



Noosa
Chamber of
Commerce &
Industry

HERE FOR BUSINESS

NOOSA CHAMBER OF COMMERCE & INDUSTRY

**ANALYSIS OF NOOSA
COUNCIL BUDGET 2022/23**

BACKGROUND

A review has been undertaken of the Noosa Council 2022-23 draft budget documents published for community consultation on 23 May 2022.

The purpose of the review was to assess the potential positive and negative impacts of the budget on local businesses, ratepayers and the broader Noosa community. The Chamber is cognisant of the current challenges facing Noosa businesses including stagnant economic growth, supply chain and resourcing pressures, inflationary pressures in addition to increasing interest rates.

The decisions made by Councillors when adopting the budget can have significant implications for business operators, residents and ratepayers, and the Chamber has a responsibility to advocate where possible to maximise benefits and minimise impacts for its members and the broader Noosa community.

The information paper provides an overall summary of the major budget changes and implications for residents and businesses. Further detail is provided to support the summary conclusions.



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40% of property owners to receive a rate increase higher than 5%.

\$11,000,000

Expenses are increasing by \$11 million or 10.7%.

The revenue increase in rates and levies is double that of the CPI target of 5%

2 bin commercial waste collection charges are proposed to increase by 7%.

**Businesses
will pay more
in rates and
fees**

**33% or 572 of properties in the
non-residential rate category
(i.e. businesses) will see rate
increases in excess of 10%.**

**No initiatives
were proposed**

to implement the new economic development strategy.

SNAPSHOT OF FINDINGS



REVENUE BUDGET

Council is forecasting a significant increase in revenue in the draft budget of \$11.3 million (10.6%). This is proposed to be achieved through increases in rates and levies (\$7.6m), fees and charges (\$1.9m) and sales (\$2m). The revenue increase in rates and levies is double that of the CPI target of 5% referenced in the Council draft budget information pack and reflects significant expenditure increases attributable to service level increases.



WASTE CHARGES

2 bin commercial waste collection charges are proposed to increase by 7%. Commercial waste disposal gate fees are increasing by approximately 10% or \$24/tonne. \$10 of the \$24/tonne increase is attributed to the increase in the state waste disposal levy.



RATES AND LEVIES

Council's draft budget information pack references a 5% increase to general rates for properties on the minimum rate. The budget information shows that 40% of properties in the shire will receive a general rate increase in excess of 5%. For small businesses - 33% or 572 of properties in the non-residential rate category will see rate increases in excess of 10%.

No changes were proposed for transitory accommodation rating categories following budget feedback last year. Approximately 27% or 1,089 properties categorised as transitory will receive a general rate increase in excess of 10%.



LEVIES

Separate charges and levies are remaining static with the exception of increase in the Environment levy (\$6 per ratepayer) and Heritage levy (\$1.50 per ratepayer).



FEES AND CHARGES

A sample undertaken of fee increases proposed in the budget show increases ranging from 1.7% to 5%. Increases in food business licences and building searches are at the upper end of the observed % increases.



EXPENDITURE BUDGET

The proposed budget operating expenditure increase of \$11.3 million or 10.7% is significant and well above the 5% CPI figure referenced by Council. Employee costs are forecasts to increase by 12% and materials and services 14% and reflects a significant increase in service level across a range of Council activities.

It would have been expected that where such significant increases in service levels and costs which require funding through rating increases that the community should have been engaged earlier to test the appetite for the service level changes and corresponding rate increase. \$50k was identified in the draft budget information pack as an economic development initiative relating to a destination management plan.



BUDGET ALIGNMENT TO COMMUNITY PRIORITIES

Council has justified the introduction of a number of projects and initiatives on improvement areas and priorities identified from recent community surveys (i.e. liveability survey and community satisfaction survey). Using survey outcomes as a clear mandate for additional budget investment by Council may not be justified if questions in those surveys regarding service level changes have not articulated the funding implications to those ratepayers undertaking the surveys (particularly appetite for rate increases).

The significant increase in levels of service in the draft budget appears to contradict the responses received in the 2021 Noosa Customer Satisfaction Survey where 84.6% or 338 respondents indicated they were happy to leave service levels as is or reduce service levels and lower costs (and rates).



CASH AND DEBT

The draft budget is forecasting \$65 million of cash on hand at the end of 2022-23. When considering cash expense cover requirements Council is likely holding excess cash that does not appear to be required over the next 10 years. There could be an opportunity to pay down current debt levels, invest in economic growth initiatives or provide some form of cost of living relief to ratepayers through a one off rebate on the rate notice.

\$5.8 million of new debt is included in the draft budget to fund waste management capital works. It is unclear why this new debt is required given the level of cash on hand, but it may be for intergenerational equity purposes. Council has adequate capacity for new debt if required.



CAPITAL EXPENDITURE BUDGET

The draft budget capital expenditure program of \$42 million is too ambitious for Council to deliver based on historical performance against budget.

Reducing the program to levels more achievable (notwithstanding the \$14 million of grant funding tied to specific projects) will ensure capital can be redirected to other economic opportunities, used to pay down debt or provide financial relief to ratepayers through one off rebates or reduced rate increases.



LEVEL OF SERVICE CHANGES

A number of new projects and initiatives have been included in the draft budget, which is contributing to the significant increase in employee costs and materials and services above CPI. The draft budget documents do not provide the level of detail required by residents to understand the financial implications or provide meaningful feedback as part of budget consultation.

Ideally all proposed projects and initiatives would be released earlier in the budget process including costings and proposed funding measures for community input and robust debate for final prioritisation and budget inclusion. This has not occurred.

It is unclear if any of the potential projects and initiatives in the budget relate to the economic development strategy and will directly assist local businesses and promote economic growth in the next financial year.

DETAILS TO SUPPORT THE SNAPSHOT FINDINGS ARE PRESENTED FURTHER IN THE REPORT.

REVIEW AREA 1 OPERATING REVENUE

Council has stated that it is budgeting to increase its operating revenue by \$8.3 million or 7.6% in 2022-23. The increase in revenue is significantly higher however (\$11.3 million or 10.6% increase) when comparing the draft budget to Council's original 2021-22 budget. For the purposes of this review the draft 2022-23 budget has been compared to the original 2021-22 budget. The increase in revenue is proposed to be achieved across a number of areas outlined in graph 1 but most notably via a significant increase in rates and charges (which includes general rates, waste charges and separate and special rates). The \$7.6 million increase in rates and charges represents 67% of the total \$11.3 million revenue increase proposed in the budget.

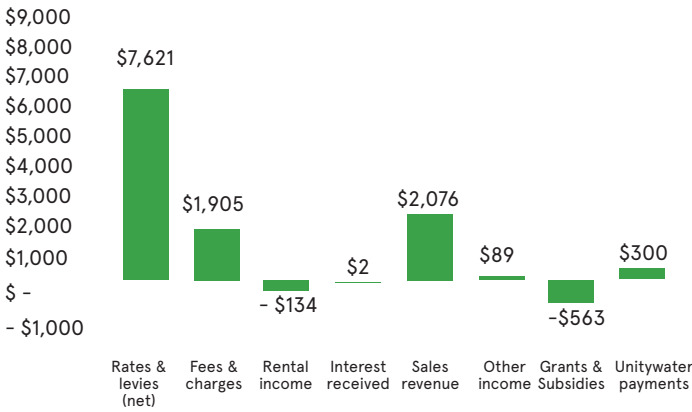
REVIEW AREA 1 GENERAL OBSERVATIONS

Council is forecasting a significant increase in revenue in the draft budget of \$11.3 million (10.6%). This is proposed to be achieved through increases in rates and levies (\$7.6m), fees and charges (\$1.9m) and sales (\$2m).

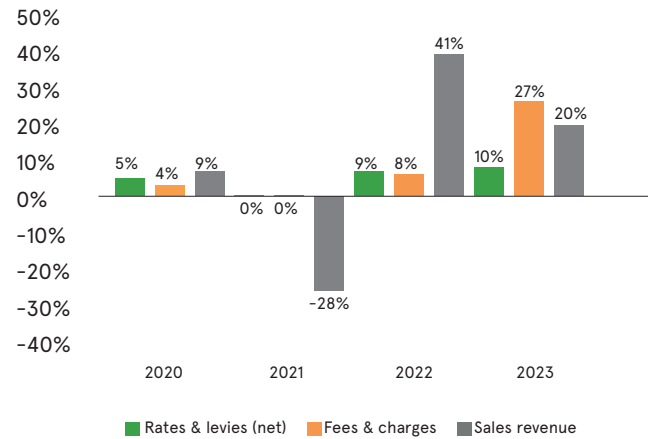
Grant revenue is forecast to reduce by \$560k per annum as Council will receive a lower financial assistance grant allocation from the federal government. The revenue increase in rates and levies is double that of the CPI target referenced in the Council draft budget information pack.

REVIEW AREA 1 OPERATING REVENUE

**GRAPH 1
BUDGET REVENUE INCREASES
BY TYPE (\$'000)**



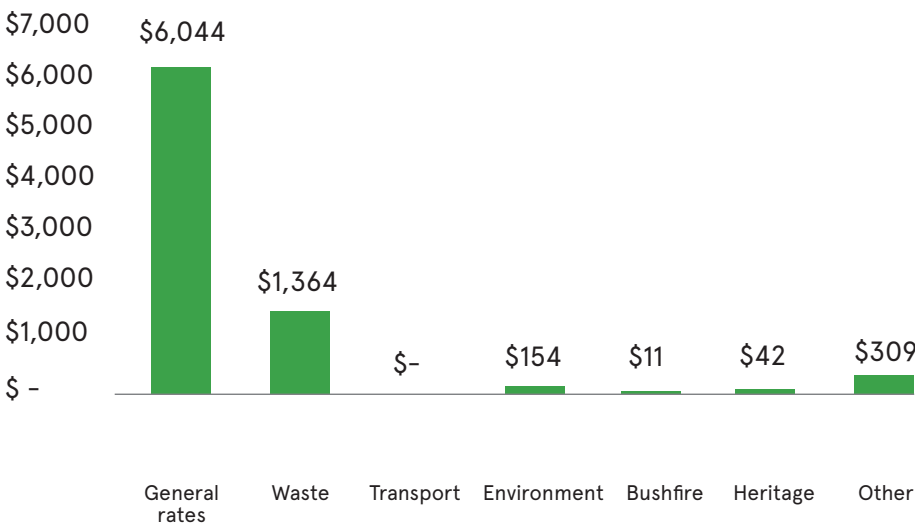
**GRAPH 2
BUDGET REVENUE INCREASES ACROSS YEARS
BY MAJOR REVENUE TYPE (%)**



To provide some context regarding revenue changes across the last 3 years a comparison has been undertaken by major revenue streams (rates, fees and sales) and is provided in graph 2. Since the impacts of the Covid-19 pandemic on revenues in 2020-21, budget revenues have grown by 19% for rates and levies, 35% for fees and charges and 61% for sales income in 2 years.

A breakdown of the draft budget \$7.6 million increase in rates and levies by type is provided in graph 3 which highlights that the majority of Council's overall rates and levies increase (\$7.4 million) will be funded by general rates and waste collection charge increases, with the other noticeable increases arising from a \$6 per ratepayer increase in the environment levy and \$1.50 increase per ratepayer in the heritage levy. The basis for the \$309k increase in other special levies was not provided in the draft budget document.

**GRAPH 3
INCREASE IN BUDGET RATES AND LEVIES BY TYPE (\$'000)**



REVIEW AREA 2 GENERAL RATES

General rates revenue is proposed to increase by \$6 million or 10.7% in the draft budget. This is in addition to the 14.6% increase in the 2021-22 budget. General rates revenue funds all of the council services and activities that are not able to be funded from fees and charges and other revenues. The significance of the increase likely reflects Council's desire to 'balance the budget' to fund significant increases in employee costs and materials and services budgets (discussed further in the report).

REVIEW AREA 2 GENERAL OBSERVATIONS

Council's draft budget information pack references a 5% increase to general rates for properties on the minimum rate. Closer analysis however shows that 40% of properties in the shire will receive a general rate increase in excess of 5%.

33% or 572 of properties in the non-residential rate category (i.e. businesses) will see rate increases in excess of 10%.

No changes were proposed for transitory accommodation rating categories following budget feedback last year. Approximately 27% or 1,089 properties categorised as transitory will receive a general rate increase in excess of 10%.

Landlords will likely pass through rating increases as part of outgoings to tenants and customers - which will potentially contribute to further pressure on housing availability and affordability in the shire.

REVIEW AREA 2

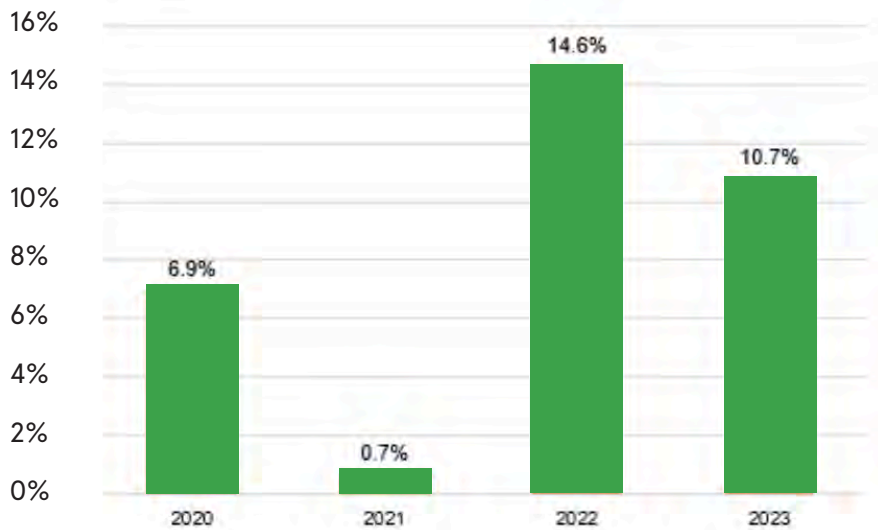
GENERAL RATES

Appendix 1 includes a summary of the decisions published by Council regarding its proposed general rating levels in the draft budget. Key takeaways and comments from the summary include:

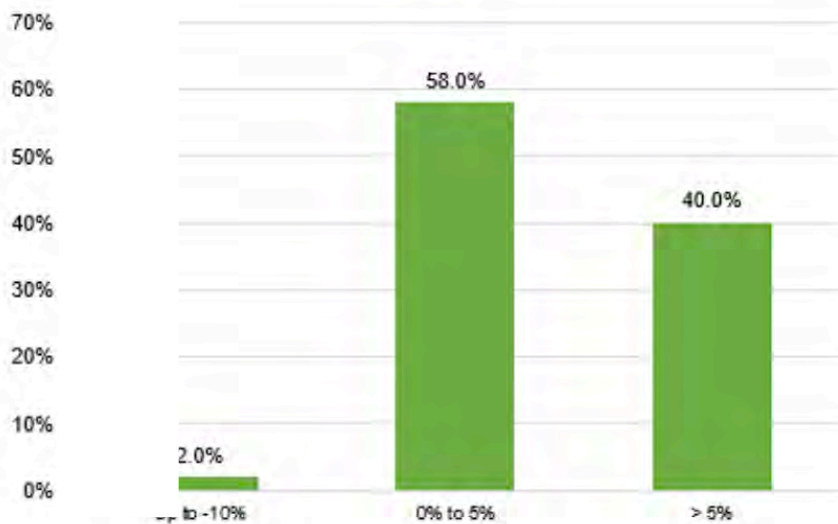
- Á Average land valuation increases across all properties in the shire was 36.5%, with diversity across suburbs.
- Á The number of residential rating categories has been reduced from six to four to moderate impacts of the property valuation increases.
- Á A 5% increase to general rates has been proposed for the minimum rate (presumably for each rating category – the draft revenue statement was not published for comment).
- Á 12,518 or 40% of properties in the shire will have a general rate increase in excess of 10% (refer graph 5).
- Á General rate increases for non-residential properties (businesses, short stay unit and large retail shops) vary in size. 572 or 33% of non-residential properties (i.e. businesses) will see increases above 10% (refer graph 5 for a breakdown).
- Á Council advised that the majority of residential ratepayers (who are on the minimum) will only pay 5% more in 2022-23 for their general rates compared to 2021-22. This statement misleads the community as 40% of property owners will receive a rate increase above 5%.
- Á No changes are proposed to the transitory accommodation rating categories following significant adverse feedback from the 2020-21 budget consultation.
- Á A number of initiatives have been proposed for funding by general rates. Initiatives such as these require either an additional increase in revenue or expenditure reductions. Whilst a complete list of all initiatives considered including budget amounts was not provided in the budget document – a high level list of endorsed initiatives published included:
 - % Development of a new corporate plan.
 - % First full year operation of the hinterland playground.
 - % Development of a destination management plan.
 - % Increased canal dredging to improve foreshore stability and manage revetment wall risks.
 - % Affordable housing investigations, site feasibility and continued advocacy.
 - % Continuation of the Living Well Noosa program of free community activity classes.
 - % Improved service levels on hinterland road verge mowing and pathway cleaning.
 - % Environmental biosecurity survey.
 - % Noosa Woods jetty investigations as a potential ferry stop.



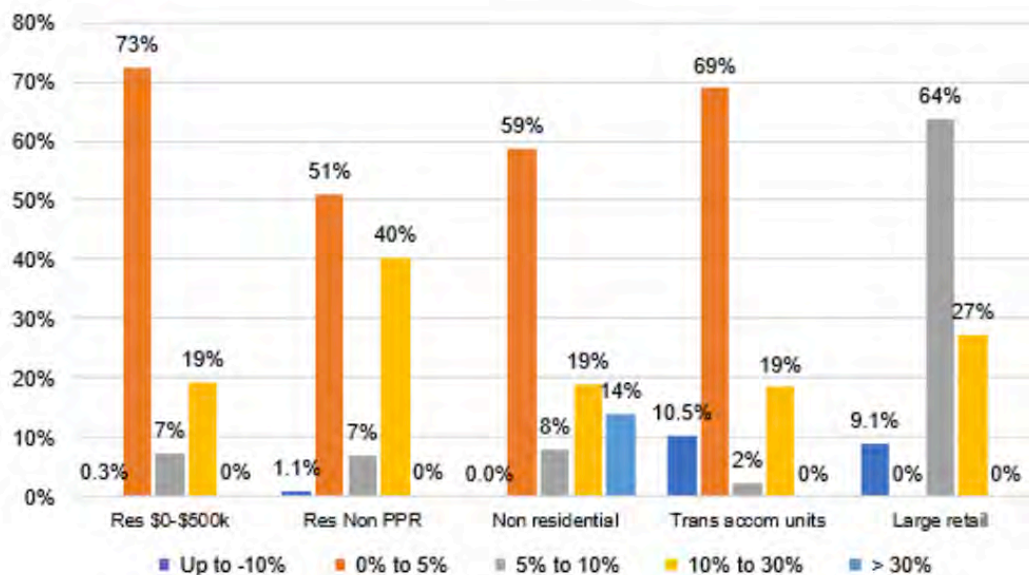
GRAPH 4
- BUDGET TOTAL GENERAL RATES REVENUE INCREASES BY YEAR (%)



GRAPH 5
GENERAL RATE % IMPACT DISTRIBUTION



GRAPH 6
GENERAL RATE IMPACT DISTRIBUTION FOR SELECTED RATING CATEGORIES



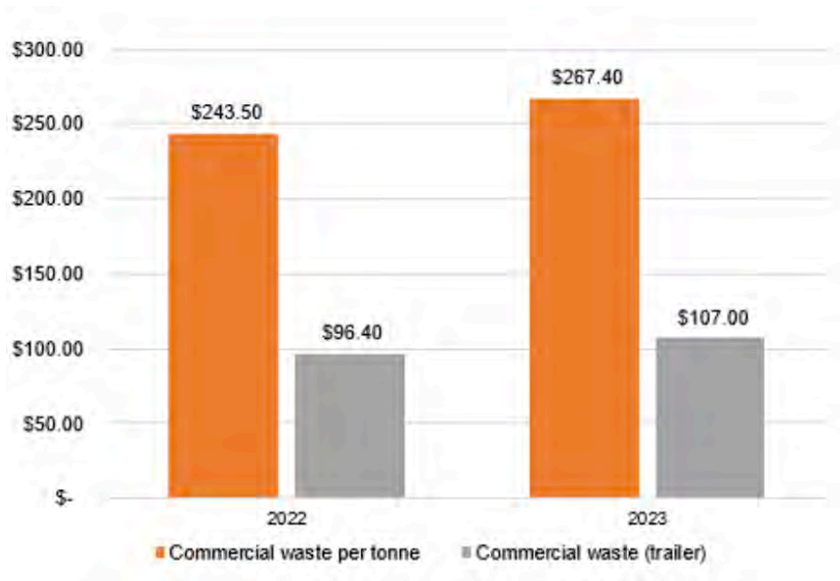
REVIEW AREA 3

WASTE COLLECTION CHARGES AND DISPOSAL FEES

Appendix 2 includes a summary of the draft budget domestic and commercial waste collection utility charges and disposal fees. Key takeaways and comments from the summary include:

- Á A \$17 or 5% increase is proposed to the standard household bin collection charge, with a \$24.50 or 7% increase proposed for a standard 2 bin commercial bin collection charge.
- Á Waste disposal gate fees at the landfill will increase by around 10% (refer graph 7).
- Á Justification for the collection charge increase include increased contract collection costs, new landfill costs, and a number of new initiatives including an increase in waste staff.
- Á The state government waste disposal levy will increase from \$85/tonne to \$95/tonne and will be passed on to commercial customers.
- Á A 35% penalty fee will apply to commercial customers that do not sort waste appropriately.

GRAPH 7
COMMERCIAL WASTE DISPOSAL FEE CHANGE (\$/TONNE)



REVIEW AREA 3 GENERAL OBSERVATIONS

2 bin commercial waste collection charges are proposed to increase by 7%.

Commercial waste disposal gate fees are increasing by approximately 10% or \$24/tonne. \$10 of the \$24/tonne increase is attributed to the increase in the state waste disposal levy.

Price Increases are being attributed to increased contract collection costs, new landfill costs, and a number of new initiatives including new waste staff.

REVIEW AREA 4 LEVIES

Council is proposing the following increases in separate rates in the draft budget:

- Á Environment levy increase of \$6 per ratepayer or 9.4%, from \$64 to \$70.
- Á Heritage levy increase of \$1.50 per ratepayer or 17.6%, from \$8.50 to \$10.
- Á No changes are proposed for the sustainable transport levy (which remains at \$30 per ratepayer) or fire management levy (which remains at \$10 per ratepayer on the minimum rate).
- Á No specific details were provided on how the funding generated by each levy would be expended. The following list of projects were included in the 2022-23 budget information pack:
 - Á Fauna threatened species monitoring and management plans (assumed environment levy funded).
 - Á Coastal hazards and foreshore reserves monitoring and investigations (assumed environment levy funded).
 - Á Continued development of conservation plans for key heritage sites (assumed heritage levy funded).
 - Á Noosa's story via the 'In their own voices' program – focusing on veterans for 2022/23 (assumed heritage levy funded).
 - Á Continuation of the free weekend bus initiative trial (assumed sustainable transport levy funded).
 - Á E-mobility trial for promoting alternatives to car-based travel in the shire (assumed sustainable transport levy funded).

REVIEW AREA 4 GENERAL OBSERVATIONS

Separate charges and levies are remaining static with the exception of increase in the Environment levy (\$6 per ratepayer) and Heritage levy (\$1.50 per ratepayer).

No specific details were provided on how the funding generated by each levy would be expended, with only minor details provided in the draft budget information pack.

REVIEW AREA 5 FEES AND CHARGES

Appendix 3 includes the snapshot of proposed fees and charges changes provided by Council in the draft budget. Additional commentary included in the budget information pack states that revenue from fees and charges as well as sales of goods and services is forecast to be \$21.4 million in 2022-23 (23% higher than the 2021-22 budget). The increase was attributed by Council to:

- Á A combination of increased demand/ volumes particularly for development assessment, building and plumbing, resource recovery facilities and holiday parks.
- Á Price increases and new fees.

The budget information pack was not clear regarding the level of price increase applied to individual fees and sales. The draft 2022-23 fees and charges schedule was provided for comment with the draft budget documentation. As such a sample of fees were compared against 2021-22 prices to determine the quantum of proposed increases. Observed increases range from 1.7% through to 5% for the range of fees selected.

Fee	2021-22	2022-23	% Inc
Dog registration	\$43.50	\$44.50	2.3%
Food business – licence	\$597.00	\$627.00	5.0%
Plumbing backflow device annual registration	\$58.00	\$59.00	1.7%
Planning MCU dwelling unit	\$2,508.00	\$2,571.00	2.5%
Building information search	\$284.00	\$298.00	4.9%
Building design and siting fee	\$947.00	\$971.00	2.5%
Property change of ownership fee	\$74.00	\$75.85	2.5%
Wedding approval main beach	\$581.70	\$596.00	2.5%
Cemetery burial	\$5,306.00	\$5,571.00	5.0%

REVIEW AREA 5 GENERAL OBSERVATIONS

From the sample undertaken of fee increases proposed in the budget they range from 1.7% to 5%. Increases in food business licences and building searches are at the upper end of the observed % increases.



REVIEW AREA 6 OPERATING EXPENDITURE

Council is budgeting to increase its operating expenditure by \$7.5 million or 6.8% next financial year when compared to the current 2021-22 budget. The increase in expenditure is significantly higher when comparing to Council's original budget (\$11.3 million or 10.7% increase). The increase in expenditure is proposed across a number of expense categories outlined in graph 8 but most notably through increases in employee costs (\$4.4 million or 11.8%) and materials and services (\$6.7 million or 14.1%). The increase in employee costs and materials and services represents 98% of the total budget expenditure increase.

REVIEW AREA 6 GENERAL OBSERVATIONS

Proposed budget operating expenditure increase of \$11.3 million or 10.7% is significant and well above the 5% CPI figure referenced by Council.

Employee costs are forecasts to increase by 12% and materials and services 14% and reflects a significant increase in service level across a range of Council activities.

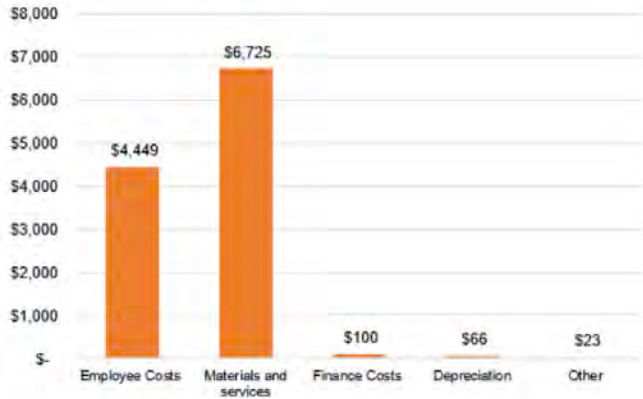
It would have been expected that where such significant increases in service levels and costs which require funding through rating increases that the community should have been engaged earlier to test the appetite for the service level changes and corresponding rate increase.

This is potentially concerning given the current cost of living and other pressures on residents, ratepayers and small business operators that could potentially contribute to further pressure on housing availability and affordability in the shire through the pass through of rate and fees increases to tenants and customers.

\$50k was identified in the draft budget information pack as an economic development initiative relating to a destination management plan.

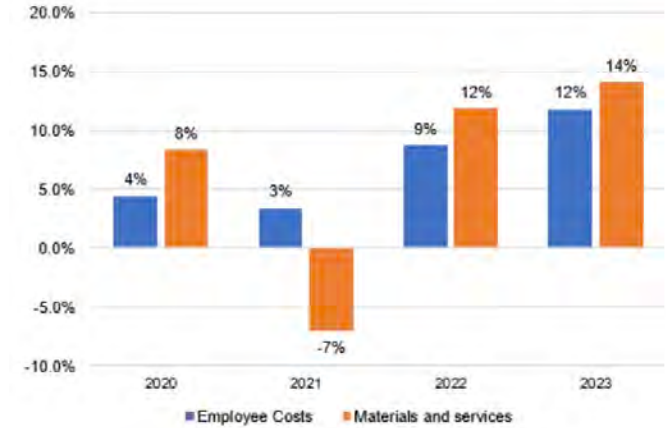
REVIEW AREA 6 OPERATING EXPENDITURE

**GRAPH 8
BUDGET EXPENDITURE INCREASES
BY TYPE (\$'000)**



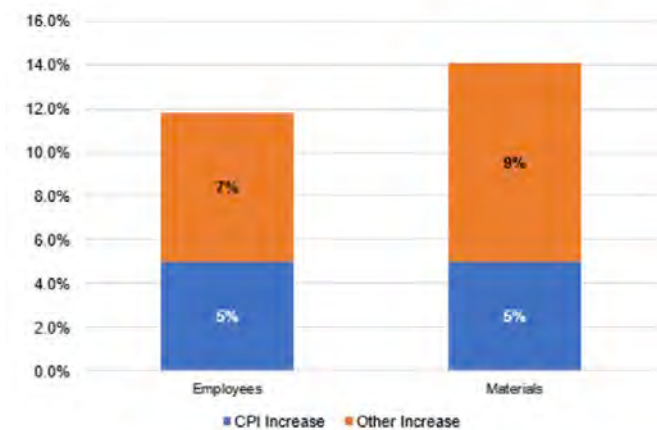
To provide some context regarding the quantum of expenditure changes across previous years a comparison has been undertaken for employee costs and materials and services and is contained in graph 8. Total increases since 2020-21 in these expenses totals \$19 million or 22.5% which can be considered significant and unsustainable for ratepayers if continued.

**GRAPH 9
BUDGET EMPLOYEE COSTS AND MATERIALS
AND SERVICES INCREASES BY YEAR (%)**

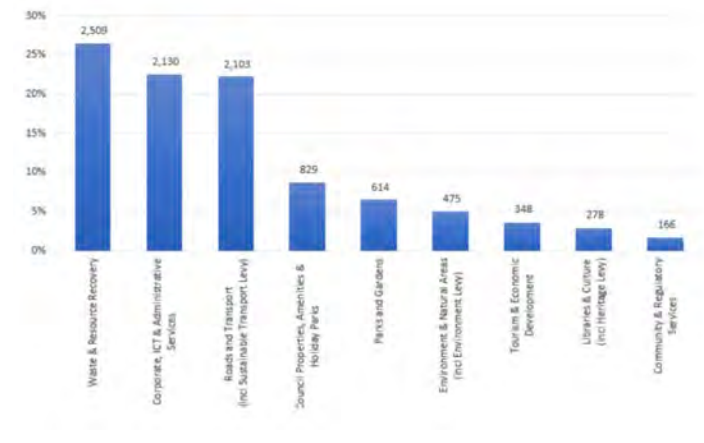


The draft budget information pack references consumer price index increases as a basis for increases in operating expense budgets. Whilst correct to an extent Council has discretion in its budget decision making process regarding whether to maintain, increase or decrease service levels. Graph 10 shows that even when considering a 5% CPI increase which Council has been referencing, other increases are occurring which are significant.

**GRAPH 11
EMPLOYEE COSTS AND MATERIALS AND
SERVICES INCREASES BY CPI AND OTHER (%)**



**GRAPH 10
BUDGET \$11M EXPENDITURE INCREASE
COUNCIL ACTIVITY (\$'000)**



The draft budget information pack does reference a number of service level increases which are contributing to the significant increase in staffing and materials and services costs above 'CPI'. Appendix 4 provides an extract of the projects and initiatives included in the budget that are likely contributing to the increase in expenses above CPI (and reflected in overall rating increases). No budget amounts were provided however for the list of projects and initiatives to understand the budget expenditure impacts. The draft budget information pack made reference to the following new employee resources included in the budget.

- Á Waste management.
- Á Environmental services.
- Á Development assessment.
- Á Strategic land use planning.
- Á Marketing and communications.

A summary table outlining the additional cost impact by Council function was included in the draft budget information pack and is referenced in graph 11.



REVIEW AREA 7

BUDGET ALIGNMENT TO COMMUNITY PRIORITIES

Council has heavily lent on explaining its reliance on setting its budget priorities on the recent liveability survey and community satisfaction survey outcomes. Whilst council corporate planning processes require linkages between the corporate plan, operational plan and budget, other consultation measures also influence spending priorities of councils. Appendix 5 provides a summary of the linkages between new projects and initiatives and the liveability survey and community satisfaction surveys.

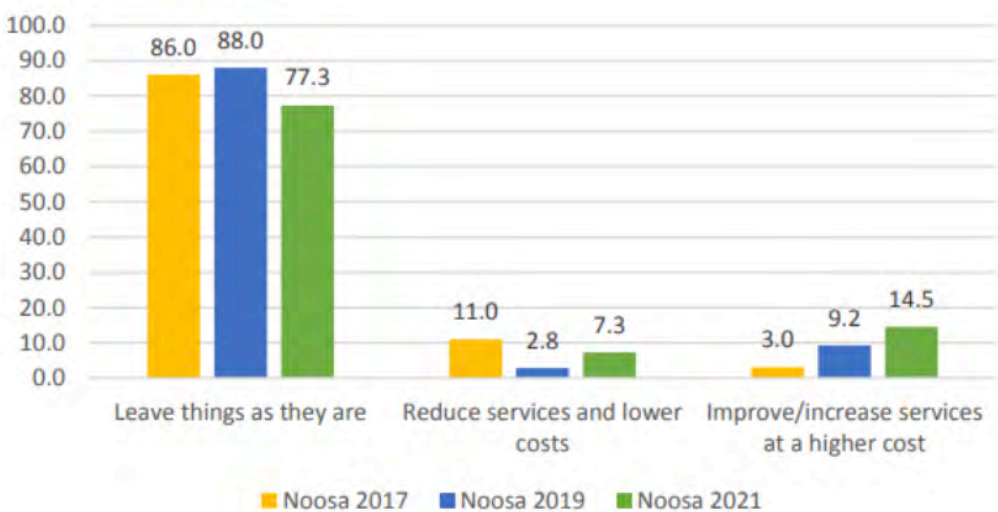
Using these survey outcomes as a clear mandate for additional budget investment by Council may not be appropriate if questions regarding service level changes have not articulated the funding implications to those ratepayers undertaking the surveys (i.e. if you want an increase in investment in 'access to neighbourhood and amenities' are you prepared to pay an additional x in rates). Often council surveys responses and outcomes can be compromised where the 'who pays' element is ignored or deliberately omitted.

The significant increase in levels of service in the draft budget appears to contradict the responses received in the Noosa Customer Satisfaction Survey 2021, where respondents were asked a number of public opinion questions, including whether they would be prepared to pay more for better services or council to live within its means. Of the 400 responses 84.6% or 338 indicated they would either not want to pay for service level increases (i.e. leave things as they are) or reduce services and lower costs, with 14.5% or 58 responses prepared to pay more. The survey did not investigate what level of increase a resident would be prepared to pay which would have likely provided greater insight into appetite to pay.

An extract from the survey is contained in graph 12.

GRAPH 12

NOOSA SHIRE COUNCIL - COMMUNITY SATISFACTION SURVEY 2021 EXTRACT (P43)



REVIEW AREA 6 GENERAL OBSERVATIONS

Council has justified the introduction of a number of projects and initiatives on improvement areas and priorities identified from recent community surveys (i.e. liveability survey and community satisfaction survey).

Using survey outcomes as a clear mandate for additional budget investment by Council may not be justified if questions in those surveys regarding service level changes have not articulated the funding implications to those ratepayers undertaking the surveys (particularly appetite for rate increases).

The significant increase in levels of service in the draft budget appears to contradict the responses received in the Noosa Customer Satisfaction Survey 2021, where 84.6% or 338 respondents indicated they were happy to leave service levels as they are or reduce service levels and lower costs (and rates).

REVIEW AREA 8 CAPITAL EXPENDITURE PROGRAM

Council's draft budget is proposing a \$42 million capital works program. This program includes a number of high profile projects included in the 2021-22 budget but not expected to be completed by 30 June. The draft budget information pack did not specify the value of those projects currently budgeted in 2021-22 which are now included in the draft budget capital program.

Graph 13 highlights Council's capital works program completion rate for the last 8 years. As at the end of April 2022 Council had completed 54% of its current program. Based on the completion outcomes achieved in previous years Council appears to over invest in its annual capital program given actual completion levels (particularly since 2019), which is likely again for the 2022-23 program. This ties up capital unnecessarily which could be used for other investment purposes, or used to repay debt etc.

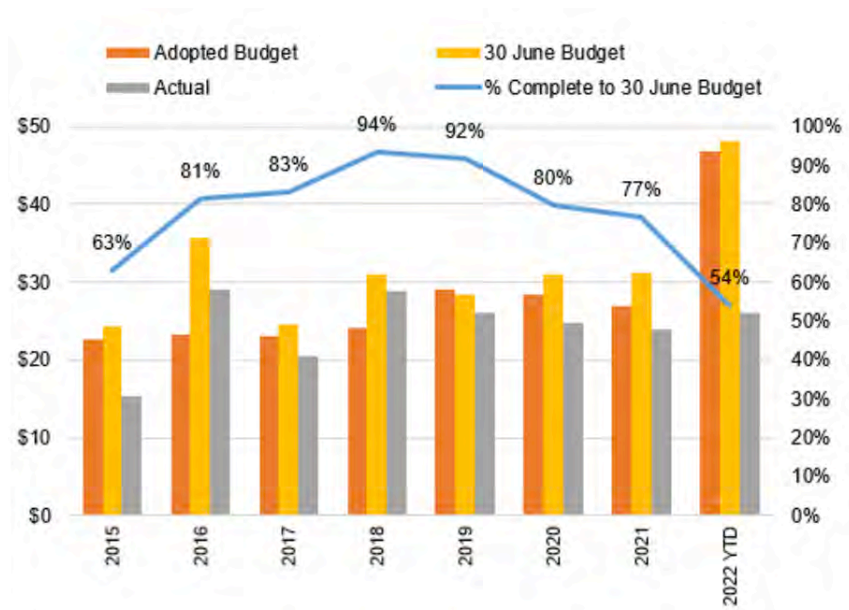
REVIEW AREA 8 GENERAL OBSERVATIONS

The draft budget capital expenditure program of \$42 million is likely too ambitious for Council to deliver based on historical performance against budget.

Reducing the program to levels more achievable (notwithstanding the \$14 million of grant funding tied to specific projects) will ensure capital can be redirected to other opportunities, used to pay down debt or provide financial relief to ratepayers through one off rebates or reduced rate increases.

REVIEW AREA 8 CAPITAL EXPENDITURE PROGRAM

GRAPH 13
NOOSA COUNCIL CAPITAL EXPENDITURE COMPLETION EFFORT



The draft budget information pack also provides a summary of the draft capital program by location which is outlined in graph 14. Specific hinterland projects only account for 14% of the total program, with \$24 million or 57% of investment targeted along the coast and in Noosaville / Tewantin.

GRAPH 14
DRAFT CAPITAL PROGRAM BY STATUS AND LOCATION

Delivery Status	Coast (\$'000s)	Centre (\$'000s)	Hinterland (\$'000s)	Shire Wide (\$'000s)	Total (\$'000s)
Ongoing Annual Programs	50	250	450	10,925	11,675
Multi-Year Projects - In Planning	250	615	387	-	1,252
Multi-Year Projects - In Execution	11,198	8,255	2,523	240	22,215
New Projects	1,118	2,711	2,491	401	6,722
Grand Total	12,616	11,831	5,851	11,566	41,863



REVIEW AREA 9 COUNCIL CASH AND DEBT

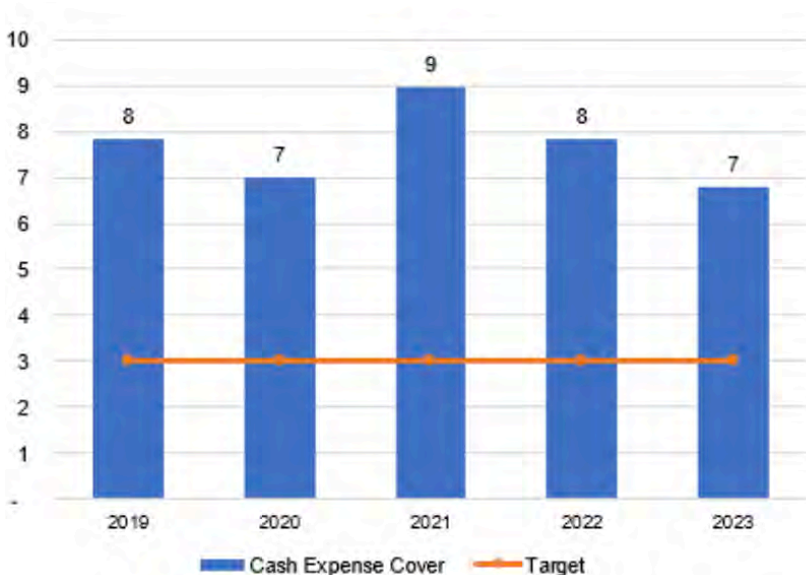
CASH

Council’s budget cash flow statement is forecasting an end of year cash position of \$65 million, which remains largely unchanged from the balance at the beginning of the financial year. Cash balances over the life of Council’s financial plan indicate ranges of between \$57 million to \$65 million.

To assess whether this level of cash holding is too low or too high a cash expense cover ratio was calculated. This ratio is an indicator of unconstrained liquidity available to meet ongoing operations and is a key solvency indicator for business. Generally a benchmark of 3 to 12 months cash cover is targeted to ensure ongoing sustainability.

Graph 15 below shows that Council has maintained and is projected to maintain a cash expense cover ratio of between 7 and 9 months, which is 2 to 3 times higher than the benchmark and indicates Council may have too much cash on hand.

GRAPH 15
CASH EXPENSE COVER RATIO 2019-2023



Council’s financial plan does not appear to include any specific expenditure or initiatives to reduce cash holdings, which suggests that accumulated levels of cash by Council since de-amalgamation above required levels may not be required.

As an example should Council wish to repay \$6 million of debt, or provide a \$200 cost of living pressure rebate to each ratepayer in the draft budget, the cash balance would reduce from \$65 million to \$59 million. The cash expense cover ratio would still remain at a healthy 6 times and Council’s liquidity and ongoing sustainability would remain healthy based on the financial plan forecasts.

DEBT

The draft budget is proposing to increase debt through new borrowings of \$5.8 million. The new loans are proposed to fund waste management capital works. It is unclear why Council is proposing new borrowings when it is forecasting significant cash holdings. Total debt will increase to \$29 million, but Council still has capacity for future borrowings if required.

REVIEW AREA 9 GENERAL OBSERVATIONS

The draft budget is forecasting \$65 million of cash on hand at the end of 2022-23. When considering cash expense cover requirements Council is likely holding excess cash that does not appear to be required over the next 10 years. There could be an opportunity to pay down current debt levels, invest in economic growth initiatives or provide some form of cost of living relief to ratepayers through a one off rebate on the rate notice.

\$5.8 million of new debt is included in the draft budget to fund waste management capital works. It is unclear why this new debt is required given the level of cash on hand, but it may be for intergenerational equity purposes. Council has adequate capacity for new debt if required.

REVIEW AREA 10

LEVELS OF SERVICE CHANGES

The draft budget information pack lists a number of service level changes including new staff, new activities, initiatives and operational projects to be included in the budget. Increases in service levels generally need to be funded from additional revenue collected by councils, either via rate increases or new fees / fee increases. Whilst Council has provided a copy of its 2020–21 level of service catalogue for reference this document is 2 years old and does not reflect any of the proposed changes in the draft budget.

Unfortunately the commentary regarding new staff, initiatives and projects proposed are summary in nature (as outlined below) and do not include specific details including costs to allow the community to understand the implications of the service level change on general rates, waste charges and levy increases. Ideally these initiatives would be released earlier in the budget process for community input in addition to all other initiatives that would have been discussed by Councillors and staff.

It is unclear if any of the potential projects and initiatives listed in graph 16 will directly assist local businesses and promote economic growth in the next financial year with the potential exception of the continuation of the free weekend bus trial which was previously endorsed by Council.

GRAPH 16

DRAFT BUDGET PROJECTS AND INITIATIVES

Funding	Project, Service or Activity
General Revenue (rates, grants and fees)	<ul style="list-style-type: none"> • Development of a new Corporate Plan • First full year operation of the Hinterland Playground • Development of a Destination Management Plan • Increased canal dredging to improve foreshore stability and manage revetment wall risks • Affordable housing investigations, site feasibility and continued advocacy • Continuation of the Living Well Noosa program of free community activity classes • Improved service levels on hinterland road verge mowing and pathway cleaning • Environmental biosecurity survey • Noosa Woods jetty investigations as a potential ferry stop
Levies	<ul style="list-style-type: none"> • Fauna threatened species monitoring and management plans • Coastal hazards and foreshore reserves monitoring and investigations • Continued development of conservation plans for key heritage sites • Noosa's story via the 'In their own voices' program – focusing on veterans for 2022/23 • Continuation of the free weekend bus initiative trial • E-mobility trial for promoting alternatives to car-based travel in the shire
Waste Charges	<ul style="list-style-type: none"> • Review of alternative waste treatment options for the landfill, including landfill-to-gas / electricity, anaerobic digestion, organics options. • Marketing and education on waste recovery including bin labels and tagging • Polystyrene processing to remove it from going to landfill • Continuation of the annual textile drive initiative

REVIEW AREA 10 GENERAL OBSERVATIONS

A number of new projects and initiatives have been included in the draft budget, which is contributing to the significant increase in employee costs and materials and services above CPI.

The draft budget documents only provide an overview of these initiatives and projects and do not provide the level of detail required by residents to understand the financial implications or provide meaningful feedback as part of budget consultation.

Ideally all proposed projects and initiatives would be released earlier in the budget process including costings and proposed funding measures for community input and robust debate for final prioritisation and budget inclusion. This has not occurred.

It is unclear if any of the potential projects and initiatives in the budget relate to the economic development strategy and will directly assist local businesses and promote economic growth in the next financial year.

APPENDIX 1

GENERAL RATE INFORMATION FROM 2022-23 DRAFT BUDGET INFORMATION PACK

PROPOSED GENERAL RATING DECISIONS

Matter	Explanation
Minimum rate rise kept under CPI (Properties on the minimum rate)	<p>A 5.0% increase to general rates has been proposed for the minimum rate.</p> <p>This means that the majority of residential ratepayers (who are on the minimum) will only pay 5.0% more in 2022/23 for their general rates compared to 2021/22.</p> <p>This increase is well below the Queensland CPI of 6.0% and marginally under the national CPI of 5.1%</p>
Threshold for the minimum rate	<p>The UCV threshold for residential (PPR) properties to pay the minimum general rate is proposed to increase from \$325,000 to \$500,000.</p> <p>This increase, following the valuation increase, ensures that the majority of residential ratepayers continue to only pay the minimum rate increase each year.</p>
Simplification of residential PPR categories	<p>The current six residential principal place of residence (PPR) general rate categories have been combined to four to:</p> <p>a) simplify the number of general rate categories given that the existing rates in the \$ were similar across the four rate bands</p> <p>b) partially moderate the impact where possible from the valuation increases being adversely impacted by the significant valuation increase</p>
Land valuation Impacts	<p>The unimproved land valuation (UCV) is set by State Government.</p> <p>Council is constrained in setting rates based on these valuations.</p> <p>Given the significant and varying distribution in valuation increase by value, location and land use, it is not possible for Council to moderate the full impacts of the valuation increased applied by State Government to the high value properties, or those with a significant increased valuation, with risk of adversely impacting the majority of other ratepayers in the shire.</p> <p>This means unfortunately a small proportion of ratepayers will still experience higher general rate increases than 5.0% and more in line with their valuation movements.</p>
Strata Title and Resorts	<p>Regardless of the valuation increases, the majority of strata title properties and resorts remain on the minimum charge.</p> <p>So regardless of whether the property is owner occupied, long term rental or short stay (transitory accommodation), the increase for these properties will be 5.0% to the general rate.</p>
Discounts and Rebates	<p>No changes are proposed to the early payment discount and pensioner rebate</p>
Retrospective Review of 2021/22 Changes to General Rates	<p>Following from the feedback from the 2021/22 budget consultation, Council again reviewed the changes to current rating structure. In particular, consideration was given to the elimination of the Tourism and Economic Levy as well as the introduction of the Transitory rating category.</p> <p>No amendments are proposed to these previously adopted changes.</p>

APPENDIX 1

GENERAL RATE INFORMATION FROM 2022-23 DRAFT BUDGET INFORMATION PACK

DISTRIBUTION OF GENERAL RATING IMPACTS

General Rating Category	Up to -10% Reduction	0%	0% to +5%	+5% to +10%	+10% to +15%	+15% to +20%	+20% to +30%	+30% to +40%	>+40%
RESIDENTIAL	566	-	16,736	1,550	5,858	2,392	1,621	178	1
Residential PPR \$0-\$500,000	32	-	8,937	903	1,354	742	302	56	-
Residential PPR \$500,001-\$1,500,000	26	-	47	100	2,057	519	396	102	1
Residential PPR \$1,500,001-\$3,000,000	-	-	3	1	3	230	92	-	-
Residential PPR >\$3,000,000	-	-	-	29	3	8	41	1	-
Residential Non PPR	47	-	2,271	315	1,639	63	92	17	-
Residential Home Hosted Transitory Accommodation	-	-	23	9	82	2	1	1	-
Residential Transitory Accommodation	10	-	126	26	342	18	3	1	-
Strata Units (Not PPR)	47	-	1,472	46	109	284	252	-	-
Strata Units (PPR)	50	-	1,511	46	90	194	314	-	-
Strata Units Home Hosted Transitory Accommodation	1	-	18	1	5	5	5	-	-
Strata Units Transitory Accommodation	353	-	2,328	74	174	327	123	-	-
RESIDENTIAL NON-STRATA	-	-	84	2	27	-	1	-	-
Non-Strata Residential 2-4 Residences	-	-	52	2	23	-	1	-	-
Non-Strata Residential 5-9 Residences	-	-	15	-	-	-	-	-	-
Non-Strata Residential 10-14 Residences	-	-	5	-	-	-	-	-	-
Non-Strata Residential 15-19 Residences	-	-	2	-	-	-	-	-	-
Non-Strata Residential 20-29 Residences	-	-	2	-	-	-	-	-	-
Non-Strata Residential Transitory Accommodation 2-4 Residences	-	-	7	-	4	-	-	-	-
Non-Strata Residential Transitory Accommodation 5-9 Residences	-	-	1	-	-	-	-	-	-
VACANT LAND	3	-	2	3	47	1	4	2	2
Vacant Land >1,500m2, >\$1,000,000	-	-	2	-	-	1	3	-	2
Vacant Land Subdivider Concessional	3	-	-	3	47	-	1	2	-
COMMERCIAL	-	-	1,011	138	122	78	126	212	39
Non-Residential	-	-	1,010	136	119	78	125	211	39
Retirement Villages	-	-	1	2	3	-	1	1	-
INTENSIVE INDUSTRY	-	-	-	-	-	-	1	-	-
Extractive Industries Quarries > 50,000 tonnes	-	-	-	-	-	-	1	-	-
LARGE RETAIL	1	-	-	7	-	2	1	-	-
Shopping Centres >1,000-2,500m2	1	-	-	1	-	2	-	-	-
Shopping Centres >2,500-5,000m2	-	-	-	2	-	-	1	-	-
Shopping Centres >5,000-10,000m2	-	-	-	3	-	-	-	-	-
Shopping Centres >30,000-40,000m2	-	-	-	1	-	-	-	-	-
PRIMARY PRODUCTION	-	-	114	67	35	-	-	-	1
Rural & Agricultural	-	-	114	67	35	-	-	-	1
Total	570	-	17,947	1,767	6,089	2,473	1,754	392	43

PROPOSED RESIDENTIAL COLLECTION CHARGES

Residential	Current	Proposed	
3-BIN SERVICE			
Waste Bin (140/240L) + Recycling Bin (240L) + Green Waste Bin (240L)	\$ 344.00	\$ 361.20	5.0%
Waste Bin (140/240L) + Recycling Bin (360L) + Green Waste Bin (240L)	\$ 374.00	\$ 398.20	6.5%
Waste Bin (140/240L) + Recycling Bin (240L) + Green Waste Bin (360L)	\$ 373.00	\$ 394.50	5.8%
Waste Bin (140/240L) + Recycling Bin (360L) + Green Waste Bin (360L)	\$ 403.00	\$ 431.50	7.1%
Waste Bin (360L) + Recycling Bin (240L) + Green Waste Bin (240L)	\$ 429.00	\$ 461.70	7.6%
Waste Bin (360L) + Recycling Bin (360L) + Green Waste Bin (240L)	\$ 459.00	\$ 498.70	8.6%
Waste Bin (360L) + Recycling Bin (240L) + Green Waste Bin (360L)	\$ 458.00	\$ 495.00	8.1%
Waste Bin (360L) + Recycling Bin (360L) + Green Waste Bin (360L)	\$ 488.00	\$ 531.00	8.8%
2-BIN SERVICE			
Waste Bin (140/240L) + Recycling Bin (240L)	\$ 290.00	\$ 304.50	5.0%
Waste Bin (140/240L) + Recycling Bin (360L)	\$ 320.00	\$ 341.50	6.7%
Waste Bin (360L) + Recycling Bin (240L)	\$ 375.00	\$ 405.00	8.0%
Waste Bin (360L) + Recycling Bin (360L)	\$ 405.00	\$ 441.00	8.9%
MINIMUM CHARGE			
Minimum Charge	\$ 210.00	\$ 220.50	5.0%

APPENDIX 2

PROPOSED WASTE COLLECTION CHARGES FROM 2022-23 DRAFT BUDGET INFORMATION PACK

PROPOSED COMMERCIAL COLLECTION CHARGES

Commercial	Current	Proposed	
WHEELIE BIN SERVICES			
Waste Bin - 140L/240L	\$ 351.50	\$ 376.00	7.0%
Waste Bin - 360L	\$ 479.00	\$ 515.00	7.5%
Recycling Bin - 240L (weekly service)	\$ 120.00	\$ 136.00	13.3%
Recycling Bin - 360L (weekly service)	\$ 180.00	\$ 210.00	16.7%
Garden Waste Recycling Bin - 240L	\$ 54.00	\$ 60.00	11.1%
BULK BIN WASTE SERVICES			
Bulk Waste Bin - 1100L Low Noise	\$ 1,980.00	\$ 2,153.00	8.7%
Bulk Waste Bin - 2m3	\$ 3,530.00	\$ 3,848.00	9.0%
Bulk Waste Bin - 3m3	\$ 5,260.00	\$ 5,728.00	8.9%
BULK BIN RECYCLING SERVICES			
Bulk Recycling Bin - 1100L Low Noise (weekly service)	\$ 930.00	\$ 1,165.00	25.3%
Bulk Recycling Bin - 2m3 (weekly service)	\$ 1,730.00	\$ 2,162.00	25.0%
Bulk Recycling Bin - 3m3 (weekly service)	\$ 2,594.00	\$ 3,242.00	25.0%
BULK BIN CARDBOARD SERVICES			
Cardboard Bin - 1100L (weekly service)	\$ 610.00	\$ 648.00	6.2%
Cardboard Bin - 3m3 (weekly service)	\$ 1,710.00	\$ 1,828.00	6.9%
Cardboard Bin - 4.5m3 (weekly service)	\$ 2,570.00	\$ 2,741.00	6.7%
BULK BIN GARDEN WASTE SERVICES			
1100L Green Waste Bulk Bin (weekly service)	\$ 776.00	\$ 877.00	13.0%

PROPOSED WASTE DISPOSAL CHARGES

Fee	Detail
Waste Management Gate Fees	The cost of disposal fees has increased by around 10%. For comparison a small domestic boot load of general waste at the resource recovery centre will increase from \$8.90 to \$9.80
Waste Management Unsorted Commercial Waste Surcharge	Council has recently had to invest approximately \$8 million to construct a new landfill cell to accommodate waste sent to landfill. This new landfill is only expected to provide another 10 years capacity. However this is ultimately dependent on residents taking responsibility for good waste management practices. Should construction and demolition material, metals, timber, polystyrene and greenwaste etc. inadvertently end up in the landfill this will shorten the life of the landfill and put further cost increases on ratepayers. Consequently, Council is proposing a 35% surcharge applied to only those commercial customers who do not engage in sound waste management practices and do not appropriately sort their waste before disposing it the resource recovery centre.

APPENDIX 3

FEES AND CHARGES – SNAPSHOT OF PROPOSED CHANGES FROM 2022-23 DRAFT BUDGET INFORMATION PACK

Fee	Detail
Waste Management Gate Fees	<p>The cost of disposal fees has increased by around 10%.</p> <p>For comparison a small domestic boot load of general waste at the resource recovery centre will increase from \$8.90 to \$9.80</p>
Waste Management Unsorted Commercial Waste Surcharge	<p>Council has recently had to invest approximately \$8 million to construct a new landfill cell to accommodate waste sent to landfill.</p> <p>This new landfill is only expected to provide another 10 years capacity. However this is ultimately dependent on residents taking responsibility for good waste management practices.</p> <p>Should construction and demolition material, metals, timber, polystyrene and greenwaste etc. inadvertently end up in the landfill this will shorten the life of the landfill and put further cost increases on ratepayers.</p> <p>Consequently, Council is proposing a 35% surcharge applied to only those commercial customers who do not engage in sound waste management practices and do not appropriately sort their waste before disposing it the resource recovery centre.</p>
Short Stay Local Law Application and Renewal Fees	<p>Following the adoption of the Short Stay Local Fee, the free introductory period has ended the fees proposed for 2022/23 are:</p> <ul style="list-style-type: none"> • Application Fee (House): \$950.00 • Application Fee (Unit): \$320.00 • Application Fee (Home Hosted): \$240.00 • Short Stay Letting of House (4 times 60 days pa): \$240.00 • Annual Renewal Fee: \$150.00
Other New Fees	<ul style="list-style-type: none"> • Regulated Dog Collar Replacement Fee: \$35.00 • Late Fee Dog Registrations: \$25.00 • Preparation of Leases: \$500.00 • Preparation of Survey Plans: \$800.00 • Preparation of Leases, Title Deeds and Other Documents to Department of Resources: \$76.50

APPENDIX 4

SUMMARY OF PROPOSED PROJECTS AND INITIATIVES FROM 2022-23 DRAFT BUDGET INFORMATION PACK

Funding	Project, Service or Activity
General Revenue (rates, grants and fees)	<ul style="list-style-type: none"> • Development of a new Corporate Plan • First full year operation of the Hinterland Playground • Development of a Destination Management Plan • Increased canal dredging to improve foreshore stability and manage revetment wall risks • Affordable housing investigations, site feasibility and continued advocacy • Continuation of the Living Well Noosa program of free community activity classes • Improved service levels on hinterland road verge mowing and pathway cleaning • Environmental biosecurity survey • Noosa Woods jetty investigations as a potential ferry stop
Levies	<ul style="list-style-type: none"> • Fauna threatened species monitoring and management plans • Coastal hazards and foreshore reserves monitoring and investigations • Continued development of conservation plans for key heritage sites • Noosa's story via the 'In their own voices' program – focusing on veterans for 2022/23 • Continuation of the free weekend bus initiative trial • E-mobility trial for promoting alternatives to car-based travel in the shire
Waste Charges	<ul style="list-style-type: none"> • Review of alternative waste treatment options for the landfill, including landfill-to-gas / electricity, anaerobic digestion, organics options. • Marketing and education on waste recovery including bin labels and tagging • Polystyrene processing to remove it from going to landfill • Continuation of the annual textile drive initiative

APPENDIX 5

SUMMARY OF PROJECT AND INITIATIVE ALIGNMENT TO LIVEABILITY AND COMMUNITY SATISFACTION SURVEYS FROM 2022-23 DRAFT BUDGET INFORMATION PACK

Table 16: New Projects and Initiatives – Alignment Liveability Survey (\$'000s)

Liveability Survey Priorities	Operating Projects	Capital Projects	Snapshot of Projects
Strengths			
Protection & Elements of the Natural Environment	\$1,694	\$8,440	Dog Beach SEMP Noosaville Eumundi Rd Landfill Upgrade Destination Management Plan ZEN Implementation
Sense of Neighbourhood Safety	\$-	\$351	Council Building CCTV upgrade Noosa Heads Surfboards Lockers Noosa World Surf Signage
Local Businesses	\$73	\$-	Destination Management Plan
Access to Neighbourhood Amenities	\$122	\$1,106	Noosa Woods Jetty Investigation Transit Hub Investigations Free Weekend Buses e-mobility Trial Car Parking Management Technology Trial
Spaces suitable for specific activities or special interest	\$233	\$2,295	Noosa Leisure Centre Needs Assessment Peregian Skate Park Renewal Noosa District Sports Complex Internal Roads Sundial Park BMX Track Upgrade
Sense of Belonging in the Neighbourhood	\$146	\$-	Community Engagement Staff Resource Living Well Noosa Program
Overall Visual Character of the Neighbourhood	\$172	\$100	Heritage Levy – Conservation Management Plans Noosa Waters Entry Statement Renewal
Opportunities			
Walking / bike paths that connect housing to communal amenity	\$-	\$7,221	Walking and Cycling Strategy Implementation Hinterland Trail 5 Upgrade Completion
Quality of public space	\$-	\$1,223	Various Park, Playground and Furniture Renewals
Various			
Covering multiple survey priorities	\$241	\$470	New Corporate Plan Place Making Program Noosaville River Masterplan
Total	\$2,680	\$21,205	

Table 17: New Projects and Initiatives – Alignment Liveability Survey (\$'000s)

Community Satisfaction Survey - Improvement Areas	Operating Projects	Capital Projects	Snapshot of Projects
Parking Facilities	\$-	\$165	Car Parking Management Technology Trial Stan Topper Park – Carpark Reseal
Economic Development	\$50	\$1,485	Destination Management Plan Digital Hub Firetech Living Laboratory
Traffic Management	\$122	\$520	Free weekend Buses e-mobility Trial Transit Hub Investigations
Consulting the Community	\$146		Community Engagement Staff Resource
Road Construction	\$	\$15,980	Beckmans Road Upgrade Federal Middle Creek Road Upgrade Cooroy Belli Creek Road Bridge Renewal Garth Prowd Bridge Renewal Gravel Road Resheeting Sealed Road Reseal Program
Building Control	\$-		Affordable Housing Investigations Strategic Planning Staff Resources
Total	\$317	\$18,150	

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