

2016-17 Budget address

Thursday 14 July 2016

It gives me great pleasure to present Redland City Council's 2016-17 Budget.

This first Budget of the new Council is the product of a unified and collaborative approach in the interests of the City as a whole.

I would like to thank my Council colleagues for their input and commend you all for your role in producing a responsible plan which invests heavily in our City and builds on our strong foundations while minimising the cost impact on our residents.

This is a "business as usual" Budget which balances the needs of all our communities by providing the services we need now and into the future.

Just as importantly, it does so while staying within our means to ensure our financial resilience at a time of economic uncertainty.

Having balanced books is more important than ever to shield our City from volatility now and into the future.

This Budget achieves that.

It predicts a fourth consecutive operating surplus while maintaining Redland City Council's enviably low debt levels.

There are no new borrowings.

There are no frills.

Under this \$288 million budget, a typical Redland household – that's a category 1a owner occupied property with a property value of about \$306,450 - will see a modest increase of just 0.7 per cent - or about 43 cents a week - including all water consumption, rates and utility charges.

This is by far the best result of any comparable council in South-East Queensland. It compares more than favourably with 72 cents a week extra for Moreton Bay Regional Council, \$1.12 for the Gold Coast, \$1.35 for Brisbane, \$1.40 for Logan, \$2.02 for Ipswich and \$2.14 for the Sunshine Coast.

And this increase covers only a small part of the extra impost on Council from rises in utilities and other State Government charges.

Council has been heavily affected by a 9.2 per cent increase in State Government bulk water costs in particular.

This is the fifth consecutive Budget that Council has had to accommodate hefty increases in the State Government's bulk water costs to about \$33.3 million.

It follows an increase of about 10 per cent last year, which we offset.

Again, Council has sought to absorb millions of dollars in external costs rather than passing them on to residents.

Unfortunately, we cannot absorb it all and still provide the high level of services our communities deserve.

At the same time, we have kept our retail water costs at last year's levels to minimise the impact on residents by limiting the increase in total water and waste charges to 2.55 per cent.

Once increases in water and utilities costs are removed, the average residential owner-occupied general rate has in fact fallen by 3.1 per cent.

Redland is the only major Council in South East Queensland to have achieved this.

Cost-of-living pressures faced by residents were at the forefront when framing this Budget.

So, too, was the economic uncertainty which continues to affect our lives.

While there is always a temptation to "cut to the bone" when setting our rates, it is incumbent on us to ensure we safeguard our City against economic volatility.

This year's headline rate rise – essentially the increase in total revenue from rates and utilities – allows us to achieve that delicate balance.

This headline rate reflects Council's Consumer Price Index and spending patterns. The weighted percentage change once State Government water costs are removed works out to 2.15 per cent – just below Redland City Council's blended CPI of 2.16 per cent.

It is important to note that existing ratepayers will fund only a small part of this year's headline rate rise of 3.41 per cent.

Much of the increase in total Council revenue will come from new growth, as well as improved grants funding from the State and Federal governments and substantially higher contributions from development projects.

KEEPING DEBT & COSTS UNDER CONTROL

In our efforts to keep rates rises as low as possible, Council will also continue to seek efficiencies and savings from within by adopting best practice and supporting innovation and new thinking.

The rewards and operational improvements that this will reap will gather momentum in this new financial year.

This is important as we cannot ask residents to pay more unless we are certain we are doing all we can to get best value for the ratepayer dollar.

The 2016-17 Budget achieves among the lowest local government debt levels in South-East Queensland as well as the reassurance that comes with having "money in the bank".

The 2016-17 Budget also includes the creation of a new Community Infrastructure Fund to provide more flexibility in responding to community priorities.

We have maintained this low level of debt and minimal rate increase while increasing rebates to pensioners, with the discount for full pensioners rising \$5 to \$335 and a \$2.50 increase for part-pensioners. We have among the highest pensioner rebates of comparable councils in the region.

Once water, utilities and other charges have been removed, the average residential owner occupied general rate for those with the full pension concession actually decreases by 4.8 per cent.

Council has been able to do this because the City has cash in the bank.

A FAIRER, BALANCED SYSTEM

This budget also brings a rationalisation of ratings categories across the mainland and Southern Moreton Bay Islands to provide for consistency between communities.

This change was inevitable as we mature as a city.

This process was started four years ago and sees our number of rating categories in that time reduced from 45 to 13.

Through it, the islands' rating categories will now reflect those of their neighbours on the mainland.

Some ratepayers will notice an adjustment in the first year, as we introduce this simpler and fairer system for all.

In delivering this balanced, consistent approach, the rate in the dollar for islanders will be reduced in line with that on the mainland and the minimum category 1a rate paid across the City will change to \$901 – up from \$882 on the mainland and \$624 on the Southern Moreton Bay Islands.

While there will be an impact for those on the minimum rate, this reform will bring consistency with one, equal approach for all.

Rates notices will now also define a \$5 component to help support the considerable work of our local award-winning State Emergency Service units as they seek to ensure they can meet the needs of our growing city.

DELIVERING FOR REDLANDERS

This is a responsible and financially prudent budget.

But that does not mean we have had to rein in service delivery or our ambitions and forward planning for our City.

On the contrary – this budget invests significantly in our communities while ensuring we can continue to create the climate for an exciting future.

It strongly reflects what residents have told Councillors they want by delivering a \$77 million capital expenditure plan which commits over \$25 million to road, traffic and transport

upgrades and initiatives - underscoring Council's commitment to making it easier for Redlanders to get around their City and commute.

Its highlights include:

- \$20.97 million for roads projects, including the green seal program on the Southern Moreton Bay islands and Coochiemudlo Island.
- \$7.69 million for infrastructure, including the Cleveland pool redevelopment, stormwater drainage upgrades and expansion, carpark resurfacing, cycleways and footpaths.
- \$4.58 million for open space and conservation projects, including \$500,000 for sportsfield lighting at John Fredericks Park, Capalaba, and playground and park renewals.
- \$8.86 million for marine and foreshore projects, including the seawall program and Macleay Island ramp carpark and seawall and asbestos capping projects.
- \$11.17 million for community and cultural services, including the Community Infrastructure Fund.
- \$1.24 million for new water services.
- \$12.58 million for wastewater projects.
- \$9.72 million for land acquisitions and asset replacement programs.

This first budget of the new Council also has been framed with regard to the impact of the State Government's property revaluations, which Council is obliged to use.

Councillors have sought to minimise this influence by keeping spending and fees in check.

I truly believe that the Redlands is the best place to live, work, relax and do business.

That does not mean that it cannot be a better place.

Through the 2016-17 Budget, Council continues to invest in improving our community wellbeing through funding for parks and the environment, as well as improving roads, footpaths and cycleways.

The sound financial platform it provides this City is essential as we drive our vision for the future of Redlands, one which sees:

- Growth in local employment opportunities, particularly for our youth;
- Development of our undeniable tourism potential through strong support for community festivals and events, as well as the opportunities to come as North Stradbroke Island transitions away from sand mining;
- Investment in local transport and traffic initiatives; and
- Enhancement of our already enviable lifestyle.

We have \$1.4 billion in investment on the horizon through the redevelopment of Cleveland's Toondah Harbour, plus about \$50 million worth of approved building and civil works in the pipeline.

Our Economic Development Advisory Board is now getting down to business and will:

- Deliver tangible economic action plans for the Redlands' key industries; and
- Chart a course to achieve our Economic Development Framework's ultimate objectives of 30,000 new jobs and increasing the city's gross regional product to \$6.8 billion by 2041.

It should be noted that our "open for business" stance is paying dividends and the minimal increase in this year's rates is partly the result of a substantial increase in contributions from development projects, which are forecast to top \$29 million in 2016-17.

VOTE OF THANKS

I would like to put on record my sincere thanks to CEO Bill Lyon for leading us to this enviable position, Executive Leadership Team members Nick Clarke, Louise Rusan, Gary Soutar, Andrew Ross and Amanda Daly and our wonderful finance team led by Chief Financial Officer Deborah Corbett-Hall for the work they have done over many months to pave the way to this Budget.

They have worked almost around the clock to present this Budget and their dedication, expertise and patience is very much appreciated.

On behalf of Council, I am proud to commend this year's Budget to you.

Ends