

QUILPIE SHIRE COUNCIL BUDGET 2013-14

The 2013-14 budget is, like last year, a huge challenge for council. Although slightly smaller than last year at 30 million as compared to 36 million in 2012-13, it will, I believe, create a larger challenge. This budget is inflated by 16 million in flood damage. Last year flood damage funds were spent on state roads and supervised by Main Roads where as this year the funds will be spent on shire roads and supervised by council. These funds must be spent by June 2014 and it is going to be a huge task for all concerned to achieve this milestone. It does provide a great opportunity to bring our shire roads up to a high standard.

Another major factor in our deliberations this year is the increasing uncertainty of future government funding. At this point in time there is no capital works planned on main roads in Quilpie Shire in the foreseeable future. We will be doing everything within our power to change this situation but we can't factor this into any budget at this time. This is going to have a considerable impact on council workloads from July 2014 onwards. Considering this uncertainty and the huge road workload in the next 12 months, other major works such as the land developments and the new depot will be postponed until at least 2014-15. We will be doing preliminary planning and organising for these programs though. These factors have seen a reduced capital program from past years.

All other government grants are also getting squeezed so future revenue is certainly looking to be the leanest it has been for a long time. We have been warned repeatedly by governments in the last 12 months that we will have to learn to "do more with less".

The 2013-14 budget has also seen some structural changes that have presented some quite difficult decisions for council. We have been challenged by trying to meet goals with often competing outcomes. Last year's budget was brought down by a council in its first weeks of incumbency, in which we were constricted by a lack of time to clarify our objectives as a new council and also having to budget for a number of capital works projects that were committed to but not commenced.

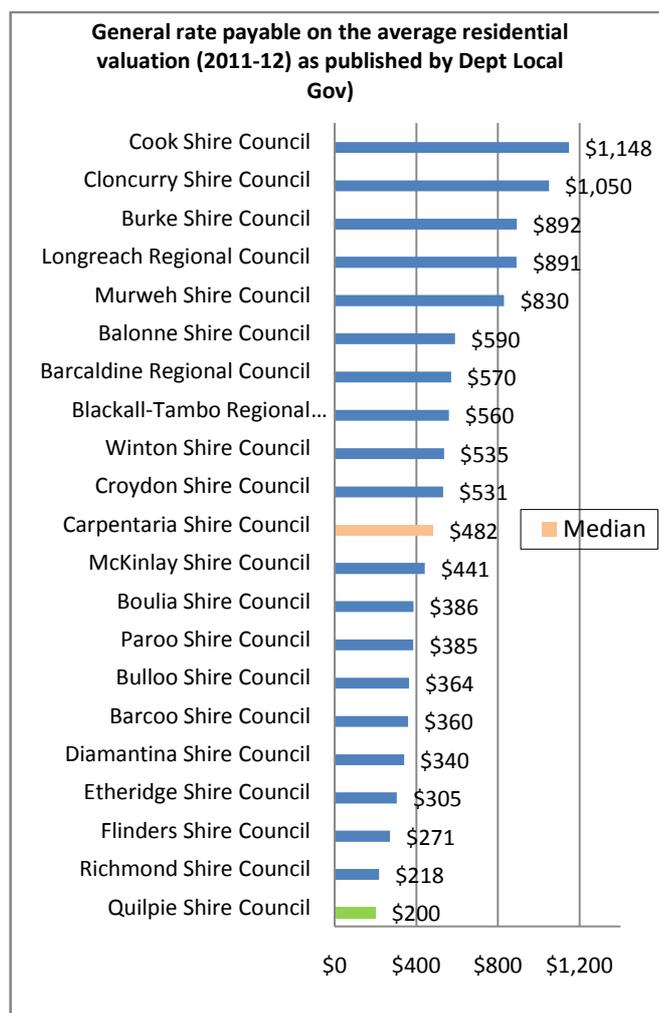
This backlog is out of the way and we have had 12 months to plan and deliberate on our future goals and ambitions. It is one thing to have goals, it is another to be able to fund them and maintain a healthy sustainable financial position. That is the challenge of budgeting!

Another major factor in this year's budget is the findings of a rates review commissioned by this council in 2012. This was comprehensive and was undoubtedly the most constructive review I have been involved with. There were some major anomalies and sector imbalances identified and if council had continued with the present rating levels these imbalances would have only amplified. With that in mind council has implemented the recommendations from that report with few adjustments.

Some of the major anomalies identified were our very low urban general rate which is the lowest of all other comparable councils in Queensland. For this reason the urban general rate has increased by 25%. Although this appears very high, in actual dollar terms, based on the average rate bill, it means an increase of around \$50/annum.

DID YOU KNOW?

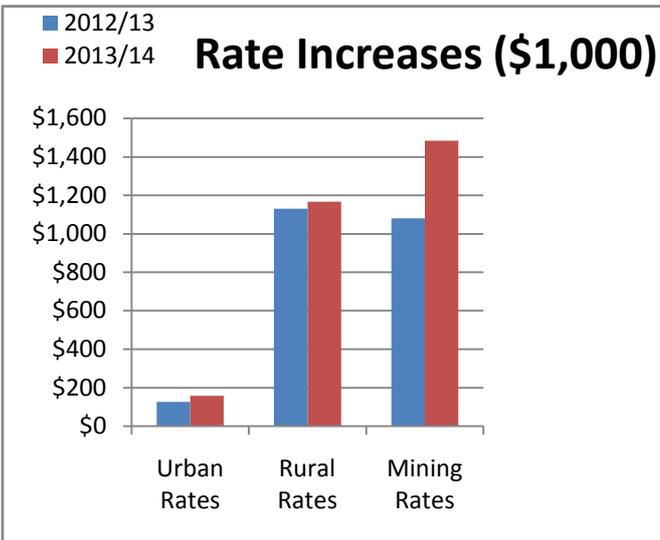
Quilpie Shire has the lowest Urban General Rate of any Council compared in a recent study...



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Also our rural general rate is lifting well above its weight in this shire. For example, the rural and resource sectors are paying around the same in rates, yet the shire exports of the resource sector (104 Million) is four times that of the rural sector (24 Million). This a massive imbalance. Rural rates will see a CPI increase of only 3%.

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 due to electricity, labour and building materials price rises.

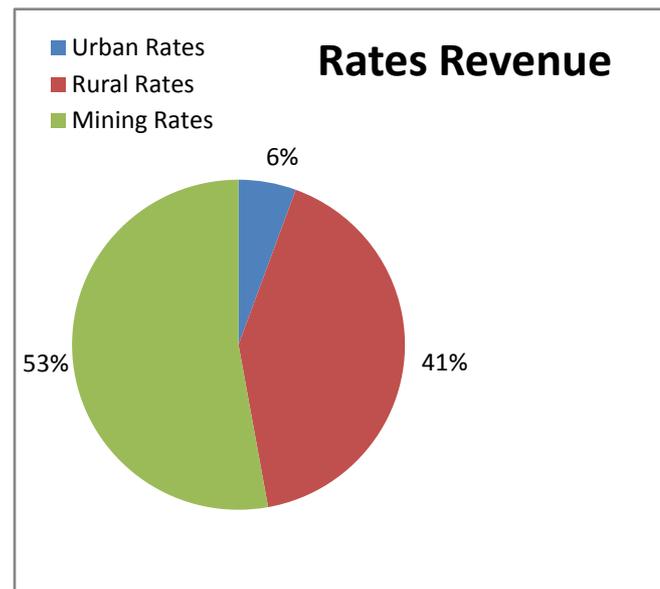


The above chart shows the total increase in rates from each sector:

- Total urban rates increase from \$126K to \$157K
- Total rural rates increase from \$1,130K to \$1,166K
- Total mining & resource sector rates increase from \$1,081 to \$1,483K

There was another strange anomaly within the resource sector. Mining companies like all rate payers are rated on the value of their land or lease. In the resource sector, however, this rate was varied throughout the sector depending on production. The variation, however, wasn't constant as we had some companies paying 70c in the dollar, another company with a higher production paying 21c in the dollar and another company with an even higher production paying 350c in the dollar. All resource companies will now pay the same rate, irrespective of production and the total take from the sector has been increased by 37% to try and address the imbalance mentioned above. Because we are replacing a convoluted system with a simple equitable one there will be some companies seeing a rise in their rates of more than 37% and some whose rates will actually drop from last year's.

Ratepayers are eligible for a 10% discount on rates and charges (excluding state fire levy) provided payment of all current and outstanding monies is received by Council on or before the close of discount date.



The above chart shows the rates from each sector as a percentage of the total rates levied.

The other major issue highlighted is that our charges on services, (water, garbage, etc) don't achieve cost recovery. As a business with increasingly uncertain revenue streams, we can't continue to provide services that aren't fully funded by the users of those services. This has prompted a 12.5% rise in charges.

The above mentioned situations needed to be addressed and that has strongly guided the setting of our rates and charges for this next financial year.

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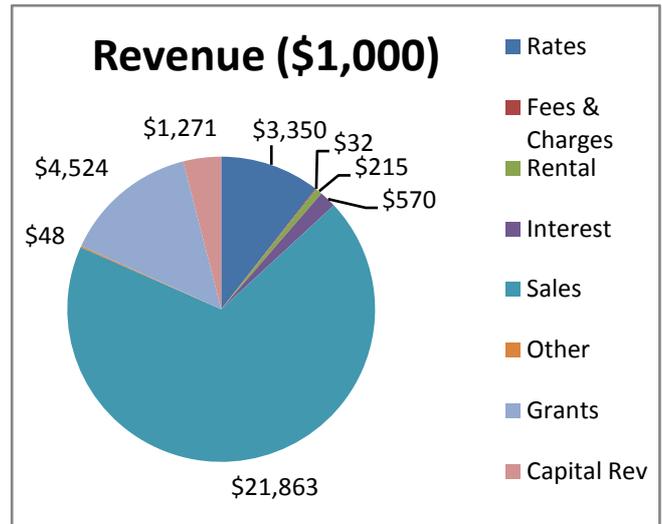
There is one overriding requirement of the council budget which, I believe, is non-negotiable. We must always balance our operational budget. That is, we must always fund service provision, asset maintenance and depreciation, (i.e. operational). To continue to do that we have to continue to increase our revenue to match the inevitable climb in expenses. The only alternative is to cut services.

Governments, of all persuasions, are tightening budgets across the country and we can be no different. We may well look back on previous years as times of relevant "plenty".

Best Regards,

Stuart Mackenzie

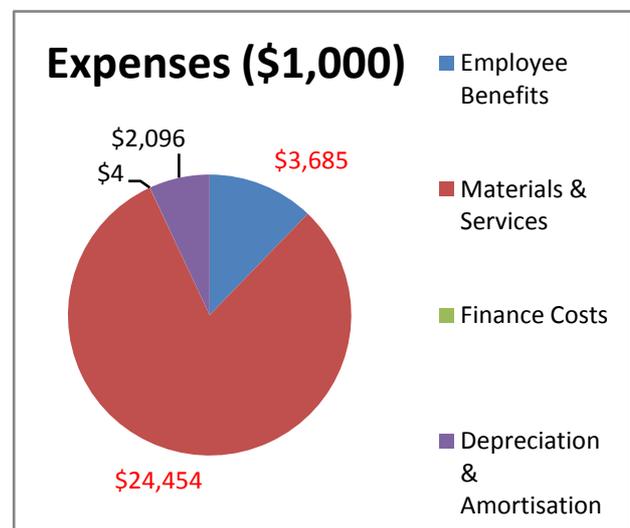
Mayor



The above graph shows Council's total revenue from each source:

- Rates (\$3,350K) account for 10% of revenue
- Grants (\$4,524K) account for 14% of revenue
- Sales, including flood damage and Main Roads contracts (\$21,863K) account for 69% of revenue

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. The state subsidy is for 20% of gross rates and charges to a maximum of \$200 per annum. Information on eligibility is available on the Department of Communities, Child Safety and Disability Services website www.communities.qld.gov.au



The above graph shows Council's expenditure in key areas:

- Employee benefits (\$3,685K) account for 12% of expenditure
- Materials and services (\$24,454K) account for 81% of expenditure
- Depreciation (\$2,096K) accounts for 7%

HOW CAN I PAY MY RATES?

CASH payments may be made in person at the Quilpie Shire Council Office.

CHEQUES & MONEY ORDERS should be made payable to the Quilpie Shire Council.

EFTPOS facilities are available at the Council Office for Credit and Debit card payments. Remittance by EFTPOS may be made in person or over the telephone.

PRE-PAYMENTS are the smart way to pay your rates. Pay as much as you like when you wish to accumulate funds to cover the net amount due on your next rates notice to qualify for discount.

OVERSEAS RESIDENTS are requested to forward remittance by bank draft in Australian currency and so avoid short payments as a result of currency fluctuations.

RECEIPTS will not be issued unless requested. If a receipt is required, please indicate on the bottom portion of your rates notice. If there are any changes in address etc., please complete the bottom portion of the rates notice and attach to your remittance.

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WHERE DO MY RATES GO?

Every \$100 of rates revenue is used in the following way...

CONSTRUCTION & MAINTENANCE OF RURAL ROADS	\$33.36
CORPORATE & CUSTOMER SERVICES	\$16.92
CONSTRUCTION, OPERATION & MAINTENANCE OF WATER INFRASTRUCTURE	\$9.06
CONSTRUCTION, OPERATION & MAINTENANCE OF COUNCIL HOUSES & AGED SERVICES	\$9.01
PEST MANAGEMENT & ANIMAL CONTROL SERVICES	\$5.49
CONSTRUCTION, OPERATION & MAINTENANCE OF PARKS	\$4.63
ECONOMIC DEVELOPMENT INCL VIC, TOURISM & RADF	\$3.16
COMMUNITY DEVELOPMENT INITIATIVES	\$3.15
CONSTRUCTION, OPERATION & MAINTENANCE OF SHIRE HALLS	\$2.07
CONSTRUCTION, OPERATION & MAINTENANCE OF SEWERAGE INFRASTRUCTURE	\$1.87
GARBAGE COLLECTION SERVICES	\$1.67
MAINTENANCE OF AERODROMES	\$1.59
OPERATION & MAINTENANCE OF SWIMMING POOLS	\$1.58
HEALTH PROMOTION & YOUTH SERVICES	\$1.38
DEPOTS & CAMPS	\$1.12
LIBRARY SERVICES	\$1.01
OPERATION & MAINTENANCE OF LANDFILLS	\$0.78
OPERATION & MAINTENANCE OF CEMETERIES	\$0.48
OPERATION & MAINTENANCE OF MUSEUMS & CRAFT SHOP	\$0.40
TELEVISION SERVICES	\$0.38
PLANNING & ENVIRONMENT SERVICES	\$0.35
ENVIRONMENTAL HEALTH SERVICES	\$0.29
STATE EMERGENCY SERVICES	\$0.15
SPORT & RECREATION SERVICES	\$0.12

KEY PROJECTS 2013-14

Plant replacement program	\$1M
Stage 4 of 5 of the community housing buyout program	\$300K
Various community development projects including a shower block at Bulloo Park, a dam and watering system at the Quilpie Cemetery, flagpole and memorial area at Adavale, playground soft-fall at the Adavale Sport & Rec ground, an office shelter at the Quilpie Rodeo grounds and the replacement of the shade covers at John Waugh Park.	\$300K
Complete the 6 houses currently being built in Quilpie and Eromanga	\$500K
Rural road gravel resheeting and resealing works	\$1M
Eromanga water supply upgrade	\$1M
Eromanga sewerage pump station improvements	\$50K
Funding assistance towards the OGF Natural History Museum Project	\$150K
Awning and repairs to the Quilpie Hall	\$180K
Various refurbishments to Council houses	\$100K
Buln Buln Street drainage improvements	\$100K
Shadecover Adavale playground	\$20K
New depot planning and design	\$150K
Industrial and rural residential subdivision planning and design	\$100K

Your Council...

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