

Mayoral Budget Statement

2021 - 22



2021/22 - MAYORAL BUDGET STATEMENT

Good morning Councillors, Ladies and Gentlemen,

Councillors, this year our Budget 2021/22 will see the realisation of a number of multi-year projects and completion of the \$53m February 2020 flood event. The budget continues to build on the work over a number of years to realise our vision to have connected, innovative communities, where economies are strong, and opportunities are abundant. I am extremely proud of the work our Council has done in this term and the last to bring a range of new opportunities, projects and infrastructure to our Shire.

The last eighteen months has been challenging to say the least with the February 2020 flood event, COVID-19 restrictions and a March 2021 flood event. Despite these challenges Council has progressed and will complete the following projects in 2021/22:

- Digital Connectivity Project that will enhance connectivity and improve communications across the Shire;
- Delivery of a range of Wild Dog exclusion fencing projects;
- The St George Aerodrome Industrial Hangar – General Aviation Area;
- The Dirranbandi Dip (Thermal Baths) with Murray Darling Regional Economic Development funding;
- Finalisation of the Mungindi River Foreshore project;
- Construction of the new St George Library and Innovation Hub;
- The Bollon Skate Park;
- The St George Splash Park at the swimming pool;
- Over \$53m in flood recovery works arising from the February 2020 flood event
- Increased Roads Performance Contract to service our State road network

Many of the funding opportunities have had a life of 2-3 years and continue to provide opportunity and support for local business, landholders and contractors to work with council to deliver the projects.

Council has always had a fiscal responsibility to deliver a budget that works toward financial sustainability. The 2021/22 budget is challenged by the delivery of our major projects that will require sound cash flow management. Revenue has been assessed for all projects that are completed over multiple years to determine whether they are significantly specific to recognise the revenue received as expenditure occurs. To this end Council will experience an operating deficit of \$12.17m for 2021/22 due in part to the 40% of the \$53m in flood recovery monies being received in 2020/21 or scheduled to be received in 2022/23. This is required by the accounting standard to recognise the revenue in the year it is received and not the year it is expended.

The Budget for 2021/22 is conservative with a focus on delivering on funded programs, flood recovery works and business as usual. The good news is that we will be able to deliver over \$16m in capital projects with over \$9.45m of this funded by grant programs. For operational projects (excluding flood recovery works) Council will expend \$1.33m with grant funding of \$2.25m.

In the long term there continues to be a risk of reduced grant funding and therefore Council continues to work hard to explore ways to raise our own revenue without increasing the burden on our ratepayers. Our accreditation with

the Department of Transport and Main Roads is set to commence in 2021/22 and provide opportunity for an increase in road contract works both in and outside the Shire.

RATES & CHARGES

Council's general rate revenue represents approximately 30% of Council's total revenue and is insufficient for long-term financial sustainability. A rating strategy adopted by Council at its meeting on 17 June 2021 provides details of its strategy to simplify the rate model and source its own revenue. Council has carefully considered its rating strategy to reduce the impact on ratepayers with significant land valuations following the 2021/22 valuations. Council will apply a 10% limitation across all rate categories so that no ratepayer will experience more than a 10% increase in rates. Council will continue to offer a discount of 10% over a period of 30 days.

Two new residential categories have been introduced, amalgamating categories 1, 2 and 3 into two new categories 4A and 4B. The two new categories base rates from a valuation of less than \$15,000 for residential properties (4A) and \$15,001 and over including rural residential (4B) as opposed to land size. The budget includes an increase of water, sewer and cleansing charges of 2% across the board for all properties. (except Mungindi) Overall Council's general rate revenue will increase no more than 2.05% from 2019/20. (Noting there was no increase in rates or utility charges in 2020/21 financial year due to COVID-19).

When setting the rates Council has:

- evaluated and determined the range of services provided to the community for example, waste management, local roads, suburban and rural care
- decided how much money is needed to fund services and infrastructure
- established how much funding it can expect to receive from the Federal and State Governments and other income sources
- determined how much money is required from rates and charges to cover the balance of expenditures
- decided on the best mix of rates and charges to provide services to the community; and
- considered the economic conditions impacting the Shire.

In summary the following rate strategies will minimise the impact on individual landholders:

- No more than 2.05% increase in rate revenue across all rating categories
- Continuation of the seven-year rating strategy to achieve a single rural rate by 2025/26
- A 2% increase for water, waste, and sewerage utility charges (excluding Mungindi)
- A limitation of 10% on all general rates under Section 116 of the Local Government Regulation 2012.
- Council will continue to issue two (2) six-monthly rates notices
- Council will offer a 30-day discount period for the August and February levies
- Council will continue to deliver a waste collection service offering recycling services and landfill
- Pensioners will continue to receive a maximum concession of \$170 per annum for qualifying properties.

Council recognises the responsibility it is charged with and has concentrated on creating a budget that can deliver essential services to our communities, whilst keeping rate increases to a minimum.

BUDGET HIGHLIGHTS

Our capital budget for 2021/22 is \$16m of which \$9.45m is funded by grant revenue through State and Federal Government initiatives.

Roads - Construction and Maintenance

Our team will continue to conduct re-seal programs utilising Transport & Infrastructure Development State funds and Federal Roads to Recovery funding. The overall Infrastructure Roads capital budget for 2020/21 is \$3.78m with \$2.6m funded through Federal and State funding. Flood recovery works continue with over \$53m in flood damage approved by the Queensland Reconstruction Authority. The Roads Maintenance Performance Contract in 2021/22 will also increase to \$5m providing job security and opportunities for our road crews.

Digital Connectivity

Council will complete the delivery of the Building our Regions funding program and the Murray Darling Basin Economic Development Program to improve the digital connectivity across the Shire. A further project secured by Field Solutions Group will see Bollon included in the Regional Connectivity Federally funded project.

Works for Queensland

Balonne Shire will receive a further \$1.18m in funding under the State Government's Works for Queensland Program over 3 financial years 2021-24. Projects approved by the Department of State Development, Infrastructure, Local Government and Planning include a range of rural land projects and a housing strategy.

Tourism / Visitor Services

2020/21 saw a decrease in expenditure for tourism and visitor services due to the Pandemic. In 2021/22 Council will offer \$60,000 to applicants under its Tourism & Events Donations and Assistance program. Planning will continue to develop an iconic tourism attraction and/or strategies for future funding opportunities. The Welcome Mate marketing campaign will continue as we call on Kylie Minogue to come visit our Shire.

Economic Development

Council is hoping to secure additional funding to continue business mentoring and economic development activities into 2021/22. To date the \$1m in funding from the Murray Darling Economic Development Program has been able to support economic development in the Shire delivering \$500,000 in business mentoring and \$492,000 for the Dirranbandi Beautification Scheme. A recent deputation to Canberra provided the opportunity to brief politicians about the Balonne Shire and promote the issues important to our Shire.

Aerodromes

The \$1m general aviation development, funded by a Building our Regions grant has been delayed, however will be completed by November 2021. This will see the development of the taxi way and land available for lease or purchase for hangars.

Community Development

Council continues to work with Queensland Health to secure the Balonne In-Step program, and other funding partners.

The Multicultural Development Officer project continues to assist the community to welcome migrants and what services would be required to support them.

Council's community grants and sponsorship program will be maintained at \$60,000, including funding to assist community groups to prepare traffic management plans.

Sport, Recreation, Parks & Gardens

All towns have benefited from the State Works for Queensland and Federal Local Roads and Community Infrastructure funding programs with many set to be completed in 2021/22 including the Bollon Skate Park and Splash Park at St George swimming pool. Council will continue to consult with the community as we plan, and program works across the Shire.

The budget 2021/22 will build on the spirit of Christmas across the Shire with the purchase of additional festive lights that will have the dual purpose of lighting our townships all year round.

Health, Environmental & Rural Services

A range of capital works will be completed across our stock routes and watering points with State Government funds. Our signature projects for Wild Dog Exclusion Fencing Special Rate Scheme and Murray Darling Basin grants will be finalised. A funded Cultural Burning project will commence to manage our stock routes in consultation with indigenous stakeholders. Council will actively seek further funding for exclusion fencing with the aim of achieving 75% of the Shire fenced.

Water & Sewerage Works

The capital works budget for water projects is \$1.08m with \$530,00 funded by State Government funding.

Waste

Funding to implement Council's Solid Waste Strategy, adopted on 27 May 2021 will include engagement of a Waste Officer with the task of continuously improving our landfill facilities and to achieve compliance with Environmental licensing requirements.

Conclusion

Council's forecast revenue for 2021/22 is \$53.2m (excluding capital) and expenditure of \$74.8m. Overall, the proposed budget has a significant deficit before capital revenue of (\$21.6m) with an operating deficit after Capital of (\$12.17m). This being due to the recognition of revenue of approximately 40% of the \$53m in flood recovery monies received in 2020/21 or scheduled to be received in 2022/23 being recognised in the year they are received not expended.

Council is committed to delivering the best outcomes for our community and continues to work hard at a Regional, State and Federal level to represent the interests of our Shire.

I take this opportunity to thank our councillors for their considered approach on this challenging budget. Thank you also to our executive team and staff who have brought the budget together and continue to work above and beyond to deliver services to our community.

Finally, I want to thank the community for their support, patience and co-operation as we deliver on flood recovery works and projects above our day-to-day operations. Our focus for 2021/22 will be sound cash flow management to deliver the flood recovery works, contract works and grant funded projects. Council will continue to work with local business and contractors to stimulate the economy, providing support, work, and jobs as we roll out the funding programs.

Cr Samantha O'Toole
MAYOR