

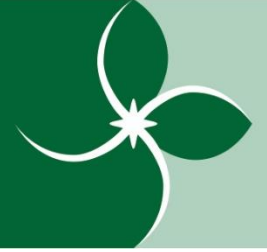
# BUDGET MEETING

## 4 FEBRUARY 2021

*"I learned that we can do anything, but we can't do everything... at least not at the same time. So think of your priorities not in terms of what activities you do, but when you do them. Timing is everything."*

**Dan Millman**

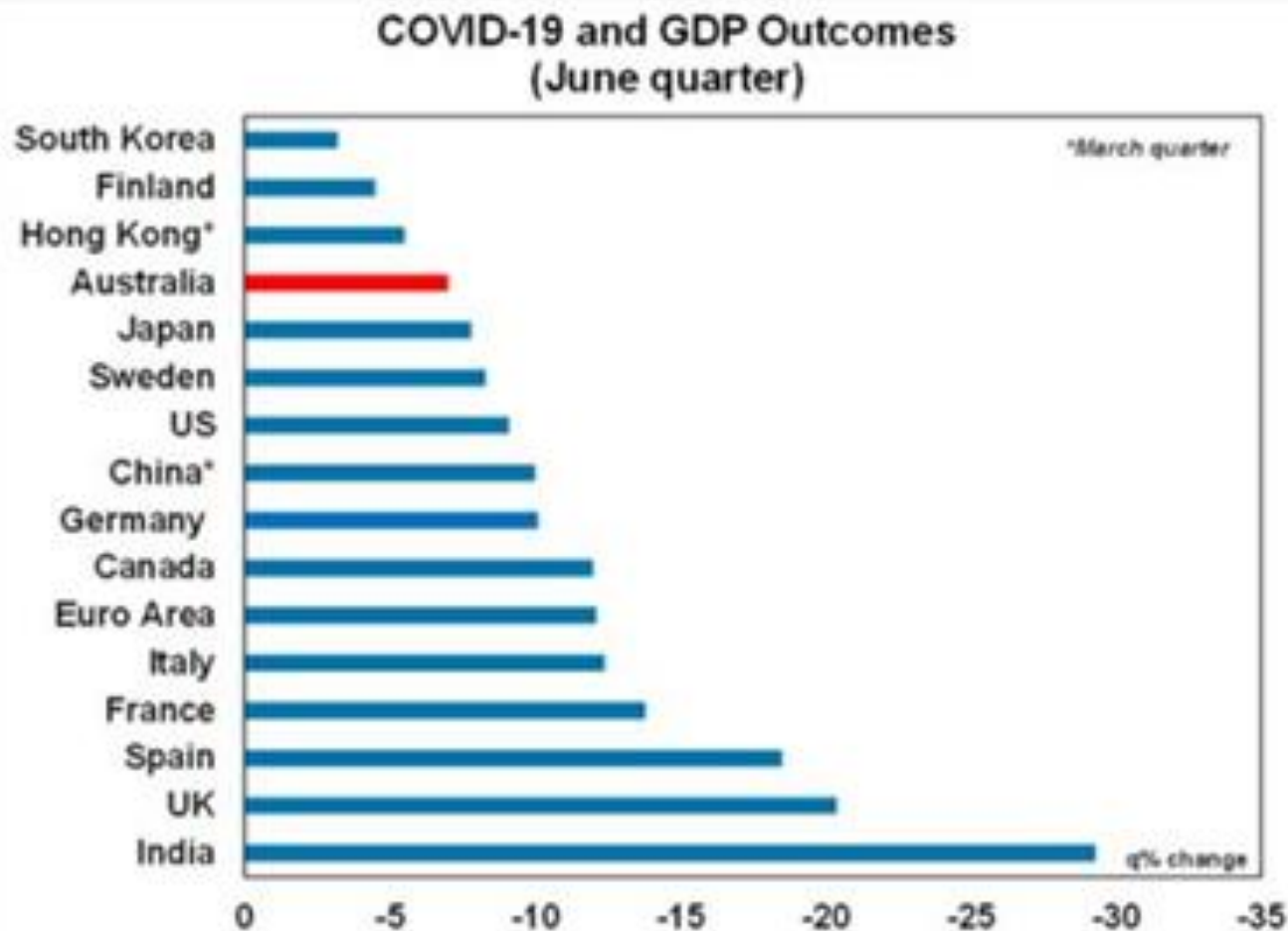
# Setting our Context



- International
- National
- State
- Noosa

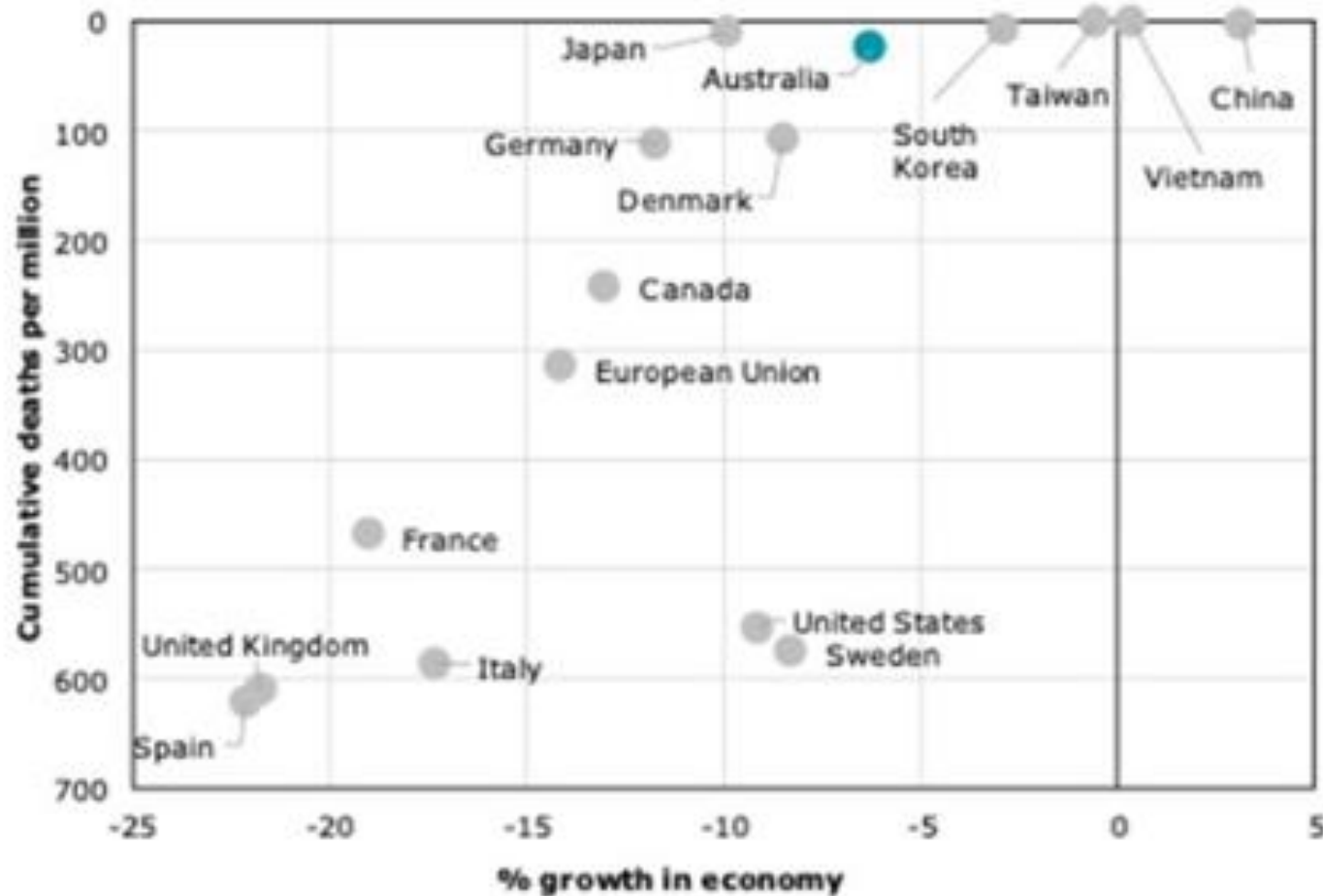
Set your priorities right,  
because if you chase two  
rabbits, you will lose them  
both.

# World Economic Impact of Covid



Source: AMP Capital

# Manage the health crisis first

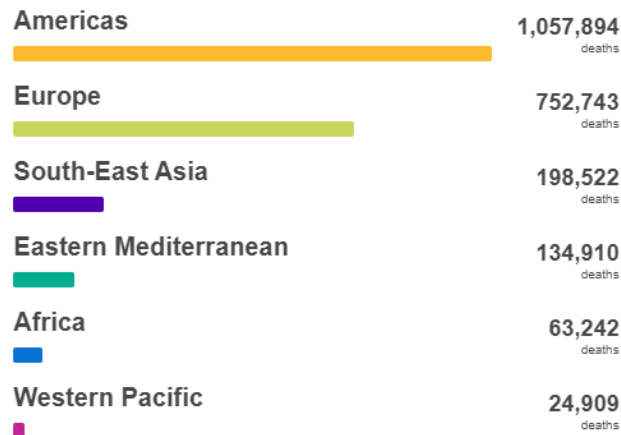


Source: Deloitte Access Economics

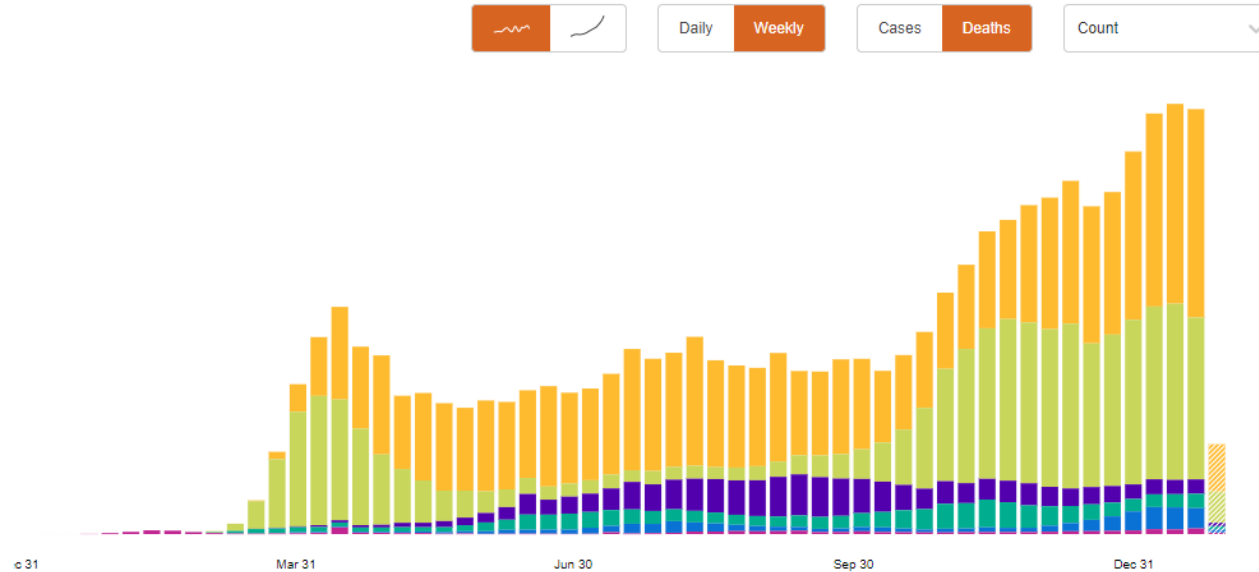
# World Pandemic Trends



## Situation by WHO Region



Source: World Health Organization  
Data may be incomplete for the current day or week.



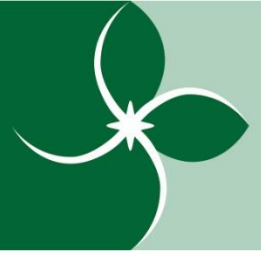
2,237,636 Deaths  
103,201,340 Cases

# Impacts of international trends



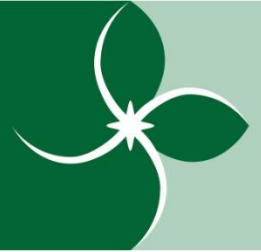
- No significant numbers of overseas visitors likely in 2021
- Shorter supply chains (sovereign risk)
- Problems with supply chains
- Potential impact of China trade war
- Lack of international travel opportunity for Australians is an opportunity for Noosa

# National Level - Political



- Potential for early election – September at the earliest.  
Lobbying opportunity
- Currently, good local federal member who strongly supports our Council.
- Success with funding for bridge renewals (9 so far), Digital Hub, Peregrine Beach Community Centre (BBRF), Bushfire recovery and Firetech
- Economic stimulus (“Rivers of Gold”) but it can’t last forever

# National - Local Government



- NSW bedded down urban forced amalgamations (now some de-amalgamations are on the cards)
- Centralised Rate capping in some other states – NSW, Vic and SA now operative
- Commonwealth big funding historically focused on “City Deals” and Building Better Regions Funding
- FAGs grant campaign by ALGA and LGAQ  
**“Just 1%”**  
and also seeking extra “Roads to Recovery” funding and disaster resilience funding

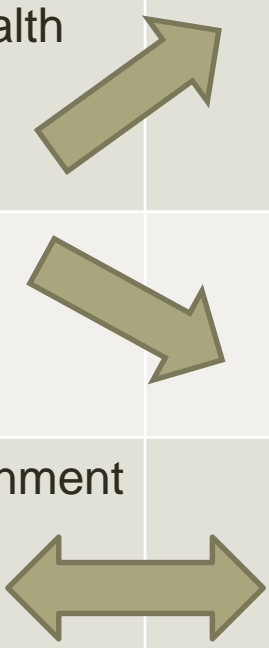


# “The Golden Rule Remains”

## Federal dominance of funding remains



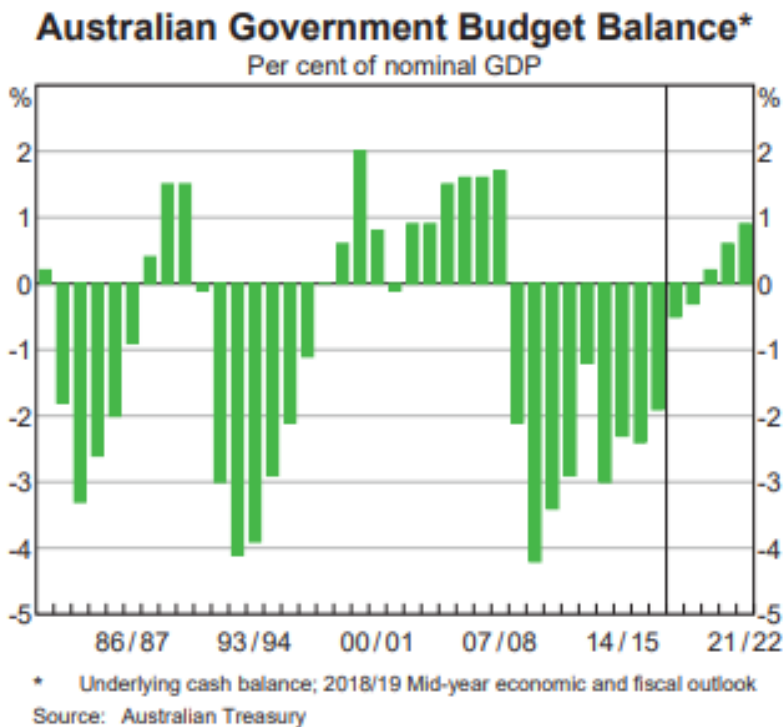
Source – ABS data	Revenue Share	Expenditure	Value of Asset base
Commonwealth	83%	35%	13%
State	14%	54%	51%
Local Government	3%	11%	36%



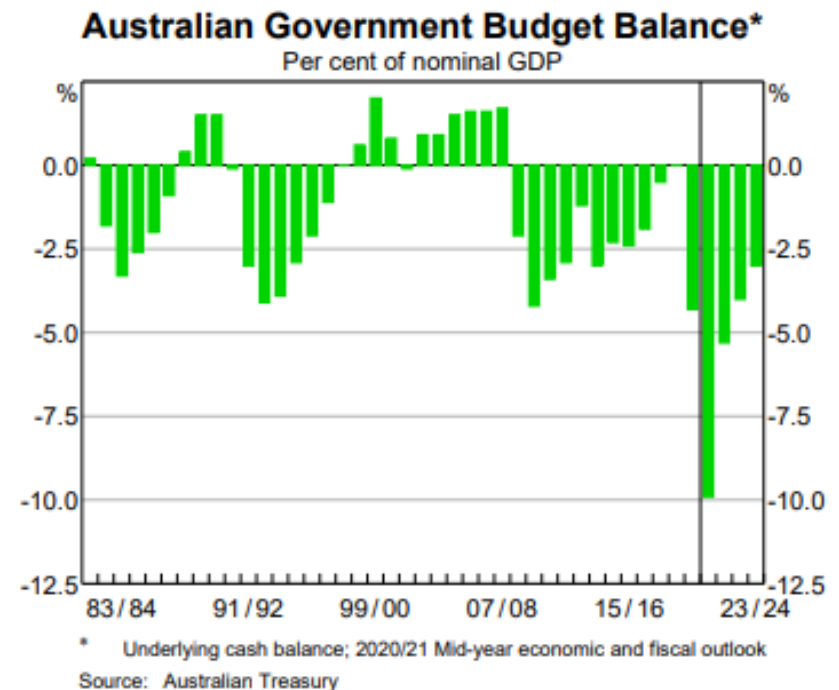
# Commonwealth Deficit Budgeting



2019



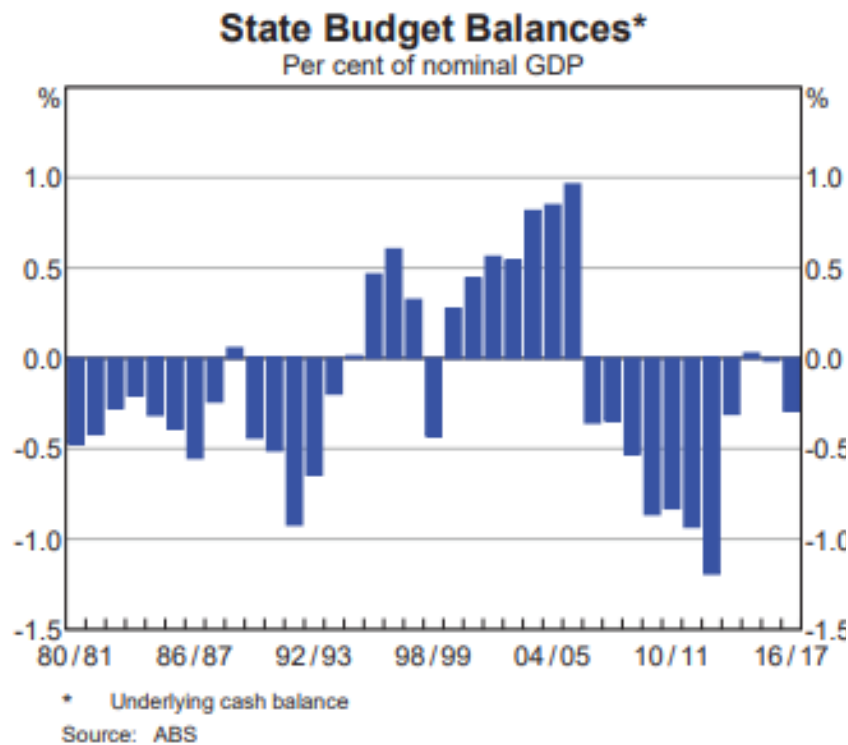
2021



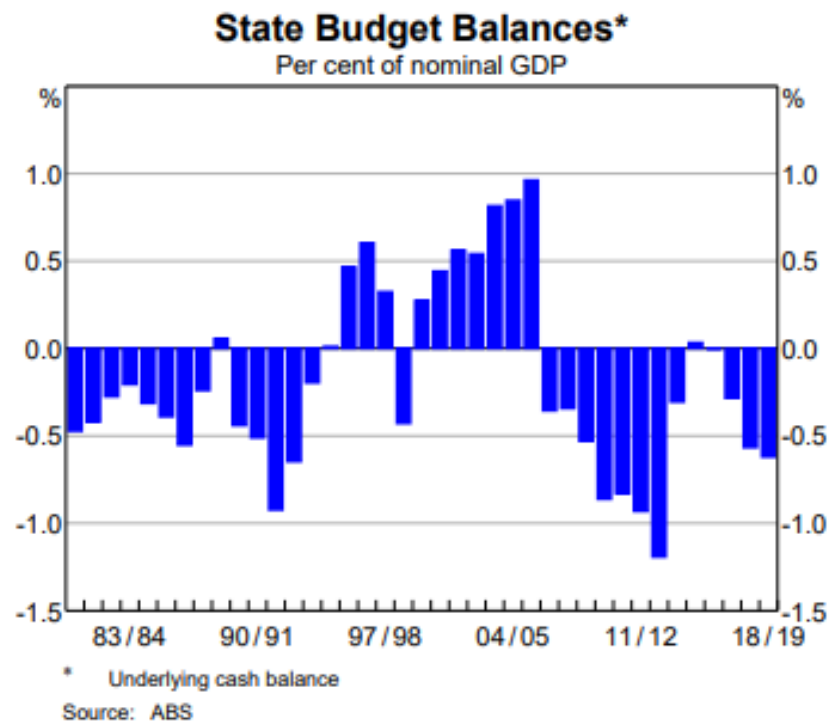
# States Deficit Budgets



2019



2021

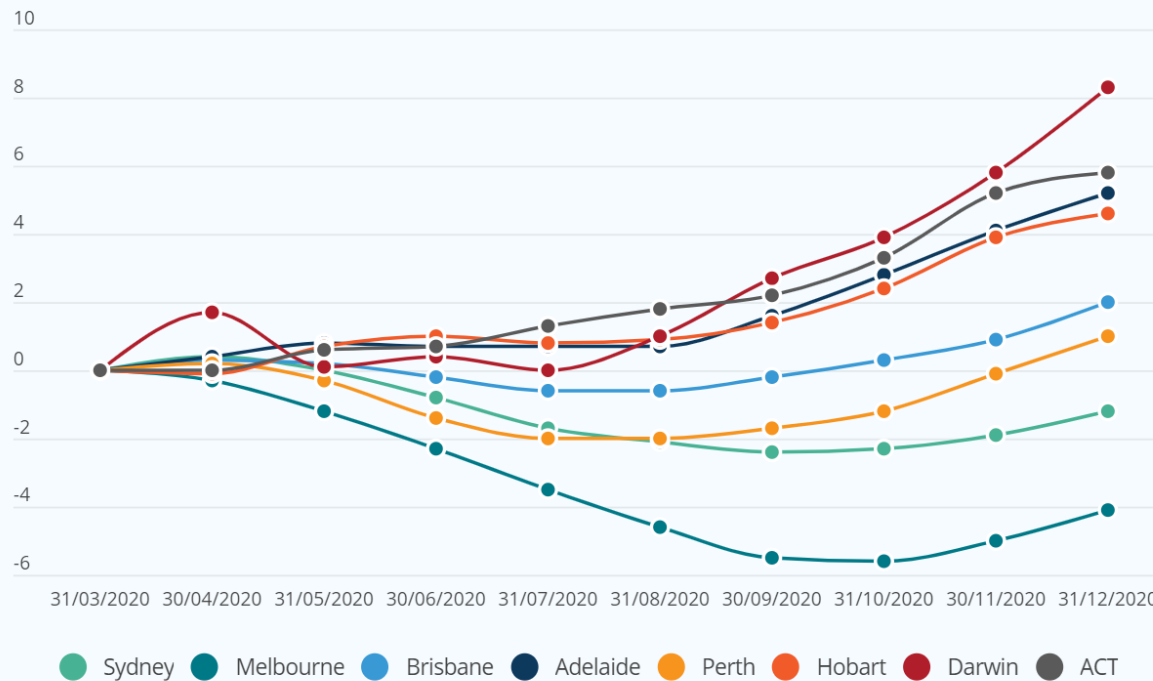


# Pandemic and House Prices



## Cumulative change in dwelling values

MARCH - DECEMBER 2020



# Capital City v Regions



Index results as at January 31, 2021

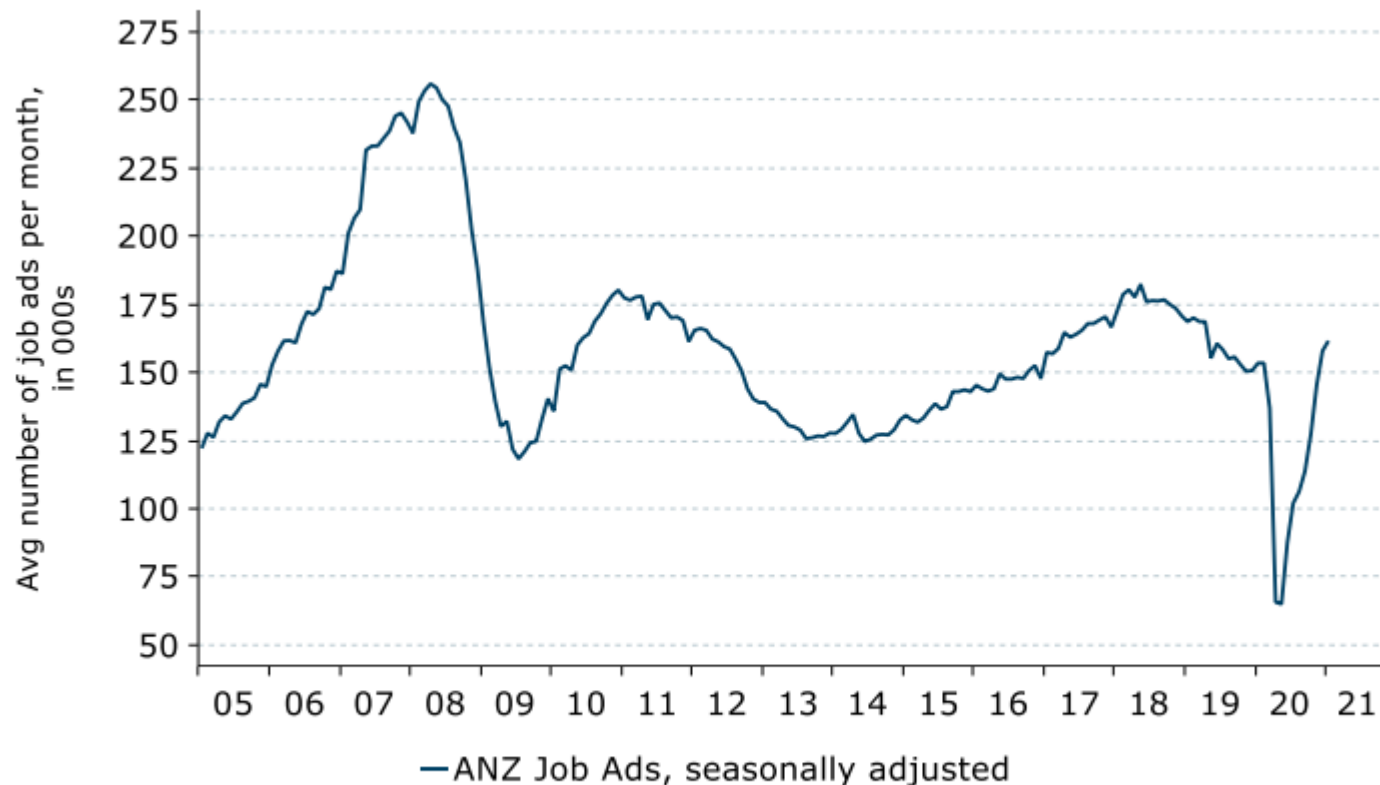
	Change in dwelling values				
	Month	Quarter	Annual	Total return	Median value
<b>Sydney</b>	0.4%	1.6%	2.0%	4.6%	\$879,299
<b>Melbourne</b>	0.4%	2.1%	-2.1%	1.1%	\$692,162
<b>Brisbane</b>	0.9%	2.5%	4.0%	8.3%	\$527,826
<b>Adelaide</b>	0.9%	3.3%	6.5%	10.8%	\$473,170
<b>Perth</b>	1.6%	3.8%	3.4%	8.0%	\$484,280
<b>Hobart</b>	1.6%	3.7%	6.8%	12.1%	\$523,932
<b>Darwin</b>	2.3%	6.6%	11.4%	17.3%	\$426,215
<b>Canberra</b>	1.2%	3.7%	8.5%	13.5%	\$686,524
<b>Combined capitals</b>	0.7%	2.2%	1.7%	5.1%	\$659,731
<b>Combined regional</b>	1.6%	4.7%	7.9%	12.8%	\$428,919
<b>National</b>	0.9%	2.8%	3.0%	6.6%	\$583,157

Source – Corelogic (February 2021)

# National Employment Market



## ANZ Job Ads gained 2.3% in January

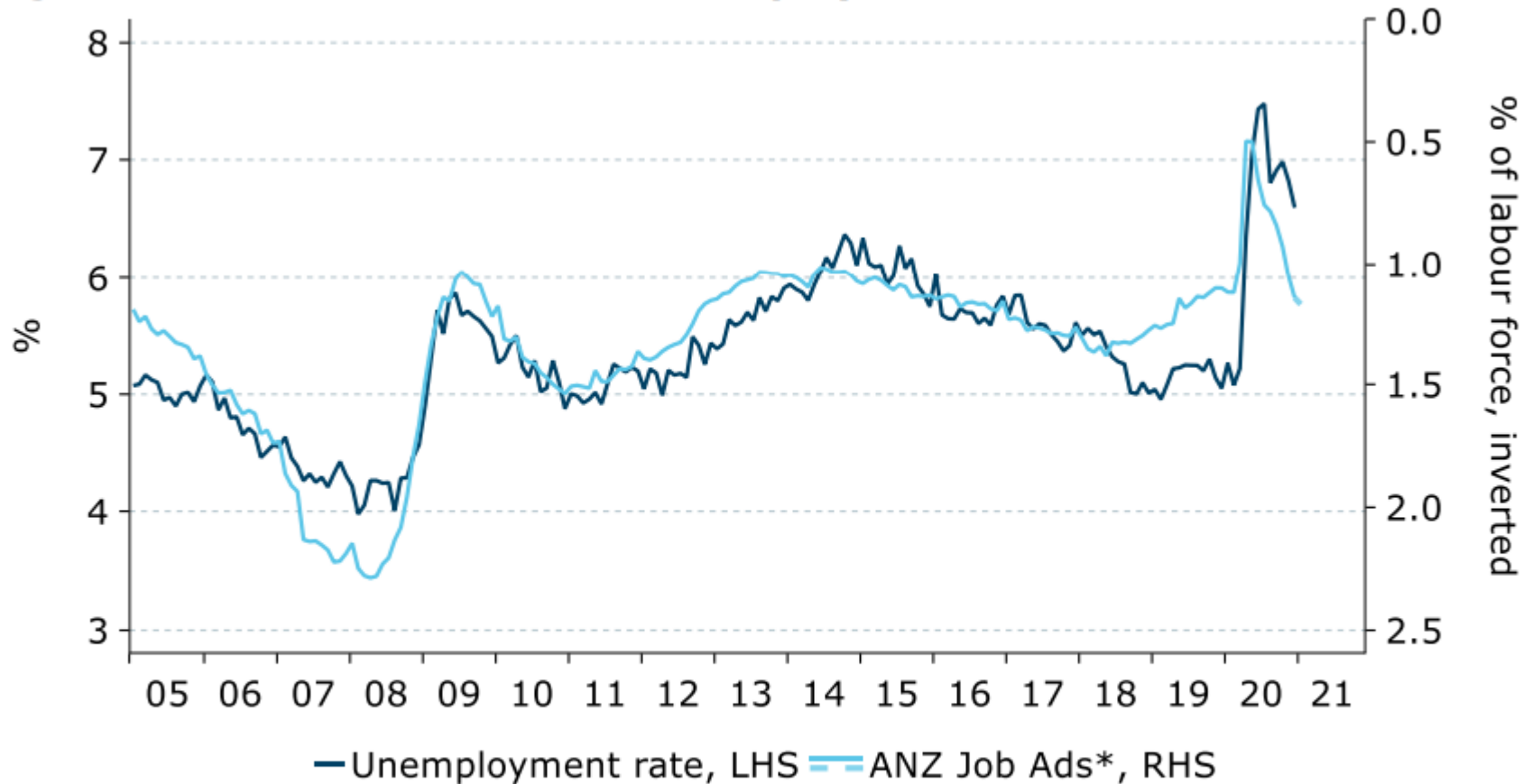


Source: SEEK, Dept of Education Skills and Employment, Macrobond, ANZ Research

# National Employment Market



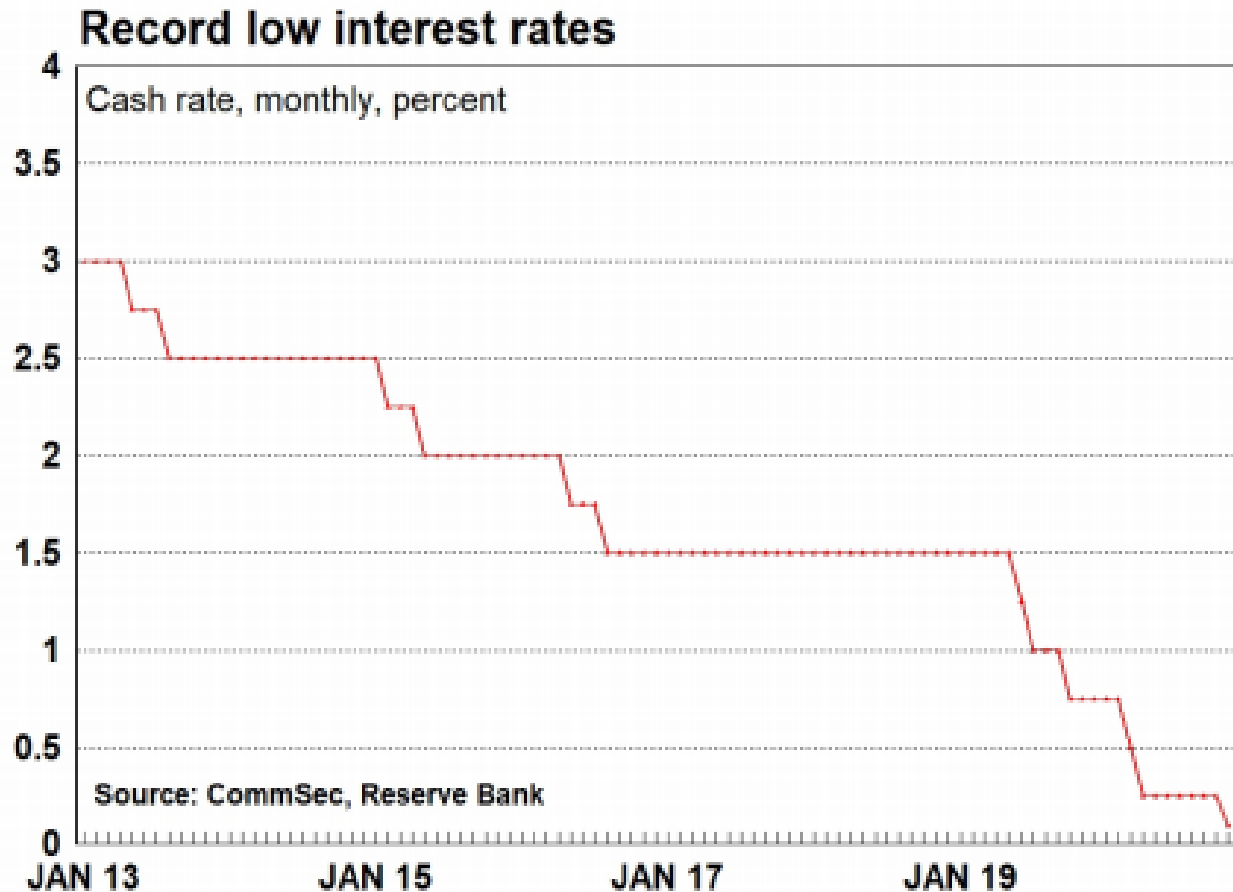
**Figure 1. ANZ Job Ads and the unemployment rate**



\*Last observation uses previous month's labour force as proxy.

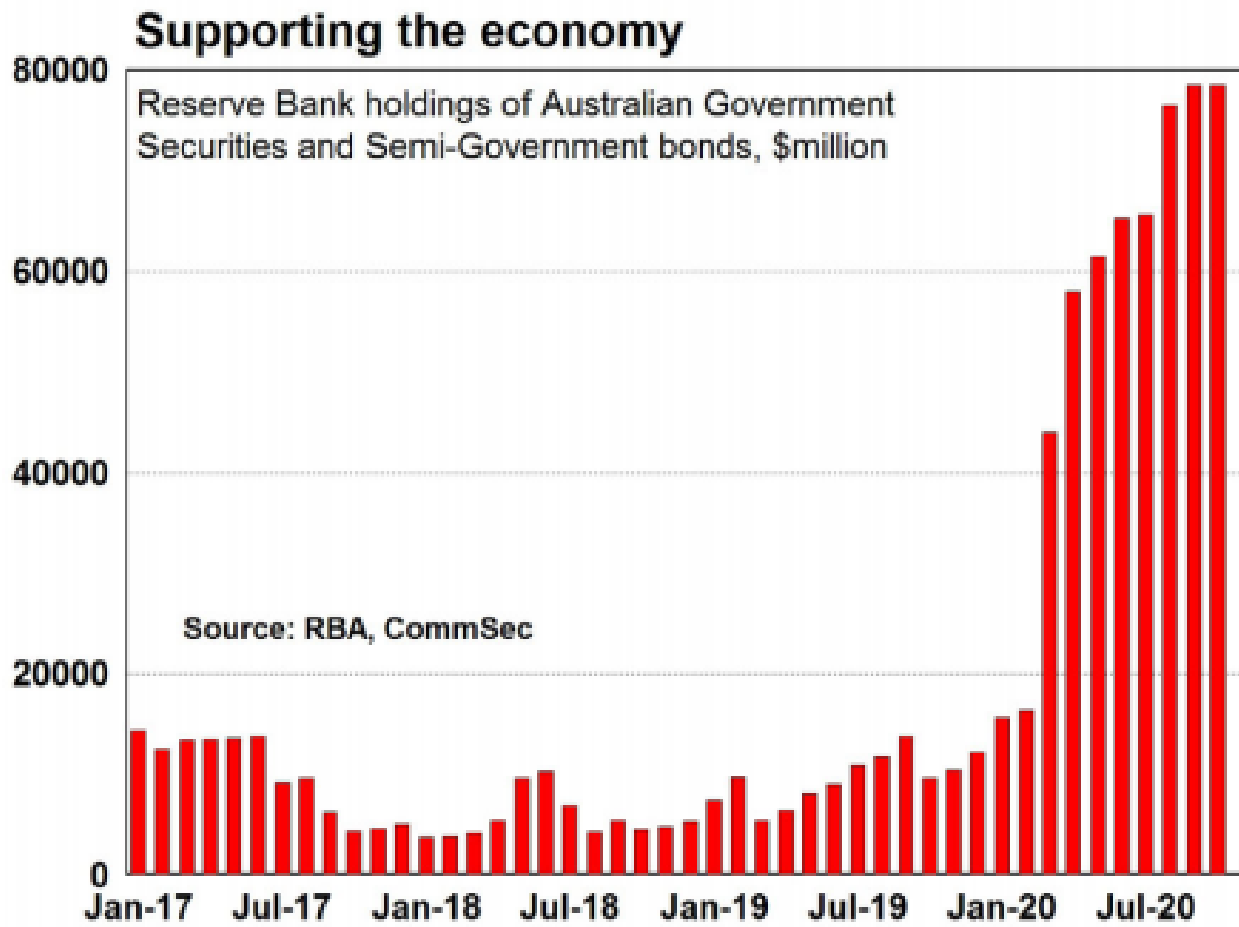
Source: ABS, SEEK, Dept of Education Skills and Employment, Macrobond, ANZ Research

# Interest rates – Money is cheap (until you have to pay it back)





# Reserve Bank is effectively underwriting the Commonwealth stimulus

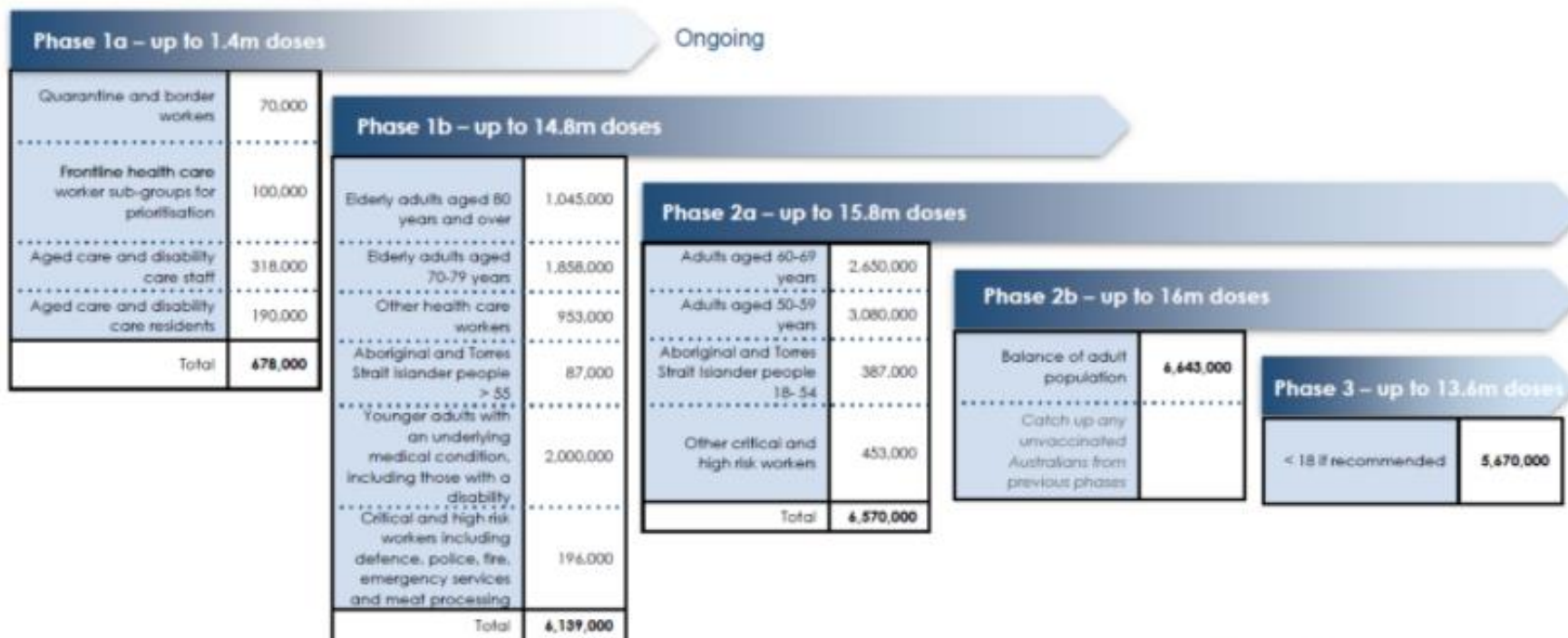


# Australian Rollout Strategy



## COVID-19 vaccine national roll-out strategy

COVID**SAFE**



Population numbers are current estimates for each category.

# Queensland local government context

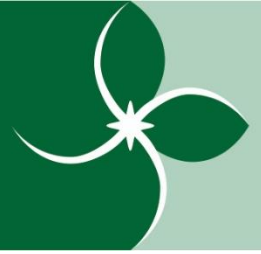


- Not seeing State appetite for any more local government reform
- Underlying financial problems for the Qld State Government are ongoing. Commonwealth is taking most of the current load.
- W4Q should continue.
- Ongoing devolution by stealth (e.g. affordable housing)

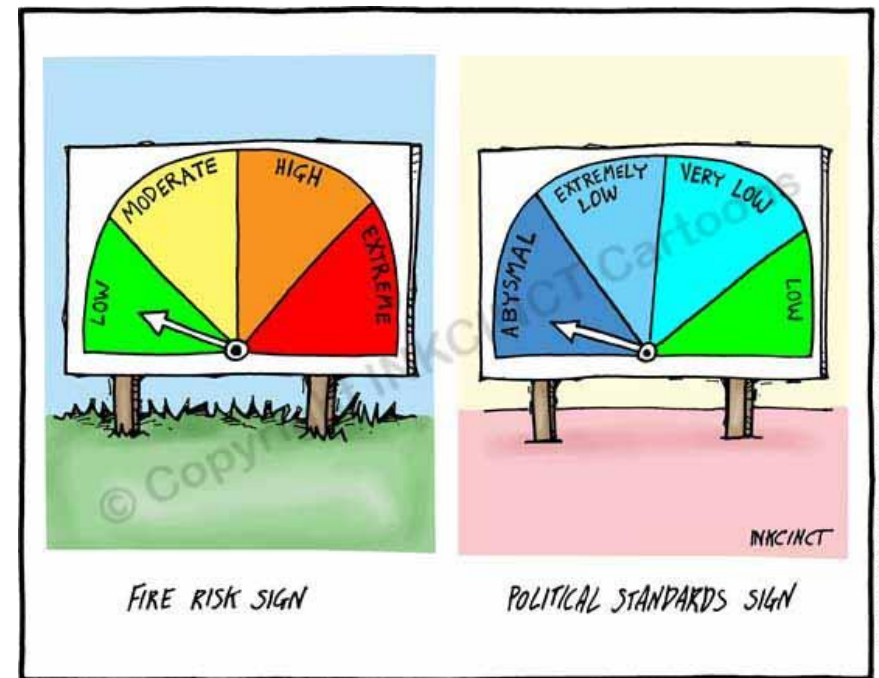
IN ORDER TO SAY YES  
TO YOUR PRIORITIES  
YOU HAVE  
TO BE WILLING  
TO SAY NO  
TO SOMETHING ELSE.

*#KYLO*

# Queensland



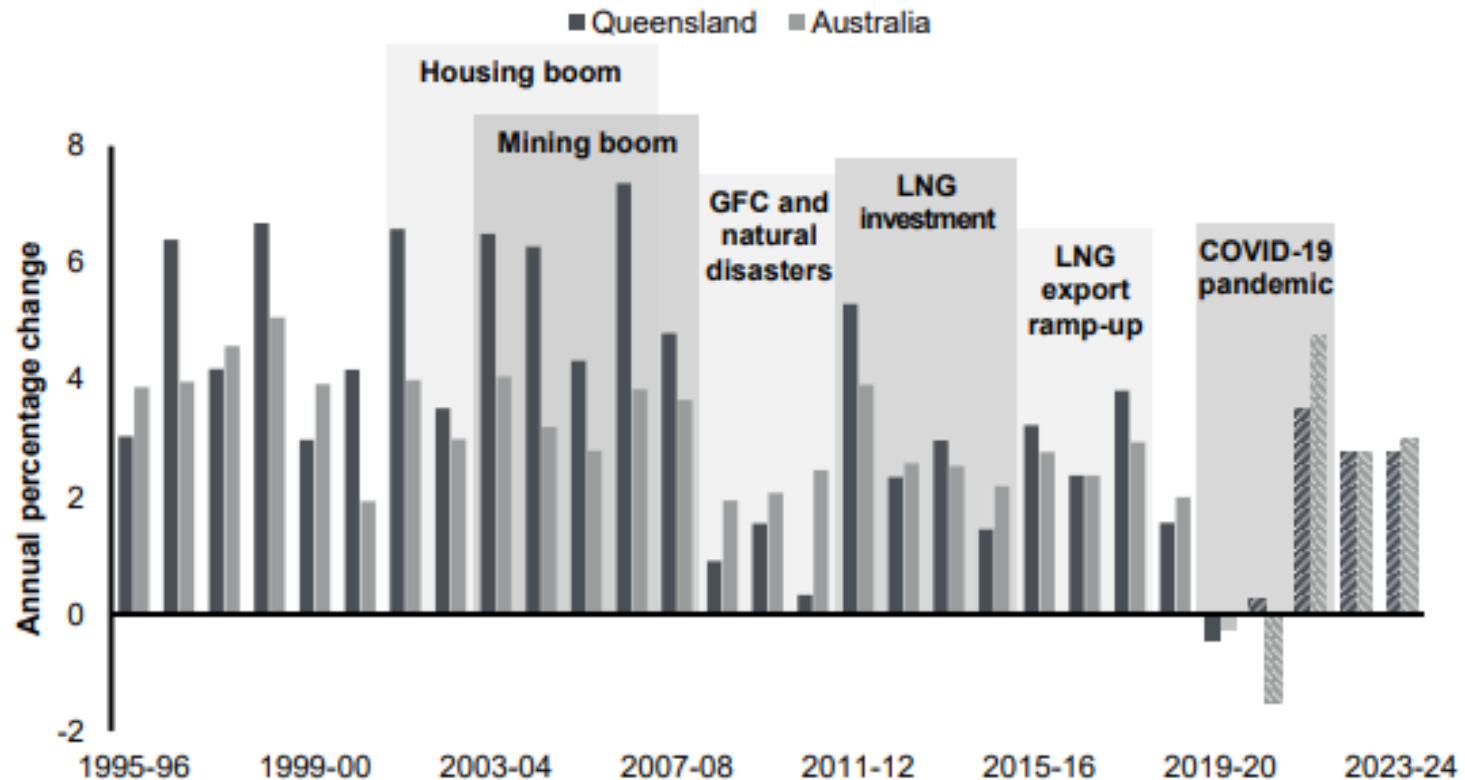
- Next State election due in October 2024 (fixed term)
- Funding for 6 Mile Creek bridge secure
- Funding for Beckman's Road roundabout secure but remainder of Beckman's Road still not funded.



# Queensland Economy



**Chart 2.3 Economic growth<sup>1</sup>, Queensland and Australia**

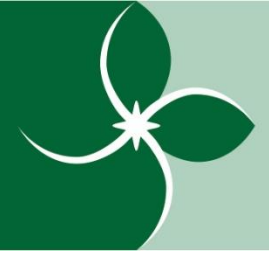


Note:

1. Chain volume measure (CVM), 2017-18 reference year, 2020-21 and 2021-22 are forecasts while 2022-23 and 2023-24 are projections.

Sources: ABS National Accounts, Australian Treasury and Queensland Treasury.

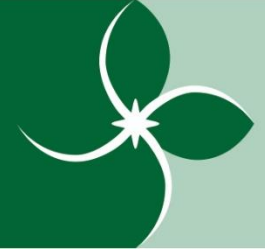
# Impacts of State on LG



- Long term diminishing State Grants – probably a 2 year window
- Long term trend of bigger grants from the Commonwealth (Bridge renewals program, Building Better Regions) – bigger buckets
- Works for Queensland to continue but no details yet of amount.
- Focus on asset renewals, not new assets to maintain



# Queensland Local Government

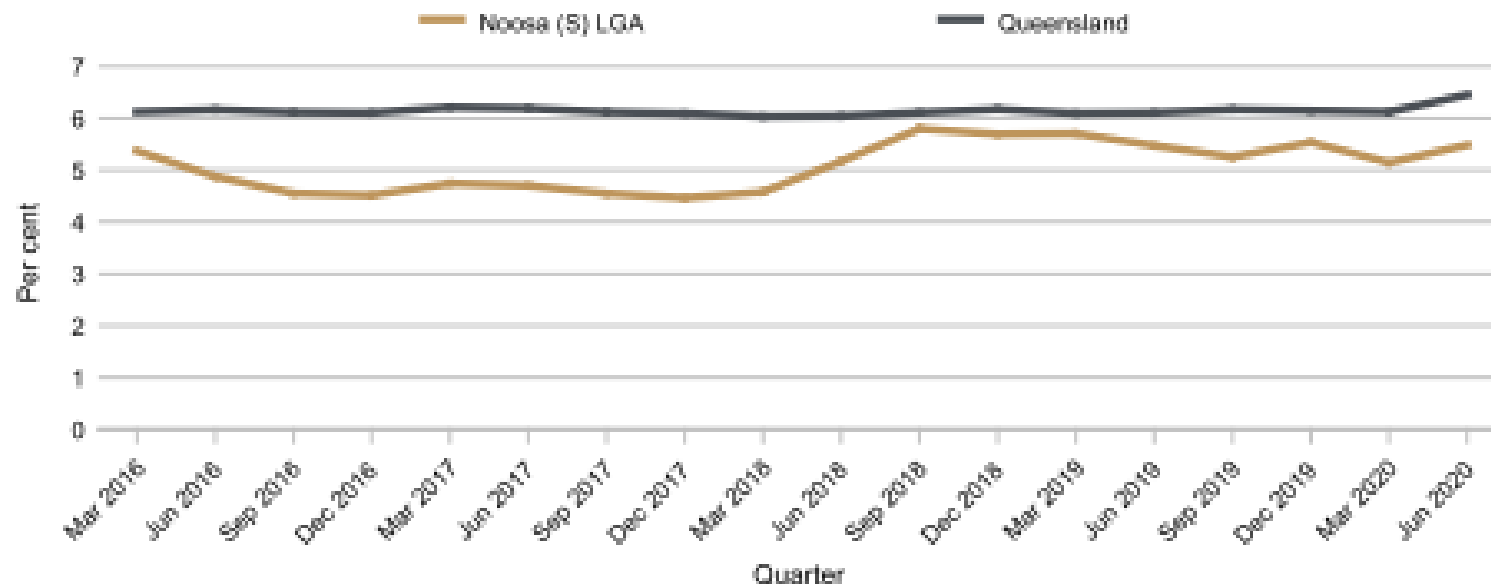


- Financial sustainability is the Number 1 issue of concern for CEOs and CFOs across Qld – *How can Councils be financially sustainable in the long term?*
- Most pressure is on:
  - *Small rural and indigenous councils*
  - *Rising debt levels in high growth Councils*
- Noosa regular QTC financial health assessment underway. Currently “sound”.

# Noosa Unemployment – rising!!



Figure 10 Unemployment rate<sup>(a)</sup>, Noosa (S) LGA and Queensland



(a) Based on a 4-quarter smoothed series.

Source: Australian Government, National Skills Commission, *Small Area Labour Markets Australia*, various editions



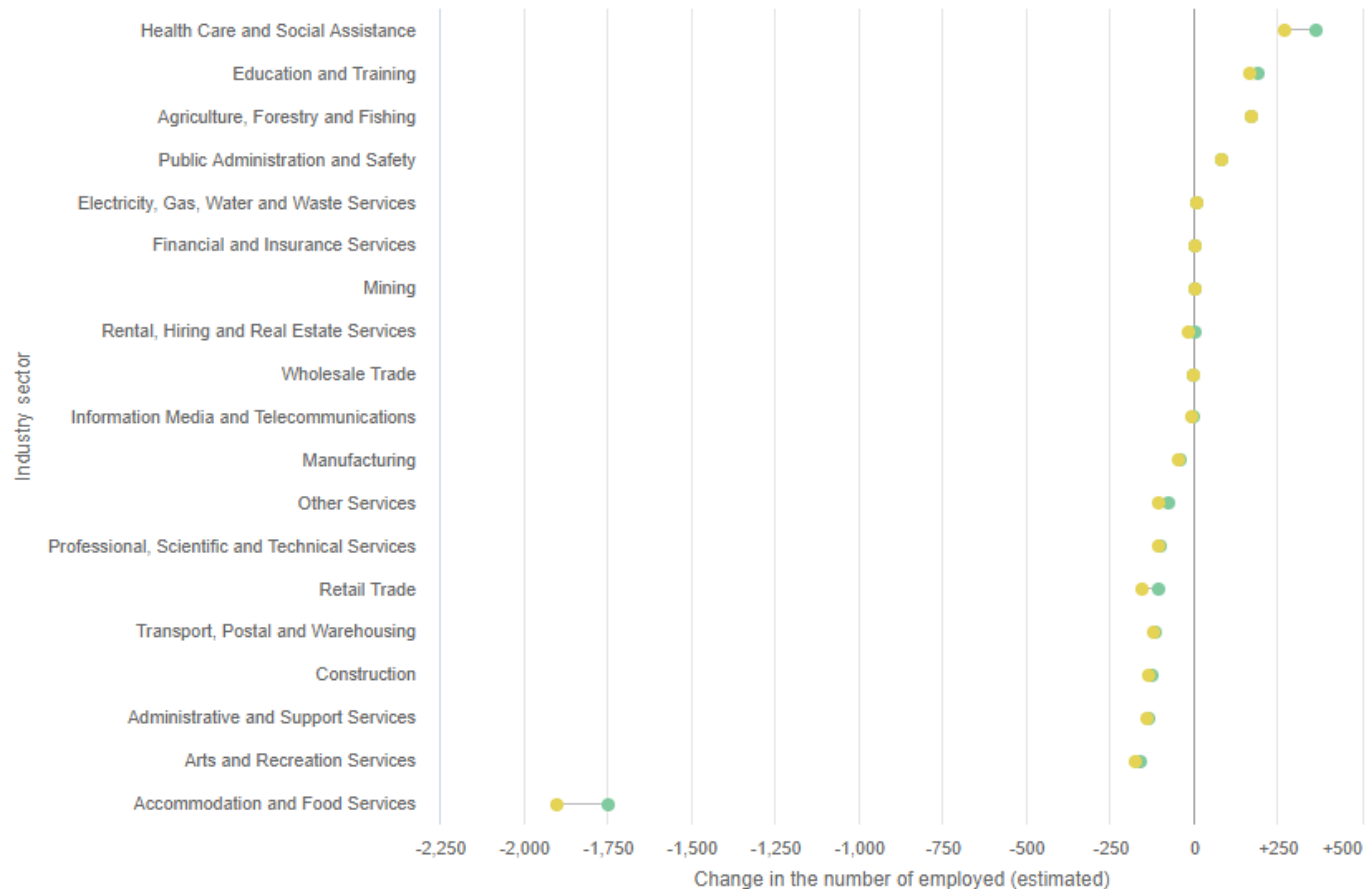
# Local Economic Modelling



## Local Jobs Impact in Sept quarter 2020 (compared to Sept quarter 2019)

export

● Local Jobs change without JobKeeper ● Local Jobs change



# “Noosa is Middle Australia” What can a community afford?



## SEIFA Index

**Table 31 Population by Index of Relative Socio-Economic Disadvantage quintiles<sup>(a)</sup>, Noosa (S) LGA and Queensland, 2016**

LGA / State	Quintile 1 (most disadvantaged)	Quintile 2	Quintile 3	Quintile 4	Quintile 5 (least disadvantaged)
	— % —				
Noosa (S)	5.8	27.3	31.0	23.4	12.6
Queensland	20.0	20.0	20.0	20.0	20.0

(a) The quintiles are population based and derived at the Queensland level (state based quintiles and not national based quintiles).

Source: ABS 2033.0.55.001 Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA), Australia, 2016, (Queensland Treasury derived)

# Noosa Median Total Family Income



**Table 37 Total family income<sup>(a)</sup>, Noosa (S) LGA and Queensland, 2016**

LGA / State	Less than \$33,800 per year		\$33,800 to \$77,999 per year		\$78,000 to \$155,999 per year		\$156,000 or more per year		Total <sup>(b)</sup>	Median (\$/year)
	number	%	number	%	number	%	number	%	number	\$
Noosa (S)	1,531	10.4	5,459	37.1	4,324	29.4	1,626	11.1	14,712	72,956
Queensland	115,233	9.4	377,889	30.9	408,072	33.4	186,810	15.3	1,221,148	86,372

Refer to explanatory notes for additional information.

(a) Includes same-sex couple families. Excludes 'Lone person', 'Group', 'Visitors only' and 'Other non-classifiable' households. Excludes overseas visitors.

(b) Includes partially stated and not stated income responses.

Source: ABS, Census of Population and Housing, 2016, General Community Profile - G02 and G28

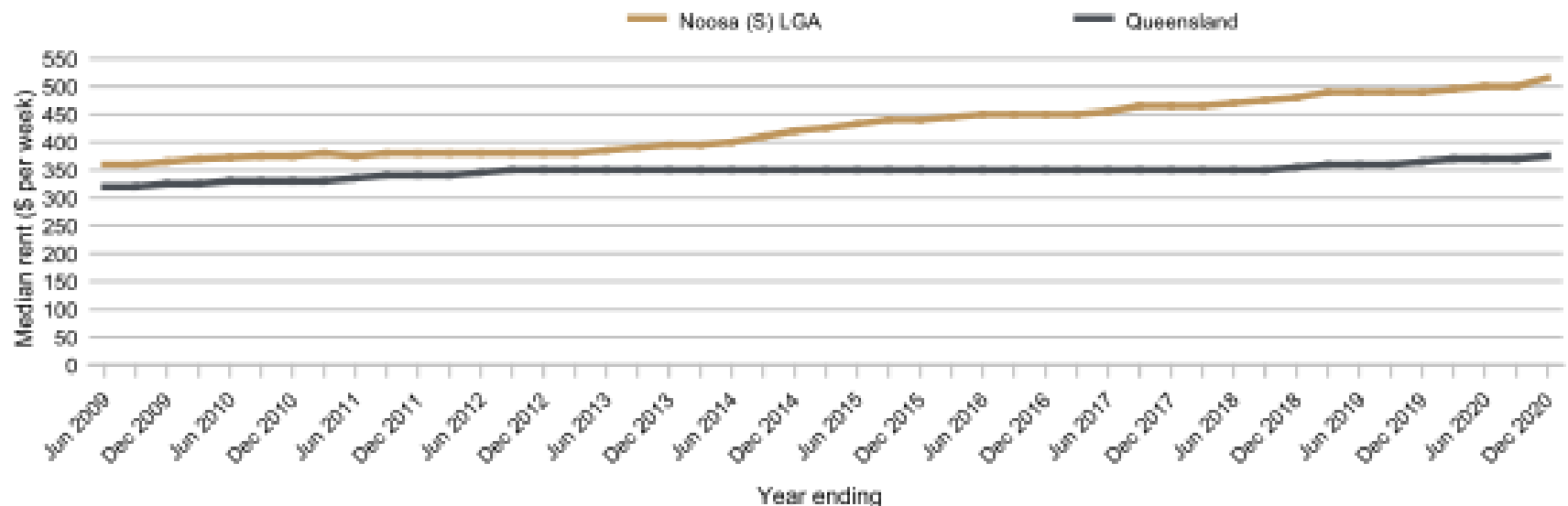
Noosa - \$72,956 pa  
Sunshine Coast – \$77,532 pa  
Queensland - \$86,372 pa

# Rising Rents



Noosa = \$515  
Queensland Average = \$375

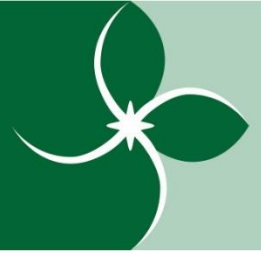
**Figure 9 Median rent of three bedroom house, Noosa (S) LGA and Queensland**



Refer to explanatory notes for additional information.

Source: Residential Tenancies Authority, Rental Bonds data (Queensland Government Statistician's Office derived)

# Local Economic conditions



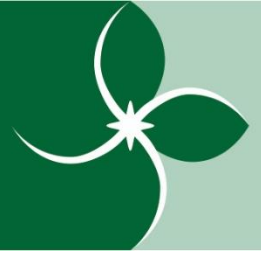
- Patchy
- Record highs and record lows
- Examples of tourism sector being “patchy”
- “Winners and losers”

People are still paying their bills

**Rates in Arrears**



# Key Context Issues



- International Covid issue will play out for some time
- International economic ripple effects will take years
- Australia is in a relatively good position but Covid is still the dominant theme for 2021
- Expect economic structural changes
- Government pump priming of the economy will continue in the short term (both an opportunity and a risk for us)
- Future generations will be paying for the economic response via debt repayments
- Our local economy is doing better than most but still patchy

# Quote of the day



*“Be thankful for what you have – you will end up having more. If you concentrate on what you don’t have, you will never have enough”.*

