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## Mayor's Budget Address 2017/18

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I am pleased to present the South Burnett Regional Council's Budget for 2017/2018.

The main priority for this budget was to maintain the sound financial position achieved over the last nine (9) years and to continue to improve our sustainability in both the short and long term. The challenge for Councillors and staff has been to achieve this, when revenue streams are decreasing, operating costs continue to rise and large rate increases cannot be sustained by our community. All the time ensuring services and infrastructure are maintained and that key infrastructure projects are provided for in future planning.

The preparation of this budget has probably been one of the most difficult I have been involved with. A number of factors have combined this year to place enormous pressure on our ability to maintain a balanced budget. In affect we were facing a projected deficit of around \$2.2 million in our general operations. I am pleased to advise that through further cost reductions we have reduced our general operations deficit to \$250,000 and have achieved an overall organisational surplus of \$577,000 while maintaining a general rate increase of 2.5%.

I want to put on record that we have not sacked any employees. It is true that we need to downsize our organisation to continue to be sustainable into the future; however, this will be done through voluntary redundancies and natural attrition over the next 12 months.

While the budget is theoretically prepared by the Mayor in reality it is a joint effort by all Councillors. I would like to thank my fellow Councillors for their willingness to participate and to make some difficult decisions during the budget process over the last six (6) months. Your commitment and dedication to the residents of our community is obvious.

It is great to see the Federal Government announce a return to indexation of the Federal Financial Assistance Grant in their recent budget which will mean an increase in our grant for the first time in a number of years. In line with the Government's budget commitment we have already received the first two (2) quarter payments in advance. It appears our grant has increased by around \$220,000. However we are still awaiting final confirmation of this.

I would also like to thank the State Government for the *Works for Queensland Program* which provided a welcome economic stimulus to Local Governments across the state. Our allocation was \$4.26 million. Approximately \$1.91 million of works have been carried forward into this budget period and will be spent by November this year. This grant was unique in that it provided funds for maintenance and did not require a matching contribution from Council. I commend the State Government for this initiative and for their commitment to continue with this program over the next two (2) years.

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Despite this welcome injection of funds, the South Burnett Regional Council continues to fund approximately 83% of its revenue from its own sources, which means you the ratepayer. For interest, 73% of our revenue comes from rates and charges, 10% from user fees and sundry income, 5% from Main Road contracts and private works, with only 12% now coming from grants.

As mentioned previously this budget provides for a 2.5% increase in our General Rate, while the Road Infrastructure Levy will continue as a flat charge on all ratepayers, but will remain at \$200 per annum.

Water, Sewerage and Waste Charges have all been increased by 2.5%, the lowest increase since amalgamation. Water consumption charges have not been increased.

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

Council operates a portfolio system where each Councillor takes responsibility for a particular area of Council's operations. I will now give a breakdown of the major initiatives within each portfolio area.

## **Finance, ICT & Human Resources**

*– Cr Ros Heit*

As mentioned above when preparing this budget we faced a potential deficit of around \$2.2 million. Some of the factors contributing to this daunting result were:

- A large portion of our cash reserves held from former Councils towards some large infrastructure projects like the Kingaroy Waste Water Treatment Plant have now been utilised. This had the effect of reducing the funds we have available to invest, together with the historically low interest rates has reduced our investment income by approximately \$775,000.
- Based on actual results from the last couple of years, forward projections for revenue from our development functions and tourist parks etc. have been revised downward, further reducing our income by around \$225,000.
- 2016/17 saw the finalisation of a review of our road asset register and identified a number of new assets etc. resulting in an increase in our depreciation expense of around \$775,000.

A number of measures have been undertaken to reduce this outcome but the most significant measure has been the decision to reduce our employee costs by around 5%. In plain terms we could not sustain our current level of employment. As mentioned previously, this has been a very difficult decision and one not taken lightly. As a Council we have prided ourselves on maintaining our workforce recognising we are a major contributor to our regional economy.

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Following amalgamation the State Government appointed an external consultant to work with the newly formed South Burnett Regional Council in identifying avenues to move us from a weak financial position which we achieved to obtain a moderate rating. We have engaged this same consultant to undertake a similar exercise over the next couple of months. In addition we have also agreed to be part of a regional sustainability review of all Wide Bay Regional Councils by the Queensland Treasury Corporation.

The size, make up and utilisation rates of our plant fleet continue to be monitored and reviewed for improvements. One such improvement was contained in the road efficiency audit for Council to centralise all plant hire both internal and external under one Council officer. Provision has been made for this to be implemented as part of this budget; \$1.9 million has been allocated for the replacement of plant and fleet equipment.

This financial year Council will again undertake a review of all asset classes to ensure that the Asset Registers correctly reflect the estimate of the value of all assets. That review takes into account the key valuation elements being unit rates, condition, useful lives and componentisation.

The improvement in condition data for Council's road and drainage asset class will continue into this budget year as data is renewed and collected using the Road Asset Condition Assessment System (RACAS).

Data for all asset classes is used to develop 10 year investment and operational cost predictions to manage and operate all of Council's assets and to provide the appropriate service levels to our community. To facilitate this, Council will be continuing to develop the Strategic Asset Management System (SAM). A flow on outcome of this overall project is the higher level of confidence in ongoing budget requirements. All of this will assist in the renewal of Council's Asset Management Plans which is to commence in 2017/2018. Another key advancement this budget year will be the proposed implementation of mobility, which is basically taking technology into the field.

\$890,000 has been provided to continue with enhancements to our Business Software System and for replacement of computer hardware.

## **Community, Arts, Tourism and Health Services**

*– Cr Danita Potter*

A lot has been made in the media recently about Council's decision to revert to its hall hire policy of providing a 50% subsidy on hire fees for not for profit community groups and so called reductions in Arts funding.

I make no apology for reviewing all aspects of our operations to reduce our costs and minimise rate increases particularly when as mentioned above we are downsizing our organisation and cost cutting in other core business areas.

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However, the reality is that Council does support and value our community groups and sporting clubs. For interest, Council either contributes by way of grants or by remissions on rates, charges and various fees a total of approximately \$550,000 per year. This equates to around \$31 per ratepayer.

- Our Community Assistance Grants program will continue in a new format. Where Council previously provided an automatic annual grant, now groups or organisations will have to apply for their grant. This provides a more equitable distribution of funds and more rigor in the assessment process. \$246,500 has been allocated in this year's budget, an increase of \$20,000 over last year.
- Support for the Regional Arts Development Fund in partnership with Arts Queensland will continue. Our contribution of \$6,000 is matched by a contribution of \$9,000 from Arts Queensland providing a total of \$15,000 for skill development specifically for our local artists. Based on the funding provided to local artists by the RADF Management Advisory Committee since 2013, Council trialled the allocation of \$15,000 for 2016/17. During 2016/2017, this allocation successfully matched the approved applications received by the RADF Management Advisory Committee.
- Council will continue to support various events; however they will now also be assessed through the Community Grants Program Policy. There are numerous worthwhile events organised throughout the region during the year. Events such as the Bloomin' Beautiful Blackbutt Avocado Festival, Nanango Country Music Festival, Maidenwell Easter Running Festival, Kingaroy Wine & Food in the Park, Burrandowan Races, Wondai Sprints, Boondooma Homestead Spirit of the Bush Festival, South Burnett and Cherbourg on Show Weekend, to name a few. Currently not all these events receive or even ask for Council financial support. It is simply not feasible for us to financially support all events. Consequently it has been agreed that through the above policy Council will be able to sponsor three (3) community regionally significant events to the tune of \$10,000 each. Additionally Council has allocated \$105,000 for sponsorship of minor events and one-off projects, \$15,500 for healthy community projects and youth elite performance as well as \$30,000 to support community groups with in-kind services.
- Support will continue to be provided to the groups who manage and operate Council's various art and heritage facilities such as the Wondai & Kingaroy Art Galleries and Boondooma Homestead. Without these wonderful volunteer groups these facilities would most likely close.

It would be fair to say that tourism is at a cross roads at the moment. There has been wide spread criticism of how the promotion of tourism is currently structured and funded through our Regional Tourism Organisation, Southern Queensland Country Tourism (SQCT). This has galvanised local operators to create or be part of two (2) new Local Tourism Organisations, South Burnett Tourism and Darling Downs Tourism Board.

I have felt for some time that tourism has been very disjointed in our region, so I am pleased to see local operators banding together to sell South Burnett as a tourism destination.

Like Economic Development, tourism needs to be promoted by the operators themselves and our role is to assist and support their efforts. Over the next month or so we will be undertaking a review of this role including a decision on our membership of Southern Queensland Country Tourism and future funding models for Local Tourism Organisations.

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## Roads and Drainage

– Cr Gavin Jones

Roads remain a key priority in this year's budget, in particular improvement to our rural road network. Accordingly \$24.58 million has been provided for the design, maintenance and renewal of our road network which represents 51% of our general operations and capital works budget.

Last year we advised that we had changed our approach and reallocated funds normally provided for major capital roadwork projects towards gravel re-sheeting and sealed road pavement rehabilitation on our regions rural roads for two (2) budgets. While this has made a difference Council acknowledges that we also needed to change our approach to how we undertake our normal maintenance.

Consequently Council has agreed to set new defined service levels that relate to when works are engaged on unsealed roads. These service levels relate to when grading, resheeting and temporary works are completed on an unsealed road.

- Grading works will be undertaken on a road once the road has reached a certain roughness level. The roughness level is determined by using a formalised standard inspection process that measures the driveability and profile along a road. These inspection details produce an overall roughness value that is used to assess if the road requires grading or not.
- Gravel resheeting works will be undertaken once a road is below the set service level for that class of road. This service level is determined by the amount of gravel pavement remaining along the length of road.
- Temporary works will now be undertaken if the road overall is not due for grading but there are some urgent isolated repairs to be completed.

Details of our capital works program are included in the budget document. However as a brief summary approximately \$3.3 million will be spent on gravel maintenance, \$4.1 million on pavement rehabilitation and widening, \$2.7 million on reseals, \$682,000 on bridges and major culverts, \$742,000 on drainage, \$710,000 on footpaths and bikeways and \$270,000 on safe school (SafeST) projects.

Work will also commence this year on developing concepts, undertaking community consultation and some design work towards a project for the Revitalisation of Kingaroy CBD. \$4 million has been provided over the 2018/19 and 2019/20 budgets towards this project. It is also hoped to obtain matching grant funding through various State or Federal Grant Programs.

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## **Water, Waste Water, Waste Management, Sport and Recreation**

*– Cr Roz Frohloff*

Approximately \$7.08 million has been allocated towards the operations and maintenance of our water network with a further \$3.82 million towards the renewal or upgrades to our water infrastructure across the region. Some items for mention include:

- Commencement of the planning and design for an alternative water supply for Nanango Township. This project is listed in our forward plan to commence in 2019/2020.
- Construction of a new reservoir at Mount Wooroolin.
- Provision of a public access standpipe in Murgon.
- Approximately \$2 million for water main upgrades across the region.

Council's waste water business unit has been allocated \$4.9 million with \$3.56 million towards operations and maintenance and \$1.3 million in network renewals.

Council's waste management operations comprise of two (2) functions, waste collection and waste disposal. Our collection is undertaken by contractor JJ Richards and is funded by a collection charge levied on each ratepayer who receives a collection service.

The operations of the four (4) refuse tips and 13 transfer stations including an upgrade to the Home Creek Transfer Station are covered by the Waste Management Levy on all ratepayers across the region.

In collaboration with the North Burnett Regional Council and Cherbourg Aboriginal Shire Council, an application was lodged with the Department of Sport & Recreation for funding to develop a sport and recreation plan for the three (3) regions. The application was successful with \$100,000 being allocated to the project to be undertaken during 2017/2018. The key objectives were:

- Complete a full sport and recreational facilities audit including a current listing of sport and recreational facilities, assets and inventory in each of the three (3) Local Government regions.
- Obtain information regarding the current and future usage of these assets and facilities by community groups and clubs (through consultation), identifying methodologies ensuring sustainability in contemporary challenging environments.
- Identify opportunities for cross regional collaboration between the three (3) Local Government authorities to maximise usage of existing facilities and infrastructure and potential new developments.

This will assist each Council area in its decision making and investment processes for the future planning for sport and recreation.

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## Planning and Property

– Cr Terry Fleischfresser

Approximately \$2.58 million will be spent on maintaining Council's building infrastructure over the next 12 months. Some of the significant projects include:

- Provision of water and sewerage and construction of a sealed carpark to the newly relocated Blackbutt Memorial Hall. An application has been lodged under the State Government "*Building Better Regions Program*" to fund 50% of the cost of this project. We expect to know the outcome by early July on whether this has been successful.
- Money has been put aside to purchase the land on which "Ringsfield House" and "Brighthaven Units" are located in Nanango from the State Government. The original purpose of the reserve is no longer applicable and the Government is keen to freehold it back to Council.
- Swimming pools continue to be problematic for Council. Provision has been made to replace sand and filtration systems at both the Kingaroy and Murgon Pools, replace the expansion joints and repaint the South Burnett Aquatic Centre at Nanango and to repaint the learn to swim pool at Kingaroy. Funds have also been allocated to commence concept drawings and construction documents to replace the kiosk, dressing rooms and office at the Kingaroy Swimming Pool.
- Provision has also been made to commence the refurbishment of the Nanango Administration Building to address a number of existing maintenance issues. It is important to note that even if Council had proceeded with the purchase of the Ergon Building in Kingaroy the refurbishment of the Nanango Administration/Library Building would have still been required.

## Natural Resource Management, Parks and Indigenous Affairs

– Deputy Mayor Kathy Duff

Natural Resource Management which primarily encompasses Council's pest management programs will receive around \$1 million in funding this year which is predominantly spent in the rural areas.

Our environmental levy will raise around \$505,000 and will be used for the following programs:

- Declared and environmental weed control.
- Firebreaks and prescribed burn activities.
- Rare and threatened species on Tessmanns Road.
- Water weed control.
- Landcare and landowner assistance programs.
- Development of a Regional Fire Management Plan.
- Undertake mapping and survey works.

Approximately \$3 million has been allocated for parks maintenance and capital works across the region during the next financial year.

Council parks crews currently look after numerous parks and reserves covering a total area of 8,748 ha plus town entrances and various traffic islands and median strips. A review of the

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efficiency of our parks operations will be undertaken during 2017/2018 and will include a look at the number of parks we currently maintain. This section also looks after 51 public conveniences and 13 cemeteries.

The final bitumen sealing of the South Burnett Rail Trail (part of the closed Kilkivan to Kingaroy rail line) will be completed within a few weeks leaving the final touches such as signage etc. to finish this project. An official opening is being planned for October to be held in conjunction with the South Burnett and Cherbourg on Show Weekend. It should be noted that the section of the trail from Youngman Street to Somerset Street behind the Peanut Silos has not been sealed at this stage as it has been included for a concrete surface under the *“Cycle Network Local Government Grants Program”* for 2018/2019.

The trail is already getting a lot of use and I look forward to watching how this develops over the next couple of years.

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. Also for the first time this year Council with community members will be holding an event in the Kingaroy Forecourt on 6 July to celebrate NAIDOC week.

Expressions of interests have been called for the lease of the Coolabunia Saleyards and/or our various dip facilities. This is not just a cost saving exercise but an opportunity for private investment to change and expand the services provided at these facilities.

As mentioned previously we have not achieved the growth projected in revenue from our tourist park operations at Yallakool and Lake Boondooma. Consequently a full review of the operations and marketing of these facilities is planned for later this year. Both these facilities are fantastic assets and it is important that we maximise their potential.



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## **Economic Development, Governance and Communications**

*– Mayor Cr Keith Campbell*

Economic Development is the cornerstone for prosperity and growth across our region. While Council has an important role to play, real growth can only be achieved by the business community themselves. Our role is to facilitate and assist business to reach their potential.

A new strategic plan is currently being formulated which has three (3) main components:

- Business Growth.
- Visitor Economy and
- Investment & Innovation.

We will also be developing our new Corporate Plan during 2017/2018. The Corporate Plan is a legislative requirement that demonstrates to the community how Council intends to achieve strategic outcomes over a five (5) year period. We will be consulting the community prior to the adoption of the plan to ensure the key performance indicators deliver sustainable outcomes for our community.

I would like to take this opportunity to thank the Chief Executive Officer Gary Wall and the Senior Executive Team Lester Schumacher, Stephen Hegedus 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 hard work of the finance team led by Manager Joy Manalo in the preparation of this budget.

In conclusion I believe we have achieved a budget that delivers the appropriate mix of financial restraint along with a works program that will progress economic growth and sustainability.

I am honoured and pleased to present the South Burnett Regional Council Budget for 2017/2018.

**Mayor Keith Campbell**