

The Annual 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. The Annual Budget is integrated with the Long Term Financial Strategy, Long Term Infrastructure Plan and the Rating Strategy. Council invites you to review and provide feedback on the draft Annual Budget. Consultation is open from Thursday 25 June – Thursday 23 July 2020.

Operating budget

The draft 2020/21 Annual Budget represents income of \$98.3 million, expenditure of \$85.6 million, resulting in a surplus of \$12.7 million.

The \$12.7 million surplus 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 that then excludes non-recurrent infrastructure grants and capital contributions from other sources, to arrive at the adjusted surplus of \$400,000. This reflects a financially sustainable position and is a sound measure of Council's ability to achieve its service delivery objectives.

Budget highlights – Infrastructure

Council continues to make a major investment in infrastructure totalling \$30.2 million (plus any projects not finished from the current financial year) comprising of the following:

Key strategic projects – \$6.4 million

- \$2.9 million for a new synthetic soccer pitch for Baxter Reserve in Warragul
- \$1.5 million to begin construction of a multi-use pavillion at Trafalgar Recreation Reserve
- \$1.5 million for an Accelerated Footpath Program, in accordance with the Paths and Trails Strategy 2019
- \$500,000 to plan and design the Drouin Community Hub

Infrastructure renewal – \$14.3 million

- \$6 million for road reconstruction and resealing to address poor road conditions
- \$1.9 million for renewal works on Council buildings and community facilities
- \$1.5 million for gravel road re-sheeting works
- \$1 million for stormwater and drainage reconstruction and rehabilitation works
- \$700,000 for bridges and major culverts \$500,000 for gravel and sealed footpath improvements
- \$500,000 for a major upgrade of Kydd Parke Oval in Jindivick
- \$400,000 for sports oval lighting upgrades at Longwarry and Thorpdale Recreation Reserves

Infrastructure works – \$9.5 million

- \$2.65 million to upgrade sections of Copelands Road in Warragul
- \$1.1 million for upgrades to Queen Street as the final stage of the Warragul CBD Streetscape Project
- \$800,000 on road safety improvements
- \$600,000 for a stormwater harvesting project to use recycled water for irrigation at Western Park ovals in Warragul
- \$503,000 for a new skate park and recreational vehicle parking area in Rawson

Several projects are subject to successful external grant funding. Council would need to reconsider funding models and project delivery should external funding not be successful.

Full details are in the **Long Term Infrastructure Plan** fact sheet.



COVID-19 impacts

The draft Budget has been prepared in the unprecedented times of dealing with COVID-19. As such, it includes an estimate of the financial impact of providing important support and stimulus to the community.

The draft Budget is adjusted for not being able to provide events at the West Gippsland Art Centre, not collecting some fees and charges, and including funding for community activities once the health threat has passed.



Operating expenses

Council's annual expenses are expected to increase by 3.3 per cent.

Employee costs are expected to increase by \$1.33 million, or 4.6 per cent. This increase is primarily due to a small increase in approved employee positions due to a change in service delivery requirements, salary increases in order to comply with Council's Enterprise Bargaining Agreement, and individual employee progression within salary band levels. Additional new positions in Emergency Management and Business Concierge are funded by external grants. Depreciation expense has increased 9.4 per cent following recording completed infrastructure projects.

By contrast revenue has fallen slightly. Council launched a \$440,000 stage one community and business support package to financially assist residents, sporting clubs, community groups and local businesses. This included a deferment in rate instalment deadline and interest payments, waiver of some fees and charges and local businesses grants totaling \$100,000 (now fully exhausted).

Additionally, there will be reduced income from the West Gippsland Art Centre due to events not being held.

Rates and charges income have increased 3.6 per cent mainly due to the impact of the 2 per cent rate cap and supplementary rates and waste service charges for new properties and or/existing dwellings representing growth within the municipality.

Rates and valuations

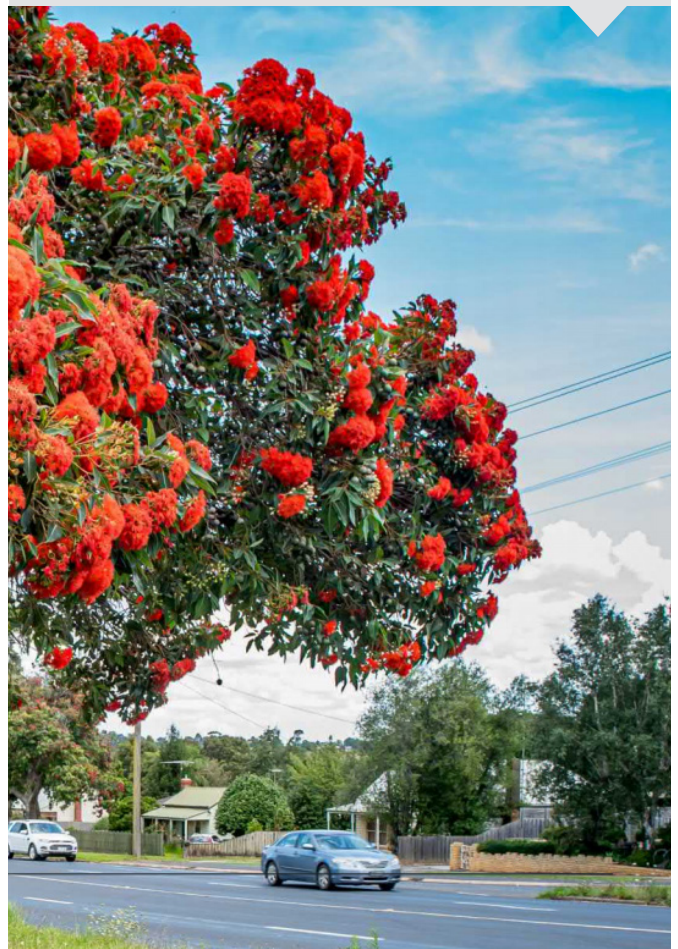
The rate increase is capped at 2 per cent in line with the Victorian Government's Fair Go Rates System (FGRS). Rates are calculated as a percentage of the Capital Improved Value (CIV). The 2 per cent increase applies to the total rates revenue received by Council, not to individual ratepayers.

The residential garbage charge per rateable property for 2020/21 increased by an average of 2 per cent, rounded to the nearest dollar, compared to the prior year 2019/20 levels. The average residential garbage charge is \$392 per rateable property.

Total revenue from rates and charges for 2020/21 is \$62.6 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 2020 and are effective from 1 July 2020. The change in rates will be different for each property due to the CIV of each property.

For further details please refer to the **Rates and Valuations** fact sheet.



Financial sustainability

A high-level Strategic Resource Plan for the years 2020/21 to 2023/24 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 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.



Have your say

All community members are invited to make a submission on the draft 2020/21 Annual Budget.

Submissions can be made in two ways:

Online: Visit www.bawbawshire.vic.gov.au/HaveYourSay and fill in the online form.

In writing: Download the print version survey available online (or create your own submission form addressing all relevant criteria) and submit by email to budget.submissions@bawbawshire.vic.gov.au or by post addressed to:

Chief Executive Officer
Baw Baw Shire Council
PO Box 304
Warragul, VIC, 3820

All submissions must be submitted by midnight on **Thursday 23 July 2020**.

Fees and charges

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



Next steps

Following the four-week consultation period, Council will consolidate all comments and consider all submissions before developing the final 2020/21 Annual Budget.

Any submitter will have the opportunity to discuss their submission in person at the Wednesday 5 August Special Council Meeting (optional). Registration is required to appear in person.

The final 2020/21 Annual Budget and associated key documents will be presented to Council for adoption at the Wednesday 26 August Council Meeting.