

MAYOR'S BUDGET ADDRESS 2015-16

DOUGLAS SHIRE COUNCIL

Today is an extremely important event in the relatively short history of the new Douglas Council.

Last year I announced Council's plan to achieve financial and community sustainability and a strategy to return Council's operating result to a balanced budget within the shortest possible time.

The 2015-16 Budget builds on a highly successful year of achievements and consolidation that ensures Council delivers on financial, environmental and community sustainability.

Council's operating revenue continues to exceed budget expectations and all categories of actual revenue now exceed the year to date budget for the end of May 2015. Due to prudent financial management, Council's operating expenditure continues to remain under budget and should current trends continue there is the possibility that a better than anticipated final end of year operating position will be achieved.

Considering this is the first full financial year of the new Council, the results obtained are quite remarkable and support Council's financial sustainability strategy to realise a balanced budget in the 2019-20 financial year. I want to stress that this has been achieved with Council absorbing all de-amalgamation expenditure without the need to raise any form of levy or loan borrowings to recoup these costs.

The 2015-16 budget remains conservative and fiscally responsible, while still delivering the biggest capital works program ever in Douglas, and combined with NDRRA works is just under \$20 million. There is special emphasis on new and continuing economic initiatives and community projects across the Shire that will stimulate the Douglas economy and provide employment opportunities.

WHERE THE MONEY WILL BE SPENT

- \$10.5 million Capital Works Program
- \$ 9 million NDRRA Capital Works Program
- \$12.6 million employee costs
- \$16.8 million materials and services
- \$10.3million depreciation
- \$238,000 finance costs

BUDGET HIGHLIGHTS

I would like to highlight the following:

1. Council's budget ensures that all sectors of the local economy and our communities are supported

We are driving economic development by providing more than \$9 million in disaster recovery road restoration at virtually no cost to ratepayers. These works are expected to directly employ up to 100 people and create an extra 130+ jobs in the next 12 months.

We are establishing a Douglas Business Forum and introducing a new economic development funding stream to encourage innovation.

This budget boosts funding to Tourism Port Douglas Daintree (TPDD) with an increase of 5% to a total of \$451,500 and provides increased funding of more than \$150,000 to sponsor Major Events and stimulate economic prosperity generating millions of dollars for the overall economy.

In addition this budget introduces a new dedicated events funding stream to grow commercial major events.

The budget is also funding the preparation of an economic development strategy for the Shire.

2. This budget directly supports our communities

We will be providing \$80,000 to progress the Mossman District Nursing Home site and more than \$100,000 will be provided to assist not-for-profit community organisations to develop projects.

Our major community events such as the Carnivale Street Parade and Beach Day, the Mossman Show the Mossman Community Christmas Party and the New Year's Eve Fireworks will continue to receive significant funding and in-kind support

We are supporting free fitness classes for women in the Douglas Shire, free after-school recreational activities for children in Mossman and Port Douglas and installing new exercise equipment for everyone to enjoy.

3. As a responsible council we are also taking a long term view and building a sound and productive future

A new planning scheme will be implemented in this next financial year and I am proud that this planning scheme will reflect the community's desired economic, social and environmental objectives.

We will start on the development of the Douglas Community Plan and we are investing substantial funding, in fact over \$5 million, in cleaner greener water infrastructure.

4. Our environment is arguably Douglas' most valuable asset

This budget demonstrates Council's practical commitment to caring for our environment.

We are funding illegal dumping strategy, all part of our "Love Where You Live – Keep Douglas Clean & Green" campaign.

The significant investment in wastewater upgrades will reduce the environmental impact of water and wastewater and encourage recycling.

This budget is funding the resourcing of the Daintree Joint Management Group and the creation of a sustainable officer position to promote positive environmental outcomes.

The budget also funds an additional local laws officer to manage illegal camping hotspots throughout the Shire.

I am also delighted to announce that a recycle shop will be established at the Killaloe Waste Transfer Station.

5. The 2015-2016 budget sets out the path for financial security for the Shire over the next 10 years

It is enormously pleasing to announce that this Council is continuing to outperform the budget expectations of all. Council's financial performance since de-amalgamation has consistently shown operating revenue to exceed budget expectations while operating expenditure remains under budget through prudent financial management.

Our focus on value for money has been delivering savings across all areas of Council. This has allowed us to put forward a budgeted increase of less than 1% for materials and services in the 2015-16 financial year.

We have very low debt levels and the costs of de-amalgamation have been entirely paid off. Council has less than \$3 million in borrowings and has completely accounted for all costs associated with the de-amalgamation. This budget is in line with Council's strategy to realise a budget surplus by the 2019-20 financial year without having to significantly raise rates to achieve this outcome.

Many of our key fees and charges have been reduced to benefit small business and the environment with limited overall increase.

CAPITAL WORKS PROGRAM

This year's capital works program, which includes the NDRRA road restoration works managed by Council, is the largest on record in the Douglas Shire at a total of \$19.47million.

Works are planned across the Shire delivering Road reseals and repairs, priority cycling and walking improvements, improved amenity within our parks including waterfront parks, upgraded sporting facilities and play equipment, further improvements at the Daintree gateway, and as I mentioned we are undertaking a very significant, priority program to upgrade Council's water infrastructure.

RATES AND CHARGES

Due to an excellent result this current financial year, the rate increase is limited to a modest 3.9%. This is of course significantly less than the increase predicted by QTC which was 28.45% in the first year and 18.08% for the following years.

The financial impact on the average residential property in Category 1, with all utility charges and services, is an additional \$2.29 per week or \$119.24 per year.

Whilst this budget has achieved significant and measurable reductions in expenditure, Council does have to cover increases in costs such as electricity, insurances, street lighting, staff, internal and external audit, a freeze in federal financial assistance grants and declining federal and state opportunities and revenues.

Council has adopted the fees and charges on 15th May 2015 with a modest increase of 3.6%, although there were a number of reductions and specific business, and environmental initiatives.

I am also pleased to announce Council's retention of the 40% general rates rebate for eligible pensioners, remission on general rates and sewerage charges for not-for-profit recreation, sporting and community groups and the continued removal of the cap on rates incentive for properties covered by a Nature Refuge Agreement. As we all know, Council scrapped the credit card surcharge in January 2014, at its very first budget and will continue with this.

CONCLUSION

I will now make some closing remarks.

When I ran for Mayor in November 2013, I said that I would lead a modern and inclusive Council, strong on economic management and fiscal responsibility. A Council focussed on financial, community and environmental sustainability with a committed and enthusiastic workforce.

The forces against de-amalgamation said we would go broke, never get any grants and would not survive on our own.

At the inaugural Council meeting, just under 18 months ago the atmosphere was electric and the community welcomed and celebrated the beginning of the new Council.

I believe that we have exceeded expectations on all indicators. Sure, not everyone is going to agree with every decision, but we have achieved a remarkable financial position in 18 months, powered through a substantial capital works program and introduced a raft of new projects and activities. This budget further delivers and we are embarking on bold new economic and community initiatives that are precisely designed to stimulate our economy and the lifestyle that we all treasure.

It is of course due to our extraordinary staff, led by our CEO, Linda Cardew. I am constantly impressed with all the staff's dedication, loyalty and commitment. They have worked tirelessly with myself and Councillors to deliver for our communities.

I believe today is a celebration of an extraordinary combined effort of Councillors and staff over the last 18 months. We have come a long way from an infant to a mature Council, that is well on the path of financial and community sustainability, whose focus is on our economy, environment and lifestyle.

In closing, I would like to thank and express my sincerest appreciation to our CEO, Linda Cardew, General Managers, Darryl Crees, Paul Hoye, John Rehn, the finance team, all Managers, Greg McLean for the fabulous budget Snapshot presentation, and all staff who have contributed to the budget development process. I know for a fact that there have been many early starts and late evenings by so many staff.

Finally, I want to thank my fellow Councillors for their time and input in participating in the budget process, providing strategic direction and for your attendance at a number of budget workshops since late March.

Councillors, it is my pleasure to present the 2015-2016 Douglas Shire Council Budget to you for adoption.

Cr Julia Leu
MAYOR, DOUGLAS SHIRE COUNCIL
24 June 2015