

## **ADOPTION OF 2023-24 BUDGET, INCLUDING THE 10-YEAR CAPITAL EXPENDITURE PROGRAM**

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Report Author: Manager Financial Services (CFO)

Responsible Officer: Director Corporate Services

Ward(s) affected: (All Wards);

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*The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.*

### **CONFIDENTIALITY**

This item is to be considered at a Council meeting that is open to the public.

### **PURPOSE**

The purpose of this report is to present Yarra Ranges Council's 4-year budget, including its 10-year Capital Expenditure Program for consideration by Council for adoption. Each year, Council must prepare and adopt a 4-year budget that contains financial statements and other matters which must be approved and adopted by Council by 30 June each year.

### **SUMMARY**

This report presents the 2023-24 to 2026-27 Budget and the 2023-24 to 2032-33 Capital Expenditure Program (the documents) for adoption.

Council has complied with the statutory requirements contained in the *Local Government Act 2020* to enable it to adopt the documents.

The documents outline key activities that will be undertaken by Council and how the activities will be funded.

### **RECOMMENDATION**

***That Council resolves as follows:***

- 1. The 2023-2024 to 2026-2027 Budget and 2023-2024 to 2032-2033 Capital Expenditure Program be adopted for the purposes of sections 91, 93 and 94 of the Local Government Act 2020.***
- 2. The declaration and levy of rates and charges for the 2023-2024 financial year contained within the 2023-2024 to 2026-2027 Budget be adopted for the purposes of section 94 of the Local Government Act 2020.***

## RELATED COUNCIL DECISIONS

On 6 June 2023, Council endorsed that the draft 2023-24 to 2026-27 Budget, including the 2023-24 to 2032-33 Capital Expenditure Program be provided for public exhibition and review.

## DISCUSSION

### *Background*

The budget is a financial plan that specifies the resources required to fund Council's services and initiatives for the next 12 months and the subsequent three financial years. The budget includes both strategic and operational information, and details how the services and initiatives to be funded will contribute to the achievement of the strategic objectives in the Council Plan as well as the indicators and measures to monitor service performance outcomes.

Yarra Ranges Council's 2023-24 to 2026-27 Budget seeks to deliver high quality services, projects and infrastructure that are valued by the community, while ensuring Council remains financially sustainable and able to continue to invest for the benefit of future generations.

The draft budget documents were made available for community exhibition from 6 to 20 June 2023. We are grateful for the 18 submissions received during this period providing constructive feedback. This feedback has been considered by officers and Councillors, and we believe the matters raised in the submissions have been sufficiently addressed in the final budget documents.

On this basis, officers are now in a position to bring forward the consideration of the budget adoption by Council to the meeting being held on 27 June 2023 (in compliance with the timeline required by the *Local Government Act 2020*), rather than the previously advertised date of 11 July 2023 (which was scheduled to allow additional time to consider community comments, if required).

This budget includes an allocation of \$76.6 million towards several significant capital works projects, including \$21.5 million worth of projects carried forward from 2022-23. In line with community feedback, \$59.4 million of this is allocated for asset renewals, upgrades, and expansions, while \$17.1 million will help fund the construction of new assets.

To enable Council to deliver high quality services, projects and investments for the future, Council will be adopting a 3.5% general rates increase, in line with the State Government Rate Cap.

This report also proposes the adoption of the Schedule of Fees and Charges for the 2023-24 financial year as contained in the attached document.

The adoption of these documents is the culmination of extensive consultation with the Yarra Ranges community, Councillors, and officers in relation to strategic priorities for the coming four years and how they will be funded.

## **FINANCIAL ANALYSIS**

The Budget outlines:

- Council's management of financial resources for a four-year period; and
- The proposed resources allocated to the delivery of proposed capital works, delivery of services and funding for key community priorities.

## **APPLICABLE PLANS AND POLICIES**

Council's Vision 2036 articulates the future aspirations for our community and the municipality. The 2021-25 Council Plan sets a clear direction for Council whilst the Council Plan Actions articulate the focussed key initiatives and projects to be undertaken by Council.

The documents outline how these priorities will be funded.

Council's Community Engagement Policy 2021 sets out that Council will engage with the community for input, feedback, and participation in the development of the annual budget.

## **RELEVANT LAW**

Council must prepare and adopt a budget for each financial year and the subsequent three financial years in accordance with section 94 of the Local Government Act 2020.

The annual budget must be in the format outlined in the model prescribed by the Local Government (Planning and Reporting) Regulations 2020.

## **SUSTAINABILITY IMPLICATIONS**

The Budget includes several key environmental initiatives that enable the delivery of key goals outlined in Council's Environment Strategy, the Liveable Climate Plan and Nature Plan to improve the health and biodiversity of our natural environment. These initiatives will aim to reduce resources and energy consumption through environmental best practice.

The Budget also outlines key initiatives that will enable Council to work toward providing the quality services, infrastructure, and programs to promote the health and wellbeing of all within the municipality.

The activities outlined in the Budget allocate funding to projects and initiatives to increase economic growth and support businesses and the community, especially in light of the pandemic and the storm events that have occurred since June 2021.

## COMMUNITY ENGAGEMENT

This year, Council embarked on a revised community engagement process to help us better understand the views and priorities of our community before developing the 2023-24 budget.

Community engagement activities were undertaken over a six-week period, from 30 January to 12 March 2023. This included:

- An online 'post-it note' activity where participants could share some quick thoughts – 289 comments were received from 257 participants;
- A 'Fund It' activity where participants were invited to allocate points towards priorities that were important to them – 207 contributions were received from 189 contributors;
- Community members also made submissions via mail or through an online form, to share their thoughts about priority areas for Council to invest – 48 submissions were received with 28 requesting a response;
- Six pop-up activities were held across the Yarra Ranges to give community members a chance to speak face to face with Council staff, touching base with 209 people, with 53 participating in a budget activity; and
- An internal engagement activity for Council staff was also held, recognising that 70 per cent of Council staff live in the municipality, and 100 per cent work with and for the community. 42 staff participated in the activity.

The Budget development has considered this feedback, noting the competing tensions for scarce resources and the diverse views and needs of approximately 157,000 residents across 55 townships.

Feedback from the budget engagement, as well other general forums, and engagement activities throughout the year, such as the Asset Management Plan engagement, has provided valuable input to the 2023-24 budget development process, helping ensure resources are being allocated to priority areas identified by the community, while also ensuring Council can continue to meet its legislative obligations.

Additionally, the draft budget documents were published for community exhibition and comment between 6 – 20 June 2023. A report of community comments was provided for Councillors' consideration and relevant amendments were made to the documents before being finalised in preparation for adoption.

Submissions received during the initial engagement period (Attachment 4) as well as comments received during the community exhibition period (Attachment 5), along with the relevant responses, are attached to this report.

## **COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT**

The 2023-24 to 2026-27 Budget, including the Capital Expenditure Program, have been prepared through rigorous consultation with Councillors and Council officers. These documents have been developed to respond to the current and future needs of the community considering the significant impact of the current volatile economic environment, as well as supporting continuing recovery from storm events of 2021 and 2022 and the Covid-19 pandemic.

## **RISK ASSESSMENT**

The 2023-24 Budget, including the Capital Expenditure Program, represents an appropriate use of Council funds to deliver on the strategic objectives in the Council Plan in a fiscally constrained environment. Adoption of this budget helps to manage the risk of not delivering on commitments that Council has made to the community. It has been developed based on the best available information at the time of preparing and compiling the documents.

This information includes Council's Strategic Risk Register, which identifies the risks potentially affecting the ability of the organisation to achieve the strategic objectives of the Council Plan.

Council operates in a very dynamic environment, where many weather events and other factors will continue to influence and impact the municipality. These effects are felt for many months, even years, afterwards with substantial physical and financial resources directed to the recovery programs with some of these costs being recoverable through grant funding.

Council will continue to monitor its performance against budget, and should an event occur that could materially impact the budget, we may exercise our right under the *Local Government Act 2020* to formally revise the budget.

## **CONFLICTS OF INTEREST**

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

## **ATTACHMENTS TO THE REPORT**

1. 2023-2024 to 2026-2027 Budget
2. 2023-2024 Fees & Charges Schedule
3. 2023-2024 to 2032-2033 Capital Expenditure Program
4. Community feedback and responses – initial engagement period
5. Community comments and responses – community exhibition period