BUILDING OUR REGION

2019 / 2020 Budget

Whitsunday Regional Council

MESSAGE FROM THE MAYOR

Welcome everyone to the 2019/20 Whitsunday Regional Council Budget meeting and the fourth and final budget of this Council.

Less than one year into my term as Mayor, our region was hit by one of the worst natural disasters and since then, Council has focussed on three objectives; Building our Region, keeping rates & charges affordable while the residents recovered from the disaster, and positioning the region for growth post recovery.

For the fourth consecutive year there will be 0% increase in the total general residential rates across the region. With prudent financial management, this year, Council has also been able to achieve 0% general rate increase for all other as categories well.

This means that, despite four years of rising fuel, insurance and power costs, during my term as Mayor, we are collecting exactly the same general rates in total from residents as in 2016, no more, no less.

Building our Region is the primary focus of this year's budget, as Council continues to create jobs and steer our region's economy forward.

As part of the Building our Region budget, Council will deliver over 110 projects and infrastructure upgrades worth approximately $160 million dollars.

Ensuring our infrastructure keeps pace with growth is key for our region's three pillar economy of tourism, mining and agriculture.

Infrastructure supports economic productivity, especially the liveability and growth of our communities from Airlie Beach to Proserpine to Bowen and outback to Collinsville.

Energy, telecommunications, transport and water infrastructure are key inputs to the efficient operation of daily life and doing business in the Whitsunday region.

I am proud of what Council and our passionate community has achieved and the real progress we have made in my term as Mayor.

New and upgraded infrastructure is vital in maintaining a consistent level of service for our 35,500 residents. It also delivers major projects that not only create jobs for locals as a priority but will also help forge a bright future for Our Whitsunday region.

Mayor Andrew Willcox

We already live in the best region in the world, so building new infrastructure to keep pace with growth is a high priority. Council believes that providing residents with upgraded facilities and services will help us achieve our goal of a happy and thriving community.

Whilst Building Our Region is a positive goal, this Council is adamant that we leverage every external funding opportunity to ensure it is not a burden on our residents.

I have worked hard to build strong relationships with both the Federal and State Governments. This is now paying off with nearly 70% of the 2019/20 capital program expected to be funded through collaborative grants and subsidies.

We are now also planning the critical projects that we want to see funded and delivered over the next 10 years. This will provide much-needed certainty and drive the groundwork to ensure that new initiatives are ready to roll out when the projects we are currently working on are complete or near complete.

Council's focus over the past 12 months has been identifying, designing, planning and kicking off a number of significant projects, as well as working hard behind the scenes to source the required funds for these projects.

The priority for next year will be to have all these projects underway or finished. Council staff will be working on two key infrastructure projects in 2019/20.

The first, which has already started, is the Bowen Sewerage Treatment and Water Recycling Plant (Bowen STP). This will bulletproof Bowen and ensure A-grade recycled water is available to support future growth of the town.

The recycled water can be used in the town's parks, gardens and sports facilities, which in turn will reduce the amount of effluent that is released into the iconic Great Barrier Reef.

The second vital infrastructure project is the new 12 ML reservoir at Cannon Valley and a bulk water pipeline to the Cannonvale - Airlie Beach areas.

These areas are registering the highest population growth within our region and the new facilities will ensure that these townships will continue to receive a quality water supply now and into the future.

Major projects that are expected to be completed or underway in the 2019/20 Financial Year include:

- $14 million new Bowen Sewerage Treatment Plant
- $8 million recycled water pipeline from the new Bowen Sewage Treatment Plant
- $3.9 million Flagstaff Hill Redevelopment
- $500,000 Cannonvale Beach and Airlie Beach boardwalks CCTV Safe Precinct Area
- $9 million new reservoir & bulk water pipeline for Cannonvale & Airlie Beach areas
- $54.5 million Shute Harbour Restoration
- $10.9 million rebuilding of the Proserpine Entertainment Centre
- $10.6 million rebuilding of the Proserpine administration building
- $25 million of Collinsville flood damaged and reconstruction road works

Another priority of this year's capital program is undertaking the routine renewal of essential existing assets to ensure improved liveability for our residents.

Though not as severe as Cyclone Debbie, the monsoonal rains earlier this year, which saw flooding in the Burdekin and in Townsville, caused major damage to our road network in the northern areas of our region. With the help of disaster recovery funding, we expect to have most of these roads restored by the end of the coming year.

While building and upgrading infrastructure is key, we also need to ensure that Council continues to operate the existing assets and services.

Costs such as fuel, electricity, wages and insurance continue to rise but we are determined to push the boundaries and find news way to economise and deliver value for money to the community.

Council staff regularly review operations to evaluate where cost saving measures can be implemented. During the cyclone in 2017, a lot of Council's IT infrastructure was damaged.

At that time Council made a considered decision not to replace most of its on-site infrastructure but to use i-cloud services instead. This has resulted in operational cost savings within our IT department.

Council's investments in solar power generating facilities at our water and sewer treatment pants and other Council facilities is also contributing to reducing power costs.

While doing everything possible to control operating costs and maintain high service levels expected by the community, Council needs to ensure that it raises adequate revenue to cover its operating costs.

When I delivered on my election promise and the opt-in tariff was introduced in 2016, residents were legally able to choose between the then existing two-part tariff water tariff or opt-in to move to an allocation-based tariff.

However, a court decision against another Queensland Council forced us to withdraw the opt-in tariff option. As promised at the time, we have monitored the situation and can now reinstate the opt-in water tariff. Every resident will have already received a letter outlining their options.

As I mentioned previously, for the fourth year running, the total amount we are planning to raise through General Rates will be the same as our first budget in 2016.

However, as a financially responsible entity, Council is compelled to increase the utility charges we levy for water, sewerage and waste services by between 2 - 3%.

The additional revenue will primarily go towards partially funding the new infrastructure our region requires such as sewerage treatment plants, water reservoirs and pipelines, and additional cells at our landfills.

Conclusion

Once again, 2019/20 is shaping as an exciting year of growth for our region as Council invests strongly in building and upgrading infrastructure to ensure a positive future for all our communities.

During the coming year, Council will be spending over $250 million delivering services to the community and maintaining, renewing and upgrading the community assets.

A large portion of that will be spent within the region and will be in keeping with Council's procurement policy that provides some preferential treatment for locally based business.

This money spent within the region acts as a strong local economic catalyst meaning more jobs and opportunities for our community.

The budget that your Councillors are delivering today is not just focussed on internal operations but looks outwards to progressing the economy of the region.

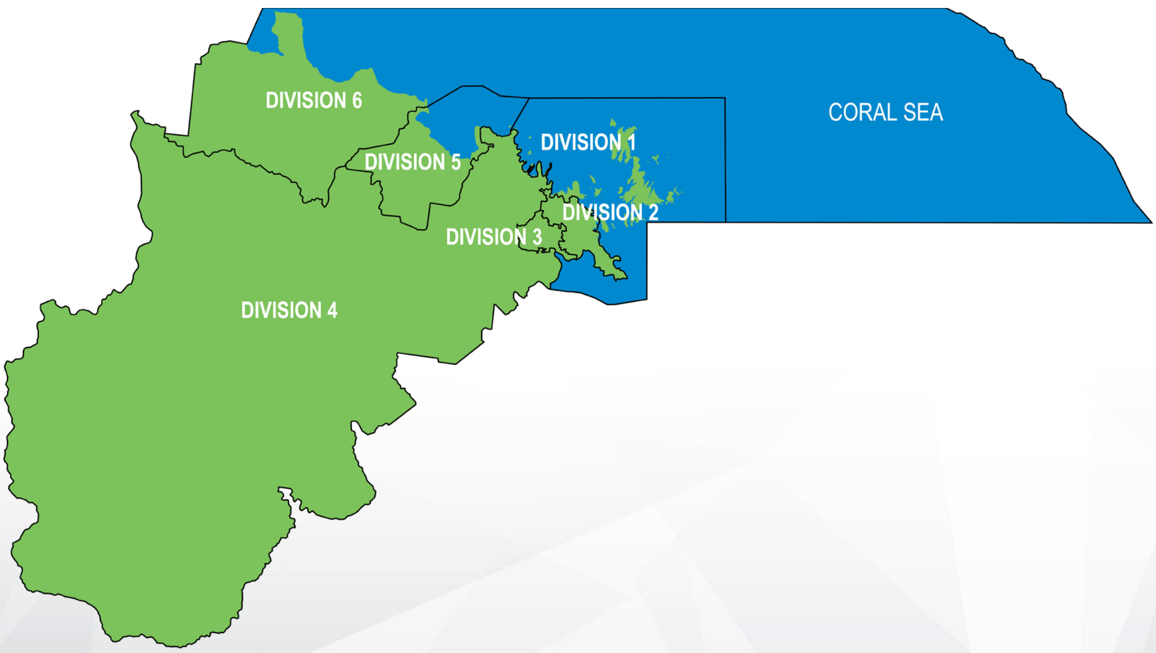
In delivering this budget, I can hand on heart say that this Council will be in a better financial position at the end of this Council's term than it was when we took office, with minimal effect on ratepayers.

The facilities and infrastructure investment focus and increased economic development activity will improve liveability for all residents.

We are the caretakers of an amazing and diverse part of the world and our community has shown amazing resilience in bouncing back from Cyclone Debbie. My Council will continue to provide strong united leadership in Building Our Region.

In conclusion I thank you all for attending our 2019/20 Budget Meeting and acknowledge the support of my councillors and the terrific work of our dedicated Council staff especially the finance crew led by Stephen Fernando and Julie Moller.

DIVISIONAL MAP



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BUDGET INFORMATION

Visit the Whitsunday Regional Council website www.whitsundayrc.qld.gov.au and our Facebook page for a range of information such as Divisional highlights, a budget snapshot and a video relating to the 2019/2020 'Building our Region' budget.

BUDGET AT A GLANCE

Statement of Comprehensive Income

	Amount $ '000
Operating Revenue	124,766
Operating Expenses	120,551
Operating Result	4,215
Capital Revenue	114,991
Capital Expenses	33,634
Net Result	85,572

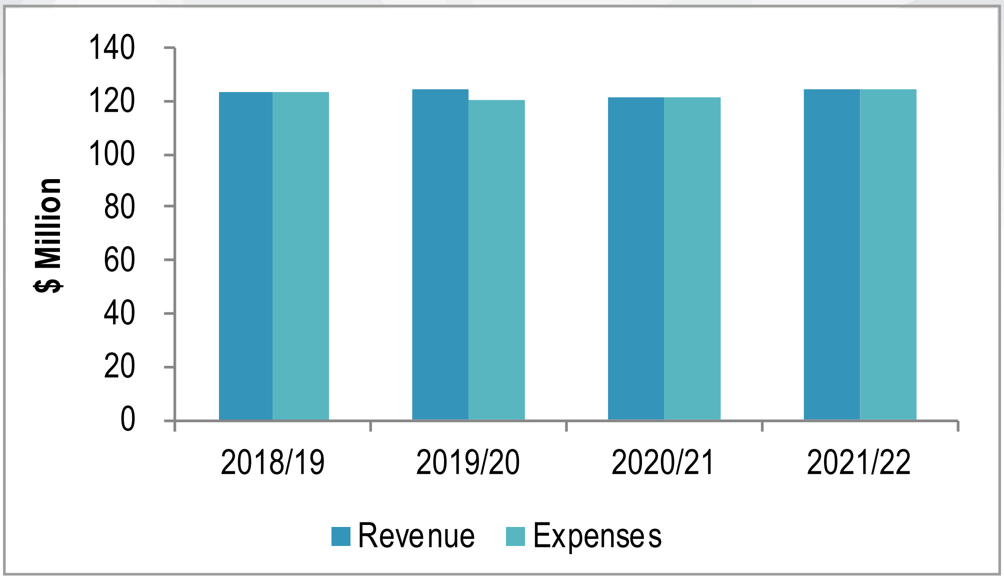
Financial Position

	Amount $ '000
Current Assets	48,674
Non-Current Assets	1,169,317
Total Assets	1,217,991
Current Liabilities	19,871
Non-Current Liabilities	84,559
Total Liabilities	104,430
Net Community Assets	1,113,561

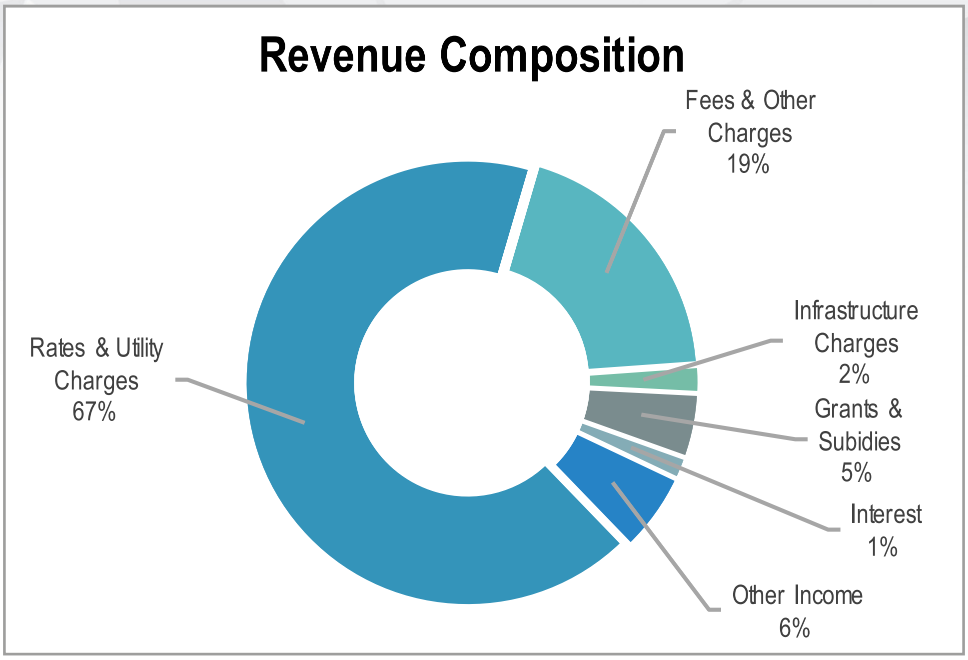
Borrowings

	Amount $ '000
Borrowing (Start of the Year)	83,216.95
Additional Borrowings	5,665.64
Repayments	4,505.54
Borrowing (End of Year)	84,377.05
Borrowings per Assessment	4,610.00

FINANCIAL SUMMARY - OPERATING



FINANCIAL SUMMARY - OPERATING



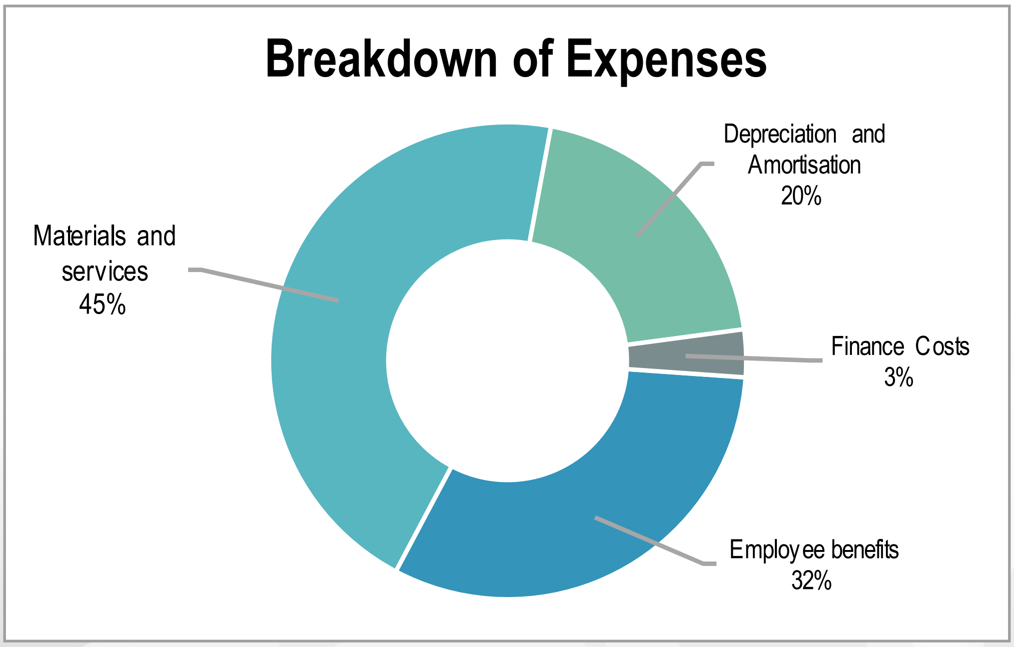
Operating Revenue Categories 2019/2020

Category	Amount $ '000
Rates and utility charges	83,292
Fees and charges	4,293
Rental and levies	349
Major fees and charges	15,388
Operating grants, subsidies and contributions	8,224
Interest revenue	1,965
Sales of contract and recoverable works	4,085
Other income	7,170
Total Operating Revenue	**124,766**

FINANCIAL SUMMARY - OPERATING

Operating Expenses Categories 2019/2020

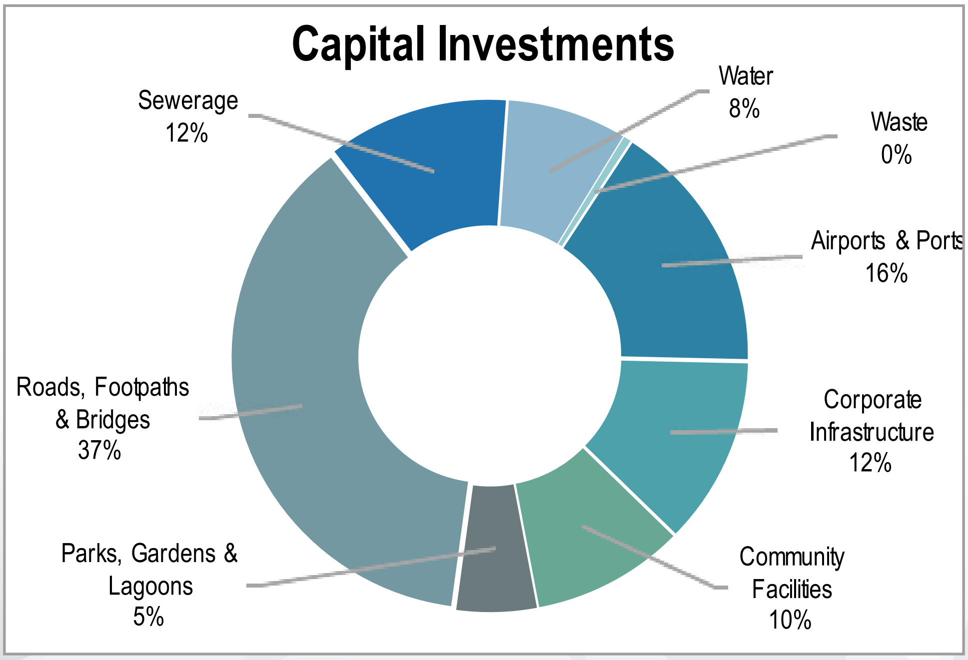
Category	Amount $'000
Employee benefits	38,158
Materials and services	54,433
Depreciation and amortisation	24,076
Finance costs	3,884
Total Operating Expenses	**120,551**



CAPITAL PROJECTS AND FUNDING

Capital Investments

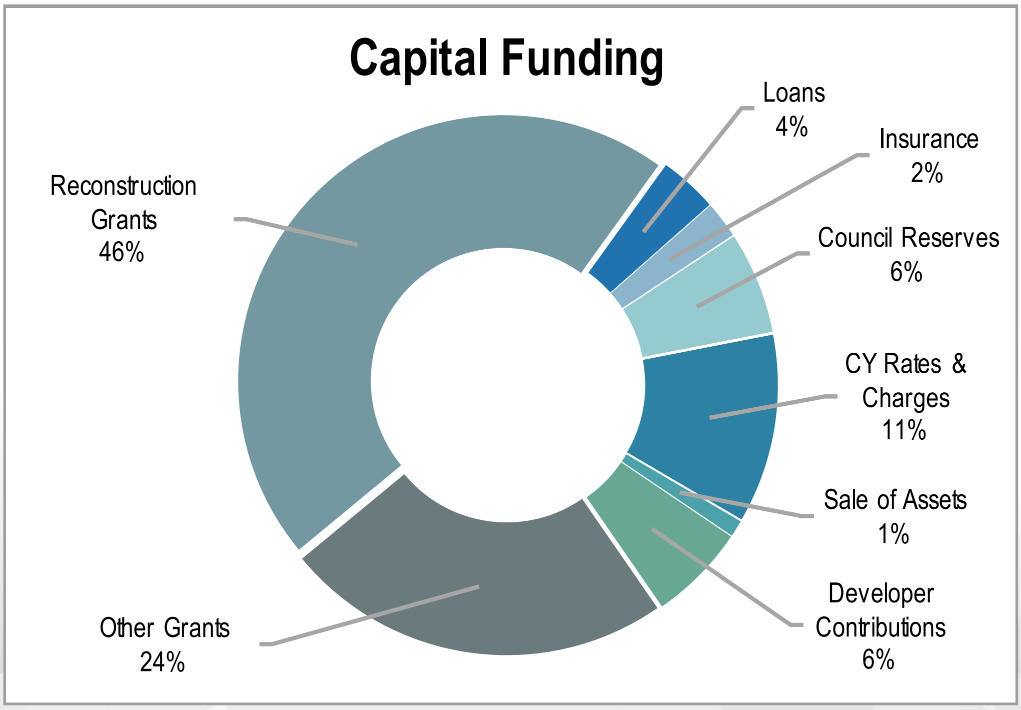
Asset Type	Amount $ '000
Airports and ports	**25,823**
Corporate infrastructure	**19,098**
Community facilties	**15,480**
Parks, gardens and lagoons	**8,136**
Roads, footpaths and bridges	**59,757**
Sewerage	**18,338**
Water	**12,108**
Waste	**763**
Total	**159,503**



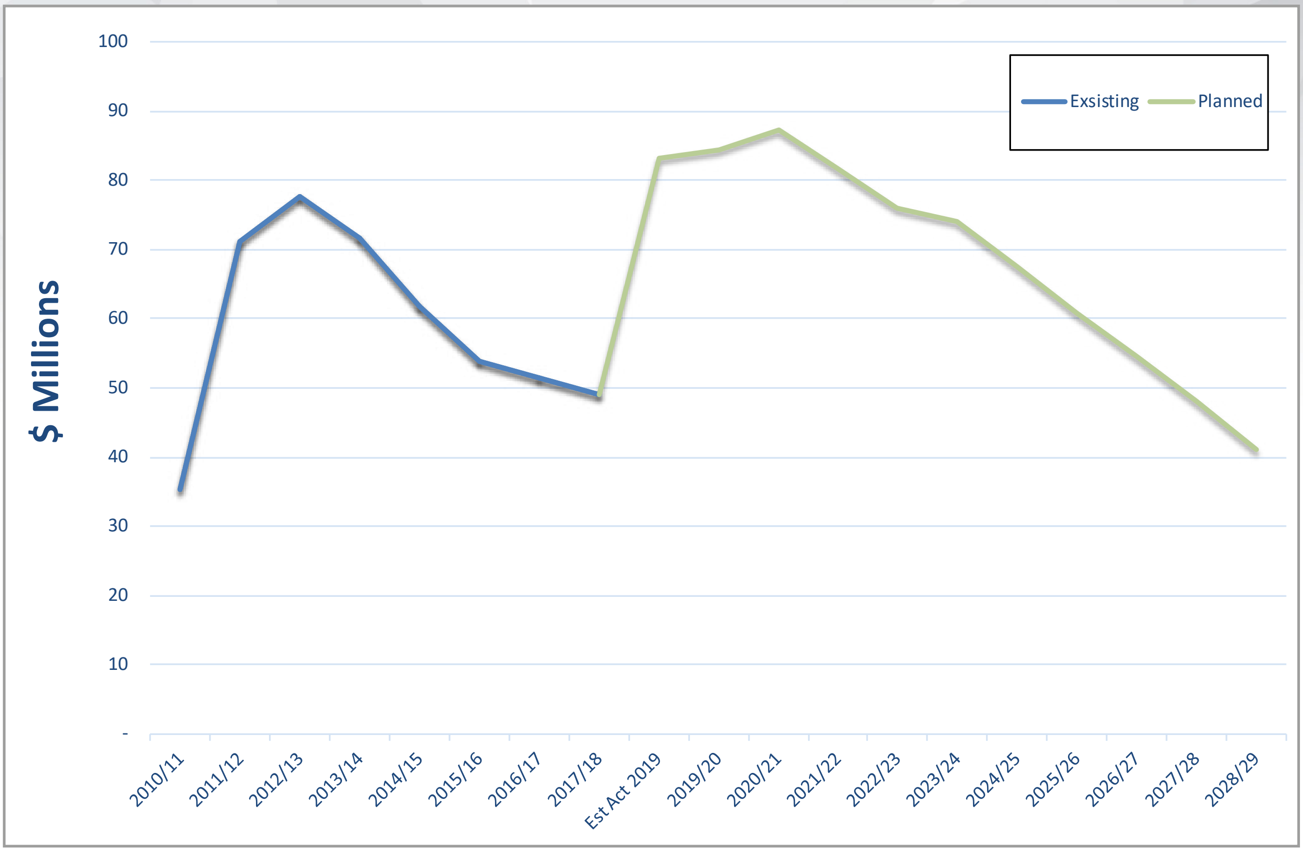
CAPITAL PROJECTS AND FUNDING

Capital Funding

Funding Sources	Amount $ '000
CY rates and charges	18,321
Sale of assets	1,613
Developer contributions	9,459
Other grants	37,709
Reconstruction grants	73,244
Loans	5,666
Insurance	3,573
Council reserves	9,918
Total	**159,503**



LOANS



$ Millions
100
90
80
70
60
50
40
30
20
10
-
Exsisting
Planned
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
2016/17
2017/18
Est Act 2019
2019/20
2020/21
2021/22
2022/23
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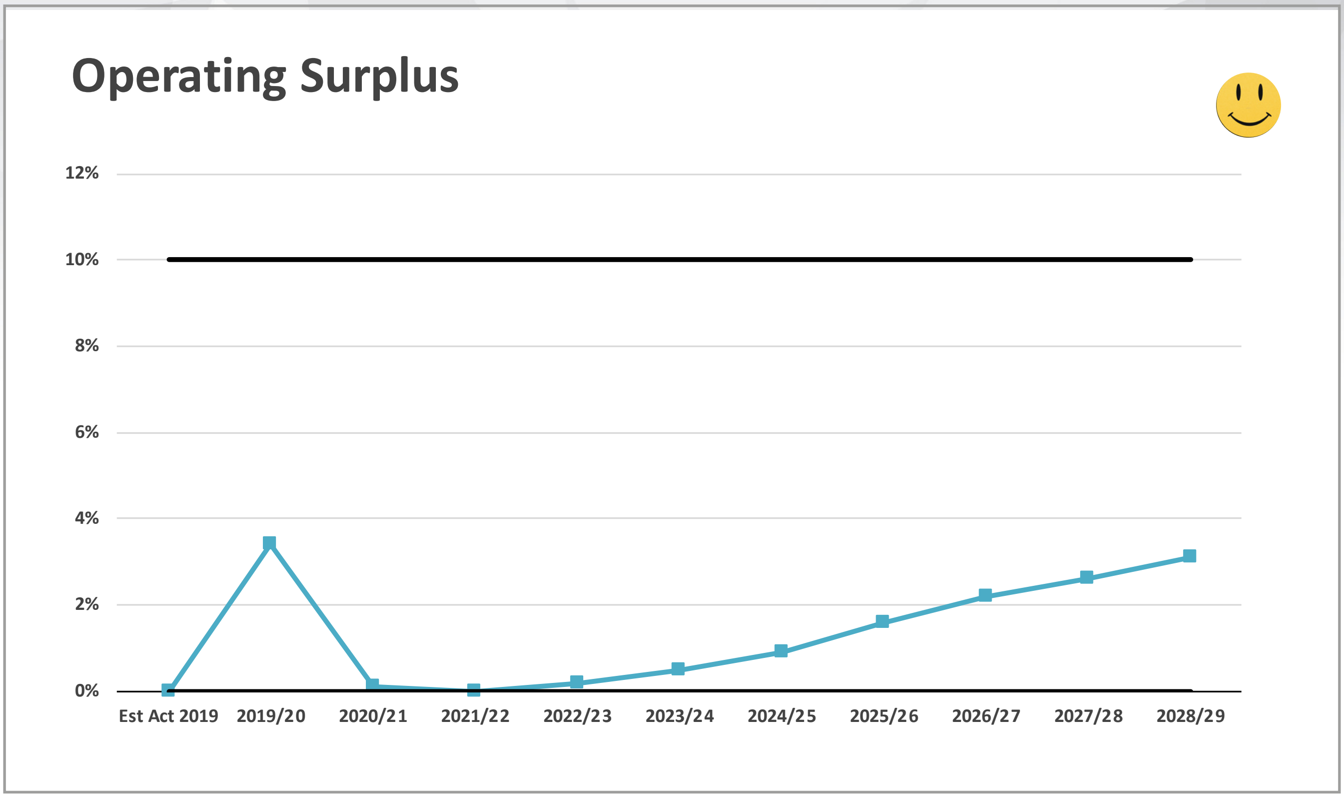
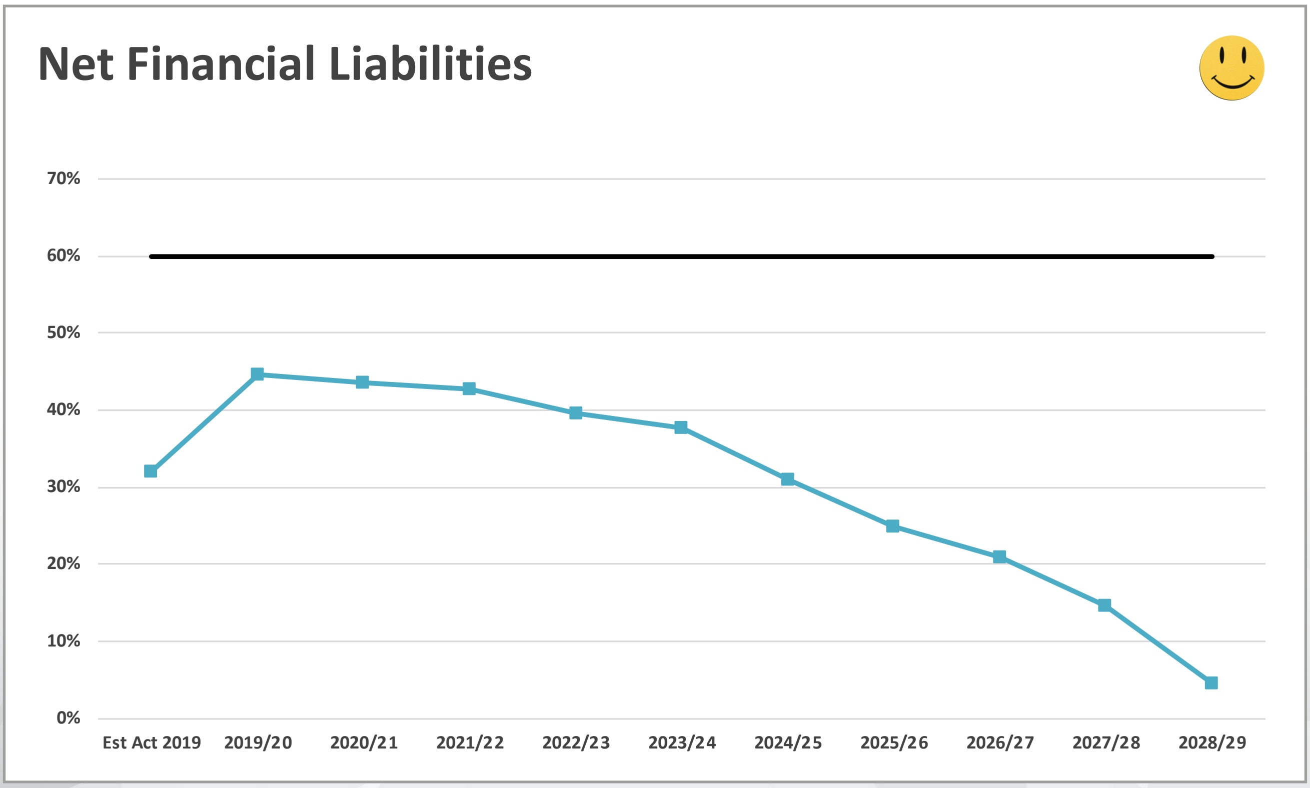
2024/25
2025/26
2026/27
2027/28
2028/29

FINANCIAL RATIOS





FINANCIAL RATIOS