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Water pricing and planning challenges drive new budget

Against a backdrop of increased bulk water costs and the demands for infrastructure and planning to meet regional population projections, Redland City Council has delivered its 2008-2009 budget with only a 5.2 per cent increase to general rates, which is in line with local government CPI.

The budget, the first of the current Council's term, was handed down today by Redland City Mayor, Councillor Melva Hobson.

Key allocations include \$1.8m for actions out of Council's 2008 Koala Strategy, \$2.1m for new playgrounds (including \$700,000 for an all abilities playground at Capalaba Regional Park), and a range of new community safety initiatives.

The Redlands community will have an opportunity to provide input into a variety of projects, including the Redlands Community Plan and planning future uses for the Judy Holt Reserve in Birkdale.

The budget will also fund a number of key infrastructure projects, including a \$2.2m new cycleway to link Victoria Point and Redland Bay, design and first stage construction of a \$3.7m integrated waste management facility at Redland Bay, the \$5.6m widening of Rickertt/Quarry Rd at Thorneside, and \$1.1m new entry and plaza at the Cleveland Showgrounds.

Cr Hobson said Council had faced a number of key challenges in determining the budget, but believed the outcome was a fair and equitable budget that represented the interests of the community while keeping Council on track for long-term responsible financial planning.

"The decisions we've made are all about strengthening the Redlands, protecting our lifestyle and respecting the natural environment," Cr Hobson said.

One of the major challenges Council faced in preparing the budget this year was the transfer of Redland City's bulk water assets to the state government.

"Historically in the Redlands we've had low water prices because we've owned our own water supply, but now we have to buy our water like every other council in the region," Cr Hobson said.

"As part of our compensation negotiations with the state government, we will initially pay slightly less for water than other councils, but the increase in the cost of water is still significant. We've done our best to set a retail price for water that minimises the impact on residents, but the fact remains some users will find their consumption charges increasing up to 70 per cent."

Cr Hobson said despite the transfer of the city's bulk water assets to the state government, Council remained in a strong financial position.

"Like other governments, Council borrows funds to ensure key projects and facilities can be delivered as they are needed in the community, and we'll use the water compensation payment to offset this debt.

"It will take at least two full years for us to fully understand the implications of the loss of our water assets, but at this stage, all estimates indicate we are on target with our key long term financial performance indicators."

Council is continuing its philosophy of a four-year rating strategy for general rates, with a new strategy now in place until 2011/2012.

“This approach gives us a strategic framework for setting general rates, which we then review annually when determining our budget,” Cr Hobson said.

“As in past years, we are applying a differential rating system, designed to achieve a relative distribution of general rate revenue across the city.

“The differential rates have been set with the intention of ensuring one part of the city is not heavily subsidising another.”

The Mayor said charges and fees this year had been developed based on the principle of user pays, and took Council another step towards full cost pricing.

In line with this philosophy, the city’s tips and transfer stations will have gate fees for the first time from December.

“We’ve been one of the few councils in the region without gate fees, so now, rather than our environment charge funding our tips and transfer stations, those who use the facilities will pay for them.”

Meanwhile, a range of key infrastructure projects will be fast-tracked on the Southern Moreton Bay Islands (SMBI), following an increase in the SMBI differential rate.

“The additional funds into the SMBI reserve will enable us to continue developing parks and open spaces and sealing roads on the islands,” Cr Hobson said.

“The increase in the differential rate from \$80 to \$160 will provide \$1.7m. With \$300,000 carrying over from last year, that now gives us \$2 million the reserve, and every cent will be spent on the Southern Moreton Bay Islands.”

The Mayor said Council recognised the community faced a number of financial challenges at the moment with food and fuel prices and interest rates on the rise.

“To help minimise the impact of rates on some of the more vulnerable members of our community, we’ve increased our rates concession for pensioners.”

In 2008/2009, the concession for residents on a full pension has increased by \$20, to \$300 a year; and by \$10 to \$150 a year for part pensioners. The concession for war widows has increased by \$18, to \$240 a year.

The Mayor said all Councillors had worked hard to deliver the budget in less than 14 weeks since the March 15 election.

“This past year has seen local governments face an unprecedented combination of challenges and issues. There are more ahead of us as we balance the demands of planning for population growth with the need to protect everything we love about the Redlands,” Cr Hobson said.

“I’d like to take this opportunity to reassure our community we will fight hard to ensure that all future development decisions in our city will be guided by the questions:

- is this the best for the Redlands?
- is this what the community wants?

“We don’t know what the future holds, but we can certainly face it from a strong position, which this budget reflects.”

Media information (not for publication)

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