

Ratepayers, community members, staff and councillors.

The Barcaldine Regional Council 2023-2024 Budget has been developed in the most difficult macro economic conditions of the 21st Century. For once Council hasn't been faced with deteriorating climatic conditions, plunging or sustaining our region into drought. Yet the headwinds of the broader state, national and international economy have been keenly felt by council as the budget has been developed.

Cost of living is a phrase often widely used, with other levels of governments able to use headline announcements running to the tens of billions of dollars; in either direct cash handouts or through taxation relief. Low own source revenue base councils like ours have massive limitations on their ability to provide similar relief due to their own spiralling costs and diminishing local capacity to sustain significant increases.

However predominantly the negatives in real terms stop there. Due to the significant budget repair undertaken over the last 3 budgets; where this council has taken extremely difficult decision to ensure business units of council have been placed in a cash positive position and our bottom line in terms of unrestricted cash has not only been placed under extreme monthly scrutiny but restored to a positive trajectory, we have been able to withstand the need to rush rates, fees and charges massively to be in front of CPI to temper the storm, thereby providing real, sustainable cost of living relief via softer increases. Council is also firmly on track to be debt free by 2030, relieving the annual repayment burden on council cash reserves and achieving a significant milestone that will provide for stable foundations moving forward.

This administration has taken a fiscally prudent approach to capital works; in plain terms we have shifted from building monuments to undertaking capital projects that deliver at a base level for both the community and for council's asset management. This has manifested through road sealing, street upgrades and substantial, generational upgrades to both sewerage and water assets. We have commenced substantial improvements to plant replacement and fleet utilisation; both to assist with immediate cashflow requirements and to ensure full capacity realisation.

The capital program for 2023/2024 will largely be funded by external sources with over \$6.4million supporting the delivery of a \$10.2million in capital works. This program is working through a backlog of renewal projects while some new assets will add community value and contribute to operational efficiencies. Some of the highlights include:

- Town Streets Upgrades and Renewals
- Floodway Upgrade Program (FUP)
- Rural Road Sealing Program
- Roads Reseal Program
- Cattle Cross loading Facility
- Community Buildings Renewal Program
- Sewerage Mains Relining
- Plant Replacement Program
- Housing Renewal Program

Within these highlights I would like to single out the Floodway Upgrade Program or FUP. Council has identified that on several rural roads, the focus need not always be on one treatment over another in terms of asset maintenance or renewal. Following dedicated community consultation, council has developed the internal understanding that different roads in different geographical locations on different soil types require alternative solutions. This in order to not only maintain the asset effectively and with targeted treatments,

but critically to ensure road safety and minimise the costs incurred in vehicle maintenance by our regional residents and heavy vehicle operators. It has taken awhile, perhaps too long, for this message to be heard internally by council, but it has clearly now been identified in a targeted, funded capital works program.

In a signal of support for the rural industry that underpins our economy and the heavy vehicle transport operators that are integral to it, council has also committed to the construction of a Cattle Cross Loading Facility. This will be located in Alpha at the termination of the east-west triple road train route (Type 2) and will significantly improve not only driver safety and animal Biosecurity outcomes; but provide for more structured parking and decoupling opportunities and facilitate enhanced tourism experiences. It will further capitalise on the previously delivered State Government investment in the Heavy Vehicle Rest Area and further enhance this council's road safety messages.

From an operational perspective, there is much work to be done, with maintenance of our assets taking a critical focus with large water maintenance programs earmarked for the Jericho Water Treatment plant, air scouring of mains, and reservoir clean-outs.

In previous budgets, this council has seen substantial investment in our water and sewerage through both facility upgrades and sewerage telemetry installation and activation. This has seen the lowering of future operational costs and improvements in service delivery as well as the reduction in demand side water use. As a result Council continues to be in a position to maintain its stance on not charging for excess water; another cost of living measure and underlining our approach to presenting our communities in the best manner possible without hitting the hip pocket of hard working ratepayers.

Housing is a significant issue for Council and the community. Sourcing accommodation options are critical part of recruitment and retention of staff in all our towns. Council has resisted the temptation at this stage to invest your money directly in new or second hand housing and has opted for development of a housing strategy to inform any investments going forward.

Investment in our systems and processes to ensure they are modern to reflect current practices is essential. Our IT systems have done the job for a long time, but now need to be upgraded to stay current with increasing cyber security risks. This budget begins the journey of a new enterprise system along with a fresh operating environment. This is a significant project with significant opportunity to provide operating efficiencies for our staff.

This budget at it's core is aiming to reset the compass for the future in the wake of a wet season that has really taken a massive toll on our rural roads. As a result of this flood damage, a significant focus over the next two years will be on delivering a program worth \$50million with works across the region. A program of this size will really test the capacity of our staff and local contractors to deliver the full program within the two year timeframe, whilst fully realising the capital capacity of this opportunity.

General rates are being impacted in 2023/2024 by new property valuations. To continue to fund Council's operations and community service obligations, a general rates increase of 6% will be applied in this budget. In rural land the average valuation increase was 153%. For the rural land rating category a significant reduction of the rate in the dollar charged as a result of this valuation impact. This adjustment will give Council 6% in additional general rates revenue.

Sewerage and Water Charges will increase by 6% as well. Both of these services will not cover their operational costs this year due to a number of projects mentioned early, although from a cash perspective both will be positive. Operating costs of the Waste Collection contract are much higher then expected and as a result an increase for the waste charges in 2023/2024 will be 8%. This is not an ideal outcome for the

community or council, but future budgets will need to continue to address the shortfall that has arose due to the transition to a user pays service. I have repeatedly said that despite commentator's opinions to the contrary, local government is clearly fundamentally responsible for its core functions of roads, waste, water and sewerage. Waste was a segment of council that required substantial adjustments to modernise and truly cost recognise. This has resulted in issues for some Barcaldine town based businesses and I expect that through our operational plan these concerns will be addressed, whilst not exposing the broader community to cost escalations or un-realistic service expectations.

Grants and subsidies play an important part for Council in its budget. The Federal Assistance Grant continues to be the major contributor and will increase again this year due to sustained lobbying that I and others have undertaken over the course of the last 2 years, as well as now being pre-paid, which clearly assists with cashflow management and will contribute to extra revenue via our investment strategy and capacity.

The funding allocation for community events and special celebrations has been maintained with community support and sponsorship continuing to be a critical community contribution we make as Council.

The recent Queensland State Government Budget delivered 2 key funding announcements for the Barcaldine Regional Council. One was the Barcaldine Renewable Energy Zone infrastructure funding. This will provide the base funding for the key infrastructure that facilitates the delivery of the single biggest economic enabler to be built in Western Queensland. Job creation outside of the traditional employment bases along with embracing the transition to a zero-carbon economy positions the Barcaldine Region to be the leader of western Queensland in the emerging economy.

The recognition of the Beef Road Corridors project also delivers certainty to workforce planning and road safety by the Qld Government. This project will provide for substantial works opportunities as significant portions of the remainder the state road network within in our LGA boundary is progressively sealed. The road sealing will also significantly enhance road safety and mitigate against weather impacts on the currently unsealed network.

Overall, Council is expecting a small operating deficit, but with Capital funding can expect a net profit of \$5.2 million. Forecasts going forward are for this to improve towards a balanced budget in 2025/6 although it is most likely that this will be brought forward due to the amendments in the size of the grant through the methodology review.

Increasing costs and continuing delays in delivery of goods have created the environment leading to a 7.4% increase in inflation. (Annual Headline CPI March 2023 Brisbane) That is an inescapable fact.

With the projects in this budget and the continued fiscal responsibility approach we have undertaken through prudent tracking of expenditure council is positioned to handle the future well. This has clearly been a tough budget, but one that clearly and definitively places Council in a better, stronger position progressing.

I commend this budget to the chamber and the community as a necessary adjustment of underpinning fiscal requirements and delivery of required capital upgrades and works. Balancing the books in any environment is tough, but when charged with additional responsibility of minimising any unnecessary harm to household budgets it is infinitely more challenging.