2026-27 BUDGET

BUDGET INTRODUCTION

ST GEORGE | BOLLON | DIRRANBANDI | THALLON | MUNGINDI | NINDIGULLY | HEBEL

For the People Balonne Shire Council

Budget 2026-2027

INTRODUCTION

Council adopted its fees and charges for 2026-2027 on the 18 June 2026 that will come into effect 1 July 2026. The Budget is scheduled to be adopted on 14 July 2026 that will allow for end of year processes to be finalised and confirm any carry forward projects. This will not impact Council services and is within the legislative requirement for Councils to set their budget by 1 August each year.

The 2026/2027 Budget delivers the strategies, projects and initiatives aligned with Council's Corporate Plan 2025-2030 and Operational Plan 2026-2027. Progress will be monitored through monthly financial reporting and regular project performance updates, with quarterly reporting provided to Council on the status of operational plan actions and key performance measures.

The current budget environment continues to be influenced by external pressures, including rising fuel costs, fluctuations in grant funding, and a reduced reliance on flood recovery works compared to prior years. While significant flood recovery funding was received in prior years, this revenue has reduced considerably in 2026/2027, impacting overall operating revenue.

Council continues to maintain its ISO accreditation and Transport and Main Roads (TMR) National Prequalification for Civil (Road and Bridge) Construction, supporting the ability to deliver external works and generate additional revenue streams where opportunities arise. The forecast for the 2026/2027 financial year is limited to our Road Maintenance Performance Contracts (RMPC) at only $4.65M.

The proposed 2026/2027 budget reflects a net operating deficit of approximately $2.266M (excluding capital revenue) and total operating revenue of $42.517M against operating expenditure of $44.783M. After inclusion of capital revenue of approximately $5.412M, the overall financial position improves to a net surplus result of $3.146M, supporting Council's ongoing capital delivery program of approximately $19.956M.

BUDGET PREPARATION

Every year Council prepares a budget in accordance with legislative requirements including:

- ✓ Preparation on an accrual basis
- ✓ Budget statements for 2026/2027, 2027/2028, 2028/2029
    - Statement of Financial Position (Balance Sheet)
    - Cash Flow Statement
    - Income and Expenditure Statement
    - Statement of Changes in Equity

As part of the 2026/2027 budget development process, Council has implemented a revised budgeting structure based on 32 identified core services delivered to the community. These core services are reported through each Corporate Area and provide a clear breakdown of associated revenue and expenditure, along with the number of full-time equivalents (FTE) employees allocated to each service. This enhanced approach strengthens alignment between service delivery and resource allocation, while providing greater transparency and accountability to the community. The new structure enables stakeholders to better understand the financial and human resource commitments required to deliver Council's core services and supports more informed decision-making into the future.

Supporting documentation includes:

- ✓ Long-Term Financial Forecast
- ✓ Revenue Statement
- ✓ Financial sustainability ratios including:
    - Asset sustainability ratio
    - Asset renewal funding ratio (New)
    - Asset consumption ratio
    - Leverage ratio
    - Council controlled revenue
    - Population Growth
    - Operating cash ratio
    - Operating surplus ratio
- ✓ The total value of the change, expressed as a percentage, in the rates and utility charges levied for 2025/2026 compared with the rates and utility charges levied in the previous budget

The budget is prepared to ensure consistency with Council's Corporate Plan and Operational Plan and is supported by a range of policies and strategies including:

- Budget for capital and operational projects
- Schedule of remissions and rebates on rates
- Revenue Statement
- Revenue policy
- Debt policy
- Investment policy
- Rating strategy
- Community Rates Support Program Guidelines

BUDGET PROCESSES

The key steps undertaken in the preparation of the 2026/2027 Budget included:

- ✓ Commencement of budget development in late 2025
- ✓ Detailed review of departmental budgets by Directors, identifying operational requirements, capital needs and efficiency opportunities
- ✓ Councillor workshops involving the Mayor, Councillors and Senior Leadership Group to deliver a sustainable budget.

- ✓ Rate modelling and Utility charging options were presented to Council over a series of workshops, providing opportunity for input, discussion and debate by Councillors.
- ✓ Engagement with sporting, user and community groups was undertaken to identify priorities for funding from council's budget and/or for future funding programs.
- ✓ Final adoption of the budget and operation plan at a Special Meeting on the 14 July 2026.

REVENUE STATEMENT 2025/2026

The Revenue Statement is an explanatory statement that outlines and explains the revenue measures adopted in the Budget. The document includes the following matters:

- ✓ How rates and charges are determined
- ✓ Details on all rebates and concessions
- ✓ Details on any limitations in increases on rates and charges
- ✓ Criteria used to decide the amount of the cost-recovery fees
- ✓ Criteria for post discount approval for late payments
- ✓ Details on collection of outstanding rates including the process for arrangements to pay
- ✓ Details of payment methods

The Revenue Statement will be of interest to ratepayers, community groups, government departments and other interested parties who want to understand the revenue policies and practices of the Council. It is proposed to continue to freeze accrued interest on outstanding rates for those who enter and honour their payment plans. The discount period for prompt payment of rates will be 30 days for both the August 2026 levy and the February 2027 levy.

Council has continued to refine its rating strategies across all rating categories. In 2026/2027, Council is in the second year of its extended three-year implementation of a single rural rate, with this phased approach helping to progressively reduce impacts across all categories. For 2026/2027, all general rates across all categories will increase by 4%.

Water and wastewater utility charges will not increase in 2026/2027 (except Mungindi), in recognition of the need to limit the overall impact on ratepayers. However, cleansing utility charges will increase by 15%, reflecting the rising costs of delivering waste services and meeting increasing environmental compliance requirements. Council's long-term financial plan had originally proposed a 4% increase across all three utility classes. Mungindi rates and charges have been adjusted to align with Moree Plains Shire Council utility charges plus a 15% administration fee. The average residential property in both residential categories (4A and 4B) across the shire will see an increase of approximately $50 per half year (excluding any excess water charges).

Council may apply limitations to the increase in general rates where land valuations significantly increase. For the 2026/2027 financial year Council will not apply any limitations on rating categories. There has been no revaluation undertaken by the Valuer General for the 2026/2027 financial year. More on the rating strategy for 2026/2027 can be found in the Rating section of Council's Budget papers and on Council's website at www.balonne.qld.gov.au.

LONG-TERM FINANCIAL FORECAST

A Long-Term Financial Plan for the years 2025/2026 to 2035/2036 has been developed to assist Council in adopting its budget within a longer-term financial framework. The key objective of the Financial Plan is to deliver an operational surplus in the long-term by using strategies to generate or increase revenue. This will minimise the impact on ratepayers where possible and deliver the strategic outcomes as specified in the Corporate Plan. Assumptions were made in preparing forecasts for the Financial Plan and are based on current knowledge available and are generally conservative in nature. Borrowings for the Wild Dog Exclusion Fencing does not impact on the financial sustainability of Council as the loan is repaid through the special rate, commensurate with the loan repayments.

The Federal Assistance grant (FA grant) is forecast to increase by 3.5% on last year's amount. It is anticipated that 80% of the 2026/2027 FA Grant will be received in advance in late June 2026. However, Council's budget assumes receipt of the full annual FA Grant allocation each year, based on the expectation that a prepayment will continue to be made annually. The timing and uncertainty of the FA Grant can create distortions in Council's overall operating result, as revenue must be recognised in the financial year it is received. This variability makes long-term financial planning challenging, particularly given Council's reliance on grant funding, which represents approximately 55% of its total revenue.

The need to raise revenue from alternate sources and/or reduce expenditure continues to be a high priority for Council to reduce the burden on our small rate base. Council along with other local governments continue to lobby the Federal Government for improved certainty in the amount and timing of future FA Grants.

EXTERNAL INFLUENCES

In preparing the 2026/2027 Budget a number of external influences were taken into consideration because of their significant impact on Council's ability to deliver an operating surplus budget year on year to fund the services delivered during the budget period.

- ✓ Reduction in flood recovery funding compared to previous years.
- ✓ Increasing costs across construction, materials and service delivery and fuel prices.
- ✓ The inability to source trades and contractors in the region remains a challenge. There are a number of grant funding projects that will continue into 2025/2026
- ✓ There is a reduction in the number of grants available to council for capital projects with the cessation of the Federal Local Roads Community Infrastructure Grant.
- ✓ All future grants will be on a competitive basis as council continues to seek State and Federal Government funds to meet the current and future needs of our Shire.
- ✓ Maintaining ISO accreditation for its quality, environment and safety systems and the Department of Transport and Main Roads National Prequalification system for Civil (Road and Bridge) Construction Contracts aims to improve the opportunity to source our own revenue, provide employment for our staff and local contractors and reduce the burden on our ratepayers to fund council operations.

- ✓ Future budgets include provision for landfill remediation, as required by the Queensland Audit Office and Accounting Standards. Increasing environmental compliance and the cost of providing waste services has meant a 15% increase in cleansing (waste) utility charges (excluding Mungindi).
- ✓ Enterprise Bargaining Agreement includes an increase of 3.5%.
- ✓ Ongoing need to maintain and renew infrastructure assets.

BUDGET CONSIDERATIONS

The following considerations were used when preparing the Budget.

- ✓ Council aims to mitigate ongoing operating deficits by increasing revenue from as many sources as possible without significantly impacting ratepayers. Council has applied the Accounting Standard for Revenue Recognition to have revenue match expenditure where funding agreements are significantly specific.
- ✓ The Federal Assistance Grant increased by 3.5% with 80% received in June 2026 (in the2025/2026 financial year).
- ✓ Council undertook an asset revaluation program in the 2025/2026 financial year for Buildings, Other Structures, Water and Waste Water asset classes, the Transport asset class will be indexed where movement in indices results in an increase greater than Council's 5% materiality threshold.
- ✓ The 2026/2027 asset revaluation program will include the Land (if not included in the Valuer General's programme), and Transport to align with a full condition assessment.
- ✓ Grants are based on confirmed funding agreements with milestone and acquittal dates known at the time of budget preparations.
- ✓ Council has supported its projects and budget with a range of planning tools including business cases, strategic plans, project plans and whole-of-life costing analysis.
- ✓ Service and utility charges are set to fully fund operations and provide sufficient revenue to deliver projected capital works.
- ✓ Roads to Recovery funding has been recognised as operating rather than capital revenue based on accounting standards.

The key changes for the 2026/2027 financial year include the following:

- ✓ A recommended zero increase on water and wastewater utility charges (excluding Mungindi) to help alleviate the increase required in the cleansing (waste) utility charges.
- ✓ A 15% increase in cleansing (waste) utility charges to service our landfill and waste collection services (excluding Mungindi and Hebel).

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- ✓ The Residential Hebel cleansing charge has increased from $357.30 to $410.90. In 2025/2026 a one-off subsidy was applied to as a result of the landfill closure and transition to a transfer station facility. 2026/2027 another one-off subsidy of $50 will be applied to all affected residential assessments to lessen the burden of the increase.
- ✓ All Mungindi utility charges for water and waste will remain consistent with Moree Plains Shire Council revised charges including a 15% administration fee.
- ✓ Rating categories 100, 200 300 and 500 will continue to be adjusted over two years to achieve a single rural rating and the general rate will increase by 4% across all rating categories.
- ✓ The urban animal levy has been increased to $27 per property, per annum, across rating categories 4A and 4B
- ✓ Special levies and charges have been adjusted as follows:
    - Feral Animal Management Special Rate has not increased resulting in revenue of approximately $130,000, to support wild dog scalp bounties, 1080 baiting service programmes and strategic fencing to address corridor closures. This special rate will continue to be reviewed and monitored by the Biosecurity Advisory Committee.
    - Environmental special charge for waste services will increase to $83.95 per annum
    - Thallon Rural Fire levy will remain the same rate as 2025/2026.
- ✓ Staffing levels will be reviewed upon each vacancy in response to a reduction in external funding assistance. There is a current establishment of 109 FTE. The Enterprise Bargaining Agreement negotiations will see wages increase by 3.5% in 2026/2027.
- ✓ Capital works have been reviewed against proposed forward plans and budgets and in line with recent grant funding approvals. Multi-year projects and some of those not yet complete from 2025/2026 have been carried forward.
- ✓ There will be an average 2% increase in fees and charges.

The Budget was adopted by Council at its special meeting on 14 July 2026.

Michelle Clarke

Chief Executive Officer