Councillors, staff, ladies and gentlemen,

I present to you today the 2012-13 budget for the Burdekin Shire Council, the first budget following the Local Government elections held at the end of April 2012.

This budget has been delayed for a number of reasons. Firstly, the elections were put back one month by the State Government leaving less time for new Councillors to get to know the budget processes and what it is all about. Secondly, this Council spent considerable time weighing up the needs of our community for minimal increases in rates and charges.

We have a distinct community identified by our general rating categories – residential, commercial/industrial, grazing and livestock, sugar cane, rural other, sugar milling and commercial water business.

No one sector of the community is doing it better or easier than the other. The major contributors to the general rate are the residential and sugar cane categories. Any relief to these sectors has a magnifying effect on the other sectors. This point alone has prevented Council from making any drastic changes to its rating strategy.

We are mindful of the need to contain rate and charge increases to a minimum but we must also recognize our duty to maintain our existing level of services and infrastructure.

Overview

Our total budgeted rates and charges increase compared to 2011-12 is 4.1%. This is quite an achievement considering some of our input costs such as electricity, insurance and construction costs have risen substantially greater than this amount.

All of our funds have operating surpluses which help demonstrate sustainability. The general fund which includes the general, special and separate rates shows a 4.0% increase in rates.

The minimum general rate has increased 4.75% from $912 to $955. The Environment Special Charge remains unchanged at $16-50.
The waste service charges have increased about 1.6% in total. The residential three bin service has increased $8 and the rural two bin service has increased $9. The commercial two bin service has decreased $4 due in part to the removal of the State Government waste levy.

The sewerage charge has increased $16 or 3.2% from $496 to $512. The water access charge has increased $37 or 9.8% from $376 to $413. The water consumption charges have increased slightly from 15 to 16 cents per kilolitre for usage up to 1,000 kl, and from 75 to 80 cents per kilolitre for usage above 1,000 kl.

Valuations and General Rating

Our general rates have risen 4.0% in 2012-13. The table below shows the general rates increase per category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase for 2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>4.00%</td>
</tr>
<tr>
<td>Commercial &amp; Industrial</td>
<td>4.75%</td>
</tr>
<tr>
<td>Grazing &amp; Livestock</td>
<td>1.00%</td>
</tr>
<tr>
<td>Rural – Sugar Cane</td>
<td>3.95%</td>
</tr>
<tr>
<td>Rural – Other</td>
<td>8.00%</td>
</tr>
<tr>
<td>Sugar Milling</td>
<td>4.75%</td>
</tr>
<tr>
<td>Commercial Water Business</td>
<td>4.75%</td>
</tr>
</tbody>
</table>

In considering the rating burden that each category should pay, Council has signaled its intent for the Rural Other category to gradually approach but not surpass the Rural Sugar Cane rate in the dollar, thus reducing a perceived inequity between the agricultural categories.

The lowest percentage increases are for the Grazing & Livestock and Rural Sugar Cane categories which also recognize their past contributions to the general rate.

We will continue to monitor and refine this process in future years.

Our current modeling indicates that 72% of all rateable properties experience either a decrease in rates and charges or at worst a 5% increase. 68% of all residential properties and virtually all sugar cane properties will experience either a decrease in rates and charges or at worst a 5% increase.

The net general rate and charge increases in the main rating categories based on an average valuation for that category, are as follows:
The 2012-13 budget includes approximately $40.5 M in operational expenditure (including about $8.4 M in depreciation) and capital expenditure of approximately $20.1 M. This is a significant spend in our local community. Some of the major projects include the following:

- Allocation of $9.3 M for maintenance and capital works on roads, drainage and reseals.
- Allocation of $8.4 M for flood damage restoration following recent flood events.
- Continuation of an 8 year programme to provide kerbing and channeling and bitumen widening to urban streets that do not require major underground drainage at a cost of $742,000.
- Major drainage schemes for Andersen Street, Ayr to Beach Road at a cost of $300,000. Other major drainage scheme work totaling $120,000.
- Ayr/Brandon Flood Study upgrade $67,919.
- Horseshoe Lagoon Flood Study works $200,000.
- Provision for street lighting $493,680.
- A provision has been made for fluoridation of the water supply schemes at a cost of $1.83 M which is imposed and funded by the State Government. A submission has been made for council to be exempt from this requirement.
- Sewerage projects of $750,000 include:-
  - the continuation of the sewerage pipe relining $500,000;
  - new electrical switchboard for No 1 Sewer Pump Station, Ayr $100,000;
  - general refurbishment of the sewerage pump stations $50,000; and
  - replacement of existing telemetry $100,000.
• Water projects of $450,000 include:
  o general refurbishment of assets at $100,000;
  o Install variable speed pumps at South Ayr Water Treatment Plant $100,000;
  o Replace aerators at Home Hill Water Tower $150,000; and
  o Stage 1 of treatment of iron and manganese in water supplies $100,000.
• Refurbishment of the Millaroo Pool $150,000.
• Allowance for an additional animal control officer to assist in the area of dog control.
• Refurbishment of the Home Hill Comfort Stop $100,000.
• Relocate and refurbish the Exceloo from Anzac Park to Coutts Park $40,000.
• Irrigation for local parks $65,000.
• Provision for skate park/recreation facility for Home Hill and Giru $60,000.
• Relocation and upgrading of Ayr Cemetery Sextons Hut $135,000 plus relocation of power poles $65,000.
• Support for welfare and community. Support for pensioners through the Council Pensioner Remission is estimated at $283,200. Funding up to an estimated $700,000 will be distributed to various welfare, cultural, sporting and community based organizations in the Shire through grants, in-kind services or sewerage charge rebates.

**A Sustainable Budget**

Council is aware of what our community is telling us. There is also awareness that we are the custodians of the community’s assets. We therefore need to take care of the assets we have and make sure they last for future generations. We also must ensure we can fund new essential infrastructure and services to meet the needs and expectations of the community.

With a majority of our input costs expected to rise at or above 4.0%, there is already cost cutting built into this budget. We have deferred large scale capital projects such as the Sutcliffe Estate Sewerage Scheme and the Ayr and Home Hill Pool replacements until hopefully some State Government subsidies are restored. We are not considering any water park feature for the Shire because it is simply unaffordable, both for initial establishment and annual maintenance and operation.

We have reduced road maintenance by $100,000 and our contribution to the Burdekin Cultural Complex Board by $50,000. Some staff vacancies have not been filled.
Some of the above savings are not permanent and will have to be reintroduced in future budgets. Permanent savings can be made by opting out of services or reducing service levels. Such decisions are more difficult as they affect ratepayers and the community, and this is one area that all councilors, staff and the community need to be aware of.

A plus factor for a sustainable financial future is our debt levels. We are expecting to borrow only $415,000 this year and our expected external debt level will be $7.23 M. This compares to a debt level of $12.1 M in 2005-06. The projected level is relatively low and gives us the capacity to raise additional borrowings in future years for infrastructure upgrades.

I wish to sincerely thank the Chief Executive Officer, directors, managers, senior officers and finance officers for their continued cooperation, helpful guidance and professional input into the preparation of this budget.

I also wish to record my thanks to my fellow councilors for their support in setting priorities for the future and making what have been sometimes difficult decisions.

On behalf of Burdekin Shire Council, I commend the 2012-13 budget to you for adoption.

Cr. W.C. Lowis,
MAYOR

Burdekin Shire Council
21 August 2012