



2022/23 Annual Budget

Summary of Council's Annual Budget for 2022/23

The 2022/23 Annual Budget focuses on delivering quality services to the community through a combination of existing programs, new initiatives and Capital Works. The Annual Budget 2022/23 is framed to deliver on the Council Plan 2021-2025 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 Financial Plan (FP), Long Term Infrastructure Plan (LTIP) and the Revenue and Rating Plan.

Operating budget

The 2022/23 Annual Budget represents income of **\$116.753 million**, expenditure of **\$92.113 million**, resulting in a surplus of **\$24.640 million**.

The **\$24.640 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 **\$2.394 million**.

The deficit reflects a financial position consistent with the current rate capping environment of **1.75 per cent**, within a rapidly growing Shire.

Financial sustainability

A high-level Strategic Resource Plan for the years 2022/23 to 2025/26 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.

Rates and Valuations

The rate increase is capped at **1.75 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 1.75 per cent increase applies to the total rates revenue received by Council, not to individual ratepayers. Total revenue from rates and charges for 2022/23 is **\$69.247 million** (including supplementary valuations and interest on rates and charges).

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

Fees and charges

Existing fees and charges are to be increased in line with Consumer Price Index (inflation) or market levels, on average at 3.0 per cent.



Budget highlights

Council continues to make a major investment in infrastructure totalling **\$41.778 million** (plus any projects not finished from the current financial year) comprising of the following:

- **\$6.500 million** Baw Baw Culture and Connection Precinct (Stage 1)*
- **\$4.050 million** Warragul Indoor Stadium Stage 1
- **\$1.500 million** Rokeby Noojee Trail*
- **\$2.170 million** Bellbird Park East Multi Use Pavilion
- **\$2.000 million** Roads reconstruction program

***Subject to State and/or Federal Government Grant support. Council would need to reconsider funding models and project delivery should external funding not be successful.**

The Capital Works program for 2022/23 is funded on the following basis:

- **\$17.043 million** of capital grants.
- **\$0.519 million** of contributions from developers required to pay statutory charges for Development Contribution Plans and Public Open Space levies.
- **\$0.552 million** of contributions from others.
- **\$19.613 million** of Council contributions (allocation from rates).
- **\$4.050 million** of new borrowings.

The total proposed capital works budget for 2022/23 is **\$41.778 million**:

- **\$16.774 million** is allocated to the Renewal Program to renew and extend the life of existing assets.
- **\$25.006 million** is allocated to new and upgrade capital works.

The breakdown across the major capital works categories are as follows:

Property	\$17.195 million
Plant and Equipment	\$1.652 million
Roads	\$11.215 million
Bridges	\$0.475 million
Footpaths and Cycleways	\$3.276 million
Drainage	\$2.470 million
Recreation	\$5.185 million
Other infrastructure	\$0.310 million

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

Operating expenses

Council's annual expenses are expected to decrease by **5.0 per cent**. Employee costs are expected to decrease by **\$2.055 million**, or **5.9 per cent**. The decrease is primarily due to the exit from aged and disability services, which were included in 2021/22. Whilst overall there is a decrease, this is slightly offset by an 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.

Depreciation expenses have increased by **2.7 per cent**, reflecting the higher asset cost base due to the revaluation cycle.

Revenue has decreased by **\$4.777 million**, or **3.9 per cent**, largely due to the exit from aged and disability services. Total revenue includes additional rates revenue of **\$3.892 million**. Operating grants are lower due to the exit from aged and disability services, whilst Capital Grants are also lower as per the Long Term Infrastructure Plan.

The budget includes new operating initiatives with a net cost of **\$1.200 million**. This includes several key strategic initiatives including several advocacy campaigns, major events funding, and a significant vegetation protection project.

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.

