

BUDGET AND OPERATIONAL PLAN 22/23



Budget 2022/23 Mayor's Speech

Councillors, I rise to present Townsville City Council's Budget and Operational Plan for 2022-23.

The budget for the next financial year is an economically and socially responsible plan to strengthen our city's position as the capital of the north.

It represents the second year of delivering against Council's corporate plan and our vision for a prosperous, modern, growing city.

A year ago, we were planning through uncertainty.

Today, we are better prepared and more resilient.

We know what is required to manage the impacts this virus will continue to have, but the challenge of rising costs means there is still a balance that needs to be struck for our community.

Thanks to our history of strong financial management, we are in the enviable position today to present a budget that delivers that balance.

The plan this year is to do two things.

First, ensure economic and social security for generations to come, by investing in the infrastructure that will build a city for everyone.

And second, this budget acts to deliver the services our community expect while minimising where we can, the impact the inflation cycle is having on households.

In 2020 and 2021 our budgets were focussed on balancing service delivery, with future-proofing investments whilst carefully managing the economic and health impacts of COVID-19 on our city.

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These budgets were defined by the decision to forego income in favour of providing much-needed support and relief for our community through the uncertainty of a global pandemic. We were able to do this because of our strong financial position.

When we look at Townsville today, there are many positives despite the challenges of COVID-19 and the impacts of the rising cost of living.

We are a city experiencing record low unemployment, new public and private sector investment, and a hot property market. It is crucial that we continue to provide the strategic leadership and initiative that will drive future jobs growth and provide economic stability, but we must continue to minimise increases in costs on already stretched family budgets.

Rising costs have been a defining feature of the past twelve months and are having an enormous impact on the costs of goods and services for our city.

The reality is inflation rates that are impacting Council – a major user of high-cost items – are higher than average and have a compounding effect.

For example, in the past 12 months, Council has had to absorb an additional dollar per litre for fuel.

When we consider Council uses nearly two and half million litres of diesel and over one hundred thousand litres of unleaded fuel a year, that's not a small sum, and prices continue to rise.

Steel prices per tonne are at a ten-year high.
The cost of freight is rising.

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Fertiliser prices across the country are at record levels and Bitumen has increased by almost 30 per cent since the beginning of 2022.

Over the past twelve months to March 2022 the construction price index rose by 5.1 per cent, driving up the costs of engaging contractors.

While the impact this has on our operational costs hurts – we know the community is feeling similar pain.

The cost-of-living increases are hitting families at the grocery store, at the bowser, and on their homes, and it's reflected in their monthly bills.

That is why this Budget has one eye on the need to fund Council's operations sustainably – to provide the vital services our community needs – and the other on how we can do so while keeping any increases in rates and charges to a minimum.

I will talk more about our key initiatives shortly, but first, I want to provide context around the rates decision.

Rates and utilities

Councillors, strong and prudent financial management has been a pillar of our long-term fiscal strategy. It has ensured we are well positioned to face tougher times when they come.

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That is why it was important that this budget continued to keep rate increases as low as possible.

Today's budget has a modest rate increase of two per cent in the dollar.

Being more efficient and carefully managing the city's finances has placed us in a position to deliver six budgets in surplus and low rate increases throughout our time in Council.

I am proud that it has been a hallmark of our administration, especially given the tough times our city has faced over the past nine years.

This has been achieved with a continued focus on innovation and productivity in Council. For example our EBA ensured that key inputs like labour costs are agreed to and set for the years ahead.

In delivering budget 2020/21 we froze general rates, and this year the increase has been kept to a minimum.

In my time as Mayor it has been the policy to deliver four rates freezes and four budgets with rate increases under two percent over the past ten years.

To further ease financial pressure on our resident's, wastewater utility charges have been frozen and waste charge increases have been set at two percent.

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As foreshadowed, water prices will increase by four per cent to contribute to our major investment in water security and supply. I am pleased to say that Townsville will continue to have some of the lowest water prices in the state.

Valuations

This year the jump in property prices around Queensland has hit home in Townsville.

Council's across Queensland base the general rate, on a rate in the dollar using Queensland State Valuer Generals land valuations.

In some parts of Townsville, land valuations have risen by up to 272 per cent in others they've held steady, while a few suburbs have gone down in value.

Council reviewed the impact of these valuations overall and it was estimated that around 25,000 owner occupied homes were potentially going to experience a significant hit, due to spikes in the value of their land.

Previously Council applied a thirty per cent cap to minimise the impact of land valuations on general rates.

This year, in an environment of rising costs and affordability challenges we wanted to do more for the community.

To protect homeowners impacted by sharp rises in 31 suburbs, Council took the bold step of lowering that cap by two thirds to

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ten per cent in 2022/23. This ensures general rates increases will not exceed ten per cent for any residential owner occupier households this year.

To have pressed ahead with our standard thirty per cent cap, would have had a significant impact on too many households in this community. In the current climate it would have been a burden and something I know we were not prepared to do.

The outcome of our decision means, the average general rates increase for households equates to \$4 a week.

This is cheaper than a takeaway coffee.

Future proofing infrastructure

Councillors, despite a tough economic setting, this \$957.5 million budget is the biggest budget the city has ever brought down.

The focus of last year's budget was on design of big infrastructure.

This year is about delivery – the rubber hits the road.

Townsville faces the same challenge as any large regional city in Australia. We require investment in infrastructure and operations that is difficult to sustainably support with our relatively small ratepayer base.

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Like many councils across the nation, we are beholden to state and federal government support and the only solution for long term prosperity is to grow and diversify our economy.

Our plan to support the establishment of new industries and services in our city is what will protect us from future economic volatility and ensure our growth.

And we are on track, with strong confidence in Townsville's future.

Our good credit rating, as recently reported by the Queensland Treasury Corporation and the Queensland Audit Office, means we have been able to attract \$240 million in external funding for capital projects and operations over the past 12 months.

This budget sets the plan for us to continue to stay ahead of the game and position ourselves as a key driver of economic development in northern Australia.

Water, natural resources and people are the three key components critical for growing the economy of Northern Australia and we are on a path to be that solution.

The following Projects are critical to future jobs growth:

- Lansdown, which has received the backing of the new Albanese Government as well as the Queensland Government;
- the \$70M Hydrogen Hub;
- NQ Spark, which has attracted \$32 million in federal support;

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- the Haughton Pipeline; and
- our waste to energy investments.

We will continue to work cooperatively with other levels of government, businesses and industry to bring these projects to fruition to support our residents now and into the future.

When operational, these industries are expected to contribute over \$1.6 billion to the Townsville gross regional product and Australia's national economy.

Capital Investment

A recent report into local government by the Queensland Audit Office recognised that financial sustainability remains a challenge for local governments.

While our council's strong fiscal policy meant we received a positive rating, maintaining, managing and replacing assets continues to be one of the largest challenges for councils across the state.

Council currently maintains \$5.5billion worth of community assets.

Like any prudent asset owner, each year we allocate a large portion of our operating budget to ensure we replace and enhance our assets to keep them operating and servicing our community.

This year we are investing nearly half of our total budget or around \$500million dollars into providing the basics like:

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- ensuring water is taken from our dam, treated and transported as high-quality drinking water to homes across the city.
- making sure when people flush their toilets it is taken where it needs to and is treated to the standard required of reef councils.
- collecting over six million bins of rubbish from homes across the city over the next twelve months and ensuring we divert what we can from landfill

Water Security

We have said it before, and we will say it again - It is our responsibility as a growing city in a dry tropics destination to ensure we invest in carefully managing the long-term water security and supply for the Townsville region.

This budget continues to invest in our multi-year, integrated water strategy with a record \$214.9million toward continuing our critical water infrastructure projects.

This includes:

- On schedule construction of Haughton pipeline stage 2
- \$34.9 million for continued work on the duplication of the pipeline between Ross River Dam and the Douglas Water Treatment Plant;

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- Construction and commissioning of our \$22million recycled water treatment facility;
- \$ 9.6 million to finalise the installation of two new clarifiers at the Douglas water treatment plant, and

This budget will also include a considerable investment in the ongoing renewal of our underground water infrastructure.

Investment in this infrastructure is costly but is absolutely essential to moving clean and healthy water to homes and businesses across the city.

Wastewater

Continuing our heavy investment in ensuring we are taking care of the here and now, Budget 2022/23 includes a considerable funding for new and upgraded wastewater assets and maintenance across the city.

Specifically, this budget will support the final stages of the \$54million Southern Suburbs Rising Main project.

The third and final stage of this project began in 2021/22 and, thanks to the \$8.1 million allocation in this Budget, will be completed in 2022/23 delivering enhanced wastewater management for residents in and around Wulguru

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We're also continuing our ongoing focus on the resilience of our wastewater pump stations across the city, with \$27.7 million invested in renewals and upgrades as well as \$1.9 million for the relining of sewer gravity mains across the city.

Attractive, Active and Sustainable City

Councillors, it is important that in the current globally-competitive environment for workers, tourists and investors, we work to actively promote and sell the city.

I'm pleased to announce that today's budget provides significant investment to further enhance our city's image.

Council is investing more than \$10 million to continue projects to support Townsville's focus on building a sustainable city.

This green investment is critical to advancing council's circular economy and contributing toward our zero waste targets.

This budget supports key activities like our food organics and garden organics trial to reduce waste going to landfill, moving to power Council's assets with renewable energy, and activating Townsville as a sustainable destination.

\$96 million has also been allocated for maintenance of parks, gardens and open spaces as well as up keep of roads and storm water networks, all of which is required to strengthen civic pride and keep our city looking great all year round.

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Council maintains 424 parks, 118 grassed drains, 372 road reserves and three cemeteries which is equivalent to maintaining 5200 soccer fields across the city every week.

As we compete with other cities across Australia to grow our population, this budget deliberately provides continued support for lifestyle benefits for residents.

And our neighbourhoods are just as important as our CBD which is why we are investing \$203.8 million in our suburbs with a range of capital projects across every division.

A total of \$39.5 million has also been allocated in this budget to invest in culture, lifestyle and wellbeing initiatives.

We won't shy away from building on the opportunities we were able to leverage during COVID to promote Townsville on the national and international stage.

That means continuing to support the activation of our fantastic Queensland Country Bank stadium for major sporting events that have been so successful and generated much-needed economic activity for us since it opened in 2020.

There is no doubt it has played an important role in firmly positioning Townsville as the events and sports capital of Northern Australia.

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Almost \$12million will be invested in keeping our city alive with community events while ensuring we have a dedicated fund to attract major events to the region.

But liveability is not just about events.

Over \$10million is being invested toward advancing our galleries and performing arts and more than \$9million will be dedicated toward modernising libraries, which have become a vital hub for community support, connection, and education.

Just as importantly over \$7 million will be invested in funding dedicated for community centres, and community and sport and recreation programs, all of which provide well utilised mechanisms for community wellbeing.

These are critical components to building a liveable city, and liveable cities attract growth and investment.

And it provides a beacon that we know local community, business and tourism operators want and expect especially when times are tough.

Townsville has always been a city with a strong arts and cultural community, right now we are seeing sold out shows at our Northern Australia Festival of Arts as our community votes with their feet in showing it has a real appetite and appreciation for events that enhance our lifestyle and drive real business benefit.

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Supporting affordability

Councillors, we all agreed that our Budget would also take care of those in our community who need our support.

That is why it provides a sharp focus on providing support for the vulnerable, the aged and our community clubs and organisations.

The budget invests \$30 million in concessions for community clubs and organisations, grants, sponsorships, partnership funding, forgone revenue in heavily discounted community club facility leases.

Specifically, we are investing:

- General rates concessions for not for profits to the value of \$1.7 million
- Water and wastewater concessions for sporting clubs and community groups to the tune of - \$3.1 million
- \$4.0 million in grants and sponsorships for community
- \$5.9 million provided in pensioner concessions (maintained at up to \$800 per annum)
- And a \$12.6m general rates discount for those who pay on-time.

We are also including targeted support for first-home buyers through our First Home buyer rate discounts, which will support

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more young people to enter the housing market and stay in our beautiful city.

Connecting our city safely

Council will also invest \$201 million in roads, active transport and drains infrastructure across Townsville over the next twelve months, in keeping with our commitment to enhancing liveability and building a connected city.

Council maintains close to 1,700kms of road and 540kms of pathways, ensuring high-quality road and active transport networks for our residents and visitors.

Among the many road renewal and redesign works occurring across the city, this budget includes:

- \$1.9million for Gregory Street, North Ward,
- \$2.6million for Allambie Lane, Rasmussen
- \$1million for Baxter Street, West End
- \$570,000 for Banfield Drive, Mount Louisa
- \$510,000 for Mount Low Parkway, Mount Low
- \$361,000 for Gilli Crescent, Cranbrook
- \$312,000 for Miranda Circle and Jenkinson Drive, Annandale

The budget also includes \$2.5 million to design and start work on a multi-year project which will see 6km of Mill Road in Black

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River upgraded from Pope Road up to and including the quarry access intersection and \$10 million to design and construct a new alignment for Dingo Park Road, near Woodstock.

We also understand how many of our residents and visitors love using our active transport corridors across the city.

That's why this budget is continuing our investment in extending and planning designs for new bike and foot path routes across the city.

This includes:

- a \$1.2m project to undertake design work required to modify the intersection of Hugh Street and Fulham Road in Currajong to improve pedestrian and cyclist safety;
- \$735,000 to upgrade the footpath connecting Cook Street to Soroptimist Park in Belgian Gardens and
- \$179,000 to construct a new shared path along Angus Smith Drive between Parkinson Road and Joseph Banks Avenue in Douglas.

Investments in a Safe City

I am proud to lead a Council that has prioritised an investment of \$33.8 million for a safe city.

It is council's role to ensure we are protecting our assets and doing what we can to ensure our community spaces are safe.

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This year council will invest \$5.3 million in our network of nearly 500 CCTV security and surveillance cameras for operations, upgrades and renewals.

This is an important service to support our frontline services with 598 requests for CCTV footage over the past twelve months

\$4.9 million will be invested in the operation and upgrade of street and public facility lighting, \$15.2 million will be invested in youth services and infrastructure, and \$2 million funding has been allocated to provide lifeguards for Townsville beaches, riverway lagoon and the Strand waterpark.

Taking a holistic approach to community safety, additional investments include funding for safety audits and park protection programs.

Conclusion

I want to thank all the Councillors and staff for their contribution to this year's budget process.

As we continue to feel the impacts of worldwide events at a local level, it is our continued dedication toward prudent and smart financial management that will ensure our ongoing growth and sustainability.

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This budget builds on the collective hard work that has delivered a strong economic base to deliver fundamental services across our community while also supporting major city changing projects for future jobs growth while building a city where people want to live.

This Budget represents a major step towards a future where we provide economic security through a sustainable growth plan for Townsville.

The plan to transition and diversify our economic portfolio, combined with our strategic investment in Townsville's brand as a modern, sustainable and culturally diverse destination sets a clear path toward long-term growth.

The community supported this plan at the council election - so together we will deliver this historical investment for our city as we build on the confidence that industry and government have shown in our city as a potential leader in emerging industries and advanced manufacturing.

Budget 2022/23 builds on the work we have already done to achieve the goals on council's innovative and smart corporate plan with a substantial package to unleash the potential in our economy.

I commend Budget 2022/23, supporting our community and growing Townsville.

TOWNSVILLE CITY COUNCIL

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