



2021/22 Annual Budget

Highlights of Council's Annual Budget for 2021/22

The 2021/22 Annual Budget focuses on delivering quality services to the community through a combination of existing programs, new initiatives and Capital Works.

The Annual Budget 2021/22 is framed to deliver on the Council Plan 2017-2021 and is aligned with each of the themes and objectives of the Plan.

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 Revenue and Rating Plan.



Operating budget

The 2021/22 Annual Budget represents income of **\$111.3 million**, expenditure of **\$90.6 million**, resulting in a surplus of **\$20.8 million**.

The **\$20.8 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 deficit of **\$2.61 million**.

The deficit reflects a financial position consistent with the current rate capping environment of 1.5 per cent, within a rapidly growing Shire.

Budget highlights – Infrastructure

Council continues to make a major investment in infrastructure totalling **\$38.7 million** (plus any projects not finished from the current financial year) comprising of the following:

Key strategic projects – \$15.2 million

- **\$6.0 million** for Warragul Indoor Stadium – Stage 1
- **\$2.25 million** for the Rokeby Noojee Trail project
- **\$2.0 million** for the Multi Use Pavilion at Bellbird Park, Drouin
- **\$1.7 million** for the completion of the Trafalgar Recreation Reserve Multi Use Pavilion
- **\$1.53 million** for the accelerated footpath program

Infrastructure renewal – \$16.9 million

- **\$3.2 million** on road reconstruction and resealing to address poor road conditions
- **\$1.6 million** on localised pavement repairs
- **\$1.5 million** for gravel road re-sheeting works
- **\$1.2 million** on plant and machinery
- **\$0.8 million** for bridges and major culverts

Infrastructure general works – \$6.5 million

- **\$1.5 million** for black spot program works
- **\$1.5 million** for Drouin streetscape improvements
- **\$1.1 million** for Warragul CBD streetscape works
- **\$0.8 million** for land acquisition
- **\$0.6 million** for masterplan implementation

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 can be found in the **Long Term Infrastructure Plan** fact sheet.

Community Vision

The Community Vision work currently underway is due by the State Government for completion before November 2021 and will inform the development of the next Council Plan (2021–25), Long Term Financial Strategy and 2022/23 Annual Budget.

The 2021/22 Annual Budget is due for completion by the State Government in June of 2021.

This budget has been developed on the current Community Vision (Baw Baw 2050) and Council Plan (2017–21).



Rates and valuations

The rate increase is capped at 1.5 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 1.5 per cent increase applies to the total rates revenue received by Council, not to individual ratepayers.

Total revenue from rates and charges for 2021/22 is **\$65.3 million** (including supplementary valuations and interest on rates and charges).

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, results in a deficit this year due to the rate capping environment.

Operating expenses

Council's annual expenses are expected to increase by **3.4 per cent**.

Employee costs are expected to increase by **\$2.86 million**, or **9.28 per cent**. An 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, individual employee progression within salary band levels, and costs associated with exiting aged and disability services. Depreciation expenses have not increased.

Revenue has increased by **\$9.3 million**, or **9.2 per cent**, largely due to additional capital grants of **\$6.4 million**, and additional rates revenue of **\$2.2 million**. Operating grants are lower, mainly due to an expiring Emergency Management grant in the prior year and the exit from aged and disability services, whilst West Gippsland Art Centre revenue is expected to return to pre 2020/21 levels due to COVID-19 restrictions being lifted.

The budget includes new operating initiatives with a net cost of **\$1.6 million**. This includes several key strategic initiatives – a roads advocacy campaign, a depot feasibility study, and Environmental Sustainability Strategy and additional funds for maintenance of local halls and residences.

There are also a number of new fixed term or recurrent positions, the majority of which are required to sustain existing growth in services, or to meet new legislative requirements such as family safety. Some of these positions are partially or totally self funding.

Fees and charges

Existing fees and charges are to be increased in line with Consumer Price Index (inflation) or market levels, on average at 1.5 per cent.

