget.

CONCLUSION

The draft Operational Plan for 2020/21 is represented for Council discussion with additional detailed references in relation to Council's direction to be included prior to be final version being submitted to Council for adoption.

2020-21 OPERATIONAL PLAN

2020-21 Operational Plan

Meeting Date: 7 May 2020

Attachment No: 1

Corporate Plan				Operational Plan			Owner				
Corporate Plan Theme	Corporate Plan Outcome			Proposed 2020/21 Operational Plan Activity	Proposed 2020/21 Operational Plan Action	Proposed 2020/21 Operational Plan Target	Department	Section	Unit		
1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.1	Provide effective and efficient infrastructure services	1.1.2.1	Investigate opportunities for improving energy efficiency in Council facilities	Implementation of energy efficient systems	Community Services	Community Assets & Facilities	Community Facilities
1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.2	Provide effective and efficient utilisation of the asset management system	1.1.2.1	Undertake a review of asset utilisation and capability for Council facilities to improve operations	Deliver Asset Utilisation Report	Community Services	Community Assets & Facilities	Community Facilities
1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.3	Maintain high quality infrastructure	1.1.3.1	Operate, maintain and repair infrastructure through the utilisation of asset management system and work management process	Achieve asset maintenance budget and program	Community Services	Community Assets & Facilities	Community Facilities
1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.3	Maintain high quality infrastructure	1.1.3.2	Prepare a detailed three year forward maintenance program	Prepare program by 30 June 2021	Regional Services	Civil Operations	Civil Operations
1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.3	Maintain high quality infrastructure	1.1.3.3	Prepare a detailed three year forward capital works program	Prepare program by 30 June 2021	Regional Services	Civil Operations	Civil Operations
1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.3	Maintain high quality infrastructure	1.1.3.4	Prepare a detailed three year forward capital works program	Prepare program by 30 June 2021	Regional Services	Project Delivery	Project Delivery Directorate
1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.4	Provide high quality waste services and recycling services	1.1.4.1	Deliver the Annual performance plan	Performance targets are achieved	Regional Services	Waste & Recycling	Waste & Recycling

Corporate Plan				Operational Plan				Owner			
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1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.5	Provide high quality water supply and waste services	1.1.5.1	Deliver the Annual performance plan	Performance targets are achieved	Regional Services	Fitzroy River Water	Fitzroy River Water
1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.6	Provide high quality airport services	1.1.6.1	Deliver the Annual performance plan	Performance targets are achieved	Corporate Services	Airport	Airport Directorate
1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.7	Develop plans that support the delivery of trunk infrastructure and service future development	1.1.7.1	Undertake a study into the feasibility of a flood levee to protect the Rockhampton Airport	Complete study by 30 June 2021	Regional Services	Infrastructure Planning	Strategic Infrastructure
1	Community	1.1	Safe, accessible, reliable and sustainable infrastructure and facilities	1.1.8	Deliver functional recreation and open spaces	1.1.8.1	Develop an Open Space Planning Framework that determines the provision and standards of public open spaces	Develop the program by 30 June	Community Services	Parks	Parks Directorate
1	Community	1.2	Regional public places that meet our community's needs	1.2.1	Provide quality arts and cultural facilities throughout the Region	1.2.1.1	Develop and commence execution of policy, procedure and processes to ensure successful transition to new Rockhampton Museum of Art	Execution completed by 30 June 2021 to align with the opening of Rockhampton Museum of Art	Community Services	Communities & Culture	Art Gallery
1	Community	1.2	Regional public places that meet our community's needs	1.2.1	Provide quality arts and cultural facilities throughout the Region	1.2.1.2	Develop replacement plan for the wider Pilbeam Theatre and adjacent precinct	Present Plan to Council for adoption by June 2021	Community Services	Communities & Culture	Major Venues & Communities & Culture Directorate

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1	Community	1.2	Regional public places that meet our community's needs	1.2.2	Ensure that a range of community meeting spaces, public venues and facilities are provided to service the needs and expectations of our community	1.2.2.1	Further development of the Kershaw gardens and the Botanical gardens	Prepare a capital works program by 1 February 2021, that considers the ongoing maintenance and long term improvement	Community Services	Parks	Botanic & Kershaw Gardens
1	Community	1.2	Regional public places that meet our community's needs	1.2.3	Develop, maintain and promote the Rockhampton Zoo's profile as a place of regional significance	1.2.3.1	Work with stakeholders to promote the Zoo both regionally and nationally	Develop customer experience and animal encounters by 30 March 2021	Community Services	Parks	Zoo
1	Community	1.2	Regional public places that meet our community's needs	1.2.4	Provide quality mowing and horticultural services to Rockhampton Regional Council parks	1.2.4.1	Develop a program for landscaping improvements in parks and streetscapes	Implement program by 30 June	Community Services	Parks	Parks Operations
1	Community	1.3	Safe places for our community	1.3.1	High risk events are identified and threat specific responses are developed	1.3.1.1	Natural and man-made hazard risk assessments are reviewed on a five yearly basis	Review Natural Hazard Risk Assessment and complete annual maintenance check by March	Regional Services	Infrastructure Planning	Disaster Management
1	Community	1.3	Safe places for our community	1.3.2	Maintain a safe work environment for all employees, volunteers and contractors of Council	1.3.2.1	Provide a safety management system that minimises the risk to all people and property	Review actions and priorities in the Safety and Training Strategic Plan and implement actions as per the agreed timeframes.	Office of the CEO	Workforce & Governance	Safety & Training

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1	Community	1.3	Safe places for our community	1.3.2	Maintain a safe work environment for all employees, volunteers and contractors of Council	1.3.2.2	Provide a safety management system that minimises the risk to all people and property	Assess all parks related working activities to identify key work, health and safety risks and ensure appropriate risk management controls are in place	Community Services	Parks	Parks Directorate
1	Community	1.3	Safe places for our community	1.3.3	Public safety initiatives and emergency response services and systems are in place to respond to a disaster effectively	1.3.3.1	Ensure the safe and reliable operation of raw water storages	Compliance with legislative requirements for dam safety management	Regional Services	Fitzroy River Water	Fitzroy River Water Directorate
1	Community	1.3	Safe places for our community	1.3.3	Public safety initiatives and emergency response services and systems are in place to respond to a disaster effectively	1.3.3.2	Prepare bushfire evacuation options assessment for Mt Archer and neighbouring suburbs	Prepare assessment options by 30 June 2020	Regional Services	Infrastructure Planning	Disaster Management
1	Community	1.4	Healthy living and active lifestyles	1.4.1	Healthy living and active lifestyles	1.4.1.1	Streamline Council's funding for events to ensure fairness and equity	Carry out a review of Community Assistance Program by 30 June 2021	Community Services	Community Services Directorate	Community Services Directorate
1	Community	1.4	Healthy living and active lifestyles	1.4.1	Healthy living and active lifestyles	1.4.1.2	Provide safe and welcoming library services	Develop Guidelines for Acceptable Library Use	Community Services	Communities & Culture	Library & Child Services

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1	Community	1.4	Healthy living and active lifestyles	1.4.2	Ensure strategic place making, planning and regional development initiatives are targeted at understanding, promoting and enhancing sustainable development within the Region	1.4.2.1	Update traffic modelling for the urban areas of Rockhampton and Gracemere	Complete Transport Corridor Studies for Upper Dawson Rd, Dean St and North St by 30 June 2021	Regional Services	Infrastructure Planning	Strategic Infrastructure
1	Community	1.5	Inclusive, connected and informed community	1.5.1	Improve regional and locality signage	1.5.1.1	Deliver the Wayfinding Strategy	Deliver the Wayfinding Strategy in accordance with agreed timeframes	Advance Rockhampton	Marketing	Commercial Directorate
1	Community	1.5	Inclusive, connected and informed community	1.5.2	Provide the community with information/input about Council services, policies and decisions	1.5.2.1	Deliver Community Engagement Strategy actions	Deliver Community Engagement Strategy actions within agreed timeframes	Office of the CEO	Office of the Mayor	Media & Communications
1	Community	1.6	Our sense of place, diverse culture, history and creativity are valued and embraced	1.6.1	Promote awareness programs of strong indigenous history and significant cultural representation	1.6.1.1	Deliver actions in the approved Reconciliation Action Plan	Deliver actions in accordance with agreed timeframes within approved timelines	Community Services	Community Services Directorate	Community Services Directorate
1	Community	1.6	Our sense of place, diverse culture, history and creativity are valued and embraced	1.6.2	Develop, maintain and promote our Region's history and places of local interest	1.6.2.1	Review and update Botanic Gardens Strategic Master Plan	Review and update Botanic Gardens Strategic Master Plan by 30 June	Community Services	Parks	Botanic & Kershaw Gardens

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1	Community	1.6	Our sense of place, diverse culture, history and creativity are valued and embraced	1.6.3	Develop, nurture and support local and Regional events and celebrations that enhance our community's sense of pride and place and promote our cultural diversity	1.6.3.1	Scope, deliver and support major regional and local community events through event management, infrastructure support and sponsorship	Develop a calendar of events for the region to deliver economic growth from the events sector positioning Rockhampton as the Events Capital of Central Queensland	Advance Rockhampton	Tourism, Events & Marketing	Events
2	Economy	2.1	A destination sought for lifestyle, community events and tourism	2.1.1	Position the region as a stop, see, stay destination for both domestic and international visitors	2.1.1.1	Develop and implement destination marketing plan for Explore Rockhampton	Develop plan by 30 June 2020 and deliver actions in accordance with agreed timeframes by 30 June 2021	Advance Rockhampton	Tourism, Events & Marketing	Tourism
2	Economy	2.2	Value add to the strengths of industry to deepen regional economic activity	2.2.1	Stimulate economic growth within the Region	2.2.1.1	Engage with key stakeholders to deliver initiatives that support population growth including but not limited to new investment & business relocation, relocation incentives and new business opportunities	Deliver outcomes in accordance with the Economic Action Plan	Advance Rockhampton	Economic Development	Economic Development Directorate
2	Economy	2.2	Value add to the strengths of industry to deepen regional economic activity	2.2.2	Advance education within the Region	2.2.2.1	Strengthen and grow the Region's education and training sector	Deliver education and training outcomes in accordance with the Economic Action Plan	Advance Rockhampton	Economic Development	Economic Development Directorate

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2	Economy	2.2	Value add to the strengths of industry to deepen regional economic activity	2.2.3	Develop and implement administrative systems that encourage buying locally throughout the Region	2.2.3.1	Council's procurement of goods and services are in line with the Local Preference Policy guiding purchasing decisions	Annual local goods and services spend analysis is greater than 70% local	Corporate Services	Corporate & Technology Services	Procurement & Logistics
2	Economy	2.2	Value add to the strengths of industry to deepen regional economic activity	2.2.4	Develop and support programs that encourage small business and startup growth providing employment opportunities	2.2.4.1	Implementation of programs and activities guided by the SmartHub Operational Plan 2020-2022	Develop the SmartHub Operational Plan for 2020-2022	Corporate Services	Corporate & Technology Services	Smart Hub
2	Economy	2.3	The redevelopment and activation of major urban places to attract investment and improved lifestyles	2.3.1	Revitalisation across all centres is achieved by promoting economic growth and redevelopment	2.3.1.1	Develop strategies to encourage growth in economic activity and business attraction within the Region's centres	Deliver projects to assist in activating the Region's centres in accordance with Economic Action Plan	Advance Rockhampton	Economic Development	Economic Development Directorate
2	Economy	2.4	Infrastructure services are driven to deliver future economic growth	2.4.1	Provision of infrastructure that supports state of the art technology and services that support public space activation and community safety	2.4.1.1	Continued rollout of smart technologies infrastructure in public spaces as guided by the Smart Way Forward Strategy	Installation of the community digital engagement banners in partnership with the Media Unit	Corporate Services	Corporate & Technology Services	Corporate & Technology Services Directorate
2	Economy	2.5	Promote, foster and embrace growth opportunities, strategic investment and international exports	2.5.1	Support and encourage entrepreneurial and innovative business in our Region	2.5.5.1	Identify capacity building and support projects and initiatives for Council approval	Present project proposal to Council for endorsement by 30 November 2020	Advance Rockhampton	Economic Development	Economic Development Directorate

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2	Economy	2.6	Promote industry diversification to enhance regional economic resilience	2.6.1	Deliver targeted economic activation and investment attraction projects and initiatives to promote industry diversification and economic resilience	2.6.1.1	Review Economic Action Plan to include projects and initiatives that will deliver tangible economic and social outcomes to the Rockhampton business community as a result of the impacts of COVID-19	Updated Economic Action Plan submitted to Council for adoption by 31 July 2020 and outcomes delivered in accordance with adopted timeframes	Advance Rockhampton	Economic Development	Economic Development Directorate
3	Environment	3.1	Contribute to healthy natural ecosystems	3.1.1	Encourage activities that protect, maintain and enhance our natural environment	3.1.1.1	Foster strong partnerships to better manage the condition of key natural assets, green corridors and urban waterways	Support collaborative projects that deliver positive environmental outcomes	Corporate Services	Finance	Environmental Sustainability
3	Environment	3.1	Contribute to healthy natural ecosystems	3.1.2	Encourage the sustainable use of water resources	3.1.2.1	Promote water wise behaviours and practices	Achievement of annual marketing communications plan	Regional Services	Fitzroy River Water	Fitzroy River Water Directorate
3	Environment	3.1	Contribute to healthy natural ecosystems	3.1.3	Increase biodiversity and tree canopy cover in urban/suburban areas across the Region, particularly along major thoroughfares to provide cooler micro-climates and improve use of public space and waterways	3.1.3.1	Improve amenity of parks and streetscapes	Civil design projects incorporate landscaping elements	Regional Services	Infrastructure Planning	Civil Design

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3	Environment	3.1	Contribute to healthy natural ecosystems	3.1.3	Increase biodiversity and tree canopy cover in urban/suburban areas across the Region, particularly along major thoroughfares to provide cooler micro-climates and improve use of public space and waterways	3.1.3.2	Develop a Tree Canopy Plan	Develop a Tree Canopy Plan by 30 September and implement actions in accordance with approved timeframes	Community Services	Parks	Parks Directorate
3	Environment	3.2	Sustainable and innovative environmental practices	3.2.1	Foster sustainable behaviour within Council and the community	3.2.1.1	Facilitate implementation of the Environmental Sustainability Strategy	Deliver actions in the Environmental Sustainability Strategy in accordance with the annual action plan and report progress in the annual highlights report	Corporate Services	Finance	Environmental Sustainability
3	Environment	3.3	Understand Council's and the community's environmental impacts	3.3.1	Prepare for, and build resilience to, local climate-change related impacts	3.3.1.1	Work with staff to identify local climate-change related risks and opportunities	Priority response measures embedded within Council's normal operating activities	Corporate Services	Corporate Services Directorate	Corporate Services Directorate
4	Service Excellence	4.1	Customer focused services	4.1.1	Customer focused organisation that ensures Council's service delivery is efficient and representative of the community's needs and views	4.1.1.1	Progressively implement electronic billing	Implement electronic billing of rates and water charges by 30 June 2021	Corporate	Finance	Finance Directorate

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4	Service Excellence	4.2	Practical and values based compliance frameworks	4.2.1	Our employees are appropriately trained, skilled and certified to safely undertake the requirements of their position	4.2.1.1	Ensure all employees tickets and licences are current and verification of competency has been undertaken for all plant and equipment	Undertake verification of competency assessment with all identified employees by 30 June 2021	Office of the CEO	Workforce & Governance	Safety & Training
4	Service Excellence	4.3	Accountable and motivated organisation	4.3.1	Our volunteers are encouraged, nurtured and supported	4.3.1.1	Develop and implement a Volunteer Management Plan	Deliver approved Volunteer Management Plan actions	Community Services	Communities & Culture	Communities and Culture Directorate
4	Service Excellence	4.3	Accountable and motivated organisation	4.3.2	Council's information and communication systems are strategically planned and actively managed to meet Council and community needs	4.3.2.1	Development and implementation of the Information and Communication Technology Strategic Plan 2021-2025	Develop the 2021-2025 Information and Communication Strategic Plan and deliver the planned actions for 2020-2021	Corporate Services	Corporate & Technology Services	Information Systems
4	Service Excellence	4.3	Accountable and motivated organisation	4.3.3	Encourage leaders of today to educate and mentor potential leaders of the future	4.3.3.1	Deliver programs that support leadership development in accordance with the People Strategy	Deliver in accordance with agreed timeframes	Office of the CEO	Workforce & Governance	HR & Payroll
4	Service Excellence	4.4	Plan for the future population and economic growth giving consideration to a diverse range of industries and services	4.4.1	Ensure statutory land use instruments achieve policy objectives	4.4.1.1	Amend the Planning Scheme as required to incorporate policy objectives and outcomes	Develop and implement a rolling program of planning scheme amendments	Advance Rockhampton	Strategy & Planning	Strategy & Planning Directorate

Corporate Plan				Operational Plan				Owner			
Corporate Plan Theme	Corporate Plan Outcome			Proposed 2020/21 Operational Plan Activity		Proposed 2020/21 Operational Plan Action		Proposed 2020/21 Operational Plan Target	Department	Section	Unit
5	Local Government Leader	5.1	Productive partnerships with all levels of government and relevant stakeholders	5.1.1	Contribute to the development of and advocacy for regional development policy	5.1.1.1	Identify and pursue opportunities for advocacy for regional policy and associated outcomes that benefit the Region	Lead and coordinate the formulation and delivery of Council's COVID-19 recovery plans	Advance Rockhampton	Strategy & Planning	Strategy & Planning Directorate
5	Local Government Leader	5.2	Strong leadership that provides quality governance to support and service the community	5.2.1	Council's decision making, planning and reporting processes provide transparent and accountable governance	5.2.1.1	Manage Council's Complaint Management Framework for internal and external complaints and grievances in accordance with legislation and policy requirements	Deliver training program to all supervisory staff by 31 March	Office of the CEO	Workforce & Governance	Industrial Relations & Investigations
5	Local Government Leader	5.3	Financially sustainable organisation	5.3.1	Ensure the efficient and effective management of Council's finances	5.3.1.1	Review and update long-term financial forecasts to attain a financially sustainable organisation	Long Term Financial Forecast updated at each budget and budget revision	Corporate Services	Finance	Finance Directorate
5	Local Government Leader	5.3	Financially sustainable organisation	5.3.2	Council's asset management and its asset management plans are monitored and reviewed to ensure appropriate replacements and utilisation of resources are undertaken	5.3.2.1	Update the following asset management plans: <ul style="list-style-type: none"> • Road • Bridges and Major Culverts • Buildings 	Review completed by 30 June 2021	Regional Services	Infrastructure Planning	Assets & GIS

Corporate Plan				Operational Plan			Owner				
Corporate Plan Theme	Corporate Plan Outcome			Proposed 2020/21 Operational Plan Activity	Proposed 2020/21 Operational Plan Action		Proposed 2020/21 Operational Plan Target	Department	Section	Unit	
5	Local Government Leader	5.4	Leading public sector employer	5.4.1	Encourage greater risk taking in the pursuit of innovation, improved processes and the delivery of efficient and effective services	5.4.1.1	Implement improved payroll processes that allow greater flexibility and more efficient processing of employee records	Aurion timekeeper and award interpreter implemented by December 2020	Office of the CEO	Workforce & Governance	HR & Payroll
5	Local Government Leader	5.4	Leading public sector employer	5.4.1	Encourage greater risk taking in the pursuit of innovation, improved processes and the delivery of efficient and effective services	5.4.1.2	Develop and implement required strategies and operational actions from the Certified Agreements	Actions undertaken in accordance with Certified Agreements	Office of the CEO	Workforce & Governance	Industrial Relations & Investigations
5	Local Government Leader	5.4	Leading public sector employer	5.4.2	A legislatively compliant and skilled workforce	5.4.2.1	Implementation of Learning Management System Project Plan	Implementation of Learning Management System Project Plan in accordance with approved timeframes	Office of the CEO	Workforce & Governance	HR & Payroll

2020-21 OPERATIONAL PLAN

2020-21 Performance Plan - Airport

Meeting Date: 7 May 2020

Attachment No: 2

ROCKHAMPTON AIRPORT
2020-2021 PERFORMANCE PLAN
EXECUTIVE SUMMARY

Rockhampton Regional Council (Council), in its ongoing commitment to transparency and ensuring that the Rockhampton Airport is well placed to meet the demands, both in services and financial management, of its community, elected to prepare a public benefit assessment that met the requirements of associated legislation.

The public benefit assessment undertaken indicated it would be in the interests of the community for the Rockhampton Airport to be corporatised however, Council at its meeting on 28 June 2011 resolved that the airport services be commercialised and the commercialised business unit be named Rockhampton Airport.

This performance plan is Rockhampton Airport's agreement with Council to deliver those airport services. The plan describes Rockhampton Airport's objectives and functions in respect of:

- airport operations;
- commercialisation;
- community service obligations;
- customer service;
- reporting requirements;
- asset management objectives; and
- financial policies.

This plan is required by Section 175(2) of the *Local Government Regulation 2012* (the *Regulation*) which states:

1. there must be an annual performance plan for each commercial business unit;
2. a local government's operational plan must include the annual performance plan for each of its commercial business units; and

3. a performance plan may be amended at any time before the end of the financial year for which it is prepared.

Key financial and non-financial targets are detailed within this plan.

1. STRATEGIC DIRECTION

1.1 Vision, Mission, Values

Vision

To be recognised as the most innovative and professionally operated airport in Australia.

Mission

To generate a commercial rate of return on our infrastructure while remaining the preferred airport for high volume regular public transport (RPT) operations within Central Queensland.

Values Statement

Rockhampton Airport will provide a service which embraces Council's corporate values.

Council Values and Behaviours

Accountable – We are proactive and take personal responsibility. We are clear on our expectations, if in doubt we seek clarification. We do what we say we will do and deliver our promises on time. We hold ourselves and others accountable. We take personal accountability for our own and others safety. We trust individuals to do their job.

Customer Focused – We are timely and responsive to our customers and community. Our decisions and actions have the customer and community at the front of mind. We engage with and listen to the customer. We support each other to achieve the best outcome for the customer.

People Development – Leaders coach, support and listen to their people. We support and develop our people to ensure they can reach their full potential. We will seek and provide feedback with the constructive intent. Development is focused on technical and behavioural capability. People are valued and treated with respect regardless of position.

One Team – We work together to find solutions and opportunities. We openly share knowledge, information and resources in order to deliver the

best outcome for Council. We talk with each other and seek ways to collaborate. We understand our shared goals and how each area fits together. We develop solutions with the big picture in mind ensuring we encourage collaboration and consider the impact on others. Communication and engagement are priorities at all levels.

Continuous Improvement – We take the time to explore better ways to do things. We listen to and genuinely value ideas from all staff. We accept mistakes will happen and we ensure we share the learnings. Continuous improvement is valued as an opportunity not an expense. We will be open to change, have an open mind and maintain a positive attitude.

1.2 Objectives

The key objective of the Rockhampton Airport is to safely deliver aeronautical and non-aeronautical services.

Core business includes the following activities:

Aeronautical Activities

This includes all activities that are vital to airport activity and their removal would render the Rockhampton Airport unable to function in an aeronautical capacity. They include the runways, taxiways and aircraft parking apron areas. This is the core activity of the Rockhampton Airport.

Non-aeronautical Activities

This includes all other activities undertaken by Rockhampton Airport and includes the operation of the terminal building, car park facilities, concessions and related leases and licences, etc. All of these activities are ancillary to the operation of a modern airport.

2. OPERATIONS

2.1 Nature and Scope of Activities

The Rockhampton Airport is responsible for the operation and maintenance of assets totalling approximately \$XXX.X million.

Broadly, the scope of the Rockhampton Airport (as at 30 June 2021 unless otherwise stated) is as follows:

Operational Revenue	\$XX.X million
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Operational Expenditure	\$XX.X million
Net Community Assets	\$XXX.X million
Number of staff	XX
Estimated Annual Passenger Movements (12 months to 30 June 2021)	XXX,XXX

2.2 Governance

The objectives of commercialisation are to improve overall economic performance and the ability of Council to carry out its responsibilities for good rule and government, establishing an efficient and effective commercial business unit and establishing a framework for operation and accountability of that unit.

To assist in satisfying the principles of commercialisation it was considered that the commercial business unit, Rockhampton Airport, should be discretely identified in Council's corporate structure and with the mechanisms in place to ensure that it has the opportunity to meet its objectives. To facilitate this, the corporate structure has Rockhampton Airport within the Advance Rockhampton Department. The internal structure of Rockhampton Airport remains within the legislative domain of the Chief Executive Officer (of Council), as determined by the *Local Government Act 2009*.

2.3 Community Service Obligations

The *Regulation* Chapter 3 Section 24 defines a community service obligation as:

an obligation the local government imposes on a business entity to do something that is not in the commercial interests of the business entity to do.

The community service obligation (CSO) is to be treated as revenue for the activity of an amount equivalent to the cost of carrying out the obligation less any revenue arising from carrying out the obligation.

Council may direct Rockhampton Airport to use internal services over external services and to provide services where it is not in commercial

interests to do so. In each of these cases an appropriate CSO will be paid by Council. The budgeted value of CSOs in 2020-21 is detailed in Annexure 1.

When additional CSOs are identified within the period of this performance plan the valuation of the CSO will be in accordance with Council resolution.

3. COUNCIL SERVICE PROVIDER RIGHTS AND RESPONSIBILITIES

3.1 Provision of Services

Council as the owner of the Rockhampton Airport will be responsible for approving the strategic direction and broad policies for the business unit.

Council will be responsible for providing a number of support services to the Rockhampton Airport including:

- corporate governance support;
- corporate business systems;
- finance support services and systems;
- human resource services and systems;
- safety support services and systems;
- IT services support and systems;
- procurement and tenders;
- records management support and systems;
- collection of revenue;
- supply of fleet and plant;
- project management; and
- other miscellaneous support services (payroll, etc).

The Rockhampton Airport is required to use internal support services over external service providers.

Any disputes concerning the availability or cost of the internal service provider and the urgency of the task to be undertaken will be resolved by mutual agreement between the General Manager Advance Rockhampton

and the general manager of the relevant Council department with Council's Chief Executive Officer as the final adjudicator in line with the intentions of the commercialisation aspects of the *Local Government Act 2009*.

Rockhampton Airport with the approval of the Chief Executive Officer may use an external service provider when the internal providers are unable to provide delivery within a reasonable timeframe or at a cost that is commercially competitive.

Council will be responsible for providing an environment in which Rockhampton Airport can operate in a manner in which it has every opportunity to meet the objectives of commercialisation and that responsibility will include:

- providing Rockhampton Airport with management autonomy to operate and achieve outcomes set by Council, within the context of the management framework of Council, in line with legislation, and in accordance with the adopted performance plan;
- providing funding as agreed in budget;
- not unnecessarily withholding approvals; and
- not to expect non-commercial effort unless identified as a CSO and appropriate funding provided.

3.2 Council's Commitment to Improve Quality of Internal Service Providers

In adopting this performance plan, Council recognises that the standard of service provided by Rockhampton Airport is heavily dependent upon Council's internal support service providers. There is a strong commitment by Council and its internal support service providers to deliver the quality of service required.

4. ROCKHAMPTON AIRPORT GENERAL RESPONSIBILITIES

4.1 General

Council requires Rockhampton Airport to carry out its undertakings in accordance with the requirements of the following:

- legislative obligations including the *Local Government Act 2009* and other state and subordinate regulation;
- Council policies and procedures; and
- this performance plan.

4.2 Levels of Service

Council have set desired levels of service in line with overall funding considerations and implications on the long term financial plan. Rockhampton Airport operates to provide target levels of service as part of longer term plans and these are as outlined in Annexure 2.

4.3 Customer Service

Rockhampton Airport is responsible for the contact and commitment with customers in accordance with its customer service charter as per Annexure 3. Commercial customers will also have a formal contract with Council but the service will be provided by Rockhampton Airport on behalf of Council.

4.4 Delegated Authorities

The Rockhampton Airport's overall delegated authorities are in accordance with Section 259 of the *Local Government Act 2009*. Delegated authorities for specific Rockhampton Airport staff are included in Council's Register of Delegations in accordance with Section 260 of the *Local Government Act 2009*.

To protect its assets and to ensure that it can meet its performance agreement with Council, the Rockhampton Airport is responsible for managing and controlling the operations and development of its assets in accordance with Council's adopted policies.

4.5 Resource Allocation

With the approval of the Chief Executive Officer, the General Manager Advance Rockhampton is responsible for determining:

- the appropriate mix of internal and external resources necessary to carry out the undertakings of the business (in accordance with Council's Certified Agreements); and

- the most appropriate organisational structure for carrying out the undertakings of the business below the establishment of each of the broad management areas in accordance with Council's delegations.

4.6 Required Return

Council will identify a target rate of return and dividend it requires from Rockhampton Airport operational activities. This performance plan has been developed on the basis that one of the outcomes is to deliver the required returns for Council adoption.

Rockhampton Airport will be, as far as possible, responsible for driving performance improvements to ensure target dividends are returned. Should Rockhampton Airport consider that by realising the dividend service levels it will be unduly impacted, a case is to be made for presentation to Council to reconsider the position (for example, pricing).

4.7 Capital Works

Rockhampton Airport will deliver aeronautical and non-aeronautical related capital works in line with Council approved budgets and programs of work.

An indicative five year rolling program is proposed as part of future performance plans with one to three years considered to be firm. This rolling program incorporates new works identified in the Priority Infrastructure Plan, strategic initiatives and upgrade/replacement works identified in the adopted Asset Management Plans (AMPs).

4.8 Dealing with External Parties

Rockhampton Airport will represent Council on relevant industry groups and working parties. Rockhampton Airport will provide advice and recommendations for future planning reliability. Issues requiring involvement of the Chief Executive Officer and/or Mayor will be facilitated as required.

4.9 Compliance and Regulatory Reporting

Council is the registered airport provider with ultimate responsibility for compliance in service delivery.

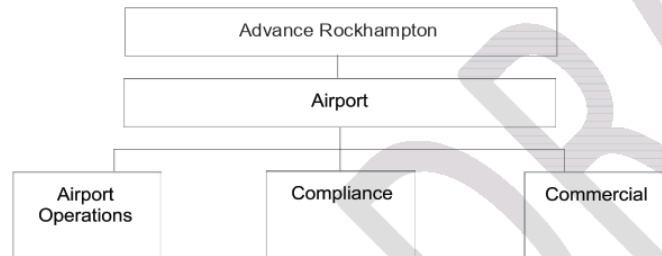
Rockhampton Airport will be responsible for managing the day to day requirements of Council's responsibilities under various licences and will be responsible for preparing all relevant regulatory reports.

4.10 Purchasing of Materials and Services and Disposal of Assets

Rockhampton Airport is bound by Council's purchasing, procurement and asset disposal policies.

5. ORGANISATIONAL STRUCTURE

Council has approved the following organisational structure as appropriate for delivering its objectives as set out in the corporate and operational plans.



6. KEY STRATEGIES

Rockhampton Airport's key strategies for the 2020-21 financial year are set out in Council's 2020-21 Operational Plan.

7. BUSINESS ACTIVITIES

7.1 Reporting to Council, Customers and Agencies

Reporting to Council

Rockhampton Airport will report to Council through whatever forum the Council decides from time to time.

Reporting to Customers

The *Local Government Act 2009* requires that an annual statement on the operations of the commercialised business unit for the preceding financial year is given to the local government and included in the local government's annual report. Rockhampton Airport will provide the following information to Council on its annual performance:

- information to enable an informed assessment of the operations of Rockhampton Airport including a comparison with its annual performance plan;
- particulars of any amendments made to its annual performance plan in the financial year;
- particulars of any directions to Rockhampton Airport during the financial year (including directions about any CSOs to be carried out); and
- particulars of the impact that any changes to its annual performance plan may have had on Rockhampton Airport's financial position and operating surplus/deficit.

Council is required to satisfy the requirements set out in the *Local Government Act 2009* and the *Regulation*. Rockhampton Airport will provide Council with the necessary information pertaining to Rockhampton Airport undertakings to enable it to comply with this requirement.

Quarterly Reporting

The Rockhampton Airport will prepare a quarterly report to Council on its operations in accordance with the agreed format after the end of each month or other time as agreed with Council.

The quarterly report will generally include the following:

- manager's overview;
- performance against the adopted customer service standards;
- financial performance against budget;
- compliance matters;

- safety management;
- environmental management; and
- any amendments proposed to this plan.

Other matters to be reported as required are:

- risk management and strategic planning;
- expenditure requirements greater than the delegation of the Chief Executive Officer;
- exceptional circumstances and issues affecting policy;
- new statutory, regulatory and other information to facilitate informed policy making;
- policies and future directions requiring Council endorsement; and
- benchmarking of Rockhampton Airport activities to state and/or nationally recognised published standards.

Annual Reporting

Rockhampton Airport will comply with the *Regulation* and provide an annual statement on its operations for the preceding financial year to Council for inclusion in the local government's annual report. Rockhampton Airport will provide the following information on its annual performance:

- information to enable an informed assessment of the operations of Rockhampton Airport including a comparison with its annual performance plan;
- particulars of any amendments made to its annual performance plan in the financial year;
- particulars of the impact that any changes to its annual performance plan may have had on Rockhampton Airport's financial position; operating surplus/deficit and prospects; and
- particulars of any directions given to Rockhampton Airport, by Council, during the financial year (including directions about any CSOs to be carried out).

The annual statement will include all matters included in the monthly report as well as the following financial indicators.

Item	2020-21 Target
Operating surplus ratio	XX.X%
Interest coverage ratio	XX.X times
Asset sustainability ratio	XX.XX%
Gross revenue	\$XX,XXX,XXX
Earnings before interest, tax, depreciation and amortisation (EBITDA)	\$X,XXX,XXX
Competitive neutrality ratio (% of gross revenue)	XX.X%
Depreciation ratio	XX.X%
Total written down asset value	\$XXX,XXX,XXX
Return on assets	X.X%

Commentary

Operating Surplus Ratio is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes. A positive result indicates that surplus revenue is available to support the funding of capital expenditure, offset past or future operating deficits or used to reduce current debt levels. This positive result shows that the Rockhampton Airport is raising enough revenue to meet its operating expenditure.

Interest Coverage Ratio is an indicator of the extent to which operating results (before interest and depreciation) are committed to funding interest expense on current loan borrowings and leases. The Rockhampton Airport is able to cover current interest expense XX.X times with available earnings.

Asset Sustainability Ratio is an indication of the extent to which the infrastructure assets are being replaced as they reach the end of their useful lives. The Department of Local Government, Racing and

Multicultural Affairs (DLGRMA) target is greater than 90% per annum (on average over the long-term). Rockhampton Airport in 2020-21 is sufficiently replacing or renewing existing infrastructure assets as they reach the end of their useful life.

EBITDA is a measure of profitability used as comparison within and across industry and is net income with interest, taxes, depreciation and amortisation added back to it. It eliminates the effects of financing and accounting decisions. It is a useful measure of profitability for business with large amounts of assets and/or debt. This shows the funds the Rockhampton Airport has available to fund interest payments and principle repayments on loans and can be used to acquire debt leverage.

Competitive Neutrality Ratio measures the extent to which operating revenues are committed to competitive neutrality adjustments such as tax equivalents and return to Council. Rockhampton Airport is contributing XX.X% of its operating revenues to Council's general fund that is, for every dollar of operating revenue earned the Rockhampton Airport returns to Council XX.X cents.

Depreciation Ratio indicates the extent to which operating revenues are committed to funding depreciation. Rockhampton Airport depreciation is XX.X% of its operating revenues, that is, for every dollar of operating revenue earned, Rockhampton Airport requires XX.X cents to fund asset renewal.

Return on Assets (ROA) is an indicator of how profitable a business is relative to its total assets. ROA tells you what earnings were generated from invested capital (assets). It gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment. The Rockhampton Airport is generating net income of X.X cents for every dollar of investment in non-contributed assets.

Rockhampton Airport will generate indicators as required which are measured annually for collation by state government agencies as part of the state wide annual comparative data collection process and any other aviation reporting requirement.

7.2 Customer Service

Customer Service Standards

Rockhampton Airport is determined to meet customer needs and provide quality services. Customer needs shall be evaluated by a variety of measures including, but not limited to stakeholder analysis and engagement through:

- customer feedback;
- analysis of services provided by other airport authorities; and
- continuity of services provided.

Information on Rockhampton Airport's customer service standards will be provided through customer service centres and on its web page.

When delivering aviation services Rockhampton Airport recognises that customers are entitled to be guaranteed of a certain level of service.

Customer Contact

Rockhampton Airport will be responsible for customer contact relating to all aviation matters.

7.3 Risk Management

The Rockhampton Airport will identify, assess and manage risks in relation to business risk, major asset failure and interruption to supply or delivery in accordance with Council's Enterprise Risk Management Framework.

7.4 Policy Compliance

Rockhampton Airport shall be bound by Council's corporate policies and procedures until such time that Rockhampton Airport develops specific policies and procedures that improve its performance. Any such policies and procedures are subject to the proposed policy complementing the Council policy direction and the approval process.

8. ASSETS

8.1 Asset Management

Rockhampton Airport is devolved responsibility for the aeronautical and non- aeronautical assets owned by Council that are required to allow it to operate as an airport service provider.

To align the business goals and objectives with the assets, Rockhampton Airport will maintain information on the assets and quantify the regulated

asset base for the purpose of deriving revenue requirements and developing pricing proposals for Council adoption.

Rockhampton Airport will minimise the whole-of-life cost whilst achieving the desired levels of service required by Council. Rockhampton Airport will prepare and maintain an AMP in line with Council's long term asset management plan and long term financial plan.

Rockhampton Airport will manage assets to minimise the whole-of-life cost whilst achieving the desired levels of service. To achieve this objective the following are undertaken:

- maintaining detailed asset registers;
- maintaining asset valuations and depreciation schedules for the purpose of allowing Council to report externally in accordance with provisions of the *Local Government Act 2009*, the *Regulation* and the Australian Accounting Standards Board; and
- detailed planning, design and construction of new assets.

8.2 Asset Relationship

Under National Competition Policy guidelines, Rockhampton Airport is required to maintain an appropriate return on these assets which is in turn paid as a dividend to Council after reserve requirements are met.

9. FINANCIAL MATTERS

9.1 Long Term Financial Strategy

The two tables contained within Annexure 4 provide the long term Operating Statement and Statement of Financial Position for Rockhampton Airport for the period 2020-21 to 2029-30.

9.2 Capital Structure

The Rockhampton Airport will continue to develop long term financial planning models which upon adoption, will be incorporated into Council's overall financial strategy. All Rockhampton Airport's financial planning is subject to approval by Council.

9.3 Funding Sources

The following are the funding sources for the Rockhampton Airport capital expenditure program:

Revenue

- Depreciation funding;
- loan borrowings, with repayments made from depreciation and revenue; and
- existing operational funds.

Loans

Current liability/redemption (forecast closing as at 30 June 2021)	\$X.X million
Total liability (forecast closing as at 30 June 2021)	\$X.X million
2020-21 (proposed new loans)	\$X.X million
Capital Expenditure for 2020-21 is approximately	\$X.X million

9.4 Operational Budget

The operational budget as detailed in Council's Financial Strategic Plan is as follows:

Operating Revenue for 2020-21 is estimated to be \$XX.X million (inc CSOs) comprising:

Airport Fees	XX.X%
Rent Revenue	XX.X%
Commission Revenue	XX.X%
Community Services Obligations and C.N.A's	X.X%
Other sources	X.X%
Operating expenditure including tax for 2020-21 is estimated to be \$XX.X million, comprising:	
Operations Expense	XX.X%

Depreciation	XX.X%
Income tax	X.X%

10. FINANCIAL POLICIES

10.1 Accounting

Financial statements are prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the *Local Government Act 2009* and the *Regulation*. Financial statements are prepared under the historical cost convention except for the revaluation of certain non-current assets.

10.2 Asset Depreciation

The calculation of asset depreciation for external reporting and tax purposes shall be in accordance with the *Regulation*, AASB 116 – Property, Plant and Equipment Accounting Standard, Australian Accounting Standards Board and the Local Government Tax Equivalent Manual, respectively.

Depreciation is calculated annually and effectively creates a cash backed source of funds available to fund Rockhampton Airport's infrastructure replacement works. Other sources of funds for capital expenditure may arise from grants and subsidies, loan borrowings and other reserves.

Rockhampton Airport accumulates any unspent depreciation funds for the future capital renewal of assets to either maintain or reinstate their service potential.

10.3 Taxation

Rockhampton Airport is required to pay the following taxes, either to Council or via Council to the relevant government agencies:

1. Commonwealth taxes including, fringe benefits and GST;
2. State taxes, specifically payroll tax; and
3. all remaining taxes as tax equivalents directly to Council. These tax equivalents shall include:
 - income tax;

- land tax; and
- stamp duty.

10.4 Treatment of Surpluses/Losses

In accordance with Council resolution, after the required ROA and Income Tax Equivalents have been forwarded to Council each year, any remaining surplus/loss will be held by the Rockhampton Airport.

10.5 Borrowing Policy

Section 104 of the *Local Government Act 2009* requires a local government to have a financial management system, and this system must have a long term financial forecast and included within this system a debt policy. Section 192 of the *Regulation* provides that a Council must prepare a debt policy each financial year and the policy must state:

- new borrowings planned for the current financial year and the next nine financial years; and
- the timeframe which it is planned to repay existing and new borrowings.

Rockhampton Airport's AMP Financial Strategy identifies new capital expenditure over the 10 year planning horizon providing the basis for future borrowings.

The following principles underlie Council's Debt (Borrowings) Policy:

- loans will only be used for capital expenditure; and
- long term capital works and borrowing strategies will be reviewed on a yearly basis and any necessary adjustments made, but any changes will be in line with the financial plan adopted by Council.

Where Rockhampton Airport requires debt financing, Council will raise funds for Rockhampton Airport. Council will make explicit the terms and conditions of all funds raised for Rockhampton Airport, having due regard to Council's determination on Rockhampton Airport's capital structure. Rockhampton Airport will be responsible for managing this debt and use Council's services where necessary to assist in this regard.

11. PRICING AND REVENUE COLLECTION

11.1 Revenue Target

Consideration will be given to the following principles when setting the revenue targets for the financial year:

- full cost recovery including required rate of return;
- elimination of cross subsidies;
- economic, asset and ecological sustainability; and
- transparency in pricing regarding CSOs.

Rockhampton Airport will actively work with Council to maximise the realisation of the above principles.

11.2 Revenue Collection

Rockhampton Airport in conjunction with Council's Finance Department is responsible for revenue collection for the provision of aeronautical and non-aeronautical services.

11.3 Recovery for Damage to Infrastructure

Rockhampton Airport will recover compensation for third party damage to Rockhampton Airport infrastructure.

12. FINANCIAL STATEMENTS

The *Regulation* requires that Rockhampton Airport must provide to Council an annual statement of operations and this statement must be included in Council's annual report.

13. REVIEW OF PERFORMANCE PLAN

The *Regulation* allows a performance plan to be amended at any time before the end of the financial year for which it is prepared.

This plan is to be reviewed and amendments made where necessary on a quarterly basis. Such a review or amendment of the plan should be as a result of the following:

- reviewing Rockhampton Airport's actual performance and the reasonableness of the performance targets or standards set as part of the plan;
- resolution of any of the matters referred to in the plan as being unresolved; and
- any new direction of Council in relation to the overall strategic direction of the Rockhampton Airport.

ANNEXURE 1: COMMUNITY SERVICE OBLIGATIONS

Community service obligations (CSO) are the activities required by Council that are not in the Rockhampton Airport's commercial interests to perform and do not arise because of an accountability for performance, or competitive neutrality.

CSOs have been identified and adopted by Council for 2020-21 in the following areas. These CSOs will be funded by a contribution from Council to Rockhampton Airport.

Description	Amount
Royal Flying Doctors Service, Capricorn Rescue Helicopter Service and Patient car parking waiver	\$ XXX,XXX
Total (proposed in 2020-21)	\$ XXX,XXX

CSOs as identified and adopted by Council will be funded by a contribution from Council to the Rockhampton Airport. This section of the performance plan will be updated as required to reflect any CSOs adopted.

It should be noted however that the Rockhampton Airport makes an annual donation of landing fees and lease costs to the Royal Flying Doctors Service and the Capricorn Helicopter Rescue Service. This donation is in the form of waiving associated costs.

ANNEXURE 2: PERFORMANCE TARGETS FOR QUARTERLY REPORTING**Non-Financial Performance Targets**

Performance Indicator	Target
Passenger Numbers	0%
Aircraft Movements	0%
Bird Strikes	10 per quarter
Lost Time Days – workplace injuries	0
Reported Public Injuries on Airport Precinct	0
Customer Requests Actioned	100%
Airline Engagement Meetings	Quarterly
Military Exercise Briefings Attended	100%

Financial Performance Targets

Indicator	Target	Reporting Frequency
Operating Budget	Conduct all activities in accordance with required timelines and budget	Quarterly or when variations arise
Annual Revenue	Timely reporting of any significant variations to budget revenue and collection timing	Quarterly or when variations arise
Capital Works	Completion of capital program in accordance with adopted timeframe and budget (within 5%)	Quarterly or when variations arise

ANNEXURE 3: ROCKHAMPTON AIRPORT CUSTOMER SERVICE CHARTER

Rockhampton Airport is owned and operated by Council. A key strategic objective for the Rockhampton Airport is for customers to expect and receive a high level of customer service throughout their travel experience.

Rockhampton Airport leverages its relationship with Council to provide guidance and direction in relation to the service of its customers.

Council is committed to service excellence and monitors its service to ensure that it meets the standards set out in this service charter.

Rockhampton Airport has several groups of customers, each with their specific needs and expectations. Some examples of customers include but are not limited to:

The General Public

- travellers (airline, bus, taxi and pedestrian);
- people meeting or assisting travellers; and
- people attending the Rockhampton Airport for other reasons.

Regional Partners

- government agencies and their personnel;
- local, regional and state development organisations;
- significant businesses; and
- visiting business people.

Business Partners

- airlines, their staff, contractors and representatives;
- lessees, licences and concessionaires, their staff, contractors and representatives;
- service agents and associated facilities maintenance personnel; and
- sales representatives.

WHAT CUSTOMERS CAN EXPECT:

Where possible we will resolve your enquiry at the first point of contact. We will aim for seven out of ten enquiries to be resolved by our Customer Service Officers.

Customer requests for service will be entered into Council's Request Management System on the same day that they are received.

WE ASK OUR CUSTOMERS TO:

- provide complete and accurate information;

- keep us informed of any changes to personal details;
- offer suggestions on service improvements; and
- seek appointments for complex enquiries.

FRONTLINE CUSTOMER SERVICE:

- You will be greeted in a friendly, professional manner;
- Wherever possible, a one stop service will be provided at the first point of contact;
- All enquiries will be processed accurately and efficiently by the Customer Service Officers;
- You will be afforded respect and courtesy.

ON THE TELEPHONE:

- Your call will be answered promptly;
- Staff will introduce themselves;
- Wherever possible, a one stop service will be provided at the first point of contact;
- We are conscious your time may be precious and we actively work to reduce call waiting times; Please note that in peak periods, delays are inevitable.

Please note: Our Call Centre system does allow you to either leave a contact telephone number or voice mail message. Both of these options are presented to you after 45 seconds. If you choose to take these options your place in the queue is retained and you will receive a call from a Customer Service Officer when your call would have reached the head of the queue.

IN WRITING:

- We will forward a letter, email or facsimile of reply within 10 working days of receiving your correspondence;
- We will forward an interim letter advising progress of correspondence if there is a delay in answering your enquiry.

RESPECT FOR YOUR PRIVACY:

- We will respect and protect your personal information through our policies created under Right to Information and Privacy Legislation.

YOUR FEEDBACK:

- We welcome and encourage feedback or suggestions and will take these into account to continually improve our levels of service on our path to customer service excellence.

RESPONSE and RESOLUTION TARGETS:

The following are the target response and resolution times to your enquiries.

General Public

Service Enquiry	Target Response (working days)	Target Resolution (working hrs/days)
Carparking		
Disabled Access	Immediate	2 hours
Refunds/Equipment Failures	Immediate	5 days
General Enquiries	3 days	10 days
Operations		
Security Incidents	Immediate	4 days
Safety Incidents	Immediate	4 days
General Enquiries	3 days	10 days
Facilities		
Service Failures	Immediate	3 hours
General Enquiries	3 days	10 days
Commercial		
General Enquiries	3 days	10 days

Regional Partners

Service Enquiry	Target Response (working days)	Target Resolution (working hrs/days)
VIP Activities	Immediate	3 hours
Media/Time Critical Enquiries	Immediate	3 hours
General Information Requests	3 days	5 days

Business Partners

Service Enquiry	Target Response (working days)	Target Resolution (working hrs/days)
Operations		
Security Incidents	Immediate	4 days
Safety Incidents	Immediate	4 days
Operationally Sensitive Enquiries	Immediate	4 days
General Enquiries	3 days	10 days
Facilities		
Service Failures	Immediate	3 hours
Development Requests	3 days	30 days
General Enquiries	3 days	10 days
Commercial		
Operationally Sensitive Enquiries	Immediate	3 hours
Lease/Licence Enquiries	3 days	10 days

Development Proposals	3 days	30 days
General Enquiries	3 days	10 days

CUSTOMER FACILITIES:

Rockhampton Airport's carparks, access points and general terminal layout has been designed to provide a safe and efficient passenger experience for all airport customers.

Rockhampton Airport has published a Disability Access Facilitation Plan that explains the services and facilities available to assist customers with limited mobility or specialised requirements.

OPERATIONAL INFORMATION:

We will endeavour to communicate changes to our operations and our daily flight schedule via our web site (www.rrc.qld.gov.au) and Council's social network sites (Twitter and Facebook). In emergencies all external communication must be channelled through the Chair of the Local Disaster Management Group. In most instances, this will be the Mayor of Council.

Annexure 4: LONG TERM OPERATING AND FINANCIAL POSITION STATEMENTS

Statement of Comprehensive Income for Airport Business 2020 to 2028 (\$'000,s)

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Income									
Revenue									
Operating revenue									
Fees and charges	11,360	11,758	12,170	12,535	12,911	13,298	13,697	14,108	14,531
Rental income	2,250	2,295	2,341	2,388	2,436	2,484	2,534	2,585	2,636
Interest received	40	31	16	9	38	90	86	43	60
Other income	2,224	2,263	2,303	2,344	2,385	2,428	2,471	2,515	2,560
Total operating revenue	15,874	16,347	16,830	17,275	17,769	18,301	18,788	19,251	19,787
Total revenue	15,874	16,347	16,830	17,275	17,769	18,301	18,788	19,251	19,787
Total income	15,874	16,347	16,830	17,275	17,769	18,301	18,788	19,251	19,787
Expenses									
Operating expenses									
Employee benefits	2,498	2,597	2,700	2,781	2,864	2,950	3,039	3,130	3,224
Materials and services	6,341	6,597	6,863	7,105	7,355	7,615	7,883	8,161	8,449
Finance costs	205	189	187	147	129	89	55	27	(36)
Depreciation and amortisation	3,589	3,675	3,748	3,792	3,830	3,856	3,963	4,110	4,155
Total operating expenses	12,633	13,058	13,498	13,826	14,178	14,511	14,940	15,427	15,792
Total expenses	12,633	13,058	13,498	13,826	14,178	14,511	14,940	15,427	15,792
Net result	3,241	3,289	3,331	3,449	3,591	3,790	3,848	3,824	3,995
Tax equivalents									
Net result before tax equivalents	3,241	3,289	3,331	3,449	3,591	3,790	3,848	3,824	3,995

Tax equivalents payable	972	985	1,001	1,028	1,068	1,120	1,131	1,120	1,156
Net result after tax equivalents	2,269	2,304	2,331	2,422	2,523	2,670	2,716	2,704	2,839
Total comprehensive income for the year	3,241	3,289	3,331	3,449	3,591	3,790	3,848	3,824	3,995
Operating result									
Operating revenue	15,874	16,347	16,830	17,275	17,769	18,301	18,788	19,251	19,787
Operating expenses	12,633	13,058	13,498	13,826	14,178	14,511	14,940	15,427	15,792
Operating result	3,241	3,289	3,331	3,449	3,591	3,790	3,848	3,824	3,995

Statement of Financial Position for Airport Business 2020 to 2028 (\$'000,s)

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Assets									
Current assets									
Cash and cash equivalents	7,901	7,557	7,301	7,543	10,064	12,467	10,740	9,728	12,483
Trade and other receivables	1,276	1,319	1,360	1,397	1,432	1,475	1,515	1,557	1,595
Inventories	50	50	50	50	50	50	50	50	50
Other current assets	8	8	8	8	8	8	8	8	8
Total current assets	9,235	8,934	8,719	8,998	11,554	14,000	12,313	11,343	14,137
Non-current assets									
Property, plant & equipment	114,129	116,100	118,119	119,718	119,147	118,804	122,595	125,634	124,995
Other non-current assets	9	82	63	45	26	8	-	-	-
Total non-current assets	114,138	116,182	118,182	119,762	119,173	118,812	122,595	125,634	124,995
Total assets	123,374	125,116	126,901	128,760	130,726	132,812	134,908	136,977	139,131
Liabilities									
Current liabilities									
Trade and other payables	1,493	1,557	1,620	1,675	1,727	1,791	1,853	1,916	1,976
Borrowings	322	334	345	357	370	383	397	411	426
Provisions	288	288	288	288	288	288	288	288	288
Total current liabilities	2,104	2,179	2,253	2,320	2,386	2,463	2,538	2,615	2,690
Non-current liabilities									
Borrowings	5,354	5,020	4,675	4,318	3,947	3,564	3,167	2,756	2,330
Provisions	46	46	46	46	46	46	46	46	46
Total non-current liabilities	5,400	5,066	4,721	4,364	3,993	3,610	3,213	2,802	2,376
Total liabilities	7,503	7,245	6,974	6,684	6,379	6,073	5,750	5,417	5,066
Net community assets	115,870	117,871	119,927	122,076	124,347	126,740	129,157	131,560	134,066
Community equity									

Asset revaluation surplus	40,339	42,907	45,565	48,326	51,188	54,128	57,144	60,253	63,460
Retained surplus	75,531	74,964	74,362	73,750	73,159	72,612	72,013	71,308	70,606
Total community equity	115,870	117,871	119,927	122,076	124,347	126,740	129,157	131,560	134,066

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2020-21 OPERATIONAL PLAN

2020-21 Performance Plan - FRW

Meeting Date: 7 May 2020

Attachment No: 3

FITZROY RIVER WATER**2020-2021 PERFORMANCE PLAN****EXECUTIVE SUMMARY**

Fitzroy River Water (FRW) is a commercial business unit of Rockhampton Regional Council (Council) and is charged with the responsibility as a water service provider to deliver water and sewerage services.

Under the provisions of the *Local Government Act 2009*, on 9 June 2009, Council considered reform options for this business activity and adopted the option of commercialisation for its Type 2 water and sewerage business activity.

FRW provides water and sewerage services to the communities of Rockhampton, Gracemere and Mount Morgan. It is also a bulk drinking water supplier to Livingstone Shire Council.

This plan describes FRW's objectives and functions, commercialisation objectives, risk management objectives, community service obligations, customer service standards, reporting requirements, environmental management objectives, asset management objectives and financial policies.

This plan is required by Section 175 of the *Local Government Regulation 2012* (the Regulation) which states that:

1. there must be an annual performance plan for each commercial business unit;
2. a local government's operational plan must include the annual performance plan for each of its commercial business units; and
3. a performance plan may be amended at any time before the end of the financial year for which it is prepared.

Key financial and non-financial targets are detailed within this plan.

1. STRATEGIC DIRECTION**1.1 Vision, Mission, Values*****Vision***

Contribute to the region's liveability, growth and development by being a leading water and sewerage business.

Mission

To efficiently and reliably provide sustainable, high quality water and sewerage services.

Values Statement

FRW will provide a service which embraces Council's Corporate Values as well as a number of other values.

Council Values and Behaviours

Accountable – We are proactive and take personal responsibility. We are clear on our expectations, if in doubt we seek clarification. We do what we say we will do and deliver our promises on time. We hold ourselves and others accountable. We take personal accountability for our own and others safety. We trust individuals to do their job.

Customer Focused – We are timely and responsive to our customers and community. Our decisions and actions have the customer and community at the front of mind. We engage with and listen to the customer. We support each other to achieve the best outcome for the customer.

People Development – Leaders coach, support and listen to their people. We support and develop our people to ensure they can reach their full potential. We will seek and provide feedback with the constructive intent. Development is focused on technical and behavioural capability. People are valued and treated with respect regardless of position.

One Team – We work together to find solutions and opportunities. We openly share knowledge, information and resources in order to deliver the best outcome for the Council. We talk with each other and seek ways to collaborate. We understand our shared goals and how each area fits together. We develop solutions with the big picture in mind ensuring we encourage collaboration and consider the impact on others. Communication and engagement are priorities at all levels.

Continuous Improvement – We take the time to explore better ways to do things. We listen to and genuinely value ideas from all staff. We accept mistakes will happen and we ensure we share the learnings. Continuous

improvement is valued as an opportunity not an expense. We will be open to change, have an open mind and maintain a positive attitude.

FRW will also conduct its activities having regard for the following:

- our people;
- public health;
- environment;
- customer service;
- business efficiency;
- integrity;
- quality and safety; and
- innovation.

1.2 Objectives

FRW will deliver all services relating to water and sewerage on behalf of Council in accordance with the parameters outlined within this performance plan and other documents as set by Council.

FRW will enhance the community's quality of life by providing sustainable water and sewerage services, through innovation, technical expertise, business efficiency, excellence in customer service and commitment to the environment.

The key objectives of FRW are to deliver commercially viable, safe and reliable water and sewerage services that satisfy adopted customer service standards.

FRW will, in conducting the activities on behalf of Council:

- provide high-quality, safe, reliable and cost-effective water and sewerage services;
- operate in an efficient and financially sustainable manner and provide Council with an appropriate rate of return;
- responsibly manage, improve and augment infrastructure;
- be responsive to customer needs;

- meet performance targets;
- optimise costs and business processes;
- protect the environment, encourage water conservation and effluent re-use; and
- undertake other commercial activities on a cost recovery basis with an appropriate rate of return.

2. OPERATIONS

2.1 Nature and Scope of Activities

FRW is responsible for the operation and maintenance of water and sewerage assets totalling approximately \$XXX.X million.

General functions of these assets include the storage and supply of raw water for urban, commercial and agricultural purposes. Treating and distributing potable water for urban and industrial use and the collection, treatment and discharge of treated effluent or supply of recycled water. All opportunities for re-use will be investigated having regard for both economic and environmental drivers.

Broadly, the scope of FRW (as at 30 June 2021 unless otherwise stated) is as follows:

Operational Revenue	\$XX.X million
Operational Expenditure	\$XX.X million
Net Community Assets	\$XXX.X million
Number of staff (as at 30/06/19)	XXX
Properties served* – Water (as at 30/06/18)	XX,XXX
Properties served* – Sewerage (as at 30/06/18)	XX,XXX
Water Treated	XX,XXX ML
Sewage Treated	X,XXX ML

Barrage	1
Dams	1
Water Treatment Plants (providing full treatment)	2
Sewage Treatment Plants	4
Water Mains (including common services)	XXX.X km
Potable Water Supply Reservoirs	20
Water Pumping Stations and Bores	41
Sewer Mains	XXX.X km
Sewerage Pumping Stations	54

* Not including vacant land

2.2 Asset Protection Functions

The asset protection functions to be performed by FRW for Council include:

- building over/adjacent sewers policy and compliance;
- permit to work process;
- infrastructure charges policy;
- drinking water quality management plan implementation and compliance;
- trade waste environmental management plan implementation and compliance;
- catchment management;
- dam safety management for the Mount Morgan No. 7 Dam;
- identification of illegal connections; and

- assessment of water and sewerage aspects of development applications.

2.3 Governance

The objectives of commercialisation are to improve overall economic performance and the ability of Council to carry out its responsibilities for good rule and government, establishing an efficient and effective commercial business unit and establishing a framework for operation and accountability of that unit.

To assist in satisfying the principles of commercialisation, it was considered that the commercial business unit, FRW, should be discretely identified in Council's corporate structure and with the mechanisms in place to ensure it has the opportunity to meet its objectives. To facilitate this, the corporate structure has FRW within the Regional Services Department. The internal structure of FRW remains within the legislative domain of the Chief Executive Officer (of Council), as determined by the *Local Government Act 2009*.

2.4 Community Service Obligations

The *Regulation* Chapter 3 Section 24 defines a community service obligation as:

an obligation the local government imposes on a business entity to do something that is not in the commercial interests of the business entity to do.

The community service obligation (CSO) is to be treated as revenue for the activity of an amount equivalent to the cost of carrying out the obligation less any revenue arising from carrying out the obligation.

Council may direct FRW to use internal services over external services and to provide services where it is not in commercial interests to do so. In each of these cases an appropriate CSO will be paid by Council. The budgeted value of CSOs in 2020-21 is detailed in Annexure 1.

When additional CSOs are identified within the period of this performance plan the valuation of the CSO will be in accordance with Council resolution.

3. COUNCIL SUPPORT AND OBLIGATIONS

3.1 Provision of Services

Council as the owner of FRW, will be responsible for approving the strategic direction and broad policies for the business unit.

Council will be responsible for providing a number of support services to FRW including:

- corporate governance support;
- corporate business systems;
- financial support services;
- procurement and logistics support services;
- safety support services and systems;
- human resource services and systems;
- IT services support and systems;
- records management support and systems;
- collection of revenue and infrastructure charges;
- supply of fleet and plant; and
- other miscellaneous support services (payroll, etc).

The above support services will be provided via Council's internal service providers. FRW is required to use internal support services over external service providers.

Any disputes concerning the availability or cost of the internal service provider and the urgency of the task to be undertaken will be resolved by mutual agreement between the General Manager Regional Services and the general manager of the relevant Council department with Council's Chief Executive Officer as the final adjudicator in line with the intentions of the commercialisation aspects of the *Local Government Act 2009*.

FRW with the approval of the Chief Executive Officer may use an external service provider when the internal providers are unable to provide delivery within a reasonable timeframe or at a cost that is commercially competitive.

Council will be responsible for providing an environment in which FRW can operate in a manner in which it has every opportunity to meet the objectives of commercialisation and that responsibility will include:

- providing FRW with management autonomy to operate to achieve outcomes set by Council, within the context of the management framework of Council, in line with legislation, and in accordance with the adopted performance plan;
- providing funding as agreed in budget;
- not unnecessarily withholding approvals; and
- not to expect non-commercial effort unless identified as a CSO and appropriate funding provided.

3.2 Council's Commitment to Improve Quality of Internal Service Providers

In adopting this performance plan, Council recognises that the standard of service provided by FRW is heavily dependent upon Council's internal support service providers.

4. FITZROY RIVER WATER'S GENERAL RESPONSIBILITIES

4.1 General

Council requires FRW to carry out its undertakings in accordance with the requirements of the following:

- legislative obligations including the *Local Government Act 2009*, *Water Supply (Safety and Reliability) Act 2008* and other state and federal legislation and subordinate regulation;
- Council policies and procedures; and
- this performance plan.

While this plan details FRW's specific responsibilities, the following section outlines the more generic requirements of the business unit.

4.2 Levels of Service

Council have set desired levels of service in line with overall funding considerations and implications on the long term financial plan. FRW operates to provide target levels of service as part of longer term plans and these are as outlined in Annexure 2.

4.3 Customer Service

FRW is responsible for the contact with, and commitment to, customers in accordance with customer service standards (CSS). Commercial customers will also have a formal contract with Council but the service will be provided by FRW on behalf of Council.

4.4 Delegated Authorities

FRW's overall delegated authorities are in accordance with Section 259 of the *Local Government Act 2009*. Delegated authorities for specific FRW staff are included in Council's Register of Delegations in accordance with Section 260 of the *Local Government Act 2009*.

To protect its assets and to ensure that it can meet its performance agreement with Council, FRW is responsible for managing and controlling the operations and development of the following, where required, in accordance with Council's adopted policies:

- barrage and dam;
- water treatment plants;
- water pumping stations;
- reservoirs;
- water mains;
- sewage treatment plants;
- sewerage pumping stations; and
- sewerage mains.

The above facilities may change from time to time, as resolved by Council, to meet the changing needs of the community and FRW will be responsible for managing and controlling the water and sewerage infrastructure that is in place at any given time.

A full list of delegations and authorisations is maintained in Council's Delegations and Authorisations Registers including delegations as applicable according to the *Water Supply (Safety and Reliability) Act 2008*.

4.5 Resource Allocation

With the approval of the Chief Executive Officer, the Manager FRW is responsible for determining:

- the appropriate mix of internal and external resources necessary to carry out the undertakings of the business (in accordance with Council's Certified Agreements); and
- the most appropriate organisational structure for carrying out the undertakings of the business below the establishment of each of the broad management areas in accordance with Council's delegations.

4.6 Required Return

Council will identify a target rate of return and dividend it requires from water and sewerage activities. This performance plan has been developed on the basis that one of the outcomes is to deliver the required returns for Council adoption.

FRW will be, as far as possible, responsible for driving performance improvements to ensure target dividends are returned. Should FRW consider that by realising the dividend service levels it will be unduly impacted, a case is to be made for presentation to Council to reconsider the position (for example, pricing).

4.7 Capital Works

FRW will deliver water and sewerage related capital works in line with Council approved budgets and programs of work.

An indicative five year rolling program is proposed as part of future performance plans with one to three years considered to be firm. This rolling program incorporates new works identified in the Priority Infrastructure Plan, strategic initiatives and upgrade/replacement works identified in the adopted Asset Management Plans (AMPs).

4.8 Dealing with External Parties

FRW will represent Council on relevant industry groups and working parties. FRW will provide advice and recommendations for future planning and/or water allocation reliability. Issues requiring involvement of the Chief Executive Officer and/or Mayor will be facilitated as required.

4.9 Compliance and Regulatory Reporting

Council is the registered water service provider with ultimate responsibility for compliance in service delivery.

FRW will be responsible for managing the day to day requirements of Council's responsibilities under various licences including the Resource Operations Licence, Environmental Authority approvals and will be responsible for preparing all relevant regulatory reports.

4.10 Purchasing of Materials and Services and Disposal of Assets

FRW is bound by Council's purchasing, procurement and asset disposal policies.

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5. ORGANISATIONAL STRUCTURE

Council has approved the following organisational structure as appropriate for delivering its objectives as set out in the corporate and operational plans.



6. KEY STRATEGIES

FRW's key strategies for the 2020-21 financial year are set out in the Council's 2020-21 Operational Plan.

7. BUSINESS ACTIVITIES

7.1 Reporting to Council, Customers and Agencies

Reporting to Council

FRW will report to Council through whatever forum Council decides from time to time but such reporting will be funded by CSO funding should it exceed commercial requirements.

Reporting to Customers

The *Local Government Act 2009* requires that an annual statement on the operations of the commercialised business unit for the preceding financial year is given to the Local Government and included in the Local Government's Annual Report. FRW will provide the following information to Council on its annual performance:

- information to enable an informed assessment of the operations of FRW including a comparison with its annual performance plan;
- particulars of any amendments made to its annual performance plan in the financial year;
- particulars of any directions to FRW during the financial year (including directions about any CSOs to be carried out); and
- particulars of the impact that any changes to its annual performance plan may have had on FRW's financial position and operating surplus/deficit.

Council is required to satisfy the requirements set out in the *Local Government Act 2009* and the *Regulation*. FRW will provide Council with the necessary information pertaining to the water supply and sewerage undertakings to enable it to comply with this requirement.

Quarterly Reporting

FRW will prepare a quarterly report to Council on its operations in accordance with the agreed format within one month after the end of each financial quarter or other time as agreed with Council.

The quarterly report will generally include the following:

- manager's overview;
- performance against the adopted Customer Service Standards;
- financial performance against budget;
- compliance matters;
- safety management;
- environmental management; and
- any amendments proposed to this Plan.

Other matters to be reported as required are:

- risk management and strategic planning;
- expenditure requirements greater than the delegation of the Chief Executive Officer;

- exceptional circumstances and issues affecting policy;
- new statutory, regulatory and other information to facilitate informed policy making;
- policies and future directions requiring Council endorsement; and
- benchmarking of FRW activities to state and/or nationally recognised published standards.

Annual Reporting

FRW will prepare an annual report within one month after the auditor-general gives the audit report about the Local Government's financial statements for the end of the financial year, in accordance with the *Local Government Act 2009*, and additional information as required by the *Regulation*.

The Annual Report will include all matters included in the quarterly report as well as the following financial indicators.

Item	2020-21 Target
Operating surplus ratio	XX.X%
Interest coverage ratio	X.X times
Asset sustainability ratio	XX.X%
Gross revenue	\$XX,XXX,XXX
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	\$XX,XXX,XXX
Competitive neutrality ratio (% of gross revenue)	XX.X%
Depreciation ratio	XX.X%
Total written down asset value	\$XXX,XXX,XXX
Return on assets	X.X%

Commentary/Definitions

Operating surplus ratio is an indicator of the extent to which revenue raised covers operational expenses only or are available for capital funding purposes or other purposes. A positive result indicates that surplus revenue is available to support the funding of capital expenditure, offset past or future operating deficits or used to reduce current debt levels. This positive result shows that FRW is raising enough utility and other revenue to meet its operating expenditure.

Interest coverage ratio is an indicator of the extent to which operating results (before interest and depreciation) are committed to funding interest expense on current loan borrowings and leases. This large ratio indicates that FRW is able to cover current interest expense X.X times with available earnings and is not burdened by debt.

Asset sustainability ratio is an indication of the extent to which the infrastructure assets are being replaced as they reach the end of their useful lives. The Department of Infrastructure, Local Government and Planning (DILGP) target is greater than 90% per annum (on average over the long-term). FRW in 2020-21 is sufficiently replacing or renewing existing infrastructure assets as they reach the end of their useful life.

EBITDA is a measure of profitability used as comparison within and across industry and is net income with interest, taxes, depreciation and amortisation added back to it. It eliminates the effects of financing and accounting decisions. It is a useful measure of profitability for business with large amounts of assets and/or debt. It is a useful measure of profitability for business with large amounts of assets and/or debt. This shows the funds FRW has available to fund interest payments and principle repayments on loans and can be used to acquire debt leverage.

Competitive neutrality ratio measures the extent to which operating revenues are committed to competitive neutrality adjustments such as tax equivalents and return to Council. FRW is contributing XX.X% of its operating revenues to Council's general fund that is, for every dollar of operating revenue earned FRW returns to Council XX.X cents.

Depreciation ratio indicates the extent to which operating revenues are committed to funding depreciation. FRW depreciation is XX.X% of its operating revenues, that is, for every dollar of operating revenue earned FRW requires XX.X cents to fund asset renewal.

Return on assets (ROA) is an indicator of how profitable a business is relative to its total assets. ROA tells you what earnings were generated from invested capital (assets). It gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment. FRW's ROA indicates it is generating moderate earnings from its investment in capital. FRW is generating net income of X.X cents for every dollar of investment in non-contributed assets.

The *Regulation* requires that an annual statement on the operations of the commercialised business unit for the preceding financial year is given to the local government and included in the Local Government's Annual Report. FRW will provide the following information on its annual performance:

- a) information to enable an informed assessment of the operations of FRW including a comparison with its annual performance plan;
- b) particulars of any amendments made to its annual performance plan in the financial year;
- c) particulars of the impact that any changes to its annual performance plan may have had on FRW's financial position; operating surplus/deficit and prospects; and
- d) particulars of any directions given to FRW, by Council, during the financial year (including directions about any CSOs to be carried out).

FRW will generate indicators as required which are measured annually for collation by state government agencies as part of the state wide annual comparative data collection process.

7.2 Customer Service

Customer Service Standards

FRW is determined to meet customer needs and provide quality services. Customer needs shall be evaluated by a variety of measures including, but not limited to stakeholder analysis and engagement through:

- customer feedback;
- analysis of services provided by other water authorities; and

- continuity of services provided.

FRW's customer service standards will be provided through customer service centres and on its web page.

When delivering services such as water treatment, water supply and sewage treatment, FRW recognises that customers are entitled to be provided with a service that consistently meets all relevant state legislative compliance targets and national guidelines requirements.

FRW's Customer Service Standards are detailed in Annexure 2.

Customer Contact

FRW will be responsible for customer contact relating to all water and sewerage matters.

7.3 Risk Management

FRW will undertake to identify, assess and manage risks in relation to business risk, major asset failure, interruption to supply or delivery and environmental risk in accordance with Council's Risk Management Framework.

7.4 Billing

Responsibility for processing water and sewerage billing will lie with Finance and Business Services; however, FRW will set the billing framework and provide metering information for the bills to be issued. The water consumption bills will bear the FRW branding.

7.5 Water and Sewerage Pricing

FRW will be required to submit forward pricing proposals with annual reviews in line with the rating process. FRW's proposed pricing for water and sewerage are to be in line with Council's objectives.

7.6 Policy Compliance

FRW shall be bound by Council's corporate policies and procedures until such time that FRW develops specific policies and procedures that improve its performance. Any such policies and procedures are subject to the proposed policy complementing the Council policy direction and the approval process.

7.7 Treatment of Surpluses and Losses

Surpluses and losses after dividend and tax equivalents have been forwarded to Council and are to be retained in a Reserve for revenue fluctuations unless Council endorses an alternate treatment of such revenue.

7.8 Water Restrictions

FRW is required to prepare, monitor and review the Drought Management Plan and recommend when restrictions are required to be enforced.

Power to restrict water supply in response to drought will be the responsibility of the Mayor with emergency powers to restrict water supply being delegated to the Chief Executive Officer.

7.9 Environment

FRW is committed to providing its services in a manner which will value and protect the urban, rural, riverine and marine environment for the present and future residents and visitors to the Rockhampton Region.

Responsible management of the environment is an essential part of achieving business objectives.

Accordingly, FRW will conduct activities in ways which will:

- continually improve awareness and management of environmental risks and avoid, reduce and control pollution from operations;
- comply with environmental legislation, regulation and licence standards for all operations and environmentally relevant activities; and
- promote waste minimisation, water conservation and energy efficiency within operations.

FRW is responsible for meeting Council's obligations under the *Environmental Protection Act 1994* relating to the delivery of water and sewerage services. This responsibility shall include negotiating any new licences or amendments to existing licences, managing the licence and reporting to the environmental regulator on performance against the licence requirements.

FRW is also responsible for compliance with the Environmental Authority for sewerage services and sewage treatment activities and water treatment plant discharge management.

FRW will investigate options for the re-use of treated effluent water from both an environmental and economic perspective.

7.10 Contracts of Supply

FRW will maintain contracts for storage of water allocations held behind the Fitzroy River Barrage in accordance with the Resource Operations Plan. Council has not devolved ownership rights of the 50,383ML water allocation held behind the Fitzroy River Barrage to FRW nor the allocations for Mount Morgan No. 7 Dam and Fletchers Creek; however, FRW will deal commercially with these allocations as requested on Council's behalf.

Contracts of supply will be developed and/or maintained with all customers outside of Council adopted water areas as per the *Water Supply (Safety and Reliability) Act 2008*.

8. ASSETS

8.1 Asset Management

FRW is devolved responsibility for the water and sewerage assets owned by Council that are required to allow it to operate as a Water Service Provider.

To align the business goals and objectives with the assets, FRW will maintain information on the assets and quantify the regulated asset base for the purpose of deriving revenue requirements and developing pricing proposals for Council adoption.

FRW will minimise the whole-of-life cost whilst achieving the desired levels of service required by Council. FRW will prepare appropriate AMPs in line with Council's Long Term Asset Management Plan and Long Term Financial Plan.

FRW will manage assets to minimise the whole-of-life cost whilst achieving the desired levels of service. To achieve this objective the following are undertaken:

- maintaining detailed asset registers;
- maintaining asset valuations and depreciation schedules for the purpose of allowing Council to report externally in accordance with provisions of the *Local Government Act 2009*, the *Regulation*, and the Australian Accounting Standards Board; and

- detailed planning, design and construction of new assets.

8.2 Asset Relationship

Under National Competition Policy guidelines and the Council of Australian Governments (COAG) reform agenda, FRW is required to maintain an appropriate return on these assets which is in turn paid as a dividend to Council after reserve requirements are met.

8.3 New Works and Strategic Initiatives

Council is responsible for Land Use Planning. FRW will identify the required needs for water and sewerage infrastructure based on that planning.

FRW will maintain information on and models of existing infrastructure that will be utilised to allow high level analysis of options for meeting future demands on services to be carried out.

8.4 Contributed Assets

FRW will be responsible for ensuring contributed assets meet the purpose for which those assets were intended.

9. FINANCIAL MATTERS

9.1 Long Term Financial Strategy

The two tables contained within Annexure 3 provide the long term Operating Statement and Statement of Financial Position for FRW for the period 2020-21 to 2029-30.

9.2 Capital Structure

FRW will continue to improve long term financial planning models which upon adoption, will be incorporated into Council's overall financial strategy. All FRW's financial planning is subject to approval by Council.

9.3 Funding Sources

The following are the funding sources for the water supply and sewerage capital expenditure program:

Revenue

- loan borrowings, with repayments made from depreciation;
- developer contributed headworks funding;

- existing operational funds;
- depreciation funding;
- CSOs provided by Council; and
- state and federal grants and subsidies.

Loans

Current liability/redemption (forecast closing as at 30 June 2021)	\$X.X million
Total liability (forecast closing as at 30 June 2021)	\$XX.X million
2020-21 (proposed new loans)	\$X.XM

Grants and Subsidies

Total	\$X.X million
Capital Expenditure for 2020-21 is approximately	\$XX.X million

9.4 Operational Budget

The Operational Budget as detailed in Council's Financial Strategic Plan is as follows:

Operating Revenue for 2020-21 is estimated to be \$XX.X million (inc. CSOs) comprising:

Water and Sewerage Rates and Charges	XX.X%
Bulk Water Sales	X.X%
Fees and Charges	X.X%
Private and Recoverable Works	X.X%
Community Services Obligations and CNA's	X.X%

Interest Received from Investments	X.X%
Other sources	X.X%

Operating expenditure including tax and return for 2020-21 is estimated to be \$XX.X million, comprising:

Management and Administration	X.X%
Operations and Maintenance Expense	XX.X%
Corporate Overheads	X.X%
Depreciation	XX.X%
Loan Interest	X.X%
Tax Equivalents and Dividends	XX.X%

10. FINANCIAL POLICIES

10.1 Accounting

Financial statements are prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the *Local Government Act 2009* and the *Regulation*. Financial statements are prepared under the historical cost convention except for the revaluation of certain non-current assets.

10.2 Asset Depreciation

The calculation of asset depreciation for external reporting and tax purposes shall be in accordance with the *Regulation*, AASB 116 – Property, Plant and Equipment Accounting Standard, Australian Accounting Standards Board and the Local Government Tax Equivalent Manual, respectively.

Depreciation is calculated annually and effectively creates a cash backed source of funds available to fund FRW's infrastructure replacement works.

Other sources of funds for capital expenditure include grants and subsidies, loan borrowings and other reserves.

FRW accumulates any unspent depreciation funds for the future capital renewal of water supply and sewerage assets to either maintain or reinstate their service potential.

10.3 Taxation

FRW is required to pay the following taxes, either to Council or via Council to the relevant government agencies:

1. Commonwealth taxes including, fringe benefits and GST;
2. state taxes, specifically payroll tax; and
3. all remaining taxes as tax equivalents directly to Council. These tax equivalents shall include:
 - income tax;
 - land tax; and
 - stamp duty.

10.4 Treatment of Surpluses / Losses

In accordance with Council resolution, after the required ROA and Income Tax Equivalents have been forwarded to Council each year, any remaining surplus/loss will be held in FRW Retained Earnings unless specifically required to be held in a Recurrent or Capital Reserve. The Capital Reserve will be solely used for capital works expenditure to improve system reliability. The amounts to be transferred to each reserve will be detailed at the time of the transfer to the applicable reserve.

10.5 Borrowing Policy

Section 104 of the *Local Government Act 2009* requires a local government to have a financial management system, and this system must have a long term financial forecast and included within this system a debt policy. Section 192 of the *Regulation* provides that a Council must prepare a debt policy each financial year and that the policy must state:

- new borrowings planned for the current financial year and the next nine financial years; and

- the timeframe which it is planned to repay existing and new borrowings.

FRW's AMP Financial Strategy identifies new capital expenditure for water and sewer projects over the ten year planning horizon providing the basis for future borrowings.

The following principles underlie FRW's Borrowing Policy:

- loans will only be used for capital expenditure; and
- long term capital works and borrowing strategies will be reviewed on a yearly basis and any necessary adjustments made, but any changes will be in line with the financial plan adopted by Council.

Where FRW requires debt financing, Council will raise funds for FRW. Council will make explicit the terms and conditions of all funds raised for FRW, having due regard to Council's determination on FRW's capital structure. FRW will be responsible for managing this debt and use Council's services where necessary to assist in this regard.

11. PRICING AND REVENUE COLLECTION

11.1 Responsibility for Price Setting

While it is Council's responsibility for price setting, the State Government has applied state-based prices oversight legislation to Local Government business activities. On 29 June 2002, the State Government acting on the Queensland Competition Authority's (QCA) recommendation, has declared the water and sewerage services of the largest 18 local government's (nominated Councils) water and sewerage businesses as Monopoly Business Activities under section 19 of the *Queensland Competition Authority Act 1997*. FRW falls within this criteria.

11.2 Revenue Target

Consideration will be given to the following principles when setting the revenue targets for the financial year:

- full cost recovery including required rate of return;
- elimination of cross subsidies;
- economic, asset and ecological sustainability; and
- transparency in pricing regarding CSOs.

FRW will actively work with Council to maximise the realisation of the above principles.

11.3 Revenue Collection

FRW in conjunction with Council's Finance department is responsible for revenue collection for the provision of water and sewerage services. Billing and debt management is the responsibility of the Finance department.

11.4 Recovery for Damage to Infrastructure

FRW will recover compensation for third party damage to water and sewerage infrastructure.

12. FINANCIAL STATEMENTS

The *Regulation* requires that FRW must provide to Council an annual statement of operations and this statement must be included in Council's Annual Report.

13. REVIEW OF PERFORMANCE PLAN

The *Regulation* allows a performance plan to be amended at any time before the end of the financial year for which it is prepared.

This Plan is to be reviewed and amendments made where necessary on a quarterly basis. Such a review or amendment of the plan should be as a result of the following:

- reviewing FRW's actual performance and the reasonableness of the performance targets or standards set as part of the plan;
- resolution of any of the matters referred to in the plan as being unresolved; and
- any new direction of Council in relation to the overall strategic direction of FRW.

ANNEXURE 1: COMMUNITY SERVICE OBLIGATIONS

Community service obligations (CSOs) arise when a government specifically requires a public enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis or, alternatively, would only provide at higher prices or via some other form of compensation. CSOs are to be funded by the general fund.

FRW CSOs have been identified in the following areas. FRW have identified \$XXX,XXX as CSOs during the 2020-21 financial year.

WATER	
Sporting Bodies Water Access and Consumption	\$XX,XXX
Undetected Leak Rebates	\$XXX,XXX
SEWERAGE	
Combined Line Charges (expenses)	\$XXX,XXX
Combined Lines and Raising Access Chambers Capital	\$XXX,XXX
Raising Access Chambers	\$XXX,XXX
Sporting Bodies Sewerage Access	\$XX,XXX
TOTAL (proposed in 2020-21)	\$XXX,XXX

The following CSOs will be funded by a contribution from Council to FRW.

Water	Objective
Other Rate Remissions	Council upon review of applications, at times, grants remissions for water charges. These amounts are then claimed as a CSO by FRW.
Sporting Bodies Rate Remissions	Council upon review of applications, at times, grants remissions for water charges. These amounts are then claimed as a CSO by FRW. Refer to Council Rate Rebates and Remissions Policy.
Undetected Leak Rebates	A resolution dated 23 May 2017 states that the implementation of the Undetected Leak Rebate Policy for both residential and commercial customers be identified as a CSO to the amount of \$110,000 per annum.

Sewerage	Objective
Combined Line Charges (expenses)	A resolution dated 22 June 1999 states that Council continue its current policy of maintaining combined line house drains and fund all such work carried out by FRW as a CSO.
Combined Line Charges (capital)	Further to the above resolution regarding the maintenance of combined lines, FRW has begun a full replacement program of these assets. As a result the cost of the replacing of these combined lines also constitutes a CSO and the full cost incurred is claimed.
Raising Access Chambers (capital)	A resolution dated 29 May 2000 states that FRW carries out the raising of sewerage manholes and claims this as a CSO.
Sporting Bodies Rate Remissions	Council upon review of applications, at times, grants remissions for sewerage charges. These amounts are then claimed as a CSO by FRW. Refer to Council Rate Rebates and Remissions Policy.
Other Rate Remissions	Council upon review of applications grants remissions for sewerage charges. These amounts when remitted are then claimed as a CSO by FRW.

ANNEXURE 2: PERFORMANCE TARGETS FOR QUARTERLY REPORTING**Customer Service Standards – Rockhampton Regional Council****Non-Financial Performance Targets****Customer Service Standards****Water – Day to Day Continuity**

CSS Reference	Performance Indicator	Potable Water Schemes	
		Rockhampton and Gracemere Water Supply Scheme	Mt Morgan Water Supply Scheme
CSS1	Extent of unplanned interruptions – connections based (no. per 1,000 connections per year)	< 80	< 80
CSS2	Extent of unplanned interruptions – incidents based (no. per 100 km of main per year)	< 30	< 30
CSS3	Time for restoration of service - unplanned interruptions (% restored within 5 hours)	> 90%	> 90%
CSS4	Customer interruption frequency:		
	1 interruption per year	12%	12%
	2 interruptions per year	2%	2%
	3 interruptions per year	1%	1%
	4 interruptions per year	0.5%	0.5%
	5 or more interruptions per year	0.25%	0.25%
CSS5	Relative incidence of planned and unplanned interruption incidents(% of planned versus total number of interruptions)	> 30%	> 30%
CSS6	Average interruption duration - planned and unplanned (hours)	3 hours	3 hours
CSS7	Response time		
	Priority 1 – 1 hour response	95%	95%
	Priority 2 – 2 hours response	95%	95%
	Priority 3 – 24 hours response	95%	95%
	Restoration time		
	Priority 1 – 5 hours restoration	95%	95%
	Priority 2 – 24 hours restoration	95%	95%
	Priority 3 – 5 days restoration	95%	95%

Adequacy and Quality of Normal Supply of Water Supply

CSS Reference	Performance Indicator	Potable Water Schemes	
		Rockhampton and Gracemere Water Supply Scheme	Mt Morgan Water Supply Scheme
CSS8	Minimum pressure standard at the water meter	220 kPa	220 kPa
CSS9	Minimum flow standard at the water meter	9 L/min	9 L/min
CSS10	Connections with deficient pressure and/or flow (% of total connections)	< 2.5%	< 2.5%
CSS11	Drinking water quality (compliance with industry standard) ¹	> 98%	> 98%
CSS12	Drinking water quality complaints (number per 1,000 connections)	< 5	
CSS13	Drinking water quality incidents (number per 1,000 connections)	< 5	< 5

¹ FRW's Drinking Water Quality Management Plan identifies the following key water quality parameters as reference indicators for customer service purposes: physical and chemical water quality parameters – Target: >99% of all samples tested compliant with Australian Drinking Water Guidelines; E. coli – Target: None detected in > 98% of all samples tested.

Long Term Continuity of Water Services

CSS Reference	Performance Indicator	Potable Water Schemes	
		Rockhampton and Gracemere Water Supply Scheme	Mt Morgan Water Supply Scheme
CSS14	Water main breaks (number per 100 km main)	< 40	< 40
CSS15	Water services breaks (number per 1,000 connections)	< 40	< 40
CSS16	System water loss (litres per connection per day)	< 200 L	≤ 200 L
CSS17	Sewage overflows – total (number per 100 km main)	< 30	< 10
CSS18	Sewage overflows to customer property (number per 1,000 connections)	< 10	< 5
CSS19	Odour complaints (number per 1,000 connections)	< 1	
CSS20	Response time Priority 1 – 1 hour response Priority 2 – 2 hours response Priority 3 – 24 hours response	> 95%	> 95%

	Restoration time Priority 1 – 5 hours restoration Priority 2 – 24 hours restoration Priority 3 – 5 days restoration	> 95%	> 95%
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Long Term Continuity of Sewage Services

CSS Reference	Performance Indicator	Potable Water Schemes	
		Rockhampton and Gracemere Water Supply Scheme	Mt Morgan Water Supply Scheme
CSS21	Sewer main breaks and chokes (number per 100 km main)	< 50	< 20
CSS22	Sewer inflow and infiltration (ratio of Peak Day Flow to Average Day Flow)	< 5	< 5

Customer Service Standards

Performance Indicator	Target
Installation of new water connections (within the water service area)	15 working days
Installation of sewerage connections (within the sewerage area)	15 working days
Complaints – (excluding maintenance of water and sewerage services) – advise outcome	20 working days

Financial Performance Targets

Indicator	Target	Reporting Frequency
RRC Operational Plan	Initiatives successfully completed by year end	Quarterly
Operating Budget	Conduct all activities in accordance with required timelines and budget	Quarterly or when variations arise
Annual Revenue	Timely reporting of any significant variations to budget revenue and collection timing	Quarterly or when variations arise
Capital Works	Completion of capital program in accordance with adopted timeframe and budget (within 3%)	Quarterly or when variations arise

Reference Code

NR – not relevant; this indicator is not relevant to the scheme.

ANNEXURE 3: LONG TERM OPERATING AND FINANCIAL POSITION STATEMENTS

Statement of Comprehensive Income for FRW Water and Sewerage Business 2020 to 2028 (\$'000,s)

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Income									
Revenue									
Operating revenue									
Net rates, levies and charges	61,757	64,227	66,796	69,134	71,553	74,058	76,650	79,333	82,109
Fees and charges	1,266	1,311	1,357	1,397	1,439	1,482	1,527	1,573	1,620
Rental income	319	325	331	338	345	352	359	366	373
Interest received	260	289	294	255	335	523	691	853	1,192
Sales revenue	4,236	4,342	4,451	4,562	4,676	4,793	4,913	5,036	5,162
Other income	798	798	798	798	798	798	799	799	799
Total operating revenue	68,636	71,292	74,027	76,485	79,147	82,006	84,938	87,958	91,255
Capital revenue									
Grants, subsidies, contributions and donations	1,629	1,669	1,711	1,754	1,798	1,843	1,889	1,936	1,984
Total revenue	70,265	72,962	75,738	78,239	80,945	83,849	86,826	89,895	93,239
Total income	70,265	72,962	75,738	78,239	80,945	83,849	86,826	89,895	93,239
Expenses									
Operating expenses									
Employee benefits	7,243	7,531	7,830	8,065	8,306	8,556	8,812	9,077	9,349
Materials and services	12,471	12,900	13,410	13,874	14,354	14,851	15,365	15,898	16,449
Finance costs	1,491	1,147	742	250	80	26	(14)	(47)	(109)
Depreciation and amortisation	14,056	14,399	14,758	15,157	15,583	16,018	16,481	16,966	17,408
Total operating expenses	35,261	35,977	36,740	37,346	38,323	39,450	40,644	41,893	43,097
Total expenses	35,261	35,977	36,740	37,346	38,323	39,450	40,644	41,893	43,097

Net result	35,004	36,984	38,998	40,893	42,622	44,399	46,183	48,001	50,142
Tax equivalents									
Net result before tax equivalents	35,004	36,984	38,998	40,893	42,622	44,399	46,183	48,001	50,142
Tax equivalents payable	11,029	11,622	12,229	12,780	13,306	13,831	14,360	14,901	15,528
Net result after tax equivalents	23,975	25,362	26,769	28,113	29,317	30,568	31,823	33,101	34,614
Total comprehensive income for the year	35,004	36,984	38,998	40,893	42,622	44,399	46,183	48,001	50,142
Operating result									
Operating revenue	68,636	71,292	74,027	76,485	79,147	82,006	84,938	87,958	91,255
Operating expenses	35,261	35,977	36,740	37,346	38,323	39,450	40,644	41,893	43,097
Operating result	33,375	35,315	37,287	39,139	40,825	42,556	44,294	46,065	48,157

Statement of Financial Position for FRW Water and Sewerage Business 2020 to 2028 (\$'000,S)

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Assets									
Current assets									
Cash and cash equivalents	26,264	27,280	27,877	27,077	35,178	43,712	50,690	58,684	79,068
Trade and other receivables	5,540	5,771	5,995	6,200	6,395	6,632	6,859	7,094	7,317
Inventories	315	315	315	315	315	315	315	315	315
Total current assets	32,119	33,366	34,187	33,592	41,888	50,660	57,864	66,093	86,700
Non-current assets									
Property, plant & equipment	571,248	585,219	600,741	620,274	637,674	656,671	678,718	701,446	713,696
Total non-current assets	571,248	585,219	600,741	620,274	637,674	656,671	678,718	701,446	713,696
Total assets	603,367	618,585	634,928	653,866	679,563	707,330	736,582	767,540	800,396
Liabilities									
Current liabilities									
Trade and other payables	3,135	3,258	3,388	3,503	3,612	3,744	3,871	4,002	4,126
Borrowings	7,404	7,806	6,603	1,262	657	670	553	294	303
Provisions	1,721	1,721	1,721	1,721	1,721	1,721	1,721	1,721	1,721
Other current liabilities	80	80	80	80	80	80	80	80	80
Total current liabilities	12,341	12,865	11,792	6,566	6,070	6,215	6,225	6,097	6,230
Non-current liabilities									
Borrowings	18,774	10,968	4,365	3,103	2,446	1,776	1,223	928	626
Provisions	210	210	210	210	210	210	210	210	210
Total non-current liabilities	18,984	11,178	4,575	3,313	2,656	1,986	1,433	1,138	836
Total liabilities	31,325	24,043	16,367	9,879	8,726	8,201	7,658	7,236	7,066

Net community assets	572,043	594,543	618,561	643,987	670,837	699,129	728,925	760,304	793,330
Community equity									
Asset revaluation surplus	150,609	165,296	180,689	196,860	213,837	231,616	250,260	269,819	290,178
Retained surplus	421,434	429,247	437,872	447,127	457,000	467,513	478,665	490,485	503,152
Total community equity	572,043	594,543	618,561	643,987	670,837	699,129	728,925	760,304	793,330

2020-21 OPERATIONAL PLAN

2020-21 Performance Plan - RRWR

Meeting Date: 7 May 2020

Attachment No: 4

**ROCKHAMPTON REGIONAL WASTE AND RECYCLING
2020-2021 PERFORMANCE PLAN**

EXECUTIVE SUMMARY

Rockhampton Regional Council's (Council) Waste and Recycling (RRWR) services were identified as a Type 2 business activity as defined in the *Local Government Act 2009*.

Council, at its meeting on 24 August 2010, resolved that the waste and recycling business be commercialised.

RRWR commenced operations as a Commercial Business Unit on 1 July 2011.

This performance plan is RRWR's agreement with Council to deliver Waste and Recycling services. The plan describes RRWR's objectives and functions, commercialisation objectives, community service obligations, customer service objectives, reporting requirements, environmental management objectives, asset management objectives and financial policies.

This Plan is required by Section 175 of the *Local Government Regulation 2012* (the Regulation) which states that:

1. there must be an annual performance plan for each commercial business unit;
2. a Local Government's operational plan must include the annual performance plan for each of its commercial business units; and
3. a performance plan may be amended at any time before the end of the financial year for which it is prepared.

Key financial and non-financial targets are detailed within this Plan.

1. STRATEGIC DIRECTION

1.1 Vision, Mission, Values

Vision

To live in a community without waste.

Mission

We will become a "zero-waste" community by 2050, diverting 90% of waste from landfill.

Values Statement

RRWR will provide a service which embraces Council's corporate values. We will protect the environment based upon legislative guidelines and best practice for the betterment of our community and future generations. We will value our earth commodities through implementing innovative and viable resource recovery practices.

Council Values and Behaviours

Accountable – We are proactive and take personal responsibility. We are clear on our expectations, if in doubt we seek clarification. We do what we say we will do and deliver our promises on time. We hold ourselves and others accountable. We take personal accountability for our own and others safety. We trust individuals to do their job.

Customer Focused – We are timely and responsive to our customers and community. Our decisions and actions have the customer and community at the front of mind. We engage with and listen to the customer. We support each other to achieve the best outcome for the customer.

People Development – Leaders coach, support and listen to their people. We support and develop our people to ensure they can reach their full potential. We will seek and provide feedback with the constructive intent. Development is focused on technical and behavioural capability. People are valued and treated with respect regardless of position.

One Team – We work together to find solutions and opportunities. We openly share knowledge, information and resources in order to deliver the best outcome for Council. We talk with each other and seek ways to collaborate. We understand our shared goals and how each area fits together. We develop solutions with the big picture in mind ensuring we encourage collaboration and consider the impact on others. Communication and engagement are priorities at all levels.

Continuous Improvement – We take the time to explore better ways to do things. We listen to and genuinely value ideas from all staff. We accept mistakes will happen and we ensure we share the learnings. Continuous improvement is valued as an opportunity not an expense. We will be open to change, have an open mind and maintain a positive attitude.

1.2 Objectives

The key objectives of RRWR are to deliver commercially viable waste and recycling services that satisfy adopted customer service standards.

Core business includes the following activities:

General

- setting the strategic direction for Council's Waste Management Strategy.
- support of public education programs in relation to waste minimisation, refuse and recycling.

Waste

- operation and management of the landfill site at Rockhampton (Lakes Creek Road Landfill).
- providing waste management services to events and activities.
- collection and disposal of domestic and commercial waste within the Rockhampton Region.
- operation and management of seven staffed transfer station facilities. Current facilities located at:
 - **Staffed Transfer Stations:** Lakes Creek Road, Gracemere, Alton Downs, Bouldercombe, Mount Morgan, Bajool and Bushley (opened 10 December 2019).

Recycling

- management of contracted recycling service providers.

2. OPERATIONS

2.1 Nature and Scope of Activities

RRWR is responsible for the operation and maintenance of waste and recycling assets totalling approximately \$XX.X million.

General functions of these assets include:

- the provision of waste transfer stations for the bulk transport of waste to Lakes Creek Road Landfill;

- the provision of 'airspace' to receive the region's waste in an environmentally sound process; and
- associated recycling and reuse support facilities at the landfill and transfer stations.

Broadly, the scope of RRWR (as at 30 June 2021 unless otherwise stated) is as follows:

Operational Revenue	\$XX.X million
Operational Expenditure	\$XX.X million
Net Community Assets	\$XX.X million
Number of staff (as at 30 June 2019)	XX
Properties served – General Waste (as at 30 June 2019)	XX,XXX
Properties served – Recycling (as at 30 June 2019)	XX,XXX
Total Waste to Landfill - including kerbside waste collection but not including cover material (tonnes) (as at 30 June 2019)	51,965t
Kerbside Waste Collection (tonnes) (as at 30 June 2019)	21,345t
Kerbside Recycling Collection (tonnes) (as at 30 June 2019)	5,090t
Landfills	1
Transfer Stations – Staffed	7

2.2 Asset Protection Issues

The asset protection functions to be performed by RRWR for Council include:

- RRWR site based management plans for each facility; and
- RRWR work instructions (for example, Acceptance of Asbestos).

2.3 Governance

The objectives of commercialisation are to improve overall economic performance and the ability of Council to carry out its responsibilities for good rule and government, by establishing an efficient and effective commercial business unit and establishing a framework for operation and accountability of the unit.

To assist in satisfying the principles of commercialisation it was considered that the commercial business unit, RRWR, should be discretely identified in Council's corporate structure and with the mechanisms in place to ensure that it has the opportunity to meet its objectives. To facilitate this, the corporate structure has RRWR within the Regional Services Department. The internal structure of RRWR remains within the legislative domain of the Chief Executive Officer (of Council), as determined by the *Local Government Act 2009*.

2.4 Community Service Obligations

The *Regulation* Chapter 3 Section 24 defines a community service obligation as:

an obligation the local government imposes on a business entity to do something that is not in the commercial interests of the business entity to do.

The community service obligation (CSO) is to be treated as revenue for the activity of an amount equivalent to the cost of carrying out the obligation less any revenue arising from carrying out the obligation.

Council may direct RRWR to use internal services over external services and to provide services where it is not in commercial interests to do so. In each of these cases an appropriate CSO will be paid by Council. The budgeted value of CSOs in 2020-21 is detailed in Annexure 1.

When additional CSOs are identified within the period of this performance plan the valuation of the CSO will be in accordance with Council resolution.

3. COUNCIL SUPPORT AND OBLIGATIONS

3.1 Provision of Services

Council, as the owner of RRWR, will be responsible for approving the strategic direction and broad policies for the Business Unit.

Council will be responsible for providing a number of support services to RRWR including:

- corporate governance support;
- corporate business systems;
- financial support services;
- human resource services and systems;
- safety support services and systems;
- IT services support and systems;
- records management support and systems;
- collection of revenue and infrastructure charges;
- supply of fleet and plant; and
- other miscellaneous support services (payroll, etc.)

The above support services will be provided via Council's internal service providers. RRWR is required to use internal support services over external service providers.

Any disputes concerning the availability or cost of the internal service provider and the urgency of the task to be undertaken will be resolved by mutual agreement between the General Manager Regional Services and the General Manager of the relevant Council department with Council's Chief Executive Officer as the final adjudicator in line with the intentions of the commercialisation aspects of the *Local Government Act 2009*.

RRWR with the approval of the Chief Executive Officer may use an external service provider when the internal providers are unable to provide delivery within a reasonable timeframe or at a cost that is commercially competitive.

Council will be responsible for providing an environment in which RRWR can operate in a manner in which it has every opportunity to meet the objectives of commercialisation and that responsibility will include:

- providing RRWR with management autonomy to operate to achieve outcomes set by Council, within the context of the management framework of Council, in line with legislation, and in accordance with the adopted Performance Plan;
- providing funding as agreed in budget;
- not unnecessarily withholding approvals; and
- not to expect non-commercial effort unless identified as a CSO and appropriate funding provided.

3.2 Council's Commitment to Improve Quality of Internal Service Providers

In adopting this performance plan, Council recognises that the standard of service required of RRWR is heavily dependent upon Council's internal support service providers. There is a strong commitment by Council and its internal support service providers to deliver the quality of service required.

4. ROCKHAMPTON REGIONAL WASTE AND RECYCLING GENERAL RESPONSIBILITIES

4.1 General

Council requires RRWR to carry out its undertakings in accordance with the requirements of the following:

- legislative obligations including the *Local Government Act 2009* and other state and federal legislation;
- Council policies and procedures;
- licence conditions; and
- this performance plan.

While this plan details RRWR's specific responsibilities, the following section outlines the more generic requirements of the business unit.

4.2 Levels of Service

Council have set desired levels of service in line with overall funding considerations and implications on the long term financial plan. RRWR operates to provide target levels of service as part of longer term plans and these are as outlined in Annexure 2.

4.3 Customer Service

RRWR is responsible for the contact and commitment with customers in accordance with Customer Service Standards (CSS). Commercial customers will also have a formal contract with Council but the service will be provided by RRWR on behalf of Council.

4.4 Delegated Authorities

RRWR's overall delegated authorities are in accordance with Section 259 of the *Local Government Act 2009*. Delegated authorities for specific RRWR staff are included in Council's Register of Delegations in accordance with Section 260 of the *Local Government Act 2009*.

To protect its assets and to ensure that it can meet its performance agreement with Council, RRWR is responsible for managing and controlling the operations and development of the following where required in accordance with Council's adopted policies:

- one landfill site at Rockhampton; and
- seven staffed transfer station facilities.

The above facilities may change from time to time, as resolved by Council, to meet the changing needs of the community and RRWR will be responsible to manage and control the waste infrastructure that is in place from time to time.

4.5 Resource Allocation

With the approval of the Chief Executive Officer, the General Manager Regional Services is responsible for determining:

- the appropriate mix of internal and external resources necessary to carry out the undertakings of the business (in accordance with Council's Certified Agreements); and
- the most appropriate organisational structure for carrying out the undertakings of the business below the establishment of each of the broad management areas in accordance with Council's delegations.

4.6 Required Return

Council will identify a target rate of return and dividend it requires from waste and recycling activities. This performance plan has been developed

on the basis that one of the outcomes is to deliver the required returns for Council adoption.

RRWR will, as far as possible, be responsible for driving performance improvements to ensure target dividends are returned. Should RRWR consider that by realising the dividend service levels it will be unduly impacted, a case is to be made for presentation to Council to reconsider the position (for example, pricing).

4.7 Capital Works

RRWR will deliver waste and recycling related capital works in line with Council approved budgets and programs of work.

An indicative five year rolling program is proposed as part of future performance plans with one to three years considered to be firm. This rolling program incorporates new works identified in the Priority Infrastructure Plan, strategic initiatives and upgrade/replacement works identified in the adopted Asset Management Plans (AMPs).

4.8 Dealing with External Parties

RRWR will represent Council on relevant industry groups and working parties. RRWR will provide advice and recommendations for future planning and issues requiring involvement of the Chief Executive Officer and/or Mayor will be facilitated as required.

4.9 Compliance and Regulatory Reporting

Council is the registered waste and recycling service provider with ultimate responsibility for compliance in service delivery.

RRWR will be responsible for managing the day to day requirements of Council's responsibilities under various licences and preparing required reports.

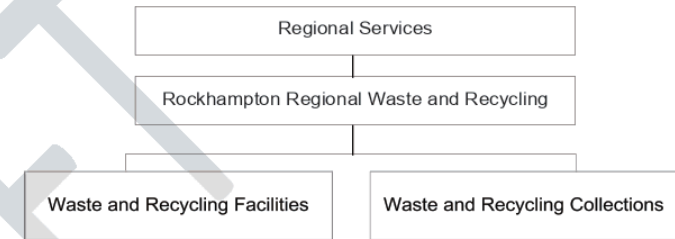
RRWR is responsible for the development of regulatory reports and delivery on the outcomes of the final approved plans including associated reporting.

4.10 Purchasing of Materials and Services and Disposal of Assets

RRWR is bound by Council's purchasing, procurement and asset disposal policies.

ORGANISATIONAL STRUCTURE

Council has approved the following organisational structure for RRWR as appropriate for delivering its objectives as set out in the corporate and operational plans.



5. KEY STRATEGIES

RRWR's key strategies for the 2020-21 financial year are set out in Council's 2020-21 Operational Plan and as informed by the Waste Strategy 2020-2030.

7 BUSINESS ACTIVITIES

7.1 Reporting to Council, Customers and Agencies

Reporting to Council

RRWR will report to Council through whatever forum Council decides from time to time but such will be funded by CSO funding should it exceed commercial requirements.

Reporting to Customers

The *Local Government Act 2009* requires that an annual statement on the operations of the commercialised business unit for the preceding financial year is given to the Local Government and included in the Local Government's Annual Report. RRWR will provide the following information to Council on its annual performance:

- information to enable an informed assessment of the operations of RRWR;
- including a comparison with its annual performance plan;
- particulars of any amendments made to its annual performance plan in the financial year;
- particulars of any directions to RRWR during the financial year (including directions about any CSOs to be carried out); and
- particulars of the impact that any changes to its annual performance plan may have had on RRWR's financial position and operating surplus/deficit.

Council is required to satisfy the requirements set out in the *Local Government Act 2009* and the *Regulation*. RRWR will provide Council with the necessary information pertaining to waste and recycling services to enable it to comply with this requirement.

Quarterly Reporting

RRWR will prepare a quarterly report to Council on its operations in accordance with the agreed format within one month after the end of each financial quarter or other time as agreed with Council.

The quarterly report will generally include the following:

- manager's overview;
- performance against the adopted Customer Service Standards;
- financial performance against budget;
- compliance matters;
- safety management;
- environmental management; and
- any amendments proposed to this plan.

Other matters to be reported as required are:

- risk management and strategic planning;
- reporting progress against waste strategy;

- expenditure requirements greater than the delegation of the Chief Executive Officer;
- exceptional circumstances and issues affecting policy;
- new statutory, regulatory and other information to facilitate informed policy making;
- policies and future directions requiring Council endorsement; and
- benchmarking of RRWR activities to state and/or nationally recognised published standards.

Annual Reporting

RRWR will prepare an annual report within one month after the auditor general gives the audit report about the Local Government's financial statements for the end of the financial year, in accordance with the *Local Government Act 2009*, and additional information as required by the *Regulation*.

The Annual Report will include all matters included in the quarterly report as well as the following financial indicators:

Item	2020-21 Target
Operating surplus ratio	XX.X%
Interest coverage ratio	X.X times
Asset sustainability ratio	XX.X%
Gross revenue	\$XX,XXX,XXX
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	\$X,XXX,XXX
Competitive neutrality ratio (% of gross revenue)	X.X%
Depreciation ratio	X.X%
Total written down asset value	\$XX,XXX,XXX

Return on assets	X.X%
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Commentary

Operating surplus ratio is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes. A positive result indicates that surplus revenue is available to support the funding of capital expenditure, offset past or future operating deficits or used to reduce current debt levels. This positive result shows that RRWR is raising enough utility and other revenue to meet its operating expenditure.

Interest coverage ratio is an indicator of the extent to which the operating results (before interest and depreciation) are committed to funding interest expense on current loan borrowings and leases. This large ratio indicates that RRWR is able to cover current interest expense X.X times with available earnings and is not burdened by debt.

Asset sustainability ratio is an indication of the extent to which the infrastructure assets are being replaced as they reach the end of their useful lives. The Department of Infrastructure, Local Government and Planning (DILGP) target is greater than 90% per annum (on average over the long-term). RRWR in 2020-21 is currently not replacing or renewing existing infrastructure assets as they are being depreciated.

EBITDA is a measure of profitability used as comparison within and across industry and is net income with interest, taxes, depreciation and amortisation added back to it. It eliminates the effects of financing and accounting decisions. It is a useful measure of profitability for business with large amounts of assets and/or debt. This shows the funds RRWR has available to fund interest payments and principle repayments on debt leverage.

Competitive neutrality ratio measures the extent to which operating revenues are committed to competitive neutrality adjustments such as tax equivalents and return to Council. RRWR is contributing X.X% of its operating revenue to Council's general fund, that is, for every dollar of operating revenue earned RRWR returns to Council X.X cents.

Depreciation ratio indicates the extent to which operating revenues are committed to funding depreciation. RRWR depreciation is X.X% of its

operating revenues, that is for every dollar of operating revenue earned RRWR requires X.X cents to fund asset renewal.

Return on assets (ROA) is an indicator of how profitable a business is relative to its total assets. ROA tells you what earnings were generated from invested capital (assets). It gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment. RRWR ROA indicates it is generating moderate earnings from its investment in capital. RRWR is generating net income of X.X cents for every dollar of investment in assets.

The *Regulation* requires that an annual statement on the operations of the commercial business unit for the preceding financial year is given to the Local Government and included in the Local Government's Annual Report. RRWR will provide the following information on its annual performance:

- information to enable an informed assessment of the operations of RRWR including a comparison with its annual performance plan;
- particulars of any amendments made to its annual performance plan in the financial year;
- particulars of any directions to RRWR during the financial year (including directions about any CSOs to be carried out); and
- particulars of the impact that any changes to its annual performance plan may have had on RRWR's financial position; operating surplus/deficit and prospects.

RRWR will generate indicators as required which are measured annually for collation by state government agencies as part of the state wide annual comparative data collection process and the reporting requirements in respect of the waste levy in accordance with the *Waste Reduction and Recycling Act 2011*.

7.2 Customer Service

Customer Service Standards

RRWR is determined to meet customer needs and provide quality services. Customer needs shall be evaluated by a variety of measures including, but not limited to stakeholder analysis and engagement through:

- customer feedback;

- analysis of services provided by other waste management agencies; and
- general waste collection.

Information on RRWR's customer service standards will be provided through customer service centres and on its web page.

When delivering services such as household waste collection, commercial waste collection, recycling services, waste advisory services and landfill waste disposal services, RRWR recognises that customers are entitled to be guaranteed of a certain level of service.

Specific Customer Service Standards are detailed in Annexure 2.

Customer Contact

RRWR will be responsible for customer contact relating to all waste and recycling matters.

Contracts for Service Provision

RRWR will maintain contracts for recycling collection services within Council's collection area in accordance with Council's resolution dated 23 February 2010.

7.3 Risk Management

RRWR will undertake to identify, assess and manage risks in relation to business risk, major asset failure, interruption to supply or delivery and environmental risk in accordance with Council's Risk Management Framework.

7.4 Policy Compliance

RRWR shall be bound by Council's corporate policies and procedures until such time that RRWR develops specific policies and procedures that improve its performance. Any such policies and procedures are subject to the proposed policy complementing the Council policy direction and the approval process.

7.5 Treatment of Surpluses and Losses

Surpluses and losses after dividend and tax equivalents have been forwarded to Council and are to be retained in a Reserve for revenue

fluctuations unless Council endorses an alternate treatment of such revenue.

7.6 Environment

Responsible management of environmental issues is an essential part of achieving business objectives.

Accordingly, RRWR will conduct activities in ways which will:

- continually improve awareness and management of environmental risks and avoid, reduce and control pollution from operations;
- promote the open exchange of environmental information with customers, suppliers and the community to improve environmental awareness and to obtain feedback on environmental performance;
- ensure that environmentally appropriate practice is encouraged and integrated into business practices; and
- promote waste minimisation and energy management within day to day operations.

RRWR is responsible for meeting Council's obligations under the *Environmental Protection Act 1994* relating to waste and recycling. This responsibility shall include negotiating any new licences or amendments to existing licences, managing the licence and reporting to the relevant state government bodies on performance aspects covered by any licences.

8. ASSETS

8.1 Asset Management

RRWR will manage assets to minimise the whole of life cost whilst achieving the desired levels of service. To achieve this objective the following are undertaken:

- maintaining detailed asset registers;
- maintaining asset valuations and depreciation schedules for the purpose of allowing Council to report externally in accordance with provisions of the *Local Government Act 2009*, the *Regulation*, and the Australian Accounting Standards Board; and
- detailed planning, design and construction of new assets.

8.2 Asset Relationship

Under National Competition Policy guidelines and the Council of Australian Governments (COAG) reform agenda, RRWR is required to maintain an appropriate return on these assets which is in turn paid as a dividend to Council after reserve requirements are met.

9. FINANCIAL MATTERS

9.1 Long Term Financial Strategy

The two tables contained within Annexure 3 provide the long term Operating Statement and Statement of Financial Position for RRWR for the period 2020-21 to 2029-30.

9.2 Capital Structure

RRWR will continue to improve long term financial planning models which upon adoption, will be incorporated into Council's overall financial strategy. All RRWR's financial planning is subject to approval by Council.

9.3 Funding Sources

The following are the funding sources for the waste and recycling capital expenditure program:

Revenue

- loan borrowings, with repayments made from depreciation and revenue;
- depreciation funding;
- existing operational funds.

Loans

Current liability/redemption (forecast closing as at 30 June 2021)	\$X.X million
Total liability (forecast closing as at 30 June 2021)	\$XX.X million
2020-21 (proposed new loans)	\$X.X million

Capital Expenditure for 2020-21 is approximately	\$X.X million
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9.4 Operational Budget

The operational budget as detailed in Council's Financial Strategic Plan is as follows:

Operating revenue for 2020-21 is estimated to be \$XX.X million (inc CSO's) comprising:

Waste and Recycling Utility and Charges	XX.X%
Fees and Charges	XX.X%
Subsidies and Other Income	XX.X%
Community Services Obligations and C.N.A's	X.X%

Operating expenditure including tax for 2020-21 is estimated to be \$XX.X million comprising:

Operations Expense	XX.X%
Depreciation	X.X%
Loan Interest	X.X%
Tax equivalents	X.X%

10. FINANCIAL POLICIES

10.1 Accounting

Financial statements are prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the *Local Government Act 2009* and the *Regulation*. Financial statements are prepared under the historical cost convention except for the revaluation of certain non-current assets.

10.2 Asset Depreciation

The calculation of asset depreciation for external reporting and tax purposes shall be in accordance with the *Regulation*, AASB 116 – Property, Plant and Equipment Accounting Standard, Australian Accounting Standards Board and the Local Government Tax Equivalent Manual, respectively.

Depreciation is calculated annually and effectively creates a cash backed source of funds available to fund RRWR's infrastructure replacement works. Other sources of funds for capital expenditure include grants and subsidies, loan borrowings and other reserves.

RRWR accumulates any unspent depreciation funds for the future capital renewal of waste and recycling assets to either maintain or reinstate their service potential.

10.3 Taxation

RRWR is required to pay the following taxes, either to Council or via Council to the relevant government agencies:

1. Commonwealth taxes including, fringe benefits and GST;

2. state taxes, and

3. all remaining taxes as tax equivalents directly to Council. These tax equivalents shall include:

- income tax;
- payroll tax;
- land tax; and
- stamp duty.

10.4 Treatment of Surpluses/Losses

In accordance with Council resolution, after the required ROA and Income Tax Equivalents have been forwarded to Council each year, any remaining surplus/loss will be held in RRWR Retained Earnings unless specifically required to be held in a Recurrent or Capital Reserve. The Capital Reserve will be solely used for capital works expenditure to improve system reliability. The amounts to be transferred to each reserve will be detailed at the time of the transfer to the applicable reserve.

10.5 Borrowing Policy

Section 104 of the *Local Government Act 2009* requires a local government to have a financial management system, and this system must have a long term financial forecast and included within this system a debt policy.

Section 192 of the *Regulation* provides that a Council must prepare a debt policy each financial year and that the policy must state:

- new borrowings planned for the current financial year and the next nine financial years; and
- the timeframe which it is planned to repay existing and new borrowings.

RRWR's AMP Financial Strategy identifies new capital expenditure for projects over the 10 year planning horizon providing the basis for future borrowings.

The following principles underlie RRWR's Borrowing Policy:

- loans will only be used for capital expenditure; and

- long term capital works and borrowing strategies will be reviewed on a yearly basis and any necessary adjustments made, but any changes will be in line with the financial plan adopted by Council.

Where RRWR requires debt financing, Council will raise funds for RRWR. Council will make explicit the terms and conditions of all funds raised for RRWR, having due regard to Council's determination on RRWR's capital structure. RRWR will be responsible for managing this debt and use Council's services where necessary to assist in this regard.

11. PRICING AND REVENUE COLLECTION

11.1 Responsibility for Price Setting

Council will be responsible for setting the price for waste and recycling services on an annual basis. RRWR will be responsible for:

- recommending to Council revenue targets for waste and recycling services;
- recommending price structures and price paths; and
- pro-actively communicating Council's decisions with respect to pricing to customers.

11.2 Revenue Target

Consideration will be given to the following principles when setting the revenue targets for the financial year:

- full cost recovery including required rate of return;
- elimination of cross subsidies;
- economic, asset and ecological sustainability; and
- transparency in pricing regarding CSOs.

RRWR will actively work with Council to maximise the realisation of the above principles.

11.3 General Fees and Charges for Miscellaneous Activities

In addition to the primary services of waste and recycling services, RRWR provides a number of other miscellaneous services directly to customers, such as:

- collection and disposal of waste from carnivals and special events including bin delivery, recovery and cleansing; and
- sale of mobile bins.

RRWR is responsible for recommending appropriate general fees and charges for such services to Council.

Where these are monopoly services, the basis for price setting will be full cost recovery. Where the services are provided into a competitive market, prices will be set having regard to the sustainability of the business activity and the market price for the services.

11.4 Revenue Collection

RRWR in conjunction with Council's Finance department is responsible for revenue collection for the provision of waste and recycling services. Billing and debt management is the responsibility of the Finance department.

11.5 Recovery for Damage to Infrastructure

RRWR will recover compensation for third party damage to waste and recycling infrastructure.

12. FINANCIAL STATEMENTS

The *Regulation* requires that RRWR must provide to Council an annual statement of operations and this statement must be included in Council's Annual Report.

13. REVIEW OF PERFORMANCE PLAN

The *Regulation* allows a performance plan to be amended at any time before the end of the financial year for which it is prepared.

This plan is to be reviewed and amendments made where necessary on a quarterly basis. Such a review or amendment of the plan should be as a result of the following:

- reviewing RRWR's actual performance and the reasonableness of the performance targets or standards set as part of the plan;
- resolution of any of the matters referred to in the plan as being unresolved; and

direction of RRWR.

- any new direction of Council in relation to the overall strategic

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ANNEXURE 1: COMMUNITY SERVICE OBLIGATIONS

Community service obligations (CSOs) arise when a government specifically requires a public enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis or, alternatively, would only provide at higher prices or via some other form of compensation. CSOs are to be funded by the general fund.

RRWR CSOs have been identified in the following areas. RRWR have identified \$X,XXX,XXX as CSOs during the 2020-21 financial year. CSOs have been identified and adopted by Council for 2020-21 in the following areas. These CSOs will be funded by a contribution from Council to RRWR.

Transfer:

Roadside Bins ops (Collection)	\$XX,XXX
Roadside Bins Disposal Cost	\$X,XXX
	<hr/>
	\$XX,XXX

Disposal:

Old Landfills maintenance works	\$XXX,XXX
Chemicals, Fridge Degassing, Gas Bottles	\$XX,XXX
Other	\$XXX,XXX
Charity Waste Policy	\$XX,XXX
Green Waste	\$XXX,XXX
	<hr/>
	\$X,XXX,XXX

Strategic Management:

Waste Education	\$XX,XXX
Waste Audit	\$XX,XXX
	<hr/>
	\$XX,XXX

Total (proposed in 2020-21)	\$X,XXX,XXX
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**ANNEXURE 2: PERFORMANCE TARGETS FOR
QUARTERLY REPORTING**

Customer Service Standards

Performance Indicator	Target
Weekly collection of domestic waste on the same day every week	98%
Weekly collection of commercial waste	95%
Fortnightly collection of domestic recyclable waste	98%
Fortnightly collection of commercial recyclable waste	98%
Missed service collection provided within two working days from notification when notification is within one working day of scheduled collection	95%
Collection services will be made available within four working days upon application by the owner	95%
Provision of assisted services within ten working days from application by the resident	98%
Repair or replacement of stolen, removed, damaged, vandalised mobile bins within four working days from notification	95%

Indicator	Target	Reporting Frequency
RRC Operational Plan	Initiatives successfully completed by year end	Quarterly
Operating Budget	Conduct all activities in accordance with required timelines and budget	Quarterly or when variations arise
Annual Revenue	Timely reporting of any significant variations to budget revenue and collection timing	Quarterly or when variations arise
Capital Works	Completion of capital program in accordance with adopted timeframe and budget (within 5%)	Quarterly or when variations arise

ANNEXURE 3: LONG TERM OPERATING AND FINANCIAL POSITION STATEMENTS

Statement of Comprehensive Income for RRWR 2020 to 2028 (\$'000,s)

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Income									
Revenue									
Operating revenue									
Net rates, levies and charges	14,538	15,556	16,178	16,744	17,330	17,937	18,565	19,214	19,887
Fees and charges	5,869	6,397	6,653	6,886	7,127	7,376	7,635	7,902	8,178
Interest received	24	27	29	28	31	33	32	36	36
Other income	1,513	1,519	1,524	1,530	1,536	1,542	1,548	1,554	1,560
Grants, subsidies, contributions and donations	2,224	2,269	2,314	2,360	2,407	2,456	2,505	2,555	2,606
Total operating revenue	24,169	25,767	26,698	27,549	28,432	29,344	30,284	31,261	32,267
Total revenue	24,169	25,767	26,698	27,549	28,432	29,344	30,284	31,261	32,267
Total income	24,169	25,767	26,698	27,549	28,432	29,344	30,284	31,261	32,267
Expenses									
Operating expenses									
Employee benefits	3,812	3,964	4,122	4,245	4,373	4,504	4,639	4,778	4,922
Materials and services	11,832	12,304	12,796	13,243	13,705	14,183	14,679	15,192	15,723
Finance costs	677	669	518	479	412	355	303	256	174
Depreciation and amortisation	1,525	1,593	1,534	1,649	1,744	1,839	1,929	2,024	2,094
Total operating expenses	17,845	18,530	18,969	19,617	20,234	20,881	21,549	22,249	22,913
Total expenses	17,845	18,530	18,969	19,617	20,234	20,881	21,549	22,249	22,913
Net result	6,324	7,237	7,729	7,932	8,198	8,463	8,734	9,012	9,354
Tax equivalents									
Net result before tax equivalents	6,324	7,237	7,729	7,932	8,198	8,463	8,734	9,012	9,354
Tax equivalents payable	1,896	2,081	2,030	2,375	2,446	2,513	1,440	2,657	2,739
Net result after tax equivalents	4,427	5,156	5,698	5,557	5,751	5,950	7,294	6,356	6,615

Total comprehensive income for the year	6,324	7,237	7,729	7,932	8,198	8,463	8,734	9,012	9,354
Operating result									
Operating revenue	24,169	25,767	26,698	27,549	28,432	29,344	30,284	31,261	32,267
Operating expenses	17,845	18,530	18,969	19,617	20,234	20,881	21,549	22,249	22,913
Operating result	6,324	7,237	7,729	7,932	8,198	8,463	8,734	9,012	9,354

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Statement of Financial Position for RRWR 2020 to 2028 (\$'000,s)

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Assets									
Current assets									
Cash and cash equivalents	4,931	5,852	6,055	4,712	7,194	7,889	9,138	9,003	13,677
Trade and other receivables	1,877	2,014	2,090	2,160	2,226	2,307	2,384	2,464	2,540
Inventories	194	194	194	194	194	194	194	194	194
Non-current assets held for sale	-	-	-	-	-	-	-	-	35
Total current assets	7,002	8,060	8,339	7,066	9,614	10,390	11,716	11,662	16,446
Non-current assets									
Property, plant & equipment	51,215	51,149	55,941	59,547	60,813	64,020	64,147	68,477	68,134
Total non-current assets	51,215	51,149	55,941	59,547	60,813	64,020	64,147	68,477	68,134
Total assets	58,217	59,209	64,280	66,613	70,426	74,410	75,863	80,139	84,581
Liabilities									
Current liabilities									
Trade and other payables	2,667	2,782	2,893	2,993	3,087	3,202	3,312	3,425	3,533
Borrowings	2,910	3,061	2,157	879	911	942	975	1,008	1,043
Provisions	1,313	1,983	1,014	1,030	1,047	4,874	1,082	1,100	357
Total current liabilities	6,891	7,826	6,064	4,902	5,045	9,018	5,368	5,533	4,934
Non-current liabilities									
Borrowings	13,147	10,086	12,436	11,557	10,646	9,704	8,730	7,722	6,679

Provisions	12,843	11,217	10,560	9,887	9,197	4,680	3,955	3,212	3,212
Total non-current liabilities	25,990	21,303	22,996	21,444	19,843	14,384	12,684	10,934	9,890
Total liabilities	32,880	29,129	29,060	26,346	24,888	23,402	18,053	16,467	14,824
Net community assets	25,337	30,080	35,220	40,268	45,539	51,008	57,810	63,672	69,757
Community equity									
Asset revaluation surplus	3,009	4,168	5,392	6,723	8,138	9,631	11,190	12,831	14,555
Retained surplus	22,328	25,912	29,828	33,544	37,401	41,376	46,621	50,841	55,201
Total community equity	25,337	30,080	35,220	40,268	45,539	51,008	57,810	63,672	69,757

5.3 GENERAL RATES & CHARGES DEVELOPMENT FOR 20/21 BUDGET PROCESS

File No:	10761
Attachments:	1. Valuation Movement Table ↓ 2. Valuation Movement Pie Chart ↓ 3. Local Government Parative Information 2018-2019 ↓
Authorising Officer:	Evan Pardon - Chief Executive Officer
Author:	Alicia Cutler - Chief Financial Officer

SUMMARY

The intention of the Report is to commence to work through the Rates and Charges for the 20/21 Budget year.

OFFICER'S RECOMMENDATION

THAT the Rating model for 20/21 budget continue to be developed with the following decisions to be included into the draft budget:

- That the rates burden remain unchanged between rating categories;
- To hold the Road Network Levy or Environment Charge at the same levels as the 19/20 year;
- To increase the General Rates, Water Charges, Sewerage Charges and Cleansing Charges by a consistent percentage;
- That Council defer the rates notice issue until September and March due to Covid-19 and undertake media to encourage residents to continue to pay in advance by direct debit as the best means of managing their bills;
- That no change is proposed to Council's Prompt Payment Discount on Rates and Charges;
- That Council's Pensioner concessions be increased by \$10 for the 20/21 year;
- That the cap on concession to Sporting Clubs and community organisation is increased by the same percentage as the proposed average residential ratepayer increase.

COMMENTARY

A workshop is to be held on Tuesday 5 May 2020 that will provide some of the background to the existing Rates and Charges for the 19/20 year. This report provides some of the considerations to decisions that are required for the 20/21 draft rates model. In addition, a presentation will be provided to the meeting with opportunity to ask further questions and improve understanding.

How much revenue to raise?

Rates and Charges represent 71% of Council's total revenue and in 19/20 raised \$156.6 million. The decision on how much to raise rate revenue overall ultimately depends on where Council wants to land with the operational surplus for the year as well as the 10 year impacts. The full effects of Covid-19 are unknown at this stage and the decision on the total quantum of rates required is not yet known, however there are decisions and principles that can be applied and decided without knowing the final amount. Any figures presented in this report are based upon a 2.5% increase to general rates and charges for **example purposes** only.

General Rates – Impact of the Rating Valuation

The majority of General Rates charges are based upon Site Value of the Land which is provided by Department of Natural Resources Mines and Energy. For the upcoming year (20/21) a new land valuation has been provided. The attachment on valuation impacts, shows the movement in valuation between years within rating categories.

Generally, Council seeks a revenue requirement from each rating category in setting the charge. If valuation movements to individual properties are different to the average movement in that category, an individual difference in the final rate can be different to what is promoted as part of the budget. A practical example will be provided at the meeting for understanding.

Council should note that statistically, valuations have declined by 5.1%, however there are many properties increased (Agricultural Category has increase on average 8.2%). Similarly there are many properties that have received a reduction greater than the average (Heavy and Noxious Industry has declined by 16%).

Do we keep the share of the General rates burden the same across rating categories?

The second attachment shows a pie graph of how the general rates burden is shared in 19/20. It is a decision point for Council as to whether they wish to vary the way in which the burden is shared or if there is any particular category that is under more pressure than the other and whether Council would like to provide relief. The burden of rates shifted slightly in 19/20 by not increasing Rating Category 6 – Agricultural properties – this was reflective of the existing drought conditions at the time of decision. By not increasing this category, each other category was increased slightly higher so that the overall revenue target was achieved for the budget. It should be noted that Rockhampton Region was still drought declared as at 1 March 2020.

It is recommended that the rates burden remain unchanged between rating categories, as there are many properties across all categories that are impacted by Covid-19. If Council then chooses to assist any properties, this can be done by impacting all properties equally (that is reducing the revenue requirement for rates) or by impacting those directly affected that can make application (by way of a rating concession).

Separate Charges

The Separate charges called the Road Network Levy and the Environment Charge have been fixed in recent years. Neither charge covers the total cost of the activities for which it they are raised for. The ultimate objective would be to remove these charges and absorb into the General Rate Minimum Charge. The shortcoming of Separate Charges is that it is one fixed charge per property – regardless of the land use of the property. To highlight, Stockland Shopping Centre pays the same contribution towards the Road Network as a residential household. Over time, by freezing these charges they become less relevant to the overall rates bill. It is recommended to continue this approach and not increase the Road Network Levy or Environment Charge.

Fund Accounting

In the normal course of setting rates, the budgets of the Business units of Fitzroy River Water and Waste and Recycling are reviewed to ascertain what increased level is required.

In the 19/20 budget, Water and Sewerage rates were only increased by CPI, Waste charges were reduced, and the bottom line impact was made-up by the increase in the General Rates. Looking back there was sufficient judgement for these decisions. Looking forward, the following recommendations are made. The higher the general rate increase, the higher the overall rate increase for the high-valued properties as well as those properties where the service charges make up less of the rate notice.

Rate/Charge	Recommendation for 20/21	Judgement
Environmental Charge	Keep at Existing Levels	As it is one charge per property it essentially makes up part of the minimum general rate
Road Network Charge	Keep at Existing Levels	As it is one charge per property it essentially makes up part of the minimum general rate
Water & Sewerage Charges	Apply the same overall increase that is targeted for the typical Ratepayer	Benchmarking data revealed that whilst FRW is at the higher-end of commercial returns achieved, an increase is appropriate
Cleansing Charges	Apply the same overall increase that is targeted for the typical Ratepayer	Whilst our Cleansing Charge is higher than many other Councils this business does not pay a commercial rate of return and as such should increase charges
General Rate	Apply the same overall revenue target increase for each category, but treating banded categories as a single target. That is, the general rate increase for commercial properties is the same for residential and retail.	Recent high increases in General rates have unfairly impacted upon the high value properties.

To follow these recommendations through, a 2.5% increase across all charges except the Road and Environment Levy for a typical ratepayer with Rockhampton Service Charges would translate to the following:

Draft Rockhampton Typical Ratepayer (for explanatory purposes only)	2018/19 Levy	2019/20 Levy	Levy Variance 19/20	2020/21 Levy*	Levy Variance 20/21 %
Land Value	\$115,000	\$ 115,000		\$ 109,755	-4.56%
General Rates	\$ 1,153	\$ 1,241	7.6%	\$ 1,272	2.50%
Waste Residential	\$ 452	\$ 430	-4.9%	\$ 441	2.50%
Environment Levy	\$ 50	\$ 50	0.00%	\$ 50	0.00%
Road Network Levy	\$ 450	\$ 450	0.00%	\$ 450	0.00%
Sewerage Residential	\$ 624	\$ 637	2.1%	\$ 653	2.50%
Water Rockhampton	\$ 386	\$ 394	2.1%	\$ 404	2.50%
Total	\$ 3,115	\$ 3,202	2.8%	\$ 3,270	2.11%

*The proposed 20/21 Levy is only shown as an example, the full revenue requirement of Council are not yet known due to the variable impacts of Covid-19.

Quarterly Billing

At present, the rates notices are issued bi-annually and the suggestion has been made to increase the frequency of the rates notices. Many other utility bills have moved to increased frequency repayment options to make it more affordable to the customer. It is suggested that at some stage, Rockhampton will be under pressure to do the same. Many (approximately 7,327) pay rates in advance (some by direct debit) and this option is available now. The critical piece to moving to more frequent bills is the costs involved in issuing a paper notice. A project exists to move to electronic bills which will generate saving in postage. This project had a set-back late last year with the issue of a legal opinion from King & Company around authorisation for electronic billing and joint names. The advice suggested that acceptance for electronic billing must be undertaken separately by each person who owned the property. Without electronic billing, quarterly billing is not only substantial cost in terms of timing of receiving funds, but in additional printing and postage for notices. It is not recommended to move to quarterly billing until the system for Electronic Notice Delivery is in place. In 19/20 only 9 Councils offered billing more frequent than bi-annually.

Varying the timing of the Levee

Rates are issued in August and January of each year, with the amount being due 30 days after issue (September and February) to attract the 10% prompt payment discount. The business objective is to receive as much money in as early as possible to allow Council a good cash management position, which is then invested. In some years, rate notices have been deferred due to natural disasters. When this option has been taken, Council has received some criticism when the gap between notices has been less than six months (that is when we try to return to our normal schedule). An option exists to defer rate notices September and March for the year. The goal would then be to transition to quarterly rate notices thereafter and as the bill is a smaller bill, there would be less criticism around the potential gap. The potential lost revenue of deferring both billings is estimated at \$82,500 per half year issue or \$165,000 per annum.

Council should note that due to Covid-19 and the potential deferral of the budget that rates notice issue will be naturally deferred.

It is recommended that Council defer the rates notice issue and undertake media to encourage residents to continue to pay in advance by direct debit as the best means of managing their bills.

Can we vary the bills from one half year to the next – but still achieve the same annual amount?

When Council issues a rate notice, it is for a period of time. In a normal year, it is for the period 1 July to 31 December. Council strikes the charges on an annual basis, but divides the charges for the period issued. If Council wanted to vary the first levy, a rate notice could be for the period 1 July to 30 November (that is 5/12 months instead of 6/12 months) or 42% of the charge. On further consideration, it is considered that this would be too confusing for the ratepayer as it is unlikely that they read the notice that closely. Whilst the first notice would be well received, the second would not and the wider message would be reliant upon successful communications. In addition, there is an added complication around the rates management system and the management of billing periods that has not been tested (for say supplementary notices). It is not recommended to vary the billing periods.

Variations to the Prompt Payment Discount Rate

Based upon comparative data attached around discount, Rockhampton Regional Council are at the higher end of amounts offered as a high prompt payment discount of 10%. Rockhampton Regional Council offers a 10% discount on all charges except the natural environment charge and water consumption. Some Councils have a longer period in which to pay to obtain the discount with many variables on the level of discount provided. To increase the prompt payment discount to customers, the overall rate/charge needs to be increased, so that the same net amount is achieved for Councils budget.

A 10% discount based upon the typical ratepayer above for 19/20, equates to \$315 per year/\$158 per half year, which is a material incentive to pay rates on time. As indicated earlier in report 91% of properties take advantage of the prompt payment discount. An alternative view, which has been presented over the years, is that the prompt payment discount is in fact a penalty for those that genuinely cannot pay their rates. When discussing rate arrears with property owners, we strongly recommend that the cost of the missed discount as well as the interest that begins to accrue, makes Council a very unattractive source of Finance. Council has already made the decision to charge no interest on outstanding rates through to December 31 to provide support to those in hardship.

Based upon the comparative data provided, it is not recommended to change our Discount Policy.

Concessions

During the 19/20 Budget, Council offered an increase in concessions to Pensioners as well as Sporting Clubs and Community Groups. After the budget formation, community consultation was undertaken with overwhelming support to increase the Pensioner Concessions further. Comparative data shows that our support for pensioners is lighter than many of our surrounding CQ councils. It is recommended that in response to the feedback a further \$10 pensioner concession be provided from Council at an estimated cost of \$52,560.00.

The previous review of concessions in the 19/20 budget had been the first comprehensive review for some time. By not increasing the concessions each year, the community groups are often paying the full amount of the rate increase proposed. It is recommended that concessions for Sporting Clubs, be increased by the same overall percentage as the final rate increase as a minimum. To explain further, many clubs are capped at \$1,000 concession (as per Council's concession policy) it is proposed to increase this cap by say 2.5% (if this is the proposed final increase) making the cap \$1,025. It should be noted that any lease fees for sporting clubs have been waived for the 19/20 year as part of the Covid-19 support package and it is proposed to waive lease fees for the 20/21 year also.

It is recommended that the cap on concession is increased by the same as the average residential ratepayer increase.

CONCLUSION

Whilst the overall rating revenue requirement is not yet known for Council's budget, the above recommendations will allow for an expedited model once other budget factors are known.

GENERAL RATES & CHARGES DEVELOPMENT FOR 20/21 BUDGET PROCESS

Valuation Movement Table

Meeting Date: 7 May 2020

Attachment No: 1

Rating Category	2019/20 Budget		2020/21 Valuations		Movement in Valuation
	Assess #	Land Value	Assess #	Land Value	
(CAT-1) Commercial/Light Industry	1649	524,537,660.0	1641	480,781,145.0	-8.3%
(CAT-2A) Major Shopping Centres 0-10,000sqm (>\$2,500,001)	8	31,021,398.0	7	31,490,628.0	1.5%
(CAT-2B) Major Shopping Centres 10,001-50,000 (>\$2,500,001)	3	18,400,000.0	3	17,700,000.0	-3.8%
(CAT-2C) Major Shopping Centres >50,001sqm (>\$2,500,001)	1	28,533,787.0	1	26,920,272.0	-5.7%
(CAT-3) Heavy and Noxious Industry	68	34,439,000.0	71	28,916,800.0	-16.0%
(CAT-4) Power Generation	1	5,500,000.0	1	4,600,000.0	-16.4%
(CAT-5) Extractive	30	4,205,370.0	30	4,134,351.0	-1.7%
(CAT-6) Agriculture, Farming and Other Rural	893	272,689,500.0	894	295,011,300.0	8.2%
Category 8A & 8B	12,213.0	1,175,714,079.0	12,145.0	1,106,319,587.0	-5.9%
Residential Categories	19,800	2,300,960,200	19,946	2,182,774,840	-5.1%
(CAT-21) Strata Residential	500	26,623,991.0	495	23,260,486.0	-12.6%
(CAT-22) Strata (Commercial/Industrial)	220	27,534,765.0	217	25,694,316.0	-6.7%
(CAT-24) Vacant Urban/Rural Land >\$0.43m	17	16,160,000.0	15	13,920,000.0	-13.9%
(CAT-25) Developer Concession	297	27,552,377.0	254	22,189,097.0	-19.5%
(CAT-26) Special Uses	20	8,359,400.0	21	7,615,800.0	-8.9%
(CAT-27A) Other \$0 - \$60,000	48	847,100.0	48	3,262,500.0	285.1%
(CAT-27B) Other >\$60,000	10	3,745,000.0	10	833,500.0	-77.7%
(FRW 27A) Other \$0 - \$60,000	34	133,230.0	32	133,226.0	0.0%
(FRW 27B) Other >\$60,000	6	829,000.0	5	762,000.0	-8.1%
Totals	35,818.0	4,507,785,857.0	35,836.0	4,276,319,848.0	-5.1%

Units

Units

GENERAL RATES & CHARGES DEVELOPMENT FOR 20/21 BUDGET PROCESS

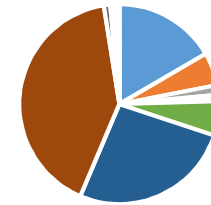
Valuation Movement Pie Chart

Meeting Date: 7 May 2020

Attachment No: 2

(CAT-1) Commercial/Light Industry	17%	\$10,538,075
Major Shopping Centres	5%	\$3,398,500
(CAT-3) Heavy and Noxious Industry	2%	\$1,011,940
(CAT-4) Power Generation	0%	
(CAT-5) Extractive	1%	
(CAT-6) Agriculture, Farming and Other Rural	6%	
Category 8A & 8B	26%	
Residential Categories	41%	
(CAT-22) Strata (Commercial/Industrial)	1%	
(CAT-24) Vacant Urban/Rural Land >\$0.43m	0%	
(CAT-25) Developer Concession	1%	
(CAT-26) Special Uses	0%	
Other	0%	
(FRW 27A) Other \$0 - \$60,000	0%	
(FRW 27B) Other >\$60,000	0%	

Chart Title



- (CAT-1) Commercial/Light Industry
- (CAT-3) Heavy and Noxious Industry
- (CAT-5) Extractive
- Category 8A & 8B
- (CAT-22) Strata (Commercial/Industrial)
- (CAT-25) Developer Concession
- Other
- Major Shopping Centres
- (CAT-4) Power Generation
- (CAT-6) Agriculture, Farming and Other Rural
- Residential Categories
- (CAT-24) Vacant Urban/Rural Land >\$0.43m
- (CAT-26) Special Uses
- (FRW 27A) Other \$0 - \$60,000

**GENERAL RATES & CHARGES
DEVELOPMENT FOR
20/21 BUDGET PROCESS**

**Local Government Parative Information
2018-2019**

Meeting Date: 7 May 2020

Attachment No: 3

Queensland Local Government Comparative Information 2018-19

Rating Levy Period & Discount Policy 2019-20

All data is provided by councils.

Council Name	Financial Year	Levy Period	Discount Policy
Balonne Shire Council	2019_20	Half-year	A discount period of 10% if paid within the 30 days is applied to general rate and other specific utility charges such as but not limited to cleansing, water, etc.
Banana Shire Council	2019_20	Half-year	10% - 30 days - General rates, Environmental levy, Waste Collection Utility charges, Sewerage Utility Charges, Water utility charges (except water consumption charges, Raw water consumption charges, Rural Fire Levy and State Government Emergency Management Levy & Taroom Rural Water Connection Special Charge)
Barcardine Regional Council	2019_20	Half-year	10% - 30 days - General, Water, Sewerage and Garbage excluded excess waters for State Government Levies i.e. Fire Levy
Barcoo Shire Council	2019_20	Half-year	10% for payment within 30 days
Blackall-Tambo Regional Council	2019_20	Half-year	15% - 30 DAYS - General Rates Only.
Boulia Shire Council	2019_20	Half-year	10% given if paid by 30 days from issue on all except fire levy. Council has given a further extension for any Rate Payers that have no arrears that they can have until 23rd December 2019 and 23rd June 2020 to pay their Rates and get the discount. This is due to the drought.
Brisbane City Council	2019_20	Quarterly	Differential general rates, whether a quarterly instalment or otherwise for the financial year, be reduced by a discount equal to the amount specified below per annum, or in the case where differential general rates are less than the applicable discount amount per annum, the whole of the differential general rates, to any person who pays the entire amount due on the rate account inclusive of all arrears of rates, utility charges, separate charges, separate rates, special charges, special rates and all interest which shall be accrued on such arrears to the date of payment, but with the exception of general charges, within 30 days after the date of issue of the notice to that person to pay such sum..a. For all properties included in categories 1 or 10 determined under section 4(a): \$60 per annum..b. For all other properties: nil..
Bundaberg Regional Council	2019_20	Half-year	10% - 35 days - General rates only
Burdekin Shire Council	2019_20	Annual	Nil - No discount was offered as an incentive for early payment
Burke Shire Council	2019_20	Half-year	Discount - 8% to a maximum of \$2,500.00 per half year on General Rates provided the full amount of all rates and charges including arrears and interest is paid on or before due date. Payment period - 30 days from the date of issue.
Cairns Regional Council	2019_20	Half-year; Other -	Council does not provide discounts
Carpentaria Shire Council	2019_20	Half-year	30 Days Discount Period - 10% discount applied to General Rates (capped at \$5,000 pa), Water, Sewerage and Garbage.
Cassowary Coast Regional Council	2019_20	Half-year	15% - 30 days - General Rates only
Charters Towers Regional Council	2019_20	Half-year	Council provides a 6% Discount on General Rate & Utilities gross rates and charges (less Council and State Pensioner rebates, rate arrears, interest and fire levies) provided payments are made within the approved thirty days from the issue date of the Rates Notice. Council issues half yearly Rates Notices in July/August - 1st Levy Billing Period 01 July to 31 December & in January/February - 2nd Levy Billing Period 01 January to 30 June.
Central Highlands Regional Council	2019_20	Half-year	In accordance with section 130 of the Local Government Regulation 2012, and to encourage the prompt payment of rates and charges, a discount of 10% will be allowed to any ratepayer that pays all rates and charge in full, including arrears, within thirty (30) days after the issue of the notice. The discount shall be applied to the rate or charge net of any remissions available, other than the following rates and charges which are not subject to the discount: 1) Water consumption charges; 2) Special rates or charges; and 3) State Emergency Management, Fire and Rescue Levy.
Cloncurry Shire Council	2019_20	Half-year	In accordance with Section 130 of the Local Government Regulation 2012 a discount of 10% will be allowed on the levy for the current year general rates if full payment of current and any overdue rates, charges and interest is received by 5:00pm on the due date shown on the rate notice.
Cook Shire Council	2019_20	Half-year	10% on General Rates capped at \$300 per annum.
Croydon Shire Council	2019_20	Half-year	2.5% discount on general rates if paid before due date
Diamantina Shire Council	2019_20	Annual	15% - 60 days - General Rates only
Douglas Shire Council	2019_20	Half-year	No discount applied
Etheridge Shire Council	2019_20	Annual	15% - 30 Days - General Rates, Water Utility Chargees & Utility Charges
Flinders Shire Council	2019_20	Quarterly	That, in accordance with Section 94 of the Local Government Act 2009 and Section 104 of the Local Government Regulation 2012 Flinders Shire Council makes the determination that no discount will apply to rates or charges for the year ending 30 June 2019.
Fraser Coast Regional Council	2019_20	Other - Tri-Annual	FCRC does not offer early payment discount.
Gladstone Regional Council	2019_20	Annual; Half-year	Discount of 10% will be allowed if payment is made in full within the discount period of the initial thirty (30) days of the date of issue of the rate notices and a discount of 5% will be allowed if payment is made in full within the discount period after the initial thirty (30) day period but before sixty (60) days of the date of issue of the rate notice, for the following rates and charges: general rates; waste cleansing charges; sewerage charges; trade waste charges; and water access (fixed costs component) charges. No discount will be offered in respect of the following rates and charges: special rates and charges; water consumption charges; and Emergency Management, Fire and Rescue Levy.
Gold Coast City Council	2019_20	Half-year; Quarterly	10% - 30 days - General Rates only
Goondiwindi Regional Council	2019_20	Half-year	A discount of 15% is applicable for payment of general rates, if paid within 30 clear day after the issue date of the rate notice. Discount does not apply to sewerage infrastructure charge, cleansing charges, water access infrastructure, water consumption, state fire services levy, rural fire levy, state government pensioner subsidy and interest.
Gympie Regional Council	2019_20	Half-year	10% - 30 days - General Rates only
Hinchinbrook Shire Council	2019_20	Half-year	There was no discount entitlement for early payment applied for this financial year.
Ipswich City Council	2019_20	Quarterly	\$33 per quarter - all ratepayers - current quarter and prior arrears to be paid full by due date
Isaac Regional Council	2019_20	Half-year	10% Discount on General Rates only - 30 days
Kowanyama Aboriginal Shire Council	2019_20	Annual	Discount (Section 130 Local Government Regulation 2012) at the rate of ten (10) percent will be allowed on gross Council rates and charges, excluding any charge specifically excluded from discount entitlement, provided payment of the full amount outstanding, including any overdue rates and interest to the date of payment, less any discount entitlement, is paid by the due date on original notice of the levy..Charges excluded from discount entitlement include: Rural Fire Levy, Emergency Services Levy, North West Emu Park Sewerage Benefited Area Special Charge, Causeway Township Sewerage Benefited Area Special Charge, Mulambin Sewerage Benefited Area Special Charge, Musklers Beach Revetment Wall - Special Charge, Water Consumption Charges, Natural Environment Separate Charge, Road Network Separate Charge, Disaster Response Separate Charge
Livingstone Shire Council	2019_20	Half-year	5% Discount - 30 Days - General Rates and Waste and Recycling Collection Charges
Lockyer Valley Regional Council	2019_20	Half-year	5% - 30 days - General Rates, Garbage, Environmental Charge, Community Services Charge and Rural Fire Levy. A discount of 5% of the amount of current Council rates and charges, excluding the water service charge, water consumption charge, wastewater (sewerage) charge and the State Government Emergency Levy will be allowed provided payment of the current rates and charges levy, together with all outstanding monies (arrears), is made on or before the due date for payment as shown on the rate notice (the discount date).
Logan City Council	2019_20	Quarterly	10% - 35 days - General Rates Only
Longreach Regional Council	2019_20	Half-year	10% - 30 days - general Rates and Utility Charges (Excl Water Consumption.)
Mackay Regional Council	2019_20	Half-year	No rates have been levied by Mapoon Council
Mapoon Aboriginal Shire Council	2019_20	Half-year	5% discount on General Rates only applies if all rates and charges are paid in full within 30 days from the date of issue.
Maranoa Regional Council	2019_20	Half-year	10% discount is allowed on general rates only if payment of all rates and charges is received before the discount due date (30 day terms)
Mareeba Shire Council	2019_20	Half-year	10% - 30 days - General Rates, Sewerage, Water & Waste Services only
McKinlay Shire Council	2019_20	Half-year	No discount applied
Moreton Bay Regional Council	2019_20	Quarterly	No discount applied
Morrington Shire Council	2019_20	Annual	No discount is provided to ratepayers - this was effective from 1 July 2016. Council only provides concessions to pensioners.
Mount Isa City Council	2019_20	Half-year	10% if paid within 30 days of the issue date of the rates notice on general rates and service charges excluding excess water charges and interest and Fire Levy.
Murweh Shire Council	2019_20	Half-year	5% of the general rate...
Noosa Shire Council	2019_20	Half-year	10% - 30 days - General Rates, Water Charges (excluding water consumption charges), Sewerage Charges, Kerbside Garbage Bin Collection and Disposal Charges, Landfill Management Levy and Natural Resource Management Levy
North Burnett Regional Council	2019_20	Half-year	A discount shall be allowed where full payment of the current period rates and charges, plus any overdue rates and charges thereon, is received on or before the due date at Council's customer service centre or by electronic means, and this payment is recorded on Council's accounts by the close of business on the due date stated on the rate notice. For the twelve months ending 30 June 2020, Council will allow an early payment discount of ten percent (10%) subject to the terms above on the General Rate only.
Paroo Shire Council	2019_20	Half-year	N/A
Poppuraw Aboriginal Shire Council	2019_20	Half-year	N/A
Quilpie Shire Council	2019_20	Half-year	In accordance with section 130 of the Local Government Regulation 2012, that a discount of 10% is allowed on all rates and charges if paid in full, including overdue rates, by the due date.
Redland City Council	2019_20	Quarterly	Nil
Richmond Shire Council	2019_20	Quarterly	Council does not offer a Discount for the payment of Rates or Utility Charges
Rockhampton Regional Council	2019_20	Half-year	10% discount on Council gross rates and charges. Discount does not apply to special charges, natural environment or water consumption.
Scenic Rim Regional Council	2019_20	Half-year	5% - 30 days - General rates only
Somerset Regional Council	2019_20	Half-year	15% - 42 days - General Rates and Cleansing Charges
South Burnett Regional Council	2019_20	Half-year	7.5% on general rates only paid within the due date
Southern Downs Regional Council	2019_20	Annual	5% of the General Rate to a maximum of \$200.00 per annum (\$100.00 for each half year maximum applies)
Sunshine Coast Regional Council	2019_20	Half-year	5% - 30 clear days - General Rates only. Council grants a remission of thirty percent (30%) of the general rates, up to a maximum of \$240 per year, to pensioners within the Tablelands Regional Council area, providing they qualify for a remission by being the holder of a Pensioner Concession Card (PCC) or a DVA Gold Card.
Tablelands Regional Council	2019_20	Half-year	10% - 31 days for General Rates, Sewerage Charges and Water Charges (access and consumption) only.
Toowoomba Regional Council	2019_20	Half-year	10% discount on general rates only if rates & charges paid in full within 30 days from the issue date of rate notice
Torres Shire Council	2019_20	Half-year	Discount of 10% is allowed on the following charges when payment including any arrears is received by the due date shown on the notice, General Rates, Nelly Bay Harbour Special Rate.
Townsville City Council	2019_20	Half-year	N/A - no general rates charged
Torres Strait Island Regional Council	2019_20	Annual	5% Discount will apply to payments received on or before due date Discount is Applicable to: General Rates Water Access & Consumption Charges Sewerage & waste Collection Charges
Western Downs Regional Council	2019_20	Half-year	5% - 30 days
Whitsunday Regional Council	2019_20	Half-year	5% - 30 days
Winton Shire Council	2019_20	Half-year	15% - 30 days - general rate levy, sewerage charge, water charge and waste management charge

NOTES

¹ Data published April 2020² Data has not been received from Palm Island and Wujal Wujal Aboriginal Shire Councils³ Due to unique land tenure status in Indigenous communities, many Indigenous councils do not levy rates.

8 CLOSURE OF MEETING