

# MAYOR'S *Budget* MESSAGE

## QUILPIE SHIRE COUNCIL BUDGET 2014-15

### SUMMARY

The 2014-15 budget adopted by the Quilpie Shire Council should be more comfortable and less challenging, both in a financial and operational sense, than the first two budgets of this council, brought down in 2012 and 2013. This is due to the completion of the major state and shire road flood damage programs committed to in those years. In the year just gone, 2013-14, almost \$18M was spent on shire roads and \$6.5M on state roads. It was a huge undertaking and was made more difficult by the extreme dry and subsequent water shortages. Late approvals to allow work to commence also exacerbated the situation.

It was a huge effort by all concerned that nearly all the program was completed by the end of June, the non-negotiable deadline set by the government. The admirable commitment by council staff, our consultant project managers, RPMS, and our contractors, local and away, got the job done. I believe the council's shire roads are in very good shape as a result.

With a much reduced flood damage component, the 2014-15 budget has returned to more conventional levels. A total forecast revenue of \$22.5M and expenditure of \$20.1M (including capital works) will be a less confronting task for the next 12 months. The forecast surplus is due to late flood damage payments for expenses incurred in the previous year rather than surplus funds. All incoming revenue is fully subscribed in this budget with the major capital works being the development of the first stage of the Quilpie industrial sub-division, estimated to cost \$1.5M.

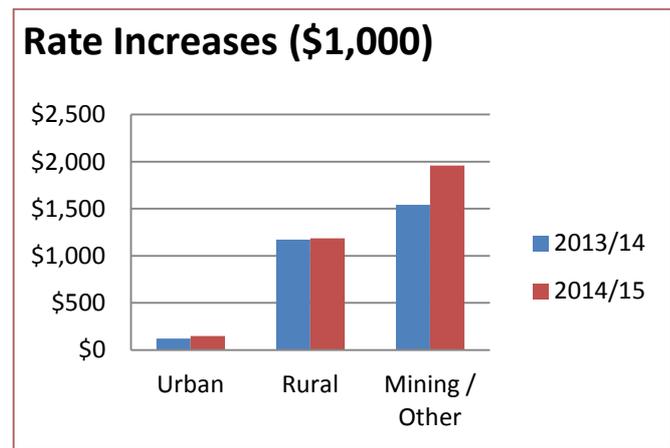
As predicted 12 months ago, revenue from government is being squeezed with no capital funds for state roads and the critical Financial Assistance Grants from Federal Government being frozen for three years, i.e. no increases. These funds feed straight into our operational budget and Council is now faced with the challenge of keeping our operational cost increases to a bare minimum. The days of just accepting an increase of 5-10% in your expenses are over. We simply can't afford that anymore.

**Just as federal and state governments collect taxes to pay for their programs, Council collects rates to fund the services to the community. Many of these services have seen significant cost increases and critical funding from other levels of Government is tighter.**

### RATES

Our revenue has been bolstered by increases in rates over the last two years in line with the recommendations of the rates review undertaken in 2012. The mining sector has borne the brunt of these increases but Council believes that all rate payers in this shire are reaching the point where they are paying as much as can be expected and there really isn't any more room for rate increases, beyond CPI, for the foreseeable future.

The rates from the rural sector, as a whole, has gone up a minimal 2.5% although, because of the recent revaluation, individual properties will see variations, up and down, larger than this. We have also condensed the rural rates from four categories to three. The rural ratepayers were previously split into four categories based on the unimproved property value in \$/ha so that the higher valued properties paid a lower cent in the dollar rate than the lower rated properties. This was to help alleviate the perceived imbalance created by questionable past valuations that saw, in some cases, higher valued properties paying three times the rates, per hectare, than the lower valued properties. The recent revaluation has addressed this anomaly somewhat and has allowed the two lower valued categories to be combined into one. Eventually we would hope that all rural ratepayers will, once again, be in the one category. In recognition of the hardship faced by our rural ratepayers the discount period has been extended from one month to three months. This extended payment period was allowed in the second rate notice in the previous year as well.



The urban **general** rate has gone up 25%, in line with the 2012 rate review. Although this seems high it equates to an actual increase of around \$60 for the average urban ratepayer around the shire. The urban blocks in Quilpie have just been re-valued up 40% but Council has dropped the rate in the dollar to restrict the increase to 25% not 40%.

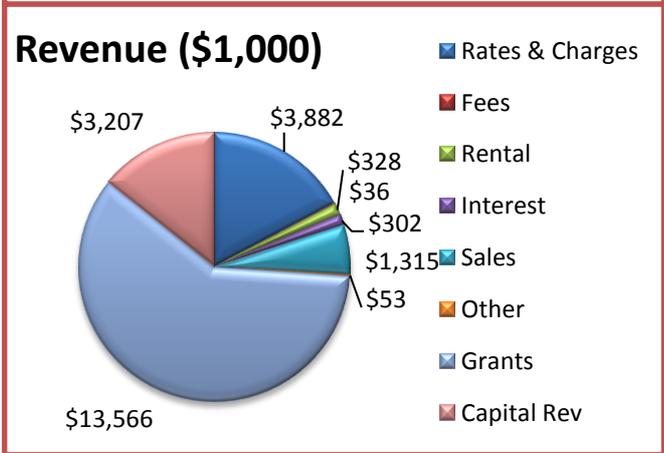
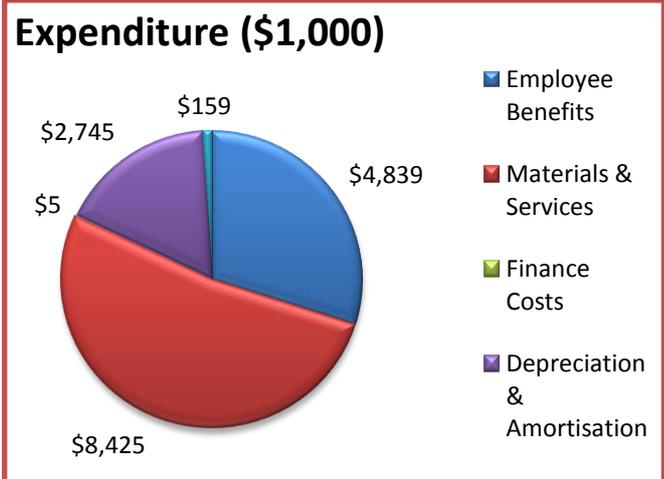
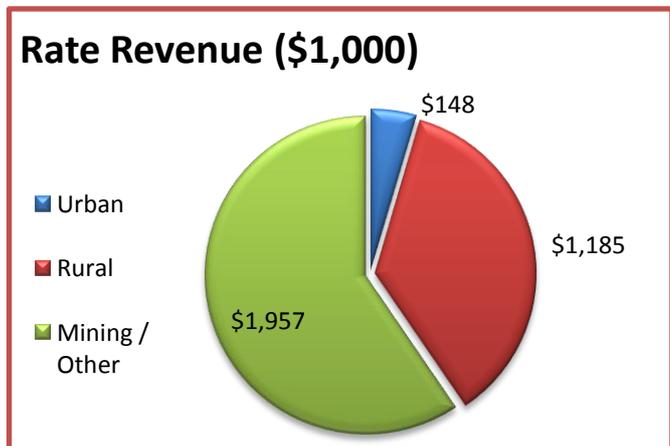
# Keeping our Community Connected

The total mining rates has increased by 27%, again, in line with the recommendations of the 2012 rates review. There will be variations across the sector, though, with rates on some leases increasing by more than that and some not increasing at all. This is due to the continuation of the process, commenced last year, where Council is implementing a more equitable, balanced rating structure for mining leases. Before this process started some leases were rated at 350c in the dollar and some at 21c in the dollar. A differential rating system, based on lease area, has also been introduced for the mining sector. This helps to keep rates at an acceptable level for those companies with larger than average lease areas.

**Council offers a generous pensioner subsidy on rates and charges of 50% up to a maximum of \$450. This is on top of the State Government's Pensioner Rate Subsidy Scheme for eligible Centrelink card holders. Information on eligibility is available on the Department of Communities, Child Safety and Disability Services website [www.communities.qld.gov.au](http://www.communities.qld.gov.au)**

## CHARGES

Charges for sewerage, water and garbage collection have been increased by 10%. The good news is that, after many years of above CPI increases, the goal of achieving full cost recovery on sewerage, water and garbage collection services is not too far away.



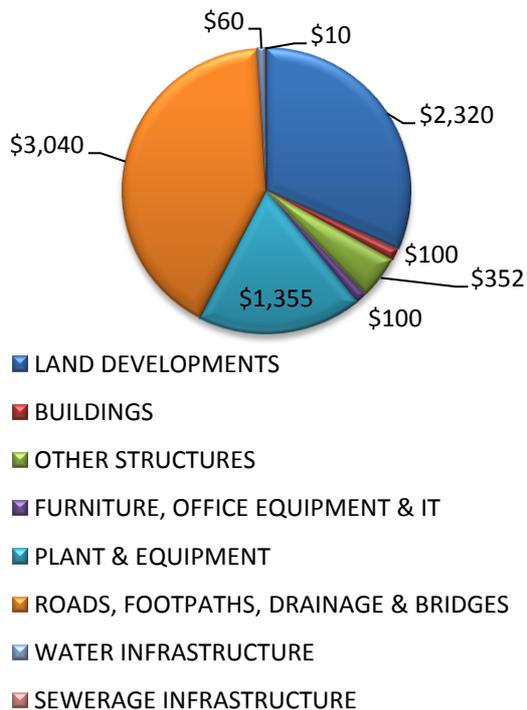
## CAPITAL WORKS

As mentioned earlier the major capital expenditure in the 2014-15 year will be \$1.5M on the first stage of the industrial sub-division. This will be fully funded from cash reserves. Council believes that this project is essential for the future development of the shire and allows for expansion of the business community in Quilpie. In time some of this outlay will be recouped from land sales and rates. However, the benefit to the whole shire, I believe, will far outweigh these returns in the longer term.

Other major capital projects are the three State Government Royalty for the Regions' (R4R) projects that Council has been successful in achieving funding for. The three projects are the \$2M sealing project on the Kyabra road (QSC contribution - \$370k), the \$800k mobile phone project in the western part of the shire (QSC contribution - \$250k) and the \$820k Eromanga Natural History Museum project (QSC contribution - \$150k). These are all great value for money projects and achieves the intent of the R4R program by bringing royalty money back to the areas of the state that it comes from. It should be noted that all these projects will benefit our mining community and shows some solid return for the rates they pay in this shire. Long standing resource companies, Santos and Beach Energy, have also made direct financial contributions to the mobile phone and the natural history museum projects mentioned above.

# Keeping our Community Connected

## Capital Works (\$1,000)



The following table provides details on Council's major capital works

Industrial sub-div stage 1	\$1,500,000
Eromanga Natural History Museum Stage 1	\$820,000
Housing - 74 Pegler carport and shade	\$20,000
Quilpie Pool-Extend Kiosk, install disability access and shade cover for heated pool	\$110,000
Parks Quilpie JWP - lighting at netball courts	\$35,000
Towns unallocated minor projects - Quilpie	\$50,000
Towns unallocated minor projects - Eromanga	\$35,000
Towns unallocated minor projects - Adavale	\$25,000
VIC - End of line rail museum	\$60,000
VIC - War history museum	\$25,000
ANZAC statue	\$72,000
Plant replacements	\$1,355,000
Concrete floodway Gumbardo Creek	\$130,000
Kyabra Road 38.4 - 46.8km	\$1,790,000
Kyabra Road 55.1 - 56.7km	\$250,000
Reseals various roads / streets	\$400,000
Reseal Eromanga airport	\$225,000
Hell Hole Gorge access road stage 1	\$200,000
Water main replacements Adavale	\$60,000

## LOOKING FORWARD

Despite the challenges presented by dwindling government revenue and ever increasing costs, Council remains in a strong financial position with no debt and a strong cash position. Maintaining positive cash flows over the last two financial years has been a particularly difficult challenge. More than \$34M of roads expenditure (almost \$3M/month) went through Council accounts in 2012-13 and more than \$24M (\$2M/month) in 2013-14.

All of these funds are rigorously scrutinised by the Queensland Reconstruction Authority (QRA) before Council receives payment. Funds are only forthcoming when the work is actually completed and acquitted correctly. The high financial turnover coupled with the lag time in payments from QRA creates a high risk environment for Council with regards to cash flows. Tight and competent management by our engineering and financial managers has alleviated this risk.

With a strong management team in place I look forward to the future with confidence and we will continue to run balanced operational budgets and fund our planned future capital works program in a responsible and financially sustainable manner.

Warm Regards,

**Stuart Mackenzie**

**Mayor Quilpie Shire Council**

## HOW CAN I PAY MY RATES?

Rates notices are issued twice yearly. To ensure you receive the applicable discount, full payment MUST BE RECEIVED BY COUNCIL by the due date. Payment options:

**By cash**, cheque or credit card at the Quilpie Shire Council Administration Office;

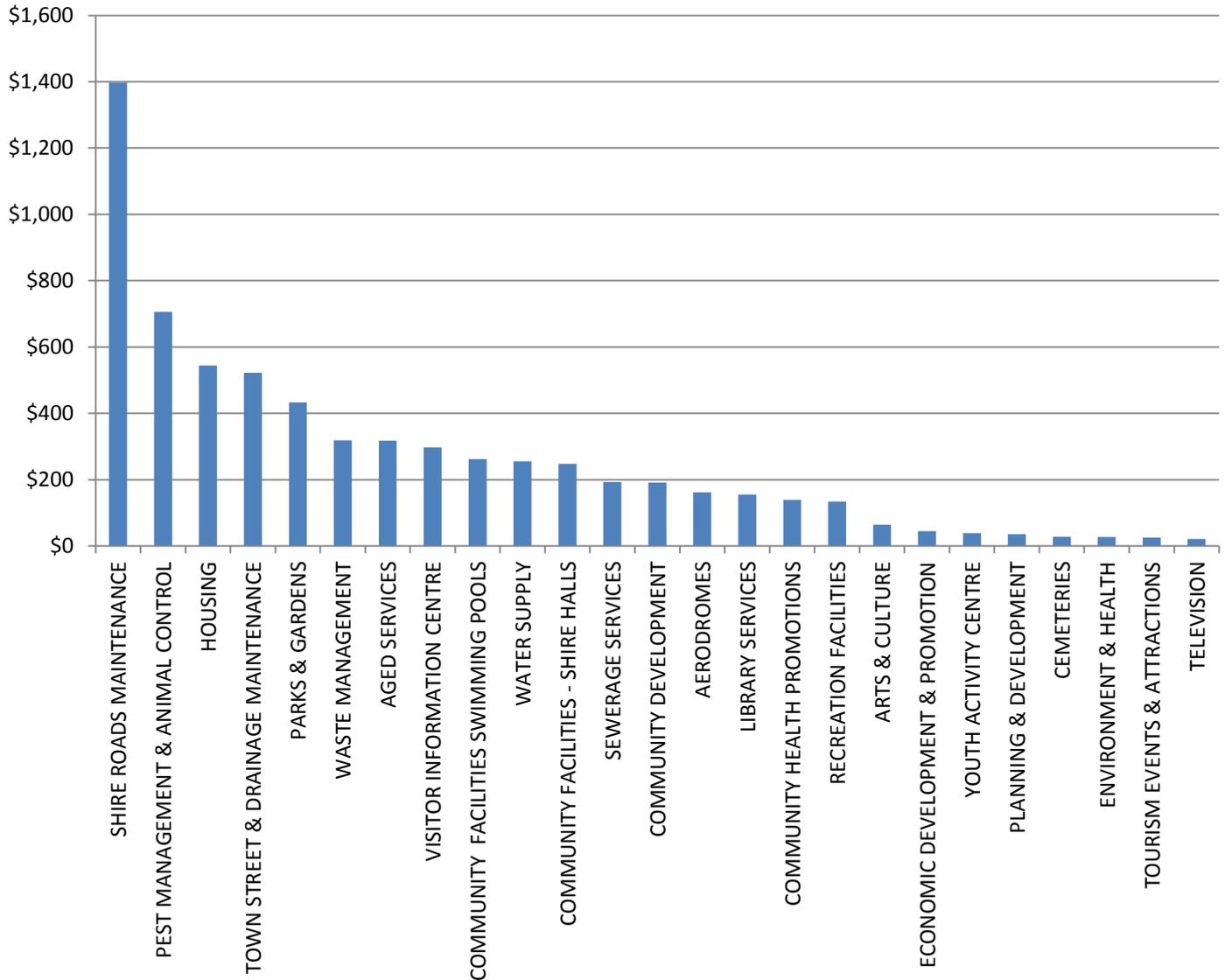
**By posting** your cheque to Quilpie Shire Council PO Box 57 Quilpie Q 4480;

**By telephoning** the Quilpie Shire Council Administration Office on 07 4656 0500 with your credit card details;

**By BPay** using biller code 504407 and the customer reference number stated on your rates notice; or  
**By direct payment** to Council's bank account using your rates assessment as the reference (please contact the office for account details).

\*PLEASE ENSURE YOU ALLOW SUFFICIENT TIME FOR BANK TRANSFERS AND MAILING SO THAT PAYMENT ARRIVES AT COUNCIL BEFORE THE DISCOUNT PERIOD CLOSSES.

## Where The Money Goes (\$1,000)



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