

2023-24 BUDGET



BUDGET INTRODUCTION



Budget 2023-2024

INTRODUCTION

Council is pleased to present its Budget for the 2023-2024 financial year. The budget will fund the strategies, projects and initiatives aligned with our Corporate Plan 2022-2027. Detailed outcomes, actions and key performance indicators can be found in the Operational Plan 2023/2024. This is the last budget for the 2020-2024 Council with an election to be held on 16 March 2024. Council has formulated its budget based on increasing prices in materials, delays in the supply chain and continuing to work on the extensive flood recovery works across the Shire.

Council has successfully maintained ISO accreditation for its quality, environmental and safety systems for transport and infrastructure. Council has also achieved the Department of Transport and Main Roads National Prequalification System for Civil (Road and Bridge) Construction Contracts. These two initiatives improve our ability to perform road contract works both in and outside the Shire to earn additional revenue. \$5m in road contracts are currently scheduled to be completed in 2023-2024 with our road maintenance performance contract with Transport & Main Roads proposed at \$4.38m.

The proposed budget has a net operating surplus of \$1.372m (excluding capital revenue) and a net result of \$18.50m (including capital revenue). The total revenue is \$108.67m and expenditure of \$90.17m. The Capital works program for 2023/2024 is forecast at \$26.43m. The flood recovery works are estimated at \$50m with this figure likely to increase as submissions are approved by the Queensland Reconstruction Authority.

BUDGET PREPARATION

Every year Council produces a Budget consistent with the following legislative requirements:

- ✓ Prepared on an accrual basis
- ✓ Budget statements for 2023/2024, 2024/2025, 2025/2026
 - Financial Position (Balance Sheet)
 - Cash Flow
 - Income and Expenditure
 - Changes in Equity
- ✓ A Long-Term Financial Forecast
- ✓ Revenue Statement
- ✓ Financial sustainability ratios:
 - Asset sustainability ratio
 - Net financial liabilities ratio
 - Operating surplus ratio
- ✓ The total value of the change, expressed as a percentage, in the rates and utility charges levied for 2023/2024 compared with the rates and utility charges levied in the previous budget
- ✓ Consistent with the corporate plan and annual operational plan

Other statements, policies and strategies attached to this report which allow Council to make an informed decision about the adoption of the Budget include:

- ✓ Budget for capital and operational projects



Budget 2023-2024

- ✓ Schedule of remissions and rebates on rates
- ✓ Revenue policy
- ✓ Debt policy
- ✓ Investment policy
- ✓ Rating strategy
- ✓ Procurement policy

BUDGET PROCESSES

The key steps comprising the budget process are summarised below:

- ✓ Council commenced its budget preparations late in 2022.
- ✓ Each Director was asked to consider the projected budget worksheets for their relevant areas, amending them for extra ordinary operational requirements, special operational projects or maintenance and proposed capital works with an increase no greater than CPI (7%).
- ✓ A series of councillor workshops were held with the Mayor, Councillors and Senior Leadership Group to consult and adjust as necessary to deliver a sustainable budget.
- ✓ A draft budget and a number of rate model options were presented to Council over a series of workshops, providing opportunity for input, discussion and debate by Councillors.
- ✓ Community consultation with sporting, user and community groups was undertaken to identify priorities for funding from council's budget and/or for future funding programs.
- ✓ On 29 June 2023, the final Budget and Operational Plan was adopted by Council at a Special Meeting.

REVENUE STATEMENT 2023/2024

The Revenue Statement is an explanatory statement that outlines and explains the revenue measures adopted in the Budget. The document includes the following matters:

- ✓ How rates and charges are determined
- ✓ Details on all rebates and concessions
- ✓ Details on any limitations in increases on rates and charges
- ✓ Criteria used to decide the amount of the cost-recovery fees
- ✓ Criteria for approval of early payment discount for late payments
- ✓ Details on collection of outstanding rates including the process for arrangements to pay
- ✓ Details of payment methods

The Revenue Statement will be of interest to ratepayers, community groups, government departments and other interested parties who want to understand the revenue policies and practices of the Council. It is proposed to continue the relief from the accrued interest on outstanding rates



Budget 2023-2024

for those who enter and honour their payment plans. The discount period for prompt payment of rates will be 30 days for both the August 2023 levy and the February 2024 levy.

Council has continued to revise its rating strategies across all rating categories and has adjusted the general rate in the dollar to take into account the changes in land valuations that came into effect 1 July 2023. Council has also continued with its seven year strategy for a single rural rate strategy. Water and wastewater utility charges will increase by 6% (except Mungindi) and cleansing (waste) utility charges will increase by 14.5% for landfill charges and 7% for collection services. These changes reflect increasing costs to deliver the services and increasing environmental compliance. The average St George residential property will see a \$105 per half year increase in their rate notice.

Council may apply limitations to the increase in general rates where land valuations significantly increase. In the 2023/2024 financial year Council will apply a 30% limitation across all rating categories (except categories 79,80 and 81). Any property that did experience a significant increase in their land valuation in the 2022/2023 revaluation may experience an increase in their general rate of up to 30% for 2023/2024. If you disagree with your land valuation you can contact the Valuer General to dispute the valuation.

<https://www.qld.gov.au/environment/land/title/valuation/about/dispute>.

More on the rating strategy for 2023/2024 can be found in the Rating section of Council's Budget papers and on Council's website at www.balonne.qld.gov.au.

LONG-TERM FINANCIAL FORECAST

A Long-Term Financial Plan for the years 2023/2024 to 2033/2034 has been developed to assist Council in adopting its budget within a longer-term financial framework. The key objective of the Financial Plan is to deliver operational surpluses in the long-term by using strategies to generate or increase revenue, minimise the impact on ratepayers where possible and deliver the strategic outcomes as specified in the Corporate Plan. Assumptions were made in preparing forecasts for the Financial Plan and are based on current knowledge available and are generally conservative in nature. Borrowings for the Wild Dog Exclusion Fencing does not impact on the financial sustainability of Council as the loan will be repaid through the special rate, commensurate with the loan repayments.

The need to raise revenue from alternate sources and/or reduce expenditure continues to be a high priority for Council to reduce the burden on our small rate base. The nine-year forecast indicates net surplus results from recurrent operations as we work towards financial sustainability. It is hoped with the increase in Federal Assistance Grants and the ability to bid for contract work we will continuously improve Council's financial sustainability.

EXTERNAL INFLUENCES

In preparing the 2023/2024 Budget a number of external influences were taken into consideration because of their significant impact on Council's ability to fund the services delivered during the budget period.

- ✓ Recovery from five flood and rainfall events over the past two years continues with Council working to restore Shire roads submit claims for approval with the Queensland Reconstruction Authority.
- ✓ The supply chain remains a challenge with delays worldwide for materials and inability to source trades and contractors in the region.
- ✓ Council is currently finalising a number of grant funding projects and continues to seek State and Federal Government to meet the current and future needs of our Shire.
- ✓ Achieving ISO accreditation for its quality, environment and safety systems and the Department of Transport and Main Roads National Prequalification system for Civil (Road and Bridge) Construction Contracts will increase the opportunity to source our own revenue, provide employment for our staff and local contractors and reduce the burden on our ratepayers to fund council operations.



Budget 2023-2024

- ✓ Council's Roads Management Performance Contract is \$4.385m in 2023/24 to service our State road network.
- ✓ Council will continue to monitor the wild dog exclusion fencing projects across the Shire and has an approved variation to extend the Cultural Burning pest management project (due to wet weather in 2022).
- ✓ Future budgets include provision for landfill remediation, as required by the Queensland Audit Office and Accounting Standards. Increasing environmental compliance and the cost of providing waste services has meant a 14.5% increase in cleansing (waste) utility charges (excluding Mungindi).

BUDGET CONSIDERATIONS

To produce a surplus operating budget in response to these significant influences the following considerations were used when preparing the Budget.

- ✓ Council aims to mitigate ongoing operating deficits by increasing revenue from as many sources as possible without significantly impacting on ratepayers. Council has applied the new Accounting Standard for Revenue Recognition to have revenue match expenditure where funding agreements are significantly specific as required by the accounting standard that commenced on 1 July 2019.
- ✓ Federal Assistance Grants are typically paid in advance by the Federal Government. An estimate 75% pre-payment has been forecast for the 2024/2025 financial year (noting advice that 100% of the grant will be pre-paid for the 2023/2024 financial year prior to 30 June 2023).
- ✓ Council adopted a rolling asset valuation program and will report on the outcome of the water and waste water revaluation in its 2022/23 financial report. All other asset classes were reviewed with indexation applied between 5 – 10%, increasing our depreciation expense.
- ✓ Grants are based on confirmed funding agreements with milestone and acquittal dates known at the time of budget preparations.
- ✓ Council has supported its projects and Budget with a range of planning tools including business cases, strategic plans, project plans and whole-of-life costing analysis.
- ✓ Service and utility charges are set to fully fund operations and provide sufficient revenue to deliver projected capital works.
- ✓ Roads to Recovery funding has been recognised as operating rather than capital revenue based on accounting standards.

The key changes for the 2023/2024 financial year include the following:

- ✓ A recommended growth in water and wastewater utility charges to achieve full cost recovery with an increase of 6% (excluding Mungindi).
- ✓ A 14.5% increase in cleansing (waste) utility charges to service our landfill and achieve full cost recovery has been applied along with 7% CPI increase for waste collection services (excluding Mungindi).
- ✓ Mungindi water utility charges will remain consistent with previous years.
- ✓ Mungindi waste charges will remain consistent with Moree Plains Shire Council revised charges including a 5% administration fee.
- ✓ Rating categories 100, 200, 300 and 500 will continue to work through the seven-year single rural rating strategy.



Budget 2023-2024

- ✓ River excess water charges for St George rural residential water charging area has been revised with an increase in water allocation from 1500KL to 1794KL.
- ✓ Urban animal levy has been increased to \$32 per property across rating categories 4A and 4B
- ✓ Special levies and charges have been adjusted as follows:
 - Feral Animal Management Special Rate will have a decrease of revenue to \$124,000 (from \$131,000).
 - Environmental special charge for waste services will increase by 14.5%.
 - Thallon Rural Fire levy will remain the same rate however the defined area has been adjusted consistent the service area identified by Queensland Fire & Emergency Services.
- ✓ Staffing levels are under regular review in response to external funding assistance with a current establishment of 105 FTE. The Enterprise Bargaining Agreement was endorsed by the Industrial Relations Commission in December (back dated to 1 September 2021) and provides a 1.75% pay increment each year until 2024 with 0.5% increase in superannuation co-contributions (total benefit of 2.25%). Overtime is to be undertaken for essential and emergency work only. The new Enterprise Bargaining Agreement will be negotiated in the 2024/2025 financial year.
- ✓ Capital works have been reviewed against proposed forward plans and budgets and in line with recent grant funding approvals. Multi-year projects and those not yet complete from 2022/2023 have been carried forward.
- ✓ There will be an average 5% increase in fees and charges with facilities remaining the same and compliance fees increasing at cost (where applicable).

The Budget commencing 1 July 2023 was adopted by Council at its special meeting on 29 June 2023 and may be subject to amendment as grant funding and/or flood recovery works are approved.

Matthew Magin

Chief Executive Officer