

Mayor's Budget Address 2016/17

It is with great pride that I present my first budget as Mayor and the first budget for four (4) of the six (6) Councillors in the Chamber. The preparation of the 2016/2017 South Burnett Regional Council Budget has once again been a difficult process as we focus on achieving a balanced budget for this financial year and for the next two financial years, while endeavouring to continue to deliver on our core infrastructure assets such as roads, water and sewerage.

The Local Government Act states that the budget must be prepared by the Mayor and delivered to Councillors at least two (2) weeks before the statutory budget meeting. This legislative requirement has been met, however the contents of the budget were known by all the Councillors prior to its official adoption, as Councillors have worked together with senior staff over the last two (2) months to prepare the budget.

During the election campaign the state of our roads was the number one priority with South Burnett residents. As should be expected the Councillors spent a great deal of time on discussing this issue and looking for ways to improve delivery in this area. To that end Council has changed its approach for the next two (2) years and reallocated funds normally provided for major capital roadwork projects to a gravel re-sheeting and sealed road pavement rehabilitation program on our region's rural roads. This combined with our normal maintenance program will see a significant difference to our rural roads. I would point out though that Council has over 3,000 km of roads within our network, so it is simply not feasible to address every issue raised by ratepayers in a single year but we are committed to making a real difference over the four (4) year term of this Council.

Meeting the challenge of maintaining our road network will always be difficult for smaller regional and rural Councils where there are simply not enough funds to provide all the services expected in our communities. However, this Council is committed to looking at ways to improve our productivity and efficiency so funds have been provided to undertake an audit of our roadwork operations. This audit will focus on:

- Assessment of the planning for delivery of road works programs
- Assess SBRC operational practices particularly in the delivery of road maintenance and ancillary services
- Review the process in actioning customer requests for maintenance etc.
- Compare SBRC road maintenance practices to like Councils in Queensland (benchmarking)
- Effect of external constraints on project delivery (Telstra, Ergon, DTMR, Cultural and Environmental Legislation)

A lot was made of Council's financial position, exaggerated debt levels and our sustainability during the election campaign. I am pleased that this Council has continued the strong fiscal management shown by previous Councils and has delivered a budget with a small operating surplus this year and into our forward budgets. This result ensures we continue to remain sustainable going forward and enables us to absorb any budget shocks while still providing the services expected in our communities.

Our debt at the 30 June 2016 will be \$42.9m, excluding the loan borrowed for the Memerambi Historical Subdivision which is to be repaid by relevant ratepayers. Our debt is primarily within the water business unit \$11.4m, waste water business unit

\$13.3m and the bridge replacement program \$8.6m. With no new borrowings proposed for 2016/2017 and repayments of approximately \$2.4m this year, the level will reduce to \$40.5m by this time next year. Without these borrowings essential infrastructure could not have been replaced.

It is a requirement under the Local Government Act and Regulations that Council must identify its assets and to appropriately determine its depreciation. Significant work has been undertaken in this area over the last year which has resulted in an increase in depreciation on road assets. Depreciation represents 24% of our overall operating costs.

While Councillors and Senior Staff continually monitor budget expenditure and look for ways to minimise expenditure we continue to look for improvements. Consequently a provision has been made in this budget to achieve a 1 to 1.5% reduction in our general operating budget this year. One area that Council will be reviewing in next few months are our generous grants, rate remissions and fee waiver policies and procedures.

We acknowledge that without Council assistance a lot of local community groups and clubs will struggle to survive and this will be carefully considered during the review process. However, the current level of assistance is not sustainable particularly when we are trying to minimise rate increases and increase our funding for road maintenance.

I often hear statements from ratepayers that I get nothing for the rates I pay. Besides the obvious services such as water, sewerage, rubbish collection and disposal, your general rates cover a wide range of services.

For interest, did you know that for every \$1,000 of general rates received we spend:

- \$421 on the design, maintenance and renewal of our road network, it should be noted that the \$200 road levy is in addition to this.
- \$135 on parks and recreation reserves
- \$62 on building and property maintenance
- \$42 on managing our pools and public halls
- \$53 on our Information, Communication and Technology
- \$30 on maintaining our Customer Service Centres/Administration Offices
- \$47 on Economic Development and Tourism
- \$43 on Libraries
- \$60 on Corporate Governance , Finance and Human Resource Functions
- \$34 on Public Conveniences and Cemeteries
- \$23 on Pest management, not including any environmental levy projects
- \$25 on various community support activities, heritage and the arts.
- \$33 on environmental health services and compliance activities
- \$20 on Planning, Building and Plumbing Activities
- \$7 on other activities such as disaster management and indigenous affairs

While Council reviewed various options in developing its revenue strategy for 2016/2017, rate revenue is still Council's only major and reliable source of funding. Support from the State Government has declined over recent years and is now predominately based on a tied grant arrangement, usually for capital projects. I must acknowledge however, that we have been very fortunate over the past few years to receive significant state grants without which vital infrastructure could not have been replaced.

The reduction in our Federal Assistance Grants also continues to be an issue for this Council with a further reduction of around \$140,000 predicted for this budget year.

Putting all this into perspective, the South Burnett Regional Council now funds approximately 83% of its revenue from its own sources, which means you the rate payer. For interest 71.25% of our revenue comes from rates and charges, 6.99% from user fees and charges with only 12% now coming from grants.

The budget provides for a 2.5% increase in our General Rate, the lowest since amalgamation and 1% less than predicted in last year's forward estimates. It is important to note that this increase will not be uniform across the region as the new land valuations issued by the Valuer General take effect from July 1 and directly influence the amount levied on each ratepayer.

It is common that Local Government rate increases are often compared to the Consumer Price Index (CPI). Unfortunately CPI does not reflect Council's real costs as it is based on consumer items such as food, household goods etc. Council's index is more aligned to the construction index, consequently rate increases rarely reflect the current CPI.

The Road Infrastructure Levy will continue as a flat charge on all ratepayers, but will remain at \$200 per annum. The charge has not been indexed as forecast in last year's forward budgets.

Water, Sewerage and Waste charges have all been increased in line with forward projections and are outlined in the budget documents.

Council will continue to provide its own rebate of \$200 to pensioners to match the State Government Rebate of \$200 providing pensioners with \$400 off their rate bills.

As already mentioned in the media we will be returning to half yearly rate notices. The issuing of six monthly rate notices provides efficiency advantages. In particular there are financial savings of around \$150,000 due to larger cash flows each six (6) months for investment as well as reduced costs for areas such as postage and printing.

To assist ratepayers with the transition from quarterly notices, the discount period for the first six (6) monthly notice will be 60 days rather than 30 days which means the discount period will close late September or early October.

This Council has retained the portfolio system implemented in the last term of Council and I will now give a breakdown of the major projects within each portfolio area.

Roads and Drainage Portfolio – Cr G Jones

- As mentioned earlier, the key priority of this year's budget is roads, in particular improvement to our rural road network. Accordingly \$24.4M has been provided for the design, maintenance and renewal of our **road network** which represents 39% of our general operations and capital works budget.
 - Approximately \$6m will be spent on road maintenance.
 - A gravel re-sheeting program will see approximately \$2.25M to be spent on our gravel road network. Nine (9) gravel roads are identified for major re-sheeting and approximately 40 roads for minor re-sheeting works. Major

gravel re-sheeting will also occur on the shoulders of five (5) sealed roads. This program will be undertaken in conjunction with our road maintenance program to obtain greater efficiencies in the work undertaken.

- A further \$1.2m has been allocated for Pavement Rehabilitation and \$1.77m on bitumen reseals. A total of 46 roads are listed in the reseal program contained in the budget documents.
- Our bridge replacement program continues in this budget with a further two (2) bridges, Kings Bridge West and Silverleaf Bridge being replaced this year. Also work will be completed on the Stonelands Bridge. A total of \$2.3m is included in the capital works program for this work.
- The federal government had committed to a significant increase in our "Roads to Recovery" Grant for 2016/2017, however a recent announcement now sees this additional funding spread over two (2) years, 2016/2017 and 2017/2018. Projects to be undertaken from this funding include:
 - Drainage and Widening on Clark and Swendson Road, Kingaroy
 - Widening of Franks Road, Blackbutt
 - An upgrade to culverts in Alford Street, Kingaroy (adjacent to the Memorial Park)
 - Asphalt Surfacing of Councils portion of Drayton Street, Nanango in conjunction with Department of Main Roads work on Drayton Street.
- With the support of the State Government (50% funding), \$1.893m has been allocated under the Transport Infrastructure Development Scheme towards the widening and overlay on the Blackbutt Crows Nest Road and the Kumbia Brooklands Road.
- Other key projects include \$270,000 through SafeST works at the Dulong School and St John's Lutheran School, Kingaroy. \$180,000 has also been included for a footpath upgrade in Haly Street (between Youngman and William Streets) and a cycling path in Alford Street, Kingaroy.
- Council undertakes work on our main roads on behalf of the Department of Main Roads. Accordingly provision has been made for \$1.8m to be spent on road maintenance on the region's main road network. In addition, \$1.2m carried over from last year has been allocated to the Kingaroy Barker's Creek Road and Clarke and Swendson Road Intersection.
- The second stage of the Blackbutt Town Drainage, the section south of Coulson Street, Blackbutt has been deferred to 2017/2018 to allow staff to be redirected to the above mentioned road maintenance programs.
- Very preliminary survey work will be undertaken to ascertain the location etc of services within the Kingaroy CBD in preparation for any future streetscape improvements within this area.

Community and Health Services and The Arts – Cr D Potter

- Our Community Assistance Grants program will continue with \$119,000 allocated in this year's budget towards our annualised grants and other grants to community groups. Details of our annualised grants are included in the budget papers.

- Council will continue to provide the Regional Arts Development Fund in partnership with Arts Queensland. We are required by Arts Queensland to review the delivery of this program to ensure a robust framework supporting local emerging and professional artists.
- Provision has also been included for Council to support or undertake a cultural event.
- As mentioned earlier Council will continue with its financial support during 2016/2017 for community groups through its various rate remissions, fee waivers, grants etc pending a review for the 2017/2018 financial year.
- Council through its portfolio holder Cr Potter will take on a community services advocacy role which aims to provide a stronger conduit between local service providers and State and Federal Governments, highlighting the key issues facing the South Burnett community services sector.

Finance, ICT and Human Resources – Cr R Heit

- Our current Enterprise Bargaining Agreement with staff expires on 30 June 2016. During the upcoming financial year a new agreement will need to be negotiated with relevant unions and staff. The timing of this will be dependent on a number of issues currently before the Industrial Relations Court which will affect all Queensland Local Governments.
- The Enforceable Undertaking put in place with Council by the Division of Workplace Health and Safety will continue during this budget period with a number of deliverables being scheduled during the year.
- Last year Council was successful in employing eight (8) trainees across our workforce. Once again I am pleased to announce that we will be continuing with this youth employment program and have submitted an application under the State Government's "Skilling Queenslanders For Work" Program for a further 10 trainees next year.
- Plant and Fleet will see the necessary replacement of equipment to enable our workforce to efficiently undertake their jobs. It is proposed to replace the Jetpatcher, Excavator, three (3) Heavy Trucks, three (3) Light Trucks and various utilities. A review is being undertaken of our fleet of sedans and utilities to reduce the fleet by 5 - 10% during the next 12 months.
- Further modules namely Strategic Asset Management, Mobility for field staff, CiAnywhere, e-Services and Employee Self Service are proposed to be added to our Business Software System over the next 12 months. Provision has also been made for the annual computer hardware replacement program.
- Asset Management Plans for Roads, Water and Waste Water will be reviewed and updated in the 2017 year. Asset Management Working Groups comprised of stakeholders from the respective business units will spearhead the evaluation of the plans to ensure viability and consistency with agreed service levels.

Natural Resource Management, Parks and Indigenous Affairs – Deputy Mayor K Duff

- Natural Resource Management which primarily encompasses Council's pest management programs will receive around \$1.4million in funding this year which is predominately spent in the rural areas.
 - Environmental Levy has been indexed by \$1 to be \$28 per annum for 2016/17 which will raise around \$490,000 and will be used for the following programs:
 - Declared and environmental weed control
 - Firebreaks and prescribed burning activities
 - Landholder assistance
 - Regional Fire Management Plan.
 - 2016/17 will see the final year of a five (5) year Federal Government grant to address biodiversity across the region. Approximately \$268,919 will be spent on the finalisation of a tree planting program and establishment of a free tree program.
 - Council will also contribute around \$469,000 from its rate revenue towards pest and stock route management programs.
- Approximately \$3.1m has been allocated for parks maintenance and capital works across the region during the next financial year. Additional funds have again been included in this budget for increased service levels over the growth periods from December through to February. Some of the significant works will include:
 - New shelter, tables and fencing at Butter Factory Park in Nanango
 - Replacement of the shade structure in Pioneer Park in Nanango
 - Installation of paths and lighting in the Murgon Youth Park
 - Replace Barbecues and Shelters and undertake drainage works in Dingo Park in Wondai
 - New Playground equipment, BBQ Shelter and car park reseal in Apex Park, Kingaroy
 - Walking Track and exercise equipment in Bjelke-Petersen Park, Kingaroy.
- Funds have been provided to replace the fence at the Blackbutt Cemetery and for the redevelopment of the Murgon Cemetery.
- A number of public conveniences will be replaced or upgraded during 2016/2017:
 - The toilet blocks at Durong and Maidenwell will be replaced and the Proston Railway Park toilet will be refurbished
 - A new toilet facility will be constructed at Memerambi.
- Provision has been made to paint the terminal building and to repaint the linemarking on the runway at the Kingaroy Aerodrome and to alter the Wondai Aerodrome Terminal building to accommodate disabled access.
- A review is to be undertaken on the Coolabunia Saleyards operations and future capital requirements.
- The Kilkivan to Kingaroy Rail Trail is expected to be completed by early October. The Rail Trail has been generating some very promising interest through the Brisbane Valley Rail Trail Users Association, receiving the highest number of views for any previous post, achieving 8,648 views in a three (3) day period. In

addition Bikes of Queensland are holding the first of many events on the opening day of the Rail Trail. It is very encouraging to see so much interest from people outside our Region wanting to visit.

- Council through the efforts of Deputy Mayor Cr Duff has forged strong relationships with the Cherbourg community. Once again a small budget allocation has been provided to support initiatives such as the Reconciliation Fun Run and Cherbourg on Show.

Planning and Property – Cr T Fleischfresser

- The final adoption by Council of the South Burnett Town Plan will occur during the latter part of 2016 probably around December. The Plan will go on public display and will be open for submissions prior to it going to Council for adoption.
- Approximately \$2.68m will be spent on maintaining Council's building infrastructure. Some of the significant projects include:
 - Replace the roof, gutters and air conditioning units at Nanango Administration Office
 - Replace the roof and gutters at the Wondai Art Gallery
 - Replace the roof on Kingaroy Town Hall Reception Room
 - Demolish and replace the BBQ Area Wall at the Kingaroy Town Hall
 - Install bunded wash down facilities at Nanango and Kingaroy Depots
 - Install new toilet/shower amenities at Wondai Depot
 - Replace the roof and guttering at Pioneer Cottage, Nanango
 - Install a new bathroom at Boondooma Homestead Caretakers Cottage
 - Re-roof the Canteen/Kitchen at the Maidenwell Sportsground
 - Install new lights and resurface the Murgon Tennis Courts – This is a joint project with the Murgon Tennis Club, Tennis Australia and Department of Sport and Recreation
 - Resurfacing of the netball courts in Nanango – This is a joint project with the Nanango Netball Association, Netball Australia, Nanango Heritage Bank and Department of Sport and Recreation
 - Repairs to the Wondai Swimming Pool
 - Development of a concept plan for the future development of the Kingaroy Swimming Pool facility

Water, Waste Water, Waste Management and Sport Development – Cr Roz Frohloff

- While the construction phase of the Kingaroy Waste Water Treatment Plant was finalised recently, the final decommissioning of the old plant and hand over of the new plant to Council will be completed by September. The technology utilised in this new plant is new to Australia and is the subject of much interest with many other Councils. The results coming from this plant are very exciting with the quality of water now being produced which can only improve the quality of water discharged into the Stuart River catchment.
- In addition negotiations are under way with Kingaroy Golf Club and Sporting Clubs in Bjelke-Petersen Recreational Area to utilise this recycled water for irrigation purposes on their sport fields.
- Upgrades are proposed at the Murgon, Nanango and Wondai Waste Water Treatment Plants to allow for Class A recycled water.

- Approximately \$1.2m has been allocated to continue with sewerage main upgrades across the region.
- A new 5 ml water reservoir is planned for Kingaroy.
- Provision has been included in the budget to commence planning for an alternative water supply for Nanango to remove the reliance on the current bores and to provide better quality water to the township.
- Approximately \$1.3m has been allocated for water main upgrades across the region.
- Last year saw the last of our rural refuse tips converted to transfer stations. The operations of the six (6) refuse tips and 11 transfer stations are covered by the Waste Management Levy on all ratepayers. A separate waste collection charge is levied for the collection of domestic and commercial refuse.
- With the completion of the Kingaroy Waste Water Treatment Plant Council will now close down its old septic disposal sites with all septic waste being disposed of at the treatment plant. However the plant cannot take trade waste/grease trap waste, so provision has been made to construct a liquid waste holding facility if a commercial provider cannot be found.
- For some time it has been recognised the need for the development of a Sport and Recreation Plan for the region. Accordingly \$20,000 has been allocated towards the development of such a plan. It is proposed to apply for grant funding under relevant Department of Sport and Recreation Grant Initiatives to match this allocation.

Economic Development, Governance and Communications – Mayor Cr K Campbell

- Council will continue through its economic development office to undertake the following economic development activities during 2016/2017.
 - Hold the bi-annual Business Excellence Awards in 2017
 - Continue to hold business networking sessions, business development workshops, mentoring for growth and other programs to assist local businesses to grow and provide employment
 - Conduct an innovative shop local campaign titled “South Burnett Rewards”
 - Continue to work on the projects we have identified of regional significance to our region such as health services, agriculture (access to water), improved heavy vehicle access and telecommunications.
- It is proposed to continue with our membership of Southern Queensland Country Tourism Association for 2016/2017. The focus for this year will be on implementing our tourism strategy with particular emphasis on brand awareness, developing package products, updating the tourism website and more operator engagement.
- As part of our commitment to re-open the Lady Bjelke-Petersen Community Hospital with day hospital provider's South Bank Day Hospital, we have committed to providing \$100,000 in our capital budget towards the purchase of equipment. In addition as the building owners and landlords, we will also continue to be responsible for any building maintenance or repairs. It is anticipated that the

hospital will open in July and will cater for both public and private patients as shown recently when some children's dentist surgery was undertaken at the hospital on behalf of Queensland Health.

- Another issue raised throughout the election campaign was communication. As a result, Council will be developing an organisational wide community engagement and communication framework with supporting policies, procedures and tools to assist Councillors and staff with our communication with the community.

In closing, I would like to take this opportunity to thank the Chief Executive Officer Gary Wall and the Senior Executive Team Lester Schumacher, Russell Hood and Peter O'May for their assistance and dedication in the preparation of this budget. I would also like to place on record my appreciation for the work of the finance team in providing information to assist me to prepare this budget.

Finally I would like to thank my fellow Councillors for their willingness to participate in the process, for their candid comments and questions and sometimes lively debate but at all times with a passion to see the community they represent do well.

I am honoured and pleased to present the South Burnett Regional Council Budget for 2016/2017.

Mayor Keith Campbell