

## **Budget speech 2020**

**Mayor Jenny Hill**

### ***Check against delivery***

Today I rise to present Townsville City Council's 20/21 Budget, the first budget of the new Council.

Councillors, the community voted overwhelmingly for the policies and the proven track record that we put forward at the March election.

We must repay that faith with a continued commitment to serve our community in the best way we can over the next four years.

Today's Budget forms that first step and is built on our core focus of delivering strong financial management, jobs and the social and economic development of our city.

These commitments have taken on even greater meaning this year as we take decisive action to recover from the impacts of COVID-19, which comes just a year after the biggest flood in our city's history.

In recent months we have seen our state and federal governments respond like never before to what has been a national, and global emergency.

These are uncertain times and the budget we deliver today is based on what we know today. In coming months we expect things may look very different and we will be ready to respond to that.

The fact is this budget is framed in isolation.

With both State and Federal Governments not producing a budget for the new financial year, like all local governments, we can only guess as to what support will be forthcoming as COVID-19 continues - a significant risk for Council.

But Council also has a crucial role to play. It is our responsibility to ensure we have targeted, local responses to the impacts COVID-19 has

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had on our residents, community groups and local businesses, to ease hardship, support jobs and get people back on their feet.

Today's \$648.8 million budget has prioritised a further \$15 million in support funding, added to the already committed \$30 million COVID-19 response package, which Council launched immediately after the outbreak hit our community in March.

At the same time, this budget has not lost sight of the importance on delivering the basics.

We have a plan for investing in and renewing Infrastructure and maintaining our levels of services to improve the liveability of our city and support Townsville's continued growth.

And we have managed to do all of this with a balanced budget.

### **Rates and charges**

Our priority is to ease the financial pressure on households in this current climate of uncertainty.

We gave an election commitment to keep general rates at around inflation.

Today's budget goes beyond that.

We have decided to put a freeze on general rates for at least the next 6 months with Council absorbing any increases in operational costs in order to ease the burden on ratepayers.

Specifically, Council has made the decision to forego up to \$3.5 million in revenue by not increasing rates for owner occupiers in 2020.

As is always the case, general rates are linked to State land valuations.

Recent land valuations across the city have seen some valuations go up and some go down, however the across the board increase for the city is less than half a percent.

In addition to freezing general rates, we have also decided that sewerage charges will also be frozen.

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This will mean the only increases households will see will be on water and waste collection and landfill charges, which will go up 5% in line with long standing commercial pricing commitments.

Meaning the overall general rates and charges equates to an increase of less than a dollar a week for the average household, continuing our record of providing some of the lowest increases in the State.

Council will also continue to provide one of the most generous pensioner rates concessions in Queensland.

Further to that, we will retain the 10% general rate discount for early payments which historically has been taken up by the majority of Townsville ratepayers and equates to over \$13 million staying in the pockets of ratepayers.

Let me be clear. We are delivering a budget in circumstances never before experienced by this city.

And we expect in another 6 months things will be different again and we will need to review what we are delivering today.

The COVID-19 pandemic has affected every person in this room. It has brought anxiety, heartache and in some cases total despair, which is why Council continues to support locals through our new hardship policy.

Ratepayers experiencing financial hardship can apply for a 3-month due date extension for their next rates notice.

### **Townsville rates review**

This year we have tackled some long-standing rating category anomalies – a hangover from the amalgamation of the Thuringowa and Townsville City Councils many years ago.

This rates categorisation review delivers a more consistent and far more balanced system for properties city-wide.

Prior to this review, we operated a system where similar commercial properties were being charged at different rates at various locations across the city.

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Whilst it has been a long-standing system it is time to address it.

This change delivers a level playing field for some property types, enabling an average 6% rates decrease for most businesses.

This is an overdue step forward for Townsville and the right and proper thing to do.

The review was not intended to increase revenue.

Rather, it's about ensuring consistency across the city and is close to revenue neutral for Council.

Like any adjustments there will be winners and losers.

For instance, properties in the CBD will see significant reductions of up to 50% with the removal of the current premium - and we see this as a major incentive to attract more opportunities into the city.

And in cases where rates are significantly reducing we'd like to see property owners pass on those benefits to their tenants.

In the case of non-strata multi-unit dwellings – some owners will see an increase in rates where they own an entire complex.

This is about closing a loophole to put smaller investors on an even playing field as larger investors.

We have not undertaken this review lightly.

By benchmarking against 19 other neighbouring and large coastal councils, we believe these changes create a greater level of consistency across the board and bring us into alignment with councils across the state.

### **Economic support packages**

The Budget also follows through on our election commitment to make it easier for people to purchase their first home.

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Council's first home buyers' package will provide first home buyers of established or new homes up to a value of \$450,000 with a discount of up to \$1000 on their rates in the first 12 months.

In conjunction with the current concessions both the State and Federal Governments are offering first home buyers, this package may just be the final step toward encouraging people to take the plunge and purchase their first home here in Townsville.

More than that though, if successful as an incentive this is also designed to create local jobs through a much-needed boost to the construction industry.

In addition to this support - to get our community back on its feet, Council will play a leading role in the response to COVID-19 to ease hardship that the pandemic has caused more generally.

This budget is building on the initiatives we swiftly put in place in March, as the first stage of our COVID support response.

Council have already provided extensions and waivers to fees and charges to the tune of \$2.29 million.

Today's budget will add to that total by \$15 million, providing additional community and economic support including:

- \$700,000 for CBD Activation Programs as financial incentives to attract business into our city centre, and
- a 25% reduction in infrastructure charges up to \$250,000 for any developments greater than \$4 million which will deliver new jobs for Townsville.

Our focus on creating jobs for Townsville has not changed. It has just become more focussed.

Economic development and job creation continues to be a key priority in this, our first budget for the new term.

Our work to bring Adani to the city, for example, is already starting to pay dividends as we see the rollout of various contracts.

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And Council continues to work with all levels of government to bring forward new industry and manufacturing developments at Woodstock to deliver even more jobs for this city.

### **Major infrastructure**

Council's responsible financial management in recent years, delivering balanced budgets, introducing a focus on organisational reform and reducing our debt has placed us in a strong financial position leading into this pandemic.

We are certainly in a much better position than many councils across Queensland.

Our \$221.9 million investment in infrastructure will focus heavily on upgrading basic infrastructure that supports our community such as water and wastewater systems across the city.

This will not come as a surprise for the city.

They are areas where we need to invest in.

We realise Council must keep the burden off ratepayers, while still investing in job creation.

We have taken advantage of record low interest rates to borrow responsibly and at under 2%.

And we are not alone.

This is a time where money has never been cheaper.

Interest rates are at an all-time low.

Bringing forward borrowings to fast track funding for investment in capital projects and infrastructure renewals throughout Townsville will create jobs.

It just makes sense.

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The \$50 million in borrowings will allow Council to invest in major and essential infrastructure that will improve our service delivery and secure the economic, social and environmental sustainability of our city.

All whilst delivering jobs to locals.

In fact, this year's Capital Works budget is forecast to support up to 1769 jobs – jobs our community want, and jobs our community needs.

In projects such as:

- \$23.5 million to be invested in Water Main Renewals to replace critical pipelines throughout the city;
- \$13.2 million will be spent to upgrade Townsville's major water treatment facility to improve treatment capacity;
- \$2.4 million will be spent on stage 1 of a new Pump Station at Wulguru to future-proof and reduce the likelihood of sewage overflows in wet weather;
- \$4.7 million has been allocated to Wastewater Treatment Renewals throughout the city in line with our commitment to environmental sustainability by treating wastewater with minimum impact to the environment; and
- \$13.6 million will be invested on Wastewater Collection Network Renewals to improve our network to minimise the likelihood of asset failures and sewage overflows.

### **Road and pedestrian network**

Today's Budget has allocated \$11 million upgrading our city's roads to improve public safety, and \$6 million will be allocated to upgrading footpaths around Townsville, especially around our school network.

We continue to invest in progressing significant projects and have made substantial headway on some, including the Haughton Pipeline. Having Completed Stage 1 – which created more than 1000 jobs for our city.

However, we're yet to receive the committed funding from the Federal Government for Stage 2 of the pipeline, but we continue to push hard to have this delivered for our region.



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This project has the very real potential to create another 1000 jobs in construction. The impact a project like this would deliver for Townsville in these challenging times should not be underestimated.

### **Disaster Recovery Works**

We are almost 18 months on from 2019 unprecedented monsoon.

Many in our community are still feeling the effects, and there is still recovery works to be done.

In this budget \$15.2 million is vital in restoring and improving many of our city's flood impacted assets through joint Federal and State Gov't Disaster Recovery Funding Arrangements - or DRFA, with Council contributing \$2 million.

An additional \$7.6 million will go toward assessment and restoration works throughout the Townsville region, whether it be sand re-nourishment, revegetation or repairing severely eroded river and creek banks - reducing future sediment loss into the Great Barrier Reef catchment.

These works make up a part of Council's larger program of recovery for the 2019 Monsoon event which includes infrastructure, community and economic recovery projects as well as these environmental restoration activities.

And although this funding is extremely well received, it is still short of what we require for the recovery of our region.

### **Community life**

We all know recovery isn't just about economics - it is about the people, the human and social components.

In this budget, Council will invest in delivering crucial services that the people of Townsville have become accustomed to as a way of life. We want to make sure we give back where and when we can.

In this Budget we've foregone approximately \$25 million in revenue to community assistance through:



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- grants
- sponsorship
- concessions on rates and utilities charges
- fee waivers on community leases and
- COVID rent relief.

This accounts for more than 10% of Council's revenue from general rates.

Council's 3-month commercial rent relief is available for COVID-19 impacted tenants of Council-owned properties.

But it's not just businesses doing it tough, our grass-roots not-for-profit community sporting organisations are truly feeling the pinch having not been able to compete, fundraise or even hold the old sausage sizzle since this all began.

Which is why Council will also enact a 50% discount in sewerage charges for these groups to assist in keeping our grass-roots clubs afloat.

We cannot underestimate how much these volunteer-run, not-for-profits give back to our community, and how much they contribute to our lifestyle.

That is why it is vital that we take this opportunity to give back through these concessions.

### **Core Service Deliverables**

This budget is focused on supporting our community and doing what councils do best.

This year Council's operational expenditure of \$426.8 million will continue delivering the crucial services that are vital to the people of Townsville.

We're investing over \$51 million into our Community and Cultural Services, which includes looking after our cemeteries, libraries, galleries and holding a multitude of events;

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Almost \$18 million for our Environmental and Sustainability Services;

We're investing in the basics with:

- \$179 million allocated to ensure our city has adequate water, wastewater and waste services;
- There will be close to \$60 million allocated to managing our 325 parks and open spaces; and
- over \$86 million into operations and maintenance of our roads and transport network.

All of these services go hand in glove with running a city and ensuring our community has the essentials during the road to recovery ahead.

Council will continue to maintain and provide our essential community services in line with Government pandemic response requirements. And if we experience a second wave, we are also prepared for that.

### **Conclusion**

I want to thank all the Councillors for the work that you've done with myself and staff in developing what I believe is a strong and responsible budget for our community.

The next six months will be a difficult time for our city and the ability to review this budget in January 2021 will be an important part of our role as Councillors.

The establishment of a budget expenditure review working group to ensure the integrity of this budget is maintained will be vital.

The impact to Council of future Federal and State Government monetary policy as the economic landscape changes is an unknown.

As a Council, this budget provides the infrastructure needed to continue the city's growth, while delivering jobs and quality services to our community.

But it goes much further than that by providing all important support for our local businesses and households in these extremely difficult times.



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We are working to generate jobs, ease pressure on people facing hardship and to do what we can to get the city back on its feet as quickly as possible.

Thank you to Council's senior management team and key departmental officers.

Supported by the strong leadership of Council's former Chief Executive Officer – Mike Chiodo and our Acting CEO – Eber Butron - we have developed an extraordinary budget under extraordinary circumstances.

Townsville City Council recognises that everyone in our community has had to tighten their belts during these difficult times and Council will do the same.

Rest assured we will stop at nothing to secure much needed Government funding for job-creating infrastructure projects such as Stage 2 of the Haughton Pipeline and bring employment here to Townsville -ensuring our region steams ahead as we emerge from this pandemic together.

Here at Townsville City Council we have a record for ensuring fiscal responsibility and are proud that amongst two major disasters we are still able to stand here and deliver our fourth consecutive balanced budget.

Councillors I table the 2020/21 Townville City Council budget for your consideration.