



# Annual Budget 2019/20

Overview and key highlights – 26 June 2019



## Council's Annual Budget

The Annual Budget correlates to the aspirations and commitments of the Council Plan 2017- 2021. The Budget is an integral part of Council's overall strategic planning framework and endeavours to resource the directions that have been established in the Council Plan 2017-2021. The Annual Budget is integrated with the Long Term Financial Strategy, Long Term Infrastructure Plan and the Rating Strategy.

The 2019/20 Annual Budget focuses on delivering quality services to the community through a combination of existing programs, new initiatives and Capital Works. The Budget is framed to deliver on the Council Plan 2017-2021 and is aligned with each of the themes and objectives of the Plan.

The major challenges have been to meet the needs of the Shire's growing population, continuing to review its critical infrastructure renewal requirements and improving Council's overall financial position, within the constraints of the rate cap.



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## Annual Budget highlights:

The following \$7.3 million strategic projects will be delivered in 2019/20:

- Three Female Friendly Pavilions – Darnum, Buln Buln and Hallora
- Early Learning Centres – Drouin, Trafalgar and Warragul
- Neerim South Oval Upgrade
- Drouin Recreation Reserve Netball Courts
- Drouin Civic Park Redevelopment

The following strategic projects will commence design phase in 2019/20:

- Indoor Stadium – Stage 1 – Warragul
- Indoor Stadium – Stage 2 – Bellbird Park
- Warragul Civic Place Precinct
- Community Hub – Drouin
- Trafalgar Rec Reserve Multi Use Facility
- New operating initiatives include providing for new waste initiatives, including a new waste management plan, provisional amount for portable female friendly facilities at Trafalgar Recreation Reserve, increased maternal child health services for those with special needs, additional funding for tourism events in the Shire, additional costs associated with panel hearings, planning, development and compliance resourcing and increased resourcing for open space as demand increases.
- Council received 248 submissions as part of the Section 223 consultation process relating to the following draft documents: 2017–2021 Council Plan revision, 2019/20 Annual Budget, Long Term Infrastructure Plan, Long Term Financial Strategy and Rating Strategy.

A total of 23 submitters spoke in support of their respective submissions at the Special Council Meeting on Wednesday 5 June 2019. Having considered all submissions received, Council has incorporated the following projects in to the Long Term Infrastructure Plan.

Updates to the 2019/20 financial year include:

- Neerim South Oval Embankment Upgrade \$485,000 brought forward from 2022/23 to coincide with the oval upgrade
- An additional \$30,000 for the new fenced dog parks project
- An allocation of \$60,000 to Western Park, Warragul for the concept design of an improved netball facility
- An allocation of \$60,000 for the design of a multi-use facility at Bellbird Park (Eastern Section), Drouin
- An additional \$50,000 to the Community Facilities Renewal Program to demolish the dilapidated house at 61 Princes Way, Longwarry North (Municipal Animal Pound)

- An additional \$20,000 for the Street Tree Planting Program
- An additional \$10,000 for the Forward Design program for the preliminary design for a new public toilet in Noojee (location to be confirmed)
- An allocation of \$676,000 for the Pharaohs Road Retardation Basin and Wetlands, which is fully funded from the Development Contributions Plan (Warragul). The inclusion of this project will help to mitigate any potential stormwater risk in the north western area of the Warragul Precinct Structure Plan
- An allocation of \$100,000 to minor bridge renewal (funded by an increase to Roads to Recovery funding)
- An allocation of \$100,000 for road safety improvements to fund a curve improvement program (funded by an increase to Roads to Recovery funding)
- Council committing to pursue external funding for the replacement of the oval lighting at Longwarry Recreation Reserve. If successful, these works will be undertaken in 2020/21.

**A number of projects planned for the 2019/20 financial year are subject to successful funding through application to government grant programs, contributions from external parties, which is detailed within the Long Term Infrastructure Plan in Attachment A. Should Council not be successful in obtaining this external grant funding then Council would be required to reconsider the funding model or delivery of these projects.**





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## Operating Budget

The budget represents income of \$97.2 million and expenditure of \$79.9 million resulting in a surplus of \$17.2 million.

The surplus of \$17.2 million is then converted into an adjusted underlying result that better reflects Council's level of financial sustainability.

The underlying result is based on the surplus of \$17.2 million that then excludes grants received for capital purposes which are non-recurrent and capital contributions from other sources to arrive at the adjusted result of \$1.1 million.

The underlying result for 2019/20 is a surplus of \$1.1 million and reflects a financially sustainable position. It is a sound measure of Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result.

Council's annual expenses are expected to increase by 4.0 per cent mainly due to an increase in approved employee positions in the areas of maternal child and health, planning and development, compliance, property management and customer service in response to growth and community demand. Several of these positions are either externally funded or self funding via associated revenue generation.

By contrast revenue will increase by 10.2 per cent predominately due to an increase in operating grants as a result of the early payment in the prior year of the 2018/19 Financial Assistance Grant.

Rates and charges income have increased 3.9 per cent mainly due to the impact of the 2.5 per cent rate cap and supplementary rates and waste service charges for new properties and or/existing dwellings representing growth within the municipality.

## Capital Works

The total Capital Works program for the 2019/20 year is \$33.9 million comprising of \$29.6 million new works plus \$4.3 million carry over projects from last year.

The \$29.6 million new works is primarily made up of:

- \$11.0 million roads investment
- \$6.7 million recreational, leisure and community facilities
- \$5.5 million building facilities
- \$2.7 million drainage investment
- \$1.3 million footpaths
- \$0.9 million bridges and major culverts investment
- \$0.4 million community hub strategy implementation and forward program design.

## Rates and Valuations

The rate increase is capped at 2.5 per cent in line with the Victorian Government's Fair Go Rates System (FGRS). Rates are calculated as a percentage of the Capital Improved Value (CIV). The 2.5 per cent increase applies to the total rates revenue received by Council, not to individual ratepayers.

The residential garbage charge per rateable property for 2019/20 remains unchanged from 2018/19 residential garbage charge per rateable property. The average residential garbage charge is \$384 per rateable property.

Total revenue from rates and charges for 2019/20 is \$59.9 million (including supplementary valuations and interest on rates and charges).

From 1 July 2018, land valuations were centralised under the Valuer-General Victoria with a new annual cycle of valuations for rating and taxing purposes. All rateable properties within Baw Baw Shire Council have been revalued at 1 January 2019 and are effective from 1 July 2019. The change in rates will be different for each property due to the CIV of each property.

For further details on rates and charges refer to the Rates and Valuations Fact Sheet.



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## Financial Sustainability

A high level Strategic Resource Plan for the years 2019/20 to 2022/23 has been developed to assist Council in adopting a budget within a longer term prudent financial framework.

The key objective of the plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The adjusted underlying result, which is a measure of financial sustainability, continues to reflect an ongoing surplus that provides additional funding for investment in Council infrastructure, with surpluses in future years.

## Fees and Charges

Existing fees and charges are to be increased in line with Consumer Price Index (inflation) or market levels.

## Contact us

We're here to help! For more information please contact Council's Finance team on 1300 BAW BAW (1300 229 229) or by email at [bawbaw@bawbawshire.vic.gov.au](mailto:bawbaw@bawbawshire.vic.gov.au)

