

2008-2009

Budget speech

Presented by
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Mayor of Redland City

Special meeting
Redland City Council
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Council Chambers
Cleveland

Good morning.

Before we start I would like to acknowledge the traditional owners of the land and waters we call Redlands. On your behalf, I also pay respect to their Elders and ancestors

My fellow Councillors Council officers ladies and gentlemen...

Today I hand down my first budget as Mayor of this wonderful city.

I appreciate the trust our community has placed in me as Mayor and want to say at the outset, the Councillors and I have worked very hard – in less than 14 weeks– to deliver what we believe to be a fair and equitable budget for 2008-2009.

This year's budget is focussed on a number of key areas:

- strengthening our city and the islands
- protecting our lifestyle
- respecting the natural environment.

We have faced a number of serious challenges this year, not the least of which has been the transfer of our bulk water assets to the state government, and the requirement to now buy water from a third party.

As we all know, we also face the pressures of population growth in the region, and this Council is continuing its planning processes – and lobbying to the state government – to ensure any growth is sustainable, well managed, and accompanied by suitable infrastructure.

Our lifestyle and the natural environment are very important to us in the Redlands. My Council's focus is to protect both as we move into the future. This budget includes a range of exciting initiatives aimed at addressing climate change on a local level, as well as a number of key actions from our Koala Strategy.

On top of our local challenges, we all also face global issues like rising oil and food prices, economic down turn and climate change. As a Council, we remain globally aware, and our role is to be responsive – and responsible – at a local level.

We recognise the impact rising cost of living has on households, and we've attempted to protect some of the most vulnerable people in our community by increasing our pensioner concession this year.

Our core responsibility is to serve our community, and one of the most significant ways we do that is by providing quality services important to people in their daily lives.

The 2008-2009 budget incorporates a record \$265.2 million of operational and capital expenditure, including:

- \$131.4 million for essential services such roads, water, marine facilities and waste (an increase of \$6.9 million from last year)
- \$59.7 million to enhance community health and wellbeing, including sport, recreation, arts and cultural facilities, health services and community programs
- \$16.6 million for the natural environment, including biodiversity, environmental and coastal and waterways programs (an increase of \$4 million from last year)
- \$16.3 million to manage growth, maintain the city's character, and manage development through integrated land use planning (an increase of \$3.5 million from last year), and
- \$1.5 million to help drive economic prosperity, including business attraction, retention and expansion, and tourism development.

One of our most important ongoing initiatives is the creation of the Redlands Community Plan. This document will capture a set of key themes for the future direction of our city. It will be based on a strong foundation of community engagement and an understanding of local and regional issues. Ultimately, we will have an inclusive vision to help guide planning in the Redlands into the future.

The 2008-2009 budget includes \$356,000 for the Community Plan, most of which will be used to engage the community. The allocation includes \$50,000 for creative processes to encourage young people and other groups in the community to get involved.

There are a number of existing programs and initiatives funded from this budget, which I'll detail more in a moment, and I'm pleased that we've been able to deliver these projects with an overall mainland general rate increase of only 5.2%. This is in line with the local government CPI¹.

Our charges and fees this year have been developed based on the principle of user pays, and take us another step towards full cost pricing.

There was a lot of healthy debate among Councillors in putting this budget together. I believe that, as a team, we have created a budget that represents the interest of the community while continuing down a path of long-term responsible financial planning.

Financial sustainability

The transfer of our bulk water assets to the state government has been a major challenge for Council.

The original compensation offer from the state government was \$72 million, however, we have since further negotiated that upwards to around \$80 million.

Once received, this payment will be used to offset Council's debt. Just as other governments do, Council borrows funds to ensure key projects and facilities can be delivered as they are needed in the community.

As with a household, well-managed debt helps create a strong financial base. By using the bulk water compensation payment from the state government to offset our debt, we will further strengthen our positive financial outlook.

It will take at least two 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.

It's also important to note that every decision within this budget has been made based on Council's short, medium and long term financial strategies, and all reflect the priorities of our

¹ This cost index is derived by averaging the price movements of Queensland councils.

corporate plan. The current corporate plan was adopted in 2006. The current Council may look to review and revise the plan between now and its end date of 2010.

RATES

General rates

This year, 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.

As I mentioned earlier, we have kept the overall mainland general rate increase to 5.2%.

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

This Council continues to base its rating strategy on a philosophy of creating rating equity across the city. In other words, the differential rates have been set with the intention of ensuring one part of the city is not heavily subsidising another.

We have also continued to apply a rating cap, to ensure property valuations do not unduly influence rates. This cap has risen from eight per cent to twelve per cent for 2008-2009. The Redlands did not undergo new valuations by the Department of Natural Resources this year, so the cap won't have as much relevance as it would in a year where a valuation has taken place.

SMBI differential rate

One of the highest priorities for this Council is to address the infrastructure and service needs on the Southern Moreton Bay Islands. This has been a long standing issue, and one which Council is continuing to address through the SMBI differential rate.

Council introduced the differential rate for the islands last year, with the aim of creating a capital reserve to speed up delivery of planned capital works. It resulted in an overall average increase of \$80 a property per year, which raised \$850,000

The priority was for those funds to be spent on community recreation and open space facilities, road works and cycleways. Through the reserve, the groundwork has now been laid for these community assets, with Council able to acquire or amalgamate available SMBI blocks to create new parks, including three significant sites that will now be developed into major sporting parks.

This year, to increase the amount of funding available – and the number and scope of projects – we have increased the differential rate. The overall average charge will now be \$160 a year, or about three dollars a week. While this is in addition to the 5.2 per cent rise in the general rate, the increase is offset by the fact the Southern Moreton Bay Island rate payers do not pay the sewerage charge.

This will provide \$1.7 million, and every cent will be spent on the Southern Moreton Bay Islands. In fact, with \$300,000 carrying over from last year's reserve, we will have \$2 million in the reserve to spend on the islands.

This is in addition to the \$1.7 million already allocated in the capital works program funded from general revenue. That's a total of \$3.7 million for infrastructure projects on the Southern Moreton Bay Islands over the next 12 months.

The increase in the differential rate will now enable Council to bring forward a number of important road projects. For example, this year we can now seal roads including Melaleuca Crescent on Lamb Island and Treasure Island Avenue on Karragarra Island, funded by \$850,000 from the reserve.

Other roads on the islands to be sealed in the next 12 months, funded by the general revenue, include Crest Haven Rd on Lamb Island and Currong St/Deenya Parade on Russell Island.

The open spaces priority will continue in 2008-2009, and the reserve will now fund the master planning of seven existing recreational parks and two sports parks. A key allocation is \$800,000 for sports park development and open space acquisition. New parks acquired during the last financial year will also be surveyed, with designs prepared, and we'll continue to develop facilities for existing parks.

We're currently working on 12 new sites, and these will start to look and feel like real parks in the not too distant future, with picnic facilities and play equipment. The overall target is to establish 71 new parks, including locations with improved access to the foreshore.

It's an exciting time for SMBI residents, who will get a chance to have their say on the type of facilities they want in their community.

Commercial rate

This year, Council is reducing its five mainland commercial rating categories down to one, with the exception of shopping centres, quarries and investment properties.

We have introduced a differential rate for investment properties, due to their commercial nature and the tax incentives offered to owners.

Meanwhile, the rate cap for commercial properties has risen from 15 per cent to 20 per cent for 2008-2009.

CHARGES AND LEVIES

Water charges

Undoubtedly one of the biggest challenges we've faced this year has been determining water charges.

In the Redlands, we've historically had low water prices because we've owned our own water supply. All that's now changed.

Although we will initially pay less for bulk water than most other areas in the region - as part of our compensation from the state government – it's still going to cost us significantly more than it did last year.

Council has had no control over these changes. All we've been able to do is set a retail price for water that minimises the impact on residents as much as possible.

We've tried to do that by adopting a pricing model that minimises the impact on the access charge and favours water savers. As such, the access charge has increased by \$10, to \$207, and we have retained the three-tiered approach to consumption charges.

Under the new arrangements, a household using 200 kilolitres of water a year in 2008-2009 will pay \$481. Last financial year, when we owned our water supply, the same amount cost \$351. This amounts to about an extra \$2.50 a week.

While this is clearly higher than we've had to pay in the past, it is a stark reality that we must now buy our water like every other council in the region. However, our tier 1 charge is still much less than the cost of water in most neighbouring councils.

I know our community has made a great effort to save water during the worst drought on record. During the next 12 months we'll join the regional grid as the next step in the state government's water reform process, and we'll then be required to abide by whatever restrictions are imposed by the Queensland Water Commission for the Redlands.

The best way for households to keep their water expenses down now is by using less water, and we'll do all we can to help our community by providing advice on how to do so.

In addition to the bulk water challenge, Council is also moving towards full cost pricing in water distribution. This is necessary in the lead up to our water network infrastructure being transferred to the new regional distribution entity in 2010.

Wastewater charges

The waste water charge has also increased, by \$40 to \$635 to reflect our move towards full cost pricing. The increase amounts to just under 80 cents a week. This again is necessary in the lead up to the network's transfer to the new regional distribution entity in 2010.

Waste/recycling charges

Another key issue for us in the Redlands is how we manage our waste in the long term.

Our two landfills are nearly full, and both are expected to close by 2010. Council has decided not to develop another landfill, but rather find a site for an integrated waste management facility.

Last month we made the decision to develop this important facility in German Church Rd, Redland Bay, where we already have a waste transfer station. This year, we've allocated \$3.7m towards design and the start of construction of the new facility, which will manage waste before it's transported beyond our city.

Over the next year, we're also going to investigate a range of options for a kerbside-type collection for residents who need help disposing of household goods.

As part of the move towards user pays, our tips and transfer stations will have gate fees for the first time. It's common practice for councils to have gate fees at waste facilities, and Redlands has been one of the very few councils in the region without them.

In the past, the waste/recycling charge has funded operations of our tips and transfer stations, however, the new fee will ensure that those who use the facilities pay for them. The new fees will start in December 2008.

The introduction of gate fees has enabled us to keep the increase in the mainland waste/recycling charge to a minimum. As such, it's only risen by \$5 this year, from \$225 to \$230.

Landfill remediation levy

Council is also responsible for landfill site remediation, and with increasingly higher standards required by the Environmental Protection Agency for old landfills, we need to raise the landfill remediation levy by \$8 from \$18 to \$26.

One of our key remediation projects is at Judy Holt Reserve in Birkdale, where works include recapping the western cricket fields, ongoing leachate management and improving stormwater management.

Environmental charge

I'm particularly pleased to announce a number of key actions in our recently adopted Koala Strategy will be funded through the 2008-2009 budget.

The \$1.87 million we've set aside this year will help us implement the Koala Strategy. Funding includes:

- \$960,000 to acquire koala habitat in urban areas
- \$385,000 to protect koala habitat
- \$260,000 for education, marketing, community grant and residential programs
- \$174,000 for research and mapping koala habitat, and
- \$90,000 to prevent dog attacks on koalas through owner education.

This budget makes it clear we are serious about protecting our koalas.

The environment levy will also fund actions out of Council's recently adopted biodiversity strategy, which enables us to protect and enhance our local biodiversity in the long term.

All of these projects will be funded by a \$15 increase in the environmental charge, which this year is \$87.80.

Special charges – canals

More than \$4.4 million will be spent over the next 12 months on dredging and repairing revetment walls in canals.

We have allocated \$2.5 million for the ongoing maintenance of the Raby Bay revetment walls (up by \$100,000 from last year), and \$1.9 million will be spent to dredge Aquatic Paradise canals.

The work is funded by canal levies, which this year have increased from between seven and 13 per cent.

At Raby Bay, the charge for a standard lot will increase by 11 per cent to \$1,500 per year, while the charge for units is up 13 per cent to \$765. The charge for marina berths at Raby Bay will rise by 11 per cent, to \$675.

The canal levy has risen by seven per cent at Aquatic Paradise and Sovereign Waters, with the charges now \$1,530 and \$882 respectively.

Pensioners' concessions

Council recognises our community is facing a number of financial challenges at the moment with fuel prices and interest rates on the rise. To help minimise the impact of the cost of living on pensioners, we offer a concession on our rates. This year, we have increased the concession for residents on a full pension by \$20, to \$300 a year; the concession for war widows has increased by \$18, to \$240; and part pensioners will receive a \$10 increase, with the concession now \$150 a year.

Key initiatives

The 2008-2009 budget includes an excellent range of projects, programs and initiatives. I'd like to take a moment to highlight some of them.

Cyclists will be pleased to know work will start on a new \$2.2 million cycleway in February to link Redland Bay and Victoria Point. We've allocated \$1.1 million for the first stage, which will include a new bridge over Erapah Creek.

We've set aside \$2.1 million for park improvements, including \$640,000 for an all abilities playground at Capalaba Regional Park - a partnership project with Disability Services Queensland and the Boystown Jobs Program. We're also investing \$350,000 in innovative new equipment and artwork elements at the Wellington Point Reserve Regional Park. This is part of the \$1 million second stage of the park upgrade, and includes reconstruction of the existing sea wall.

Other significant park upgrades are scheduled for Valentine Park at Birkdale, Crystal Waters Park at Thornlands and GJ Walter Park at Cleveland.

Work will also get underway this financial year to construct a stunning new entry to the Cleveland Showgrounds as part of a major redevelopment project; \$1.1 million has been set aside to create the new paved entry and plaza. The plaza will provide an all-weather display and event space linking the showground entrance with the Albert Morris Pavilion. The project, part of the master planning for the showgrounds, is jointly funded by Council and the Queensland Government's Q150 Legacy Infrastructure Program.

Meanwhile, we've also allocated \$382,000 to relocate and refurbish the Edgar Harley Pavilion at the showgrounds. This work is expected to be completed by October.

Our showgrounds are a great asset for our community, used by a wide range of groups and organisations. They have played an important part in Redlands community life, and this major rejuvenation will ensure the site remains a dynamic community hub for many years to come.

Another exciting community project is the remediation of Judy Holt Park in Birkdale, which I mentioned earlier. We've allocated \$830,900 to remediate and redevelop the former landfill site. The community will soon have an opportunity to help make decisions about the best options for future uses and facilities on the site.

Within our \$32.7 million operational and capital budget for road works, there's the long awaited widening of Rickertt/Quarry Rd at Thorneside. This year, we've allocated \$5.6 million for the project, which is expected to cost around \$8.4 million over two years – including \$4.3 million from the Commonwealth Government. We've also set aside \$3.3 million for the continued upgrade of Panorama Dr at Thornlands.

When completed, the key projects will make a big difference to locals and motorists who use these busy roads by improving traffic flow and safety.

Community safety is always important, and this year we have allocated \$82,500 for initiatives including:

- the Young People and Public Spaces Safety Project
- graffiti management plan implementation
- Crime and Safety Data Profile to determine current attitudes towards crime and crime statistics in the Redlands
- crime prevention through environment design.

Economic development

This Council strongly supports sustainable economic growth in our city – without a strong economy it is impossible for a community to have quality lifestyles.

This year, we will provide a wide range of initiatives and projects to support local businesses and our economy. Some key highlights include:

- relaunching Business Grow and administering the Job Grow Fund to help strengthen local businesses
- developing an economic snapshot of the Redlands, to identify new opportunities within the vision we have for our city
- providing support for major events including the Business Futures Forum, Careers Expo, Retail Awards, Business Achievement Awards, and the Redland Tourism Awards
- delivering business sustainability workshops
- providing strategic tourism marketing activities and participating in appropriate campaigns and trade shows.

In summary

The past year has seen local governments face an unprecedented combination of challenges and issues.

There are more challenges ahead of us as we balance the demands of planning for population growth with the need to protect everything we love the most about the Redlands.

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?

As my first budget, this has certainly been a challenging one, but I am confident, however, that we've made the best decisions for our community; decisions that deliver excellent services, projects and programs now and into the future, and ones that strengthen our financial position for the long term.

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

I would like to thank my elected colleagues and Council officers for their diligence and hard work in bring this budget together.

I commend the 2008-2009 budget to you.