

2019–29

Long Term Financial Plan



Randwick City Council
30 Frances Street
Randwick NSW 2031
Phone 1300 722 542
Fax (02) 9319 1510

© Randwick City Council 2019

council@randwick.nsw.gov.au
www.randwick.nsw.gov.au

Follow us here



Contents

Executive Summary	4
Randwick City	5
Economic Environment	6
Socio-economics and Rates Affordability	7
Legislated Principles	8
Financial Objectives	8
Future Income Assumptions	9
Future Expenditure Assumptions	10
Balance Sheet Projections	11
Sensitivity Analysis	12
Financial SWOT Analysis	13
Monitoring Financial Performance	13
Primary Financial Model	14
Alternate Scenarios	19
Historical Performance	29
Appendix A: Environmental Levy	30
Appendix B: Productivity Improvements and Cost Containment Strategies	39
Appendix C: Technical information sheet	42

Executive Summary

In planning for our City's future and the Council's contribution to the outcomes in the City Plan, Council considers resourcing capability and future resourcing needs.

Council has developed an overarching Resourcing Strategy which demonstrates how Council will be resourced for the next ten years. The Resourcing Strategy outlines the integration between our finance, workforce, assets and technology.

A copy of the executive summary of Council's overarching Resourcing Strategy can be viewed on our website.

Key components of Council's resourcing capability are its assets, its financial position and outlook, existing and potential technologies and human resourcing. While we have separately documented how each of the key resourcing components will contribute to our resourcing, Council considers each component simultaneously in its overarching Resourcing Strategy as part of our long term planning.

The Integrated Planning and Reporting (IPR) framework encourages and supports the review of each of Council's resourcing strategies aligned with the review of the Randwick City Plan and at other times as required. This Long Term Financial Plan provides detail on Council's finances and has been reviewed with a specific focus to meet the needs of the 2018-21 Delivery Program and continue the Environmental Levy program for a further 5 years, funded through a Special Rate Variation. The

Long Term Financial Plan can be read in conjunction with Council's suite of resourcing strategies. This suite includes:

- The Resourcing Strategy Executive Summary
- The Long Term Financial Plan
- The Workforce Plan
- The Asset Management Strategy
- The Digital Strategy.

The Long Term Financial Plan is a decision-making and problem-solving tool. It is not intended that the Long Term Financial Plan is set in concrete - it is a guide for future action. The Long Term Financial Plan is an important part of Council's strategic planning process. This is the point where long term community aspirations and goals are tested against financial realities.

The detail in this report reviews and updates the previous Long Term Financial Plan which was last reviewed in 2017.

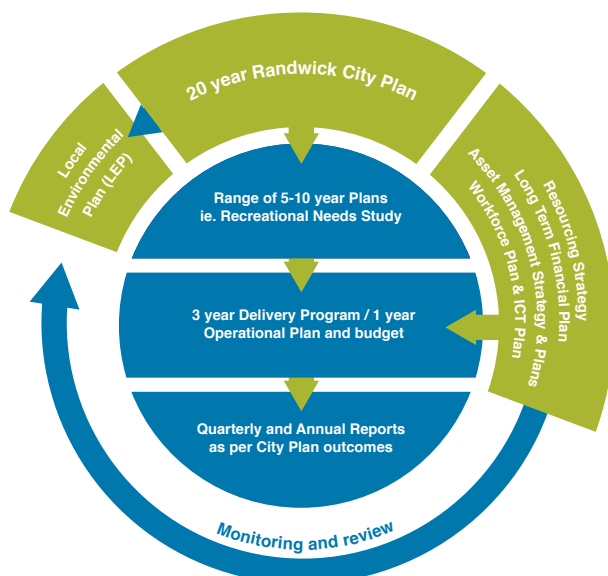
The strategies from the Long Term Financial Plan will guide the delivery of actions by Council to achieve the following outcomes of the City Plan.

Outcome 1 – Leadership in sustainability

Direction 1a Council has a long-term vision based on sustainability.

Direction 1b Council is a leader in the delivery of social, financial and operational activities.

Through sound financial planning, proactive asset management and continuous improvement in the application of technology and the development of a strong workforce, Council will maintain its position as an industry leader.



Randwick City

People

There is a very large number of people who either live, work, study or visit Randwick City each and every day.

The estimated resident population of Randwick City in 2017 was 151,996 (ABS). Planning NSW projects the resident population will increase to 155,350 by 2026.

In addition to this, there is an increasing number of people who come to Randwick City as tourists each year, along with the increasing number of people who either work or study here.

These growing numbers will continue to put strain on both our existing services and our infrastructure into the future.

Services

The results of previous community satisfaction surveys have shown that the Randwick City community has a consistently high level of satisfaction with the current level of services provided by Randwick City Council.

The modelling undertaken in this plan demonstrates the funding requirements that will be needed to maintain this level of satisfaction in the provision of services across Randwick City into the future.

Details of the services and the service standards can be found in Council's 2018-21 Delivery Program.

Infrastructure

The result of previous community satisfaction surveys highlight the importance that the community places on the condition of the City's infrastructure.

Overall, the community is satisfied with the condition of Randwick City's infrastructure. To ensure that this continues into the future the financial management of the City's infrastructure will be guided by Council's 2018-28 Asset Management Plans.

These plans are the framework which will guide the funding requirements for our roads, footpaths, kerb and gutter, buildings, retaining walls, open space, lines and signs, and stormwater drainage to ensure that they are provided to the community in a satisfactory condition. The modelling undertaken in this plan demonstrates the funding that will be required to achieve this.

National, State and regional influences

Local government does not plan and operate in isolation. Much of what we do is planned around working with other tiers of government to achieve better outcomes for our community, and to fulfil our obligations to assist the meeting of national and state priorities.

We will support national policies and strategies such as the Australian Government's Protecting Crowded Places from Terrorism Strategy.

Technology

To succeed in the twenty-first century economy, Randwick City needs to be productive, assessable and liveable.

By taking advantage of technological progress, Council and the Randwick City community can make it more prosperous, sustainable, assessable and safe.

Real time data and smart technology will lead to better utilisation of infrastructure; clean energy and energy efficiency; improvements in services and better benchmarking of our performance.

The implementation of Council's Digital Strategy has been incorporated into the modelling in this plan.

Economic Environment

The Randwick City economy is part of a complex and diverse network of activities that extends well beyond the boundaries of Randwick City.

Business properties

There are 2,091 properties across Randwick City which are rated as 'Business' and account for around four per cent of the City's total rateable properties.

Businesses and industry

There are 12,667 businesses in Randwick City with the largest subcategory within this being the Professional, Scientific and Technical Services industry (ABS).

The dominant employers across Randwick City are Health Care and Social Assistance, and Education and Training. These two sectors are the City's largest employers providing over 25,278 jobs in the 2017-18 financial year (NIEIR).

Gross Regional Product

Randwick City's Gross Regional Product (GRP) was \$8.43 billion in the 2017-18 financial year growing 2.6 per cent since the previous year. Randwick City represents 2 per cent of the GRP of the Greater Sydney region (NIEIR).

Workers

There were 57,189 jobs located in Randwick City in the year ending June 2018, an increase of 2,433 (4.44 per cent) on the previous year. 1.43 per cent of jobs in NSW are located in Randwick City (NIEIR).

Tourism

In the 2016-17 financial year there were almost 113,000 international visitors, who stayed at least one night in Randwick City. This represents an increase of 29 per cent on the previous year. There were also 646,000 domestic day trips to the City in 2015-16, an increase of 37 per cent on the previous year (Tourism Research Australia). This large number of visitors utilise different services within the local economy but also utilise Council's services and infrastructure.

Education institutions

Randwick City is home to the University of New South Wales (UNSW) and its 59,000 plus enrolled students. Randwick City is also home to NIDA and Randwick TAFE Campus, which both service thousands more students. These students utilise Council's services and infrastructure but also patronise local Randwick City businesses.

Sporting facilities

Randwick City has a number of regional sporting facilities such as Heffron Park, Chifley Sports Reserve and the Des Renford Leisure Centre (DRLC). The DRLC is home to the largest Learn to Swim School in Australia.

These sporting facilities bring thousands of children and their parents into the City every week who also utilise Council's services and infrastructure and patronise local Randwick City businesses.

Socio-economics and rates affordability

When preparing the plan, many factors are taken into consideration and a vast array of statistics and research are analysed. With rates, annual charges and user fees and charges making up over 80 per cent of Council's total revenue, it is important that capacity to pay is one of those factors.

Residential properties

50,059 properties across Randwick City are rated as 'Residential'. These properties include single dwellings, social housing, and multi-unit dwellings.

Housing tenure

In Randwick City, 46% of households were purchasing or fully owned their home, 37.5% were renting privately, and 6.4% were in social housing in 2016 (ABS).

The median weekly mortgage repayment across the Randwick City was \$625 and the median weekly rent was \$552.

Household incomes

According to the 2016 Census the median weekly income of households across Randwick City was \$1,910 which was \$165 more than the Greater Sydney area.

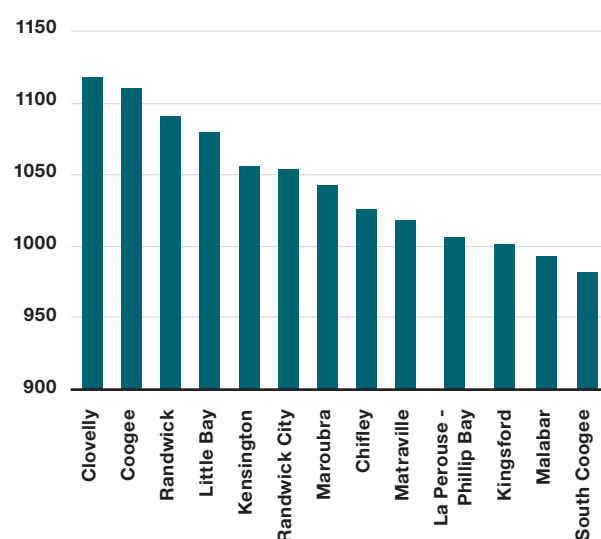
The number of residents receiving government pensions and allowances is decreasing over time and this correlates with the reducing number of rates rebates that are granted by Council each year.

Indexes

The Index of Relative Socio-Economic Disadvantage (IRSED) is based on the 2016 Census and is useful in identifying geographic areas that are relatively disadvantaged. An area with an IRSED of 1000 is considered average while a lower score indicates that the area is experiencing more disadvantage.

With an average IRSED of 1052 Randwick City, as a whole, is considered to have a slightly higher than average level of socio-economic advantage.

Randwick City, Index of Relative Socio-economic Disadvantage, 2016



Outstanding rates and annual charges

On 30 June 2018, 2.41 per cent of rates and annual charges levied remained outstanding. This is well under the industry benchmark of 5 per cent. This is an important consideration in setting options for funding within this plan and is one of the indicators of our ratepayers capacity and willingness to pay for the services of the Council.

Hardship & Concessions

The Council has a Pensioner Concession Policy, Financial Hardship Policy and a Pensioners Accruing Rates and Charges Policy to assist those experiencing difficulties with paying rates. In addition to the \$250 statutory pensioner rebate on rates, the Council also provides an additional \$75 rebate each year.

Members of the community who are also eligible welfare recipients, can also receive exemptions on residential parking permits and concessions on a range of other user fees and charges that Council applies.

Legislated Principles

In September 2016, the Local Government Amendment (Governance and Planning) Act 2016 commenced, which legislated the approach that councils should now adopt in relation to their financial management.

Legislated principles of sound financial management

Section 8B of the Local Government Act 1993 states that the following principles of sound financial management apply to councils;

- (a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- (b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- (c) Councils should have effective financial and asset management, including sound policies and processes for the following:
 - (i) performance management and reporting,
 - (ii) asset maintenance and enhancement,
 - (iii) funding decisions,
 - (iv) risk management practices.
- (d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
 - (i) policy decisions are made after considering their financial effects on future generations,
 - (ii) the current generation funds the cost of its services.

Financial Objectives

In addition to the legislated principles of sound financial management, Randwick City Council has five financial objectives that it applies to its financial planning, control and management.

1. Deliver operating surpluses

Ensure that each financial year the budget has a healthy before capital revenue operating surplus, combined with strong budget management and control, to help deliver an operating surplus for Council.

2. Fund existing service levels

Ensure existing service levels that Council currently provide continue to be fully funded when preparing budgets and making financial decisions.

3. Fund infrastructure renewals

The funding allocated to annual capital works programs (including future reserves for this purpose) should be the equivalent of at least 20 per cent of the total revenue budget. This target ensure the Council maintains a disciplined approach to funding infrastructure renewals.

4. Ensure financial stability

Council can guarantee its financial stability by maintaining a strong cash position, ensuring its ability to generate its own operating revenue and having sufficient assets to cover its liabilities.

5. Financial legacy

Ensure that every financial decision that is made, by both the Council and Council management, creates and safeguards the financial legacy of Randwick City Council – a legacy of being prudent and responsible.

Financial assumptions

The adopted 2018-19 budget has been used as the base year for this Long Term Financial Plan.

Three long term financial models have been developed:

Option 1: Environmental Levy and program continue for another 5 years

Option 2: Environmental Levy and program cease

Option 2a: Environmental Levy ceases, but program continues

Future income assumptions

Rates

Ordinary rates, business rates and special rates account for over 50 per cent of Council's operating revenue and is therefore the main source of Council's funding.

The primary financial model of this Long Term Financial Plan (Option 1) includes a proposed special rate variation (SRV) to continue the existing 'Environmental Levy' with a cumulative rate increase of 19.91% over the next five years. This includes the already approved 'Our Community Our Future' SRV.

Since 2004, Randwick City Council has been delivering a range of significant environmental programs, community initiatives and new and upgraded infrastructure as part of the Sustaining our City program funded by an Environmental Levy. The five-year levy applies to residential and business ratepayers and is currently due to expire on 30 June 2019.

The details of how the Environmental Levy would be applied over the next five years and the key initiatives and projects it would fund are contained in Appendix 1 of this document.

Alternate scenarios have also been modelled. Option 2 assumes the Environmental Levy is not continued and all programs it funds cease. Option 2a assumes that the Environmental Levy is no longer collected, but the programs continue. Options 2 and 2a model a cumulative rate increase of 12.44% over the next five years.

An estimate growth in the number of ratable properties over the 10 years has also been included.

Annual charges

Almost a quarter of Council's revenue is received through the levying of annual charges.

As required under s504 of the Local Government Act 1993 the domestic waste management charges are calculated so not to exceed the reasonable cost to the Council of providing those services. Therefore, the increases in these charges included in the plan are consistent with the increases applied to the operating expenditure incurred by the service.

There has been no increase assumed for the stormwater management annual charge. This charge is determined under clause 125AA of the Local Government (General) Regulation 2005 and has remained at the same level since its inception.

Annual charges raised under section 611 of the Local Government Act 1993 are assumed to increase at a moderate 1.5 per cent for the duration of the plan.

User fees and charges

Council receives 12 per cent of its annual operating income through user fees and charges, set under section 610D of the Local Government Act 1993.

User fees and charges are reviewed each year.

Discretionary fees are set for services such as the DRLC, Moverly Children's Centre, commercial trade waste, and the hire of community facilities such as sportsfields and community halls.

The increase in user fees and charges is based on a cost index which comprises an employee cost component and a CPI component with a weighting of 75:25 respectively.

Regulatory fees are predominantly set by NSW Government legislation, and many are not adjusted annually while others are charged as a percentage of construction costs for a proposed development. The income from these fees is expected to increase by CPI annually.

Interest and investment revenue

The calculation of interest and investment revenue is a combination of the size of Council's investment portfolio and the return on investment that can be obtained.

Council is limited to the conservative investment options prescribed under the Ministerial Investment Order which restricts council investment activity.

Cash rates have been provided by Council's investment advisors and have been combined with the projected portfolio balances across the period of the plan.

Other revenues

Rental income from Council's commercial and residential properties, regulatory fines and kiosk and merchandise sales at DRLC are the main components of Council's other revenue.

Parking fines, including their monetary value, are set by legislation administered by the NSW Government. This, combined with the behaviour based nature of fines, creates difficulty in forecasting future revenue.

Consequently, this has resulted in an assumption of no increase in the revenue growth for the duration of the plan.

Market conditions determine the revenue that will be received from rental properties. As a result this revenue stream is assumed to increase in line with the consumer price index.

Operating grants and contributions

Randwick City Council has had an own source operating revenue ratio of around 90 per cent for the last decade demonstrating a very low degree of reliance on external funding sources such as grants and contributions.

The largest operating grant that Council receives is the Financial Assistance Grant (FAG). Land values are one of the key measures used by the NSW Grants Commission to allocate these grants to councils across the state. Due to Randwick City having one of the highest average land values in the state it receives the lowest FAG per capita in Australia.

The Commission has been reviewing the grant methodology in line with NSW policy to direct the general purpose component of the FAG to councils with greatest relative need. These are largely rural and remote and with small and declining populations. While the Council will continue to receive the minimum FAG allocation per capita, this grant has been conservatively forecasted to increase at a rate of 1 per cent per year.

Recurring operating grants are assumed to continue at current levels with a CPI increase each year. The NSW Government's contribution to pensioner rates rebates has not been indexed, as their contribution does not increase each year.

Capital grants and contributions

Council receives development contributions from property developers which are used to fund community facilities and infrastructure. The contribution a developer pays for a major new development is capped by NSW legislation.

The contributions received, and the infrastructure to be funded that are contained within this plan, are consistent with Council's 'Section 94 Development Contributions Plan (2015)'.

Various grants are received by Council throughout financial years for capital projects. These grants are predominately for road construction and their number and value are determined by State or Federal Government programs.

Due to the nature of their unpredictability, capital grants contained in the plan are minimal and only revenue from long running programs such as the Roads to Recovery program have been included.

Gains from disposals of assets

Gains from the sale of Council's plant and fleet assets are included in the plan. These disposals are in accordance with Council's Plant Replacement Strategy.

Future expenditure assumptions

Expenditure related to the environmental levy funded program has been removed from the Option 2 model.

Employee costs

Expenditure relating to the Council's workforce represents 45 per cent of total operating expenditure and is therefore one of the largest investments that Council makes on an annual basis.

The strategic objectives and the associated actions and activity contained within the Workforce Plan 2018-21 have been allowed for in the plan.

Employee costs are projected in line with the organisation staffing structure and supports existing service levels. These costs are forecasted to increase based on the Local Government Award 2017 and beyond that has been forecasted using historical averages.

Employee leave entitlements include assumptions about the age profile of staff and anticipated retirements and leave patterns.

Council's superannuation expense is aligned to the payments required under the Superannuation Guarantee (Administration) Act 1992. The Act sees the percentage rate grow from 9.5 per cent in 2018-19 to 12 per cent in the final year. This increase has been incorporated into the plan.

The Council is party to an industry defined benefits superannuation plan, which currently requires an additional contribution from Council each year. It is assumed this will continue over the ten years of this plan.

Materials and contracts

An increase in expenditure on materials and contracts has generally been based on the forecasted Local Government Cost Index (LGCI) to maintain existing service levels. Further adjustments have been made to account for costs for new initiatives in areas such as the Digital Strategy, La Perouse Museum and the domestic waste service.

Depreciation

Depreciation for Council's assets is a non-cash expense that reflects the utilisation of Council's assets and the degradation of their capacity to provide functionality over time.

Depreciation expense is an indicator used by the Office of Local Government to determine the level of asset renewals that councils should be undertaking.

Randwick City Council uses a straight line method of depreciation which is very commonly applied to local government infrastructure.

A significant revaluation of the Council's infrastructure assets is underway for the 2018-19 financial year. The estimated impact of this revaluation and future revaluations has been included in this plan.

Other expenses

Other expenses include insurance, utilities and communications, election expenses, streetlighting and a number of NSW Government levies.

Electricity costs are expected to increase throughout the plan in line with market rates, however an efficiency factor has been applied to Option 1 due to energy saving projects funded by the planned SRV funded Environmental Levy.

Increases in the range of levies imposed by the State Government are difficult to predict. Levies such as the State Emergency Services Levy, Fire Brigade Levy and Sydney Region Development Fund contribution have grown steadily in the past and are expected to continue in line with the forecasted LGCI.

Local government elections to be held in 2020, 2024, and 2028 have been funded in the plan.

Loss from disposal of infrastructure assets

As a result of undertaking asset renewals, Council disposes of the old assets on which the renewal work was undertaken. This has been forecasted to equate to 15 per cent of the forecasted capital renewal expenditure in each year of the plan.

New and discontinued operations

During the period of the plan Council anticipates an increase in operations of the La Perouse Museum. Major refurbishment works are planned which will increase the services offered at this location.

There are no discontinued operations planned or incorporated into Options 1 and 2a. Option 2 assumes the 'Sustaining our City' program funded by the Environmental Levy is discontinued.

Balance sheet projections

Cash and investments

The forecasted balances of cash and investments have taken into account the planned movements of various reserves such as plant replacement, domestic waste, employee leave entitlements, ICT, Randwick Environmental Park, affordable housing, and development contributions reserves.

Cash levels have been forecasted to ensure that adequate operational liquidity is maintained.

Receivables

Randwick City Council has continually had one of the lowest levels of outstanding rates and annual charges amongst all New South Wales councils. These low levels assist with Council's liquidity and it has been assumed that these low levels will continue across the period of the plan.

Inventories and other assets

The inventory that Council holds at its Works Depot, DRLC and Community Nursery have remained stable over the past ten years. These levels have been forecasted to continue over the life of the plan.

Infrastructure, property, plant and equipment

Randwick City is the custodian of infrastructure, property plant and equipment valued at \$1.56 billion. The financial management of these assets are guided by the 2018-28 Asset Management Plans and the asset renewals and upgrades that have been identified in those plans have been funded in this Long Term Financial Plan.

Provisions

Council has made provisions for payment of employee leave entitlements which predominately consists of annual leave and long service leave.

The balance of these provisions are influenced by the Annual and Long Service Leave Management Policy, retirements and leave plans. When determining the value of the provisions, factors such as wage and salary increases, cash rate forecasts, and factors affecting discounting rates have been taken into consideration.

Borrowings

The Our Community Our Future program that commenced in 2018-19 is partly funded by a \$27m loan, with repayments serviced by an approved Special Rate Variation. The Council considers borrowing in accordance with its Investment Policy. The Council may borrow for capital projects identified in the Resourcing Strategy or to fund income producing assets. No new loans are included within this plan.

Sensitivity analysis

Variations to assumptions applied in this plan may occur during the life of the plan and these variations could have a major or significant impact on the results of the financial modelling.

The plan contains a range of assumptions which are obtained from a various number of sources. Council has ensured that these sources are reputable and are the best known available source for that data.

A conservative approach has been taken in the development of the plan, to ensure that the chosen option is more likely to succeed and exposes Council to the least amount of risk.

Conservative financial planning is used as a tool to keep pressure on operating budgets, with any surpluses that eventuate being allocated towards capital expenditure.

Cash rates

Cash rates are at historical lows which realistically means that leaving rates on hold or increasing them are the only anticipated scenarios in the future.

Increases in cash rates will obviously have a positive impact on Council's investment portfolio, as investment returns are driven higher. An increasing cash rate also has a positive impact on Treasury Bond Yields. These yields are used for discounting Council's employee leave provisions, therefore increasing yields result in lower discounting rates and leave provisions.

Higher cash rates do result in higher borrowing costs for both owner occupiers and investors which could create a flow on effect in terms of development activity across the City.

Consumer price index

Consumer Price Index (CPI) assumptions are heavily used throughout the plan and is an assumption used on both expenditure and revenue which mitigates any substantial impact on the results of the financial modelling should there be any significant variance.

Over the past ten years there has been insignificant fluctuations in CPI with the average rate over that period being 2.37 per cent.

Utility prices

Utility prices comprising electricity, water and gas can be volatile and often hard to predict. Council endeavours to mitigate any increase in prices by decreasing usage through conservation measures and seeking renewable energy alternatives. A number of consumption reduction initiatives are funded by the Environmental Levy in Option 1.

Insurance premiums

Insurance premiums can also be hard to predict and are driven by claims which are often determined by environmental events which Council cannot control. Council endeavours to mitigate any event that may result in an insurance claim through prudent risk management.

Workers compensation premiums are driven by claims experience. Council has a strong safety culture which has driven down premiums in the past and is always seeking to further strengthen this safety culture to help prevent future claims.

Financial assistance grant

The Council has a strong reliance on the \$4m Financial Assistance Grant (FAG) it receives each year. The NSW Grants Commission is transitioning to a new allocation model for the FAG. However, the minimum allocation per capita is controlled by the Commonwealth, so Randwick's current allocation is expected to remain constant. It is noted however, that in a 2013 inquiry, the NSW Grants Commission recommended the Commonwealth Grants Commission remove the minimum entitlement which would see Randwick's entitlement reduced to zero.

Impact on operating result

The table below indicates the impact on the net operating result of the first year of Primary Model should the assumptions vary by both plus or minus one (1) percent and ten (10) percent. These impacts will obviously have an accumulative effect on the model over the period of the plan.

Assumption	+/- 1% \$'000	+/- 10% \$'000
CPI	11	109
Cash rate	2	22
State Award	10	95
Superannuation	45	446
Workers compensation	0	3
User fees and charges	5	48
Grants and contributions	1	8
Utilities	1	13

Financial SWOT analysis

An analysis of Council's internal strengths and weaknesses, and external opportunities and threats has been undertaken to determine those factors that are favourable and unfavourable in achieving the outcomes of this plan.

Strengths

- Randwick City Council has a history of being programmed and disciplined resulting in healthy operating surpluses.
- Councillors and the Executive Management team are graduates and members of the Australian Institute of Company Directors (AICD).
- Timely financial reporting to the Council and to the community.

Weaknesses

- Once the SRV expires the Council's rates revenue is restricted by the annual movements in the rate peg.
- The regulatory restrictions placed on Council in relation to financial management and its ability to raise revenue.

Opportunities

- The advancement of technology and the innovation and efficiencies it can present for Council following the integration of it into its operations.
- To engage the community in the financial management of the Council and the important of infrastructure investment and funding to maintain service levels through effective communication and tools such as this plan and other financial reporting mechanisms.

Threats

- External economic and environmental factors or events that are out of control of Council and its management.
- Political decisions that are made on a State and Federal level that changes policy and legislation that Council must operate under.

Monitoring financial performance

The primary model (Option 1) in this plan has been developed to ensure that it meets Council's five financial objectives, and the benchmarks and/or targets for an array of financial indicators which have either been internally or externally prescribed.

There are a number of factors which affect the value and size of certain revenue, operating expenditure, and/or capital expenditure each financial year.

However, the impact these variations have on the financial indicators are what should be measured.

Financial indicators

The Primary Model has been developed so that its implementation will meet a set of financial indicators:

- Balanced Budget
- Operating Performance Ratio
- Own Source Operating Revenue Ratio
- Unrestricted Cash
- Unrestricted Current Ratio
- Rates Outstanding Ratio
- Cash Expense Cover Ratio
- Debt Service Ratio
- Employee Leave Entitlement Funding
- Building & Infrastructure Renewal Ratio
- Infrastructure Backlog Ratio
- Asset Maintenance Ratio
- Capital Expenditure Ratio
- Capital Funding Ratio

Budget control

Annual budgets are set to meet the financial indicator benchmarks. Consequently, budget control and monitoring is paramount for Council achieving the outcomes of this plan.

Budgets are monitored internally on an on-going basis using Council's financial information systems. Monthly Financial Reports and Quarterly Budget Reviews are reported by Council and illustrate the progress against its adopted budgets.

Primary financial model – Option 1

Long Term Financial Plan 2019-29 Option 1 Continue Environmental Levy Income Statement

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Income from Continuing Operations										
Rates & Annual Charges	122,475	128,849	132,788	136,874	141,200	140,017	144,073	148,228	152,519	157,843
User Charges & Fees	20,209	20,819	21,448	22,095	22,763	23,458	24,175	24,914	25,676	26,461
Interest & Investment Revenue	1,289	1,204	1,256	1,356	1,408	1,475	1,482	1,459	1,496	1,459
Other Revenue	9,240	9,563	9,702	9,838	9,978	10,421	10,569	10,720	10,876	11,337
Grants & Contributions provided for Operating Purposes	7,144	7,207	7,271	7,336	7,401	7,467	7,534	7,602	7,670	7,738
Grants & Contributions provided for Capital Purposes	4,802	4,818	4,834	4,851	4,867	4,884	4,901	4,918	4,935	4,952
Total Income from Continuing Operations	165,159	172,460	177,299	182,349	187,616	187,722	192,734	197,841	203,173	209,790
Expenses from Continuing Operations										
Employee Benefits & On-Costs	67,552	69,737	72,244	74,843	77,538	79,506	82,376	85,054	87,820	90,677
Borrowing Costs	1,241	1,199	1,154	1,108	1,059	1,007	954	897	838	776
Materials & Contracts	42,765	45,560	46,739	47,387	48,224	47,175	48,266	49,627	50,971	52,299
Depreciation & Amortisation	24,750	25,990	26,817	27,881	29,266	30,682	32,045	33,438	34,346	35,798
Other Expenses	15,872	16,915	16,707	17,275	17,722	18,912	18,795	19,298	19,814	21,167
Net Losses from the Disposal of Assets	171	115	177	177	119	204	180	140	261	135
Total Expenses from Continuing Operations	152,351	159,515	163,839	168,671	173,928	177,487	182,615	188,453	194,050	200,852
Operating Result from Continuing Operations	12,808	12,945	13,460	13,678	13,688	10,236	10,118	9,388	9,123	8,938
Discontinued Operations										
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	12,808	12,945	13,460	13,678	13,688	10,236	10,118	9,388	9,123	8,938
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	8,006	8,127	8,626	8,827	8,821	5,352	5,218	4,470	4,188	3,986

Long Term Financial Plan 2019-29
Option 1 Continue Environmental Levy
Statement of Financial Position

Primary financial model – Option 1

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
ASSETS										
Current Assets										
Cash & Cash Equivalents	2,522	2,416	2,572	2,232	1,998	1,999	2,220	2,188	2,268	2,084
Investments	44,165	35,665	35,165	37,665	39,165	41,165	41,165	40,165	41,165	39,665
Receivables	7,273	7,489	7,722	7,973	8,211	8,490	8,739	8,986	9,288	9,530
Inventories	553	568	583	599	615	632	649	666	684	703
Other	776	801	827	853	881	909	939	969	1,001	1,033
Total Current Assets	55,288	46,938	46,870	49,323	50,871	53,195	53,713	52,975	54,406	53,015
Non-Current Assets										
Receivables	464	492	507	523	539	555	572	590	608	626
Infrastructure, Property, Plant & Equipment	1,630,644	1,677,016	1,717,489	1,756,116	1,833,175	1,872,273	1,913,363	1,955,989	1,967,747	2,012,093
Investments accounted for using the equity method	7	7	7	7	7	7	7	7	7	7
Total Non-Current Assets	1,631,115	1,677,515	1,718,003	1,756,645	1,833,721	1,872,835	1,913,933	1,956,586	1,968,362	2,012,726
TOTAL ASSETS	1,686,403	1,724,454	1,764,873	1,805,968	1,884,592	1,926,030	1,967,645	2,009,561	2,022,769	2,065,741
LIABILITIES										
Current Liabilities										
Payables	16,809	17,383	17,908	18,449	19,006	19,580	20,172	20,781	21,409	22,056
Borrowing	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601
Provisions	19,111	19,715	20,340	20,987	21,656	22,349	23,066	23,808	24,576	25,370
Total Current Liabilities	38,521	39,700	40,850	42,037	43,264	44,531	45,839	47,190	48,586	50,027
Non-Current Liabilities										
Borrowing	23,148	21,834	20,454	19,006	17,485	15,888	14,211	12,451	10,602	8,661
Provisions	197	204	211	219	226	234	242	251	259	268
Total Non-Current Liabilities	23,345	22,038	20,665	19,224	17,711	16,122	14,453	12,701	10,861	8,929
TOTAL LIABILITIES	61,866	61,737	61,515	61,262	60,975	60,653	60,292	59,891	59,447	58,956
Net Assets	1,624,538	1,662,716	1,703,358	1,744,707	1,823,617	1,865,378	1,907,353	1,949,670	1,963,322	2,006,785
EQUITY										
Retained Earnings	781,091	789,859	799,212	808,792	818,334	824,521	830,579	835,881	841,054	845,933
Revaluation Reserve	843,446	872,857	904,146	935,915	1,005,283	1,040,856	1,076,774	1,113,789	1,122,268	1,160,852
Total Equity	1,624,538	1,662,716	1,703,358	1,744,707	1,823,617	1,865,378	1,907,353	1,949,670	1,963,322	2,006,785

Primary financial model – Option 1

Long Term Financial Plan 2019-29 Option 1 Continue Environmental Levy Cashflow Statement

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	122,323	128,687	132,702	136,785	141,109	139,923	143,976	148,129	152,417	157,737
User Charges & Fees	20,280	20,896	21,459	22,107	22,775	23,471	24,188	24,927	25,689	26,474
Investment & Interest Revenue Received	1,327	1,252	1,252	1,329	1,388	1,452	1,473	1,457	1,480	1,460
Grants & Contributions	7,132	7,195	7,259	7,323	7,388	7,454	7,520	7,587	7,655	7,724
Bonds, Deposits & Retention amounts received	210	218	225	232	240	248	256	264	272	281
Other	9,172	9,492	9,629	9,762	9,899	10,340	10,485	10,634	10,788	11,245
Payments:										
Employee Benefits & On-Costs	(65,922)	(69,084)	(71,569)	(74,145)	(76,815)	(78,758)	(81,602)	(84,253)	(86,991)	(89,819)
Materials & Contracts	(42,662)	(45,454)	(46,631)	(47,276)	(48,110)	(47,058)	(48,145)	(49,503)	(50,844)	(52,169)
Borrowing Costs	(1,241)	(1,199)	(1,154)	(1,108)	(1,059)	(1,007)	(954)	(897)	(838)	(776)
Other	(15,754)	(16,794)	(16,583)	(17,148)	(17,592)	(18,778)	(18,657)	(19,157)	(19,670)	(21,019)
Net Cash provided (or used in) Operating Activities	34,864	35,209	36,588	37,863	39,224	37,286	38,540	39,189	39,958	41,138
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	50,000	51,000	51,000	51,000	50,000	52,000	51,500	55,000	53,000	53,500
Sale of Infrastructure, Property, Plant & Equipment	1,675	1,165	1,760	1,771	1,204	2,028	1,807	1,412	2,582	1,376
Payments:										
Purchase of Investment Securities	(43,000)	(42,500)	(50,500)	(53,500)	(51,500)	(54,000)	(51,500)	(54,000)	(54,000)	(52,000)
Purchase of Infrastructure, Property, Plant & Equipment	(43,025)	(44,071)	(37,737)	(36,474)	(38,114)	(36,213)	(38,971)	(40,422)	(40,190)	(42,867)
Net Cash provided (or used in) Investing Activities	(34,350)	(34,406)	(35,478)	(37,203)	(38,410)	(36,185)	(37,164)	(38,010)	(38,608)	(39,992)
Cash Flows from Financing Activities										
Receipts:										
Borrowings and advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Borrowings and advances	(867)	(909)	(954)	(1,000)	(1,049)	(1,100)	(1,154)	(1,210)	(1,270)	(1,332)
Net Cash provided (or used in) Financing Activities	(867)	(909)	(954)	(1,000)	(1,049)	(1,100)	(1,154)	(1,210)	(1,270)	(1,332)
Net Increase/(Decrease) in Cash & Cash Equivalents	(353)	(106)	157	(340)	(235)	1	222	(32)	80	(185)
plus: Cash & Cash Equivalents - beginning of year	2,875	2,522	2,416	2,572	2,232	1,998	1,999	2,220	2,188	2,268
Cash & Cash Equivalents - end of the year	2,522	2,416	2,572	2,232	1,998	1,999	2,220	2,188	2,268	2,084

Primary financial model – Option 1

Long Term Financial Plan 2019-29 Option 1 Continue Environmental Levy Performance Measurement Indicators

Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000

TARGET

Budget Performance									
1	Balanced Budget utilisation of councils funds minus total sources of income	>= \$0	\$-	\$-	\$-	\$-	\$-	\$-	\$-
2	Operating Performance Ratio measures the extent to which a council has succeeded in containing operating expenditure within operating revenue	>0%	4.99%	4.85%	5.00%	4.97%	4.83%	2.93%	2.78%
3	Own Source Operating Revenue Ratio measures fiscal flexibility. It is the degree of reliance on external funding sources	>= 60%	92.77%	93.03%	93.17%	93.32%	93.46%	93.42%	93.55%
Operational Liquidity									
4	Unrestricted Cash cash levels less externally and internally restricted reserves	> \$1,000	\$2,733	\$2,257	\$2,270	\$2,041	\$2,259	\$2,527	\$2,074
5	Unrestricted Current Ratio represents a council's ability to meet short-term obligations as they fall due.	>= 1.5	2.91	2.35	2.16	2.12	2.15	2.07	1.99
6	Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage expressed as a percentage of total rates and charges available for collection in the financial year	< 4%	2.3%	2.3%	2.3%	2.3%	2.3%	2.4%	2.4%
7	Cash Expense Cover Ratio liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow	>= 3	4.46	3.45	3.33	3.43	3.44	3.56	3.49

Primary financial model – Option 1

Long Term Financial Plan 2019-29 Option 1 Continue Environmental Levy Performance Measurement Indicators

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
TARGET	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Liability and Debt Management										
8 Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	16.05 x	16.7 x	17.28 x	17.86 x	18.52 x	17.48 x	18.05 x	18.35 x	18.56 x	19.18 x
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9 Employee Leave Entitlements Funding <i>percentage of employee leave entitlements held in cash</i>	39.5%	41.3%	41.5%	41.6%	41.7%	40.8%	40.0%	40.0%	40.4%	40.3%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ELE Demographic Target Level										
Asset Management										
10 Building and Infrastructure Renewals Ratio <i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>	119.2%	121.0%	110.7%	101.2%	100.5%	110.4%	106.6%	108.2%	116.2%	104.0%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11 Infrastructure Backlog Ratio <i>ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure</i>	0.60%	0.58%	0.57%	0.56%	0.53%	0.53%	0.52%	0.52%	0.52%	0.52%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
12 Asset Maintenance Ratio <i>ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.</i>	1.53	1.54	1.56	1.59	1.61	1.63	1.65	1.67	1.69	1.70
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
13 Capital Expenditure Ratio <i>annual capital expenditure divided by annual depreciation</i>	1.67	1.65	1.34	1.25	1.26	1.11	1.16	1.17	1.10	1.16
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
14 Capital Funding Ratio <i>capital expenditure and net movement in internally restricted future asset renewal reserves as a percentage of total revenue</i>	26%	25%	21%	20%	21%	20%	20%	20%	20%	20%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Alternate scenario – Option 2

Long Term Financial Plan 2019-29 Option 2 Discontinue Environmental Levy and Program Income Statement

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Income from Continuing Operations										
Rates & Annual Charges	117,849	123,967	127,784	131,745	135,943	140,017	144,073	148,228	152,519	157,843
User Charges & Fees	20,209	20,819	21,448	22,095	22,763	23,458	24,175	24,914	25,676	26,461
Interest & Investment Revenue	1,314	1,232	1,286	1,371	1,423	1,490	1,497	1,474	1,511	1,459
Other Revenue	9,240	9,563	9,702	9,838	9,978	10,421	10,569	10,720	10,876	11,337
Grants & Contributions provided for Operating Purposes	7,144	7,207	7,271	7,336	7,401	7,467	7,534	7,602	7,670	7,738
Grants & Contributions provided for Capital Purposes	4,802	4,818	4,834	4,851	4,867	4,884	4,901	4,918	4,935	4,952
Total Income from Continuing Operations	160,558	167,607	172,325	177,235	182,374	187,737	192,749	197,856	203,188	209,790
Expenses from Continuing Operations										
Employee Benefits & On-Costs	66,841	69,004	71,490	74,066	76,737	79,506	82,376	85,054	87,820	90,677
Borrowing Costs	1,241	1,199	1,154	1,108	1,059	1,007	954	897	838	776
Materials & Contracts	40,815	43,445	44,571	45,177	45,954	47,175	48,266	49,627	50,971	52,299
Depreciation & Amortisation	24,750	25,953	26,742	27,765	29,108	30,475	31,835	33,224	34,130	35,582
Other Expenses	15,882	16,928	16,740	17,323	17,785	18,975	18,858	19,361	19,877	21,230
Net Losses from the Disposal of Assets	171	115	177	177	119	204	180	140	261	135
Total Expenses from Continuing Operations	149,699	156,643	160,873	165,616	170,762	177,342	182,468	188,303	193,896	200,700
Operating Result from Continuing Operations	10,858	10,963	11,452	11,619	11,613	10,395	10,281	9,553	9,292	9,090
Discontinued Operations										
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	10,858	10,963	11,452	11,619	11,613	10,395	10,281	9,553	9,292	9,090
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	6,056	6,145	6,618	6,769	6,746	5,511	5,380	4,636	4,357	4,138

Alternate scenario – Option 2

Long Term Financial Plan 2019-29 Option 2 Discontinue Environmental Levy and Program Statement of Financial Position

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
ASSETS										
Current Assets										
Cash & Cash Equivalents	1,518	1,394	1,514	1,610	1,293	1,193	1,313	1,177	1,152	1,349
Investments	45,165	36,665	36,165	38,165	39,665	41,665	41,665	40,665	41,665	39,665
Receivables	7,280	7,496	7,730	7,976	8,215	8,493	8,743	8,990	9,291	9,530
Inventories	553	568	583	599	615	632	649	666	684	703
Other	776	801	827	853	881	909	939	969	1,001	1,033
Total Current Assets	55,291	46,924	46,819	49,204	50,669	52,893	53,308	52,467	53,794	52,281
Non-Current Assets										
Receivables	464	492	507	523	539	555	572	590	608	626
Infrastructure, Property, Plant & Equipment	1,628,691	1,673,046	1,711,438	1,747,910	1,822,519	1,861,585	1,902,641	1,945,225	1,957,225	2,001,560
Investments accounted for using the equity method	7	7	7	7	7	7	7	7	7	7
Total Non-Current Assets	1,629,162	1,673,545	1,711,952	1,748,440	1,823,065	1,862,147	1,903,221	1,945,854	1,957,839	2,002,193
TOTAL ASSETS	1,684,453	1,720,469	1,768,770	1,797,644	1,873,735	1,915,040	1,956,529	1,998,321	2,011,633	2,054,474
LIABILITIES										
Current Liabilities										
Payables	16,809	17,383	17,908	18,449	19,006	19,580	20,172	20,781	21,409	22,056
Borrowing	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601
Provisions	19,111	19,715	20,340	20,987	21,656	22,349	23,066	23,808	24,576	25,370
Total Current Liabilities	38,521	39,700	40,850	42,037	43,264	44,531	45,839	47,190	48,586	50,027
Non-Current Liabilities										
Borrowing	23,148	21,834	20,454	19,006	17,485	15,888	14,211	12,451	10,602	8,661
Provisions	197	204	211	219	226	234	242	251	259	268
Total Non-Current Liabilities	23,345	22,038	20,665	19,224	17,711	16,122	14,453	12,701	10,861	8,929
TOTAL LIABILITIES	61,866	61,737	61,515	61,262	60,975	60,653	60,292	59,891	59,447	58,956
Net Assets	1,622,587	1,658,731	1,697,255	1,736,382	1,812,760	1,854,388	1,896,237	1,938,430	1,952,186	1,995,518
EQUITY										
Retained Earnings	779,141	785,927	793,271	800,792	808,259	814,605	820,826	826,293	831,635	836,666
Revaluation Reserve	843,446	872,805	903,985	935,590	1,004,501	1,039,782	1,075,411	1,112,137	1,120,552	1,158,851
Total Equity	1,622,587	1,658,731	1,697,255	1,736,382	1,812,760	1,854,388	1,896,237	1,938,430	1,952,186	1,995,518

Alternate scenario - Option 2

Long Term Financial Plan 2019-29 Option 2 Discontinue Environmental Levy and Program Cashflow Statement

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	117,697	123,806	127,698	131,656	135,852	139,923	143,976	148,129	152,417	157,737
User Charges & Fees	20,280	20,896	21,459	22,107	22,775	23,471	24,188	24,927	25,689	26,474
Investment & Interest Revenue Received	1,344	1,280	1,282	1,348	1,404	1,467	1,488	1,472	1,495	1,464
Grants & Contributions	7,132	7,195	7,259	7,323	7,388	7,454	7,520	7,587	7,655	7,724
Bonds, Deposits & Retention amounts received	210	218	225	232	240	248	256	264	272	281
Other	9,172	9,492	9,629	9,762	9,899	10,340	10,485	10,634	10,788	11,245
Payments:										
Employee Benefits & On-Costs	(65,211)	(68,352)	(70,815)	(73,368)	(76,014)	(78,758)	(81,602)	(84,253)	(86,991)	(89,819)
Materials & Contracts	(40,712)	(43,339)	(44,463)	(45,066)	(45,839)	(47,058)	(48,145)	(49,503)	(50,844)	(52,169)
Borrowing Costs	(1,241)	(1,199)	(1,154)	(1,108)	(1,059)	(1,007)	(954)	(897)	(838)	(776)
Other	(15,764)	(16,807)	(16,616)	(17,196)	(17,655)	(18,841)	(18,720)	(19,220)	(19,733)	(21,082)
Net Cash provided (or used in) Operating Activities	32,907	33,190	34,504	35,693	36,990	37,238	38,492	39,141	39,910	41,079
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	50,000	51,000	51,000	51,000	50,000	52,000	51,500	55,000	53,000	53,500
Sale of Infrastructure, Property, Plant & Equipment	1,675	1,165	1,760	1,771	1,204	2,028	1,807	1,412	2,582	1,376
Payments:										
Purchase of Investment Securities	(44,000)	(42,500)	(50,500)	(53,000)	(51,500)	(54,000)	(51,500)	(54,000)	(54,000)	(51,500)
Purchase of Infrastructure, Property, Plant & Equipment	(41,072)	(42,070)	(35,690)	(34,367)	(35,963)	(36,266)	(39,026)	(40,478)	(40,247)	(42,926)
Net Cash provided (or used in) Investing Activities	(33,397)	(32,405)	(33,431)	(34,596)	(36,259)	(36,238)	(37,219)	(38,066)	(38,666)	(39,550)
Cash Flows from Financing Activities										
Receipts:										
Borrowings and advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Borrowings and advances	(867)	(909)	(954)	(1,000)	(1,049)	(1,100)	(1,154)	(1,210)	(1,270)	(1,332)
Net Cash provided (or used in) Financing Activities	(867)	(909)	(954)	(1,000)	(1,049)	(1,100)	(1,154)	(1,210)	(1,270)	(1,332)
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,357)	(124)	120	96	(317)	(100)	119	(136)	(25)	197
plus: Cash & Cash Equivalents - beginning of year	2,875	1,518	1,394	1,514	1,610	1,293	1,193	1,313	1,177	1,152
Cash & Cash Equivalents - end of the year	1,518	1,394	1,514	1,610	1,293	1,193	1,313	1,177	1,152	1,349

Alternate scenario – Option 2

Long Term Financial Plan 2019-29 Option 2 Discontinue Environmental Levy and Program Performance Measurement Indicators

	Year 1 2020 \$ '000	Year 2 2021 \$ '000	Year 3 2022 \$ '000	Year 4 2023 \$ '000	Year 5 2024 \$ '000	Year 6 2025 \$ '000	Year 7 2026 \$ '000	Year 8 2027 \$ '000	Year 9 2028 \$ '000	Year 10 2029 \$ '000
TARGET										
Budget Performance										
1 Balanced Budget utilisation of councils funds minus total sources of income	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	3.88%	3.78%	3.95%	3.93%	3.80%	3.01%	2.86%	2.40%	2.20%	2.02%
2 Operating Performance Ratio measures the extent to which a council has succeeded in containing operating expenditure within operating revenue	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	92.56%	92.83%	92.98%	93.12%	93.27%	93.42%	93.55%	93.67%	93.80%	93.95%
3 Own Source Operating Revenue Ratio measures fiscal flexibility. It is the degree of reliance on external funding sources	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Operational Liquidity										
4 Unrestricted Cash cash levels less externally and internally restricted reserves	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	\$2,729	\$2,234	\$2,211	\$1,919	\$2,054	\$2,221	\$1,666	\$1,577	\$1,502	\$1,814
5 Unrestricted Current Ratio represents a council's ability to meet short- term obligations as they fall due.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	2.91	2.35	2.16	2.12	2.14	2.05	1.97	1.86	1.89	1.89
6 Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage expressed as a percentage of total rates and charges available for collection in the financial year	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
7 Cash Expense Cover Ratio liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	4.56	3.52	3.40	3.49	3.50	3.53	3.45	3.26	3.24	3.00

Alternate scenario – Option 2

Long Term Financial Plan 2019-29 Option 2 Discontinue Environmental Levy and Program Performance Measurement Indicators

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
TARGET	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Liability and Debt Management										
8 Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	15.12 x	15.74 x	16.29 x	16.83 x	17.46 x	17.48 x	18.02 x	18.32 x	18.53 x	19.15 x
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9 Employee Leave Entitlements Funding <i>ELE Demographic Target Level</i>	39.5%	41.3%	41.5%	41.6%	41.7%	40.8%	40.0%	40.0%	40.4%	40.3%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Management										
10 Building and Infrastructure Renewals Ratio <i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>	117.1%	119.1%	109.1%	99.7%	99.3%	108.9%	105.1%	106.7%	114.8%	102.4%
	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓
11 Infrastructure Backlog Ratio <i>ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure</i>	0.60%	0.59%	0.57%	0.56%	0.54%	0.53%	0.53%	0.52%	0.53%	0.52%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
12 Asset Maintenance Ratio <i>ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.</i>	1.53	1.54	1.56	1.59	1.61	1.63	1.65	1.67	1.69	1.70
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
13 Capital Expenditure Ratio <i>annual capital expenditure divided by annual depreciation</i>	1.59	1.58	1.27	1.18	1.20	1.12	1.17	1.18	1.10	1.17
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
14 Capital Funding Ratio <i>capital expenditure and net movement in internally restricted future asset renewal reserves as a percentage of total revenue</i>	26%	25%	20%	19%	20%	20%	20%	20%	20%	20%
	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓

Alternate scenario – Option 2a

Long Term Financial Plan 2019-29 Option 2a Discontinue Environmental Levy but retain operational program Income Statement

	Year 1 2020 \$ '000	Year 2 2021 \$ '000	Year 3 2022 \$ '000	Year 4 2023 \$ '000	Year 5 2024 \$ '000	Year 6 2025 \$ '000	Year 7 2026 \$ '000	Year 8 2027 \$ '000	Year 9 2028 \$ '000	Year 10 2029 \$ '000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	117,849	123,967	127,784	131,745	135,943	140,017	144,073	148,228	152,519	157,843
User Charges & Fees	20,209	20,819	21,448	22,095	22,763	23,458	24,175	24,914	25,676	26,461
Interest & Investment Revenue	1,240	1,078	1,033	1,039	1,030	1,112	1,150	1,157	1,225	1,126
Other Revenue	9,240	9,563	9,702	9,838	9,978	10,421	10,569	10,720	10,876	11,337
Grants & Contributions provided for Operating Purposes	7,144	7,207	7,271	7,336	7,401	7,467	7,534	7,602	7,670	7,738
Grants & Contributions provided for Capital Purposes	4,802	4,818	4,834	4,851	4,867	4,884	4,901	4,918	4,935	4,952
Total Income from Continuing Operations	160,483	167,453	172,073	176,903	181,982	187,360	192,401	197,539	202,901	209,458
Expenses from Continuing Operations										
Employee Benefits & On-Costs	67,552	69,737	72,244	74,843	77,538	80,331	83,226	85,929	88,721	91,605
Borrowing Costs	1,241	1,199	1,154	1,108	1,059	1,007	954	897	838	776
Materials & Contracts	42,765	45,560	46,739	47,387	48,224	49,498	50,643	52,060	53,460	54,846
Depreciation & Amortisation	24,750	25,953	26,742	27,765	29,096	30,449	31,764	33,102	33,956	35,351
Other Expenses	15,882	16,928	16,740	17,323	17,785	18,975	18,858	19,361	19,877	21,230
Net Losses from the Disposal of Assets	171	115	177	177	119	204	180	140	261	135
Total Expenses from Continuing Operations	152,361	159,491	163,797	168,604	173,821	180,465	185,624	191,489	197,113	203,943
Operating Result from Continuing Operations	8,122	7,962	8,276	8,299	8,160	6,895	6,777	6,050	5,788	5,515
Discontinued Operations										
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	8,122	7,962	8,276	8,299	8,160	6,895	6,777	6,050	5,788	5,515
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	3,320	3,144	3,442	3,449	3,293	2,011	1,877	1,133	853	563

Alternate scenario - Option 2a

Long Term Financial Plan 2019-29

Option 2a Discontinue Environmental Levy but retain operational program

Statement of Financial Position

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
ASSETS										
Current Assets										
Cash & Cash Equivalents	1,804	1,196	1,162	1,961	1,887	1,570	1,486	1,004	1,334	1,173
Investments	42,165	31,165	27,665	27,165	26,665	29,165	30,165	30,165	32,165	28,665
Receivables	7,258	7,456	7,668	7,896	8,120	8,402	8,659	8,913	9,222	9,450
Inventories	553	568	583	599	615	632	649	666	684	703
Other	776	801	827	853	881	909	939	969	1,001	1,033
Total Current Assets	52,556	41,186	37,905	38,475	38,168	40,679	41,898	41,718	44,406	41,024
Non-Current Assets										
Receivables	484	492	507	523	539	555	572	590	608	626
Infrastructure, Property, Plant & Equipment	1,628,691	1,673,046	1,711,438	1,746,406	1,819,230	1,854,419	1,890,975	1,929,112	1,936,117	1,978,175
Investments accounted for using the equity method	7	7	7	7	7	7	7	7	7	7
Total Non-Current Assets	1,629,162	1,673,545	1,711,952	1,746,936	1,819,775	1,854,981	1,891,554	1,929,709	1,936,732	1,978,808
TOTAL ASSETS	1,681,717	1,714,731	1,749,857	1,785,411	1,857,943	1,895,660	1,933,452	1,971,426	1,981,138	2,019,833
LIABILITIES										
Current Liabilities										
Payables	16,809	17,383	17,908	18,449	19,006	19,580	20,172	20,781	21,409	22,056
Borrowing	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601
Provisions	19,111	19,715	20,340	20,987	21,656	22,349	23,066	23,808	24,576	25,370
Total Current Liabilities	38,521	39,700	40,850	42,037	43,264	44,531	45,839	47,190	48,586	50,027
Non-Current Liabilities										
Borrowing	23,148	21,834	20,454	19,006	17,485	15,888	14,211	12,451	10,602	8,661
Provisions	197	204	211	219	226	234	242	251	259	268
Total Non-Current Liabilities	23,345	22,038	20,665	19,224	17,711	16,122	14,453	12,701	10,861	8,929
TOTAL LIABILITIES	61,866	61,737	61,515	61,262	60,975	60,653	60,292	59,891	59,447	58,956
Net Assets	1,619,851	1,652,994	1,688,342	1,724,149	1,796,969	1,835,007	1,873,160	1,911,535	1,921,691	1,960,877
EQUITY										
Retained Earnings	776,405	780,189	784,358	788,559	792,573	795,419	798,136	800,101	801,939	803,395
Revaluation Reserve	843,446	872,805	903,985	935,590	1,004,395	1,039,588	1,075,024	1,111,434	1,119,752	1,157,482
Total Equity	1,619,851	1,652,994	1,688,342	1,724,149	1,796,969	1,835,007	1,873,160	1,911,535	1,921,691	1,960,877

Alternate scenario - Option 2a

Long Term Financial Plan 2019-29 Option 2a Discontinue Environmental Levy but retain operational program Cashflow Statement

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	117,697	123,806	127,698	131,656	135,852	139,923	143,976	148,129	152,417	157,737
User Charges & Fees	20,280	20,896	21,459	22,107	22,775	23,471	24,188	24,927	25,689	26,474
Investment & Interest Revenue Received	1,292	1,144	1,051	1,034	1,026	1,086	1,134	1,148	1,201	1,143
Grants & Contributions	7,132	7,195	7,259	7,323	7,388	7,454	7,520	7,587	7,655	7,724
Bonds, Deposits & Retention amounts received	210	218	225	232	240	248	256	264	272	281
Other	9,172	9,492	9,629	9,762	9,899	10,340	10,485	10,634	10,788	11,245
Payments:										
Employee Benefits & On-Costs	(65,922)	(69,084)	(71,569)	(74,145)	(76,815)	(79,583)	(82,451)	(85,128)	(87,892)	(90,747)
Materials & Contracts	(42,662)	(45,454)	(46,631)	(47,276)	(48,110)	(49,381)	(50,523)	(51,936)	(53,333)	(54,716)
Borrowing Costs	(1,241)	(1,199)	(1,154)	(1,108)	(1,059)	(1,007)	(954)	(897)	(838)	(776)
Other	(15,764)	(16,807)	(16,616)	(17,196)	(17,655)	(18,841)	(18,720)	(19,220)	(19,733)	(21,082)
Net Cash provided (or used in) Operating Activities	30,193	30,206	31,350	32,391	33,541	33,709	34,910	35,509	36,226	37,283
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	50,000	51,000	51,000	51,000	50,000	52,000	51,500	55,000	53,000	53,500
Sale of Infrastructure, Property, Plant & Equipment	1,675	1,165	1,760	1,771	1,204	2,028	1,807	1,412	2,582	1,376
Payments:										
Purchase of Investment Securities	(41,000)	(40,000)	(47,500)	(50,500)	(49,500)	(54,500)	(52,500)	(55,000)	(55,000)	(50,000)
Purchase of Infrastructure, Property, Plant & Equipment	(41,072)	(42,070)	(35,690)	(32,863)	(34,271)	(32,453)	(34,647)	(36,192)	(35,208)	(40,987)
Net Cash provided (or used in) Investing Activities	(30,397)	(29,905)	(30,431)	(30,592)	(32,567)	(32,925)	(33,840)	(34,780)	(34,626)	(36,112)
Cash Flows from Financing Activities										
Receipts:										
Borrowings and advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Borrowings and advances	(867)	(909)	(954)	(1,000)	(1,049)	(1,100)	(1,154)	(1,210)	(1,270)	(1,332)
Net Cash provided (or used in) Financing Activities	(867)	(909)	(954)	(1,000)	(1,049)	(1,100)	(1,154)	(1,210)	(1,270)	(1,332)
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,071)	(607)	(34)	799	(75)	(316)	(84)	(482)	330	(160)
plus: Cash & Cash Equivalents - beginning of year	2,875	1,804	1,196	1,162	1,961	1,887	1,570	1,486	1,004	1,334
Cash & Cash Equivalents - end of the year	1,804	1,196	1,162	1,961	1,887	1,570	1,486	1,004	1,334	1,173

Alternate scenario – Option 2a

Long Term Financial Plan 2019-29 Option 2a Discontinue Environmental Levy but retain operational program Performance Measurement Indicators

	Year 1 2020 \$ '000	Year 2 2021 \$ '000	Year 3 2022 \$ '000	Year 4 2023 \$ '000	Year 5 2024 \$ '000	Year 6 2025 \$ '000	Year 7 2026 \$ '000	Year 8 2027 \$ '000	Year 9 2028 \$ '000	Year 10 2029 \$ '000
TARGET										
Budget Performance										
1 Balanced Budget utilisation of councils funds minus total sources of income	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	2.13%	1.93%	2.06%	2.00%	1.86%	1.10%	1.00%	0.59%	0.43%	0.28%
2 Operating Performance Ratio measures the extent to which a council has succeeded in containing operating expenditure within operating revenue	✓	✓	✓	✓	✓	⚠	⚠	⚠	⚠	⚠
3 Own Source Operating Revenue Ratio measures fiscal flexibility. It is the degree of reliance on external funding sources	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	92.56%	92.82%	92.96%	93.11%	93.26%	93.41%	93.54%	93.66%	93.79%	93.94%
Operational Liquidity										
4 Unrestricted Cash cash levels less externally and internally restricted reserves	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	\$1,115	\$1,037	\$1,060	\$1,070	\$1,248	\$1,298	\$1,240	\$1,104	\$1,284	\$1,439
5 Unrestricted Current Ratio represents a council's ability to meet short- term obligations as they fall due.	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗
	2.74	2.00	1.64	1.51	1.46	1.41	1.39	1.33	1.45	1.37
6 Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage expressed as a percentage of total rates and charges available for collection in the financial year	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
7 Cash Expense Cover Ratio liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗
	4.20	2.93	2.54	2.50	2.39	2.48	2.49	2.38	2.48	2.14

Alternate scenario – Option 2a

Long Term Financial Plan 2019-29 Option 2a Discontinue Environmental Levy but retain operational program Performance Measurement Indicators

	Year 1 2020 \$ '000	Year 2 2021 \$ '000	Year 3 2022 \$ '000	Year 4 2023 \$ '000	Year 5 2024 \$ '000	Year 6 2025 \$ '000	Year 7 2026 \$ '000	Year 8 2027 \$ '000	Year 9 2028 \$ '000	Year 10 2029 \$ '000
TARGET										
Liability and Debt Management										
8 Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	2.00x	13.83 x	14.32 x	14.78 x	15.25 x	15.78 x	16.33 x	16.6 x	16.79 x	17.34 x
		✓	✓	✓	✓	✓	✓	✓	✓	✓
9 Employee Leave Entitlements Funding <i>ELE Demographic Target Level</i>	36.4%	33.8%	31.3%	28.9%	26.6%	24.5%	24.6%	24.6%	24.7%	24.7%
	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗
Asset Management										
10 Building and Infrastructure Renewals Ratio <i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>	>= 100%	117.1%	119.1%	109.1%	92.2%	91.2%	94.5%	89.1%	92.0%	97.9%
	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗
11 Infrastructure Backlog Ratio <i>ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure</i>	<= 2%	0.60%	0.59%	0.57%	0.56%	0.54%	0.53%	0.53%	0.53%	0.53%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
12 Asset Maintenance Ratio <i>ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.</i>	>= 1	1.53	1.54	1.56	1.59	1.61	1.63	1.65	1.67	1.69
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
13 Capital Expenditure Ratio <i>annual capital expenditure divided by annual depreciation</i>	>= 1	1.59	1.58	1.27	1.12	1.14	1.00	1.04	1.05	0.96
	✓	✓	✓	✓	✓	✗	✓	✓	✗	✓
14 Capital Funding Ratio <i>capital expenditure and net movement in internally restricted future asset renewal reserves as a percentage of total revenue</i>	>= 20%	26%	25%	20%	18%	19%	17%	18%	17%	19%
	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗

Historical performance

2008-18 Performance Indicators

The results from the last ten financial years are presented here to demonstrate Council's ability to deliver sustained sound financial performance over a period equivalent to that covered by this plan.

In May 2014 NSW T-Corp assessed Randwick City Council to have a Financial Sustainability Rating (FSR) of "Sound" with an Outlook of Positive for the following three years.

Based on the financial results that Council has achieved following that assessment, if we were to be assessed by T-Corp now we would expect a FSR of "Strong".

			2009 \$'000	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000
Budget Performance												
1	Balanced Budget	>= \$0	104 ●	1 ●	0 ●	5 ●	8 ●	9 ●	19 ●	19 ●	13 ●	12 ●
2	Operating Performance Ratio	>= -4%	1.20% ●	1.03% ●	1.4% ●	2.8% ●	4.63% ●	2.81% ●	2.94% ●	2.91% ●	3.7% ●	6.2% ●
3	Own Source Operating Revenue Ratio	>= 60%	78.74% ●	89.54% ●	80.60% ●	87.4% ●	89.23% ●	90.13% ●	89.62% ●	89.41% ●	89.6% ●	91.2% ●
Operational Liquidity												
4	Unrestricted Cash cash less externally and internally restricted reserves	>= \$1000	\$921 ●	\$908 ●	\$1,528 ●	\$1,129 ●	\$3,081 ●	\$1,608 ●	\$1,422 ●	\$1,203 ●	\$2,328 ●	\$1,136 ●
5	Unrestricted Current Ratio excluding external restrictions (OLG Ratio)	>= 2.0	3.25 ●	2.52 ●	2.44 ●	2.83 ●	2.66 ●	3.11 ●	3.52 ●	4.03 ●	3.35 ●	3.63 ●
6	Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage expressed as a percentage of total rates and charges available for collection in the financial year	< 4%	2.9% ●	2.6% ●	2.2% ●	2.4% ●	2.5% ●	2.1% ●	2.3% ●	2.3% ●	2.8% ●	2.4% ●
7	Cash Expense Cover Ratio	>= 3	4.54 ●	4.55 ●	4.74 ●	4.53 ●	5.02 ●	4.32 ●	4.72 ●	3.54 ●	3.75 ●	3.02 ●
Debt Management												
8	Debt Service Cover Ratio percentage of ordinary rates revenue utilised to repay loans and interest	0%	0.0% ●	0.0% ●	0.0% ●	0.0% ●	0.0% ●	0.0% ●	0.0% ●	0.0% ●	0.0% ●	0.0% ●
9	Employee Leave Entitlements Funding percentage employee leave entitlements held in cash	ELE Demographic Target Level	37.9% ●	40.2% ●	42.0% ●	40.0% ●	42.9% ●	43.0% ●	45.1% ●	38.7% ●	42.6% ●	41.3% ●

Appendix A



NOVEMBER 2018

Environmental Levy Sustaining our City since 2004

Proposed continuation of levy
for environmental projects

**HAVE
YOUR
SAY**



Doing our bit for the environment

Let's face it, what can 25 cents buy you today? Not much you say... well what if just 25 cents a day opened up new areas of the coastline for you and your family to explore, provided lush tree canopies in parks and streets, and helped clean your beaches? Well that's exactly what's been happening for the past 15 years thanks to the Environmental Levy.

In that time it has helped extend the world-famous Coastal Walkway, deliver sustainability programs and events and irrigate our coastal parks with recycled stormwater – saving us about 450 million litres of water a year.

It's a little that goes a long way.

We're also working hard to be as efficient as possible while delivering you the best possible services, facilities, projects and events. Our coordinated & balanced strategy for delivering services and infrastructure whilst looking after our environment is ensuring a sustainable future for our community and for those generations that will come after us.

As a long-time local resident, a Councillor and now as Mayor, I've seen the progress we've been able to make as a council because of the funding from the levy.

At an average of 25 cents per day or \$7.62 a month for the average residential ratepayer, it's a small amount that makes a big difference.

I believe continuing the levy is the best option for our Council and community. Ultimately we will be guided by what you the community want.

The options are clear – continue a levy already included in your rates to deliver some great environmental programs or stop the levy for a small rate cut. Discontinuing the levy means we'll have to reprioritise our works programs – this means some of the environmental programs we've been delivering won't continue while others will take longer or result in other works programs not happening.

We've included information in this booklet to help you in providing feedback.

Your view is important and I encourage you to take the time to have your say so we can decide on the best way forward for our community.



Councillor Kathy Neilson
Mayor of Randwick





Introduction

Since 2004, Randwick City Council has been delivering a range of significant environmental programs, community initiatives and new and upgraded infrastructure as part of the Sustaining our City program funded by an Environmental Levy.

The five-year levy applies to residential and business ratepayers and is currently due to expire on 30 June 2019.

We want to know what you think about continuing the levy for another five years to 2024.

This information booklet gives you details about what the levy has achieved to date, proposed future programs and the impact to ratepayers of continuing the levy.

The Environmental Levy

The Environmental Levy was first approved by Council in 2004, and has successfully transformed the way sustainability projects and programs have been implemented across Council and the community.

Due to this success and ongoing community support, the Environmental Levy was extended for another five years in 2009 and again in 2014.

We want to continue to deliver these important environmental projects and we are considering an application to the Independent Pricing and Regulatory Tribunal (IPART) to continue the Environmental Levy for a further five years to 2024.

How much is the levy?

The Environmental Levy is calculated based on the unimproved land value of your property as valued by the NSW Valuer General.

This means the amount paid on individual properties varies depending on land value.

The levy for the average residential ratepayer is \$91.49 per year averaged over five years. If you're one of the 26,000 owners of a strata unit in Randwick City, you're likely to be paying much less.

You can check what you are currently paying by referring to your annual rates notice.

Environmental Levy achievements 2004-2018

The Environmental Levy provides funding for specific environmental programs and initiatives.

1. BEAUTIFUL COASTLINE

Major sections of our Coastal Walkway have been constructed, upgraded and repaired including the Malabar Headland Western Walking Track, South Maroubra to Maroubra boardwalk, La Perouse upgrade and Cape Banks connection at NSW Golf Course as well as links at Coogee, South Coogee and Clovelly.

2. SUPPORTING OUR CHILDREN

Council supports schools to install water tanks, develop food and native gardens, install bike racks, native bees, solar panels and have classes visit our sustainability education hub at the Randwick Community Centre.

3. CLEAN BEACHES

Innovative technology treats and re-uses stormwater to improve water run-off into our beaches.

4. NATURAL ENVIRONMENT

We are preserving remaining bushland areas, enhancing Randwick Environment Park, restoring the last remaining dunes in the eastern suburbs, increasing native tree plantings in our streets and parks and protecting important areas of native vegetation.

5. PRESERVING PRECIOUS RESOURCES

We are saving 450 million litres of water annually through our wastewater and stormwater re-use, recycling and park irrigation projects – this is equivalent to 180 Olympic swimming pools of water per year.

6. REDUCING ENERGY CONSUMPTION

We have contributed to solar installations on 2,600 homes, representing 9,600 kilowatts of solar power, generating up to 14 million kilowatt hours and saving residents about \$1,500 off their energy bills each year.

7. CLEANER AIR

There are now 6,000 residents participating in the local car share program reducing car ownership by an estimated 900 vehicles and achieving a reduction in greenhouse gases.

8. A SENSE OF COMMUNITY

Every year almost 15,000 residents participate in sustainability workshops, events and activities with about 9,000 attending the annual Eco-Living Expo.



200 kilowatts
solar panels on 12 buildings



450,000,000
litres water
saved each year



6 Gross
Pollutant Traps
stopping pollutants and
rubbish entering our
beaches each year



2,000
trees, plants and shrubs



20 food gardens
in local schools

Proposed projects 2019-2024

If the Environmental Levy continues, it will fund the following projects:

Coastal \$9m

Coastal Walkway

Working towards a continuous Coastal Walkway from Clovelly to La Perouse. Funds will help design and implement walkways at South Coogee, Lurline Bay, Randwick Golf Course, The Coast Golf Course and St Michael's Golf Course.

Gross Pollutant traps

Installation of five additional pollutant traps to increase water quality at local beaches.

Water \$6m

Saving water

Future proofing wastewater re-use program at Maroubra Beach, Des Renford Leisure Centre, Purcell Park Matraville, Nagle Park Maroubra and Pioneers Park Malabar.

Other \$620k

Reducing waste and consumption of natural resources

Continuation of Council's Compost Revolution, Switch your thinking on Plastics and other Green events.

Energy \$2.36m

Energy efficiency program

Energy efficiency program for Council building upgrades, community renewable energy, smart monitoring and carbon offset program.

Greenhouse \$3.1m

Solar power, composting, electric vehicles and cycleways

Installation of solar panels on five Council buildings, increased rates of composting, installation of public electric vehicle charging locations and funding for improved cycleways.

Biodiversity \$1.12m

Green Corridor program

Planting more native trees in streets and parks, continuing Native Havens program and additional flora and fauna monitoring and WIRES relocation and interpretive centre.

Food \$500k

Sustainable food

Funding support for eight community gardens and 22 school food gardens.

Education \$2.2m

Sustainability events and workshops

Continuation of Council's Eco-Living Expo, Earth Hour, World Environment Day, Best Gift Markets, NOX Night Sculpture Walk, Marine and Coastal School Holiday Activities, school grants, Eco Heroes program, sustainable schools exchange and workshops at Randwick Community Centre, Barrett House and libraries.

Total \$24.9m

Note: Administration activities including staff salaries and costs have been distributed throughout the proposed levy program.

Impact of continuing Environmental Levy

Option 1 Continue Levy

Under this option, ratepayers will continue paying an Environmental Levy. These funds will deliver a range of environmental programs and projects for the Randwick City community.

Coastal Walkway	✓	Environmental events/workshops	✓
Water reuse projects	✓	Additional tree plantings	✓
Gross pollutant traps	✓	Energy efficiency programs	✓

Environmental Levy^o
residential

\$91.49 per year	\$1.76 per week	\$0.25 per day	cost
----------------------------	---------------------------	--------------------------	-------------

Cumulative overall
rate increase
(including/excluding
Environmental Levy)
over 5 years

19.91%

Overall cumulative increase including:
 • IPART approved rate increase years 1 & 2
 • Assumed rate peg for years 3-5
 • Environmental Levy

Option 2 Discontinue Levy

This option proposes discontinuing the Environmental Levy. Ratepayers would receive a small reduction. Environmental programs and projects will be reprioritised within Council's budget. This means some won't happen, some will take longer to implement and some may affect the timing and scope of other capital works programs.

Coastal Walkway	⚠	Environmental events/workshops	⚠
Water reuse projects	⚠	Additional tree plantings	⚠
Gross pollutant traps	⚠	Energy efficiency programs	⚠

\$91.49 per year	\$1.76 per week	\$0.25 per day	savings
----------------------------	---------------------------	--------------------------	----------------

12.44%

Overall cumulative increase including:
 • IPART approved rate increase years 1 & 2
 • Assumed rate peg for years 3-5
 • **No** Environmental Levy

For average residential ratepayers

	2018/19 Current	2019/20 Year 1	2020/21 Year 2	2021/22 Year 3	2022/23 Year 4	2023/24 Year 5
% rates increase		5.52%*	5.52%*	2.5%**	2.5%**	2.5%**
Average annual rate		\$1,214	\$1,281	\$1,352	\$1,386	\$1,421
Annual rate increase		\$67	\$71	\$34	\$35	\$36
Total rates	\$1,214	\$1,281	\$1,352	\$1,386	\$1,421	\$1,457
Environmental Levy	\$81	\$85	\$90	\$92	\$94	\$96
Total rates and Environmental Levy	\$1,295	\$1,366	\$1,442	\$1,478	\$1,515	\$1,553

For average residential ratepayers

	Current 2018/19	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24
% rates increase		5.52%*	5.52%*	2.5%**	2.5%**	2.5%**
Average annual rate		\$1,214	\$1,281	\$1,352	\$1,386	\$1,421
Annual rate increase		\$67	\$71	\$34	\$35	\$36
Total rates	\$1,214	\$1,281	\$1,352	\$1,386	\$1,421	\$1,457
Environmental Levy	\$81	X	X	X	X	X
Total rates and Environmental Levy	\$1,295	\$1,281	\$1,352	\$1,386	\$1,421	\$1,457

For average business ratepayers

	2018/19 Current	2019/20 Year 1	2020/21 Year 2	2021/22 Year 3	2022/23 Year 4	2023/24 Year 5
% rates increase		5.52%*	5.52%*	2.5%**	2.5%**	2.5%**
Average annual rate		\$8,452	\$8,919	\$9,411	\$9,646	\$9,887
Annual rate increase		\$467	\$492	\$235	\$241	\$247
Rates	\$8,452	\$8,919	\$9,411	\$9,646	\$9,887	\$10,134
Environmental Levy	\$161	\$170	\$179	\$183	\$188	\$193
Total rates and Environmental Levy	\$8,613	\$9,089	\$9,590	\$9,829	\$10,075	\$10,327

For average business ratepayers

	Current 2018/19	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24
% rates increase		5.52%*	5.52%*	2.5%**	2.5%**	2.5%**
Average annual rate		\$8,452	\$8,919	\$9,411	\$9,646	\$9,887
Annual rate increase		\$467	\$492	\$235	\$241	\$247
Rates	\$8,452	\$8,919	\$9,411	\$9,646	\$9,887	\$10,134
Environmental Levy	\$161	X	X	X	X	X
Total rates and Environmental Levy	\$8,613	\$8,919	\$9,411	\$9,646	\$9,887	\$10,134

* IPART approved special variation increase of 5.52% in years 1 and 2

** Assumed rate peg of 2.5% in years 3, 4 and 5

^o Average over five years

⚠ Denotes projects that may not occur, take longer to implement or affect the timing of other projects.

Your questions answered

Didn't IPART already approve an SRV in May 2018?

Earlier in 2018, IPART approved Council's Our Community Our Future Special Rate Variation of 19.85% cumulative over three years – 2018/19 to 2020/21. This increase is already in place in your rates now.

Our Community Our Future is funding anti-terrorism measures to make our public places safer, addressing domestic violence, upgrading the La Perouse Museum, creating an arts and cultural centre, building a new indoor sports centre and gymnastics centre at Heffron Park and implementing Council's digital strategy.

The continuation of the Environmental Levy is different. The Environmental Levy is a levy on top of your rates. You have been paying it for the past 15 years.

Why is the cumulative overall rate increase figure so similar to the Our Community Our Future levy increase?

IPART require that when we present information to the community about rates, we show the community the total cumulative impact. This helps you get a better idea of the real impact over the time period.

We are required to show you how your rates are increasing in total due to the already approved rate variation as well as the potential continuation of the Environmental Levy.

The figure is similar because we're showing you the same rates increase information. This doesn't mean your rates will again increase by 19.85%, we're just showing you how your rates are changing.

This consultation is really asking whether you want to keep paying the Environmental Levy or not? For the average residential ratepayer over five years, continuing the levy will cost \$1.76 per week or \$91.49 per year.

How can I find out how much the Environmental Levy for my property will be?

The Environmental Levy is based on the unimproved land valuation of your property as determined by the NSW Valuer General. Please note this figure is different to the market value of your land.

The table on page 6 (left) provides the Levy increase for the average residential and business ratepayers. But if you want to know the specific increase for your property, you can use the table below if you know your land value.

You would have received a notification from the Valuer General in 2017 with your most recent valuation. You can also find out your land valuation by visiting www.valuergeneral.nsw.gov.au

How much Environmental Levy am I currently paying?

Particulars of Rates and Charges	Cents in \$	Rateable Value	Amount
Environmental Levy	0.00010314	324,104	\$32.43

The Levy appears on your annual rates notice as a separate line item.

If you cannot find your annual rates notice, please call Council's Rates Team who can advise your current levy amount.

You can also calculate your current Environmental Levy by multiplying your land value by 0.010884%.

Estimated Environmental Levy based on land value

Land value	2018/19 Current	2019/20 Year 1	2020/21 Year 2	2021/22 Year 3	2022/23 Year 4	2023/24 Year 5
50,000	\$5	\$6	\$6	\$6	\$6	\$7
150,000	\$16	\$17	\$18	\$19	\$19	\$20
250,000	\$27	\$29	\$30	\$31	\$32	\$33
350,000	\$38	\$40	\$42	\$43	\$45	\$46
450,000	\$49	\$52	\$55	\$56	\$57	\$59
550,000	\$60	\$63	\$67	\$68	\$70	\$72
650,000	\$71	\$75	\$79	\$81	\$83	\$85
750,000	\$82	\$86	\$91	\$93	\$95	\$98
850,000	\$93	\$98	\$103	\$106	\$108	\$111
950,000	\$103	\$109	\$115	\$118	\$121	\$124
1,250,000	\$136	\$144	\$151	\$155	\$159	\$163
1,750,000	\$190	\$201	\$212	\$217	\$223	\$228
2,500,000	\$272	\$287	\$303	\$311	\$318	\$326
3,000,000	\$327	\$345	\$364	\$373	\$382	\$392
4,000,000	\$435	\$459	\$485	\$497	\$509	\$522

58% of ratepayers pay an Environmental Levy in this range.

Have your say

The Environmental Levy is on public exhibition for community comment for 28 days from 20 November to 18 December 2018.

Copies of the Environmental Levy consultation material are available to view at www.yoursay.randwick.nsw.gov.au or at Council's Administration Centre at 30 Frances St Randwick, Margaret Martin Library Randwick, Lionel Bowen Library Maroubra or Malabar Library.



Survey

Randwick City ratepayers will receive a letter and survey in the mail. Complete and mail the survey back using the included reply paid envelope or follow the instruction to complete the survey using the website link provided.

You can also make submissions using the following channels. Please note if you return the survey, this is counted as a submission and you do not need to make another submission.



Online

Visit www.yoursay.randwick.nsw.gov.au to view the consultation website where you can find out more, ask a question and lodge a submission.



Email

Submissions can be emailed to council@randwick.nsw.gov.au titled "Environmental Levy submission".



Writing

Submissions may be made in writing to Randwick City Council, "Environmental Levy submission", 30 Frances St Randwick NSW 2031.

If you'd like to speak with a Council officer about the Environmental Levy please call us on 1300 722 542.

Information sessions

Information sessions are being held to provide people with the opportunity to learn more about the Environmental Levy and discuss directly with Council officers.

Wednesday 28 November 2018

6.30pm-7.30pm,
Randwick Community Centre

Thursday 6 December 2018

6.30pm-7.30pm,
Lionel Bowen Library, Maroubra

Wednesday 12 December 2018

6.30pm-7.30pm,
Prince Henry Centre, Little Bay

No registration is required.

16 OCT 2018	20 NOV – 18 DEC 2018	FEB 2019	11 FEB 2019	FEB-MAR 2019	14 MAY 2019	1 JULY 2019
Council resolves to seek community feedback	Public exhibition and consultation	Council considers community feedback and determines whether to continue Environmental Levy	SRV applications due to IPART	IPART publicly exhibit applications	IPART determinations announced	Environmental Levy continues or concludes



Printed on 100% recycled paper

Appendix B

Productivity improvements and cost containment strategies

In the last four years the productivity factor calculated by IPART has been: 0.0% in 2018-19, 0.001% in 2017-18, 0.05% in 2016-17 and 0.04% in 2015-16.

The Randwick City Council 2019-29 Long Term Financial Plan includes a productivity improvement factor of 0.1% for employee costs and 0.1% for materials, contracts and other expenses.

Although the productivity factor calculated by IPART is now 0%, Council believes that it can achieve productivity improvements and continue to contain costs.

Current and Past

- A process improvement toolset, Promapp, was implemented in 2018. Benefits include: capturing corporate knowledge and enhancing risk management; reduced time required to induct new staff and easy for internal customers to find and follow processes; and more staff engaged and empowered to own their processes and collaborate across areas to improve the quality and currency of process documentation and drive improvements. In less than 12 months the Council has 538 processes mapped (367 published) and 227 improvement ideas captured.
- Finance and management system improvements including: Improvements to the procurement system to strengthen management of amended and standing purchase orders; Management tool for tracking staff excess leave management plans and introduction of Pathway dashboard dials for service requests.
- Online DA lodgement portal– offers significant efficiency improvements, convenience and environmental benefits with more than 20% of all development applications lodged online (from less than 5% four years ago). Customers can lodge applications whenever and wherever they want, workloads are reduced for information management staff, and an estimated 20,000- 30,000 sheets of paper saved each year (PIA award for our suite of online planning tools – DA lodgements, ePlanning, DA tracking – 2017)
- Development application hardcopy folders for public viewing replaced with an online kiosk, reducing paper, saving staff time and improving customer service.
- Integration between Council's Purchasing and Contracts systems to instantly track spend by contract and/or supplier, ensuring compliance, accountability and improving the accessibility and flexibility of reports.
- An online library registration form was implemented, with library staff only required to check ID and issue the library card. This improvement to the joining procedure made the process more efficient by saving staff time and improving the quality of the data entered into the system. Potential saving of staff time is up to 500 hours per year.
- Improvements to the process for issuing planning certificates relating to Title Descriptions, saved an estimated 65 hours in staff time per year. This time is being invested in further planned improvements to the systems and processes in this team.
- Online invoicing system to streamline the payment of suppliers and completely eradicate duplicate payments.
- Implemented an annual Procurement Activity Plan which results in savings for Council through a system of planning and strategic procurement across the organisation
- Undertook a complete Service Delivery Review of the Stores function at the Depot with recommendations improving processes
- Implementation of Legislative Compliance software to track compliance across the entire organisation.
- Development of Council's business paper system to include an automatic electronic approval process
- Implementation of The Hub Dashboard software to instantly push Council business papers, budget documentation and other important documents to Councillors
- Development and introduction of online video tutorials to Council which have greatly enhanced the ability to train staff on an ongoing basis
- Electronic archiving and destruction of TRIM documents has been introduced in accordance with the State Records Act and is a real innovation in local government, along with saving storage space on the document servers
- Major wide area network upgrade interconnecting 21 sites to deliver improved performance of staff computer systems and public access library systems
- Network switching replacement to deliver high speed networks to all staff and public computers to remove performance bottlenecks and improve reliability

- Installation of a new phone system with a modern call centre, video desk to desk calling, free outbound calls to all Australian numbers and portable extensions allowing staff to work from any location as needed
- Deployment of up to date computer hardware and the Windows 10 operating system, reducing the complexity and support requirements for staff and IT
- Consolidation and repurposing of Council's datacentre computational and storage systems into two locations, driving efficiency from existing investments and allowing for significant growth to be accommodated within the existing capacity, deferring the need for investment for the last two years
- Implementation of a thorough and tested backup system and replication to provide substantial business continuity capabilities for the first time, reducing risk and providing assurance that Council's information will be protected
- Full review of all active mobile services across Council to reduce costs
- Rationalisation of IT systems through ongoing assessments. For eg removal of the application 'Postman' has saved \$10,000 per annum.
- Rationalisation of the technology devices fleet will result in a cost reduction as the organisation phases out mobile staff having three devices (iPad, desktop and mobile phone) to two devices (Surface Pro/laptop and mobile phone) and productivity improvements providing remote access to Council's systems using the specially coded SIM cards, allowing access to the corporate information systems from anywhere with mobile signal.
- Finalising the deployment of single staff identification card across six different systems (building access, keywatcher, datafuel pump, training registrations, time and attendance and printing release) and expanding the security system to 485 doors to reduce the cost and complexity of managing keys.
- Major investment in security and identity systems for the organisation, including deployment of 465 swipe card access control points, issuing of photographic ID to staff (currently underway) and integration of swipe card system with other systems such as fuel pumps, key lockers, print release systems and attendance systems, all of which reduce risk of theft or misuse of Council resources and allows staff accountable yet flexible access to all Council premises
- Rolled out tap to release printing to reduce uncollected printouts and provides accountability for printer usage across the organisation. Data is being collected on print volume and will be displayed via digital display screens.
- Deployment of 220 CCTV cameras throughout public spaces and Council premises to provide security and reassurance to staff and members of the public accessing Council facilities
- Improved the Traffic Committee process has resulted in time savings of approximately 90 minutes / month x 15 attendees (internal and external)
- Payslips now emailed to staff saving printing and distribution of approx. 600 payslips fortnightly.
- Established mobile health inspections, improving levels of service and efficiency – reports are emailed with photos replacing triplicate handwritten forms, scoring methodology implemented, systems instantly updated and other service improvements – will save \$2k per year plus approx. 15 hours staff time per week.
- On call clean up – reduction in the service level agreement from 9 days to 2 days, \$20k saving per year plus 20 hours staff time per week
- Resident parking processes – reduction in process time for a rollout from 18 weeks to 9 weeks and an improved process for applying for a permit for customers
- StaffHub for DRLC lifeguards – improved communication and management of roster, saving time, engaging staff and reducing the risk of inappropriate shift swaps
- Replacing internal paper forms with O365 Forms and Flow
- Development of a PowerBi dashboard for data insights into crash statistics to improve grant applications and make reporting easier
- Installed new outdoor pool heaters (4) – increased efficiency of heaters and reduced electricity usage & cost
- Installed a new roof over Training Pool with insulation (previously roof had no insulation and was translucent). This has reduced heat loss to this area and reduced pool heating costs
- Installed automatic Sodium Bicarbonate dosing system – increases efficiency in chemical usage and reduces costs
- Installed new functional training equipment for the gym to increase income and provide new service to community
- Installed new virtual spin bike equipment to enable the community to access classes at any time
- Introduced online planning tool for customers to understand what development can be undertaken on their property.

- Improved the use of automated timesheet pay rules throughout the organisation reducing time spent on administration of timesheets
- Re-engineered the Depot mobility integrations, reducing downtime and improving responsiveness for all operational areas
- Implemented eNotices, allowing customers and ratepayers to receive their rates notices online
- Implemented new emailed receipts for online transactions, improving service to customers and reducing operational administration of payment processing
- Released new version of myRandwick, improving the customer experience and introducing notifications and alerts for DAs, waste dates and events
- Upgraded seven key business systems to improve performance and reliability
- Introduced mobile technology for compliance staff, reducing the time to process requests and improving the customer experience
- Library PCs and print management system upgrade - Full self-service of all payments through Kiosks at every branch, as well as online payments of fines has resulted in less cash handling tasks for staff on the desk, as well as eliminating banking reconciliations on a daily basis
- Website printing has been enabled, allowing users of from home to upload and send their documents to the library for printing
- Self-service PC booking system, and self-made booking extensions has reduced time required for staff for these tasks and empowered users
- Implementation of online booking system for events
- Online Forms - online InterLibrary loan form and membership form for the public to fill out, which has streamlined the system, reduced paperwork and increased staff productivity
- Randwick City Library, through the Library.Link Network now have made our library's holdings visible to search engines on the web
- A data integrity project is currently underway to move towards automated production of planning certificates. Transition from the hand written sign off of planning certificates to electronic digital signatures. This will initially save approximately \$2,200 in print costs and 280 hours of staff time per year along with nearly 20,000 sheets of paper – approximately four trees.

Future Plans

- A large proportion of Council's future productivity and cost containment strategies will be born out of the Digital Strategy 2018-28. Major projects listed in there include:
- CRM consolidation and Customer Portal: The new CRM system will provide customer relationship management with support for many channels of communication including SMS, email and notifications. All dealings with customers will be automatically routed to the record keeping system which will significantly reduce the overhead of the current customer communication methods.
- Service request management system for facilities maintenance requests to streamline management of tasks for trades staff and reduce the duplication of requests.
- Mobile Workforce: There are in the order of 150 employees at Council that undertake field activities requiring access to Council's systems, such as health inspectors, engineers, works gangs, etc. To increase the efficiency of these employees and to make our services better for our customers, we will enable mobile workers with the equipment and apps they need to do what is required in the field without returning to the office to enter their work details.
- Location based Business Intelligence: reporting and the way we visualise data on maps are merging. To provide our employees with the information they require to make informed decisions, "location" should not be ignored. By integrating our reporting systems into our GIS system, we will be able to create and deliver "location intelligence" based dashboards and reports to employees that will allow smarter and more informed decisions about where to better target service delivery and how to increase efficiencies.
- In the process of implementing a new datacentre strategy through colocation of Council systems into professionally managed datacentres remote from Council's main sites, reducing energy consumption from running two server rooms onsite and providing productivity benefits through simpler management and retirement of outdated and complex infrastructure; as well as a consolidation of virtual machine infrastructure to reduce management overheads.
- Development of an online venue availability viewer and venue booking system for use by the community.

Appendix C

Technical information sheet

Possible continuation of the Environmental Levy

This sheet is supplementary to the 'Environmental Levy – Sustaining our City since 2004 – Proposed continuation of the levy and environmental projects' booklet November 2018, distributed to ratepayers as part of the community consultation about the continuation of the Environmental Levy. This sheet has been designed as an additional tool in explanation of technical matters related to the special variation process, including the expiry of the current levy and the minor revision of Council's Integrated Reporting suite of plans.

expired from the Council's rate base?

The current Environmental Levy approved by IPART in June 2014, was a temporary approval for five years commencing 1 July 2014 and ending on 30 June 2019.

At the time of approval the levy component of total rates income was \$3.8 million, then representing 6 per cent of Council's rates revenue (rate base). On 30 June 2019 at the end of its fifth and final year, the levy which now represents 5.38 per cent of the rate base, will be expired by a reduction of \$4.45 million to Council's rates base.

This expiration of the temporary five year levy is mandatory and will occur irrespective of whether the Environmental Levy is continued or not. It effectively means that Council's rates revenue is forced down before it is able to go up again (by the application of the 2019-20 approved increase of 5.52 per cent).

The table below shows the impact of the expiring levy, the existing special variation in years 1 and 2 and a continued Environmental Levy. In Year 1, the current Environmental Levy expires at 5.38 per cent, and then the existing special variation increase of 5.52 is added, resulting in a negative 1.1 per cent reduction in total rates, prior to a new Environmental Levy being applied (should the Environmental Levy be continued in 2019-20).

How is the current Environmental Levy

IMPACT OF THE EXPIRING VARIATION + EXISTING SPECIAL VARIATION+ PROPOSED CONTINUED LEVY

		BASE YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	CUMULATIVE INCREASE
Expiring current Environmental Levy	Average Residential rates under the existing SRV path of 5.52% going forward with and expired Environmental levy of 5.38% end of 2018-19	\$1,295	\$1,281	\$1,352	\$1,386	\$1,421	\$1,457	12.44%*
	Annual increase (%)		-1.10%	5.52%	2.50%	2.50%	2.50%	
Expiring current Environmental Levy before replacing with a continued Environmental Levy + existing SRV	Average Residential rate with a 5.38% expiring Environmental levy + existing approved SRV of 5.52% (in years 1 and 2) + a continued Environment levy of 5.9% commencing in 2019-20	\$1,295	\$1,366	\$1,442	\$1,478	\$1,515	\$1,553	19.91%*
	Annual increase (%)		5.52%	5.52%	2.50%	2.50%	2.50%	

Didn't Council just get an IPART approval to increase rates?

Yes – In May 2018 Council received IPART approval to increase rates over three years to fund the projects and services associated with the \$27 million, seven-year, Our Community Our Future Program. This program is separate to the Sustaining our City Program, which has been running for the past 15 years funded by the Environmental Levy. These two programs may sound similar but are quite different hence their separate and dedicated funding paths.

Our Community Our Future program – existing special variation

YEAR	APPROVED INCREASE %
2019-20	5.52%
2020-21	5.52%

The Environmental Levy has been approved and replaced on three separate occasions since 2004. Each time temporarily for a five year period, with each expiring levy reducing Council's rate base before a new levy was applied. Each special variation application process and application to IPART involved considerable community consultation and the support of the elected Council. Historically Councillors of Randwick City have taken a five year temporary approach to the levy as a means to ensure that the program is periodically evaluated in conjunction with significant community participation.

Does the Environmental Levy affect the Minimum rate?

No – the Environmental levy bears no relationship to the 'minimum rate'. Council's rating structure is subject to minimum rates for both residential and business properties. Rates are determined by multiplying the land value of a property by a rate-in-the-dollar amount. The minimum rate is applied when the rate-in-the-dollar calculation does not reach a predetermined (or 'minimum') amount. Just over half of all residential ratepayers paid the minimum rate in 2018-19 of \$805.68.

The Environmental Levy is a special rate which must be shown as a separate line item on the Rates Notice. If the Environmental Levy is not replaced the line for the Environmental Levy will disappear from rate notices in 2019-20. Irrespective of whether the levy is continued or not minimum rates will remain unchanged, unaffected by the expiration of the existing levy or by a continuation of the levy.

Council will increase the minimum rate each year in line with the annual increase percentage. Council already has approval to increase rates by 5.52 percent for the next two years 2019-20 and 2020-21. The table below shows minimum rate amounts for this next five years, assuming a rate-peg of 2.5 per cent in years 3 – 5.

MINIMUM RATES FOR NEXT FIVE YEARS

	INCREASE %	RESIDENTIAL	BUSINESS	PORT BOTANY
Year 0 2018-19		\$805.68	\$1,298.32	\$1,298.32
Year 1 2019-20	5.52%	\$850.15	\$1,369.99	\$1,369.99
Year 2 2020-21	5.52%	\$897.08	\$1,445.61	\$1,445.61
Year 3 2021-22	2.5%*	\$919.51	\$1,481.75	\$1,481.75
Year 4 2022-23	2.5%*	\$942.50	\$1,518.79	\$1,518.79
Year 5 2023-24	2.5%*	\$966.06	\$1,556.76	\$1,556.76

Why is Council exhibiting revised Integrated Planning & Reporting documents at the same time as the Environmental Levy consultation?

Council's Long Term Financial Plan (LTFP) has been updated to include a financial modelling scenario for the case of a continued Environmental Levy. There are a number of financial scenarios within the LTFP, including scenarios that model variations for a discontinued levy. In keeping with a revised LTFP the City Plan and 2018-19 Operational Plan & Delivery Program 2018-21 has also been amended to reflect the possible continuation of the Environmental Levy. As these documents are Council's significant strategic plans that sit at the core of Council's planning and service delivery, it is industry best practice to publically exhibit the revised content for 28 days.

These revisions were not included in the last review of these documents adopted by the Council in February 2018, because at that time it was not appropriate for the Council to assume and model a scenario for a continuing Environmental Levy without first initiating a conversation with the community about its replacement.

THIS PAGE INTENTIONALLY LEFT BLANK.

THIS PAGE INTENTIONALLY LEFT BLANK.

Randwick City Council
30 Frances Street
Randwick NSW 2031
Phone 1300 722 542
Fax (02) 9319 1510

© Randwick City Council 2019

council@randwick.nsw.gov.au
www.randwick.nsw.gov.au

Follow us here

