

# 2021/22 Draft Budget Information Sheet 2

## Budget Financial Summary

### TOTAL COUNCIL DRAFT 2021-22 BUDGET

Council's total 2021/22 draft expenditure budget of \$153 million incorporates an operating expenditure budget of \$106 million, a capital expenditure budget of \$45.6 million and loan repayments of \$1.3 million.

### FINANCIAL SUSTAINABILITY MEASURES

The key measurement criteria for whether Council is achieving its financial sustainability objectives over the short and medium term are three financial sustainability ratios required to be published under legislation.

These ratios allow the community to determine:

1. *If Council is appropriately funding its day to day operations and asset consumption costs (i.e. the operating surplus ratio);*
2. *Ensuring its debt is at a level that can be repaid from current operating revenues (i.e. the net financial liabilities ratio); and*
3. *Replacing community infrastructure when required and to ensure asset service levels can be maintained (i.e. the asset sustainability ratio).*

The 2021/22 draft budget outcomes will ensure that all of the three financial sustainability ratio targets set by the Queensland Government will be met. Council's financial recovery plan had forecasted a minor operating deficit for the 2021/22 budget, however stronger than expected revenue bounce back in fees and sales and changes to the rating structure resulting in additional revenue has allowed the operating budget to recover back to a surplus position one year earlier than expected.

Indicator	Target	Current 2020/21 Budget	Draft 2021/22 Budget
Operating Surplus Ratio	0-10%	-0.9%	<b>0.3%</b>
Net Financial Liabilities Ratio	Less than 60%	-8.1%	<b>-8.1%</b>
Asset Sustainability Ratio	Greater than 90%	100.1%	<b>107.8%</b>

### COUNCIL OPERATING BUDGET

The table below outlines Council's proposed 2021/22 budget position, with a modest operating surplus of \$309k forecast.

Operating Budget	2021/22 (\$'000)
Revenue	\$106,633
Expenditure	\$106,325
<b>Operating Surplus</b>	<b>\$309</b>

## **BUDGET BREAKDOWN**

A brief outline of the main elements of the draft Council budget is provided below.

### **Operating Revenue**

#### **Net Rates and Utility Charges**

2021/22 budgeted net rates and utility charges total \$75 million, with the early payment discount (\$2.5 million), pensioner concessions (\$700k), and general rate donations for community organisations (\$174k) continuing. Should the draft budget be adopted by Council, an average residential property on the minimum general rate will receive a \$44.20 or 2.9% increase in total rates and charges for the 2021/22 financial year.

The rate notice for these properties will show a minimum general rate increase of \$16 (1.4%) in line with the Queensland local government cost index, no increase in the waste collection charge, and an increase in the existing environment levy of \$8 (14%), sustainable transport levy of \$7.50 (33%) and heritage levy of \$3.50 (70%). A new separate rate is being introduced to increase capacity regarding bushfire resilience and response measures. This levy will be charged on a rate in the \$ basis with a minimum charge per property of \$10.

Further information on the proposed rates and levies can be found in the *2021/22 Draft Budget Information Sheet 3 – Proposed Changes to General Rates and Levies*.

#### **Fees and Charges**

Council has forecast \$7 million in revenue from fees and charges in 2021/22, remaining largely unchanged from the current 2020/21 budget. The majority of Council fees and charges budget relates to development related revenue (planning applications), local laws (parking and infringement fees) and plumbing and building regulatory fees for service. Earlier than forecast recovery of various fees impacted by the pandemic has allowed the draft fees and charges budget to recover to pre pandemic levels.

#### **Rental Income**

Total 2021/22 budgeted rental income totals \$1.9 million. Included in this total is \$1.6 million specifically relating to commercial property leasing arrangements including the Digital Hub, Noosa North Shore Ferry and Sunrise Shopping Centre.

#### **Interest Received**

Interest on cash investments and overdue rates is forecast to achieve \$669k in 2021/22. Interest revenues are expected to remain subdued for the majority of the 2021/22 financial year due to the current economic climate.

#### **Sales**

Total sales revenue for 2021/22 is estimated at \$10.2 million. Sales revenue is derived from activities such as holiday park occupancy, waste management disposal fees and recyclable sales, and revenue generated from Council's community facilities (Aquatic Centre, Leisure Centre, The J, etc.) These revenue streams have recovered strongly following the pandemic and are forecast to remain at pre pandemic levels in 2021/22.

#### **Unitywater Distributions**

Interest, dividend and tax payments associated with Council's investment in Unitywater is estimated at \$5.7 million for 2021/22.

### Other Income

Income from other sundry sources is estimated at \$974k for the 2021/22 financial year.

### Grants & Subsidies

Operating grants and subsidies of \$5.4 million relate primarily to the annual financial assistance grant \$2.3 million, Australian and Queensland government payments totalling \$2.4 million to fund Noosa Community Support operations, bushfire recovery funding of \$300k, and Queensland government library funding of \$245k.

### Operating Expenditure

#### Employee Benefits

Employee costs of \$37.7 million includes direct employee related salary expenditure and other indirect costs such as superannuation, workers compensation insurance and staff training. The total increase in staff costs from 2020/21 is 8%, primarily reflecting employee certified agreement increases and workers compensation premium increases, and the inclusion of new staffing resources in the budget.

#### Materials and Services

Materials and services are a significant component of Council's expenditure budget at \$47.7 million. Significant areas of material and service expenditure that assist with the delivery of services to the community include \$8.4 million in maintenance and operational costs for shire parks and natural areas, roads, beaches and canals, \$3.1 million investment in environmental management and sustainability initiatives, and waste management costs of \$11 million relating primarily to waste collection, processing and recycling, and disposal contracts.

Other significant expense items included in the draft budget include information communication and technology contract costs, annual lifeguard service provision provided by SLSQ, holiday park operations, Tourism Noosa payments for tourism promotion, and operating and maintenance costs for Council's community and commercial facilities.

#### Finance Costs

Finance costs of \$1.1 million includes \$0.6 million for interest payments on Council borrowings with Queensland Treasury Corporation, \$0.5 million for future landfill rehabilitation cost provisioning and also bank and merchant fees.

#### Depreciation

The draft budget includes asset consumption costs of \$19.6 million which is utilised to assist with funding Council's proposed \$47 million capital program in 2021/22.

#### Other Expenses

Other minor expenses are estimated at \$233k for 2021/22.



## DRAFT CAPITAL PLAN

Council's draft 2021/22 capital budget of \$47 million includes an investment of \$20 million to renew existing infrastructure, \$25.5 million for new and upgrade works and an additional \$1.3 million allocated to repay existing debt. Council intends to sustainably fund the capital plan via a mix of grants and external funds (\$20.6 million), new borrowings (\$2.4 million) and cash (\$23.9 million).

A number of significant value projects are proposed to be included in the 2021/22 financial year including the completion of the Peregian Beach Rufous Street precinct development, Beckmans Road Bypass Stage 1 roundabout, Hinterland Recreation Trails upgrade, Peregian Digital Hub FireTech Living Lab establishment, Cooroy Hinterland Playground construction, and the replacement of a number of bridges as part of the Australian Government Bridge Renewal Program.

The full draft 2021/22 capital plan is available for review on the Your Say website. Further information on the Capital Budget can be found in the *2021/22 Draft Budget Information Sheet 4 – Proposed Capital Plan*.