

2024-2025 TO 2027-2028 BUDGET FOR ADOPTION

Report Author: Manager Financial Services (CFO)

Responsible Officer: Director Corporate Services

Ward(s) affected: (All Wards);

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.

SUMMARY

The proposed 2024-2025 to 2027-2028 Budget, including the 2024-2025 to 2033-2034 Capital Expenditure Program and 2024-2025 Fees and Charges Schedule, has now been updated and finalised following the public Hearing of Submissions Committee meeting on 28 May 2024.

A summary of the changes to the Draft Budget are:

- A reallocation of funding in the Capital Expenditure program from 'general drainage improvements' to Chapel St, Lilydale works – \$50k for investigation and design work in 2024-25, and a further \$250k for construction works in 2025-26. This change is a reallocation from general works only, there is no overall budget impact.
- Fees and charges 2024-2025 – amendments were made to a small number of statutory fees that are subject to annual changes via State Government gazettes released during May 2024.
- The Financial Statements have been amended for Landfill Levy increases, in accordance with the announcement in the 2024-2025 State Government budget, to take effect in from year 2 (2025-2026). This increases Materials and Services expenditure, but is offset by increased waste charge income.
- Minor updates to Officer responses to the 22 public submissions have been attached to this report.

RECOMMENDATION

That Council resolves as follows

- 1. The 2024-2025 to 2027-2028 Budget including the 2024-2025 to 2033-2034 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 2024-2025 financial year contained within the 2024-2025 to 2027-2028 Budget be adopted for the purposes of section 94 of the Local Government Act 2020.**
- 3. Council endorses the responses to the 22 budget submissions received at the Hearing of Submissions Committee meeting on 28 May 2024.**

RELATED COUNCIL DECISIONS

Council endorsed the draft 2024-2025 to 2027-2028 Budget and 2024-2025 to 2033-2034 Capital Expenditure Program and Fees and Charges Schedule to be adopted in principle for community exhibition at its meeting held on 24 April 2024.

DISCUSSION

Purpose and Background

The 2024-2025 to 2027-2028 Budget (and the supporting Capital Expenditure Program) captures how Council proposes to fund the initiatives in the Council Plan over the next four years to achieve its strategic objectives and strategies.

The Budget and Capital Expenditure Program will enable the delivery of more than 120 services to our community, while supporting the maintenance, renewal and construction of community facilities and infrastructure projects, including parks, trails, sporting grounds and pavilions, footpaths, roads, drainage and bridges.

It has been prepared through rigorous and extensive consultation with Councillors and Council officers, as well as significant engagement with the Yarra Ranges community. This has informed the development of the Budget – noting the competing tensions for scarce resources and the diverse views and needs of approximately 165,000 residents across 55 townships.

Yarra Ranges Council remains committed to providing value for money to rate payers. We have continued our approach to identifying opportunities to improve processes and reduce overhead costs in delivering our key services.

The 2024-25 Budget has been developed based on our community's ongoing feedback throughout the year as well as through the formal Budget consultation and submission process.

One of the top priorities identified by our community is improving and maintaining drains to reduce flooding. Council has addressed this in the 2024/25 Budget through a significantly increased commitment of \$16.2 million to be spent on drainage and related infrastructure capital upgrades over the next six years across the municipality – a 300% increase from last year's budget. This is in addition to \$23.0 million of operating expenditure on infrastructure and drainage maintenance (6% increase) also included in the 2024-25 Budget year.

In response to other key areas of feedback from our community, our Budget also outlines an increase in our investment in areas of community priority including:

- Maintaining our roads, footpaths, and trails (\$22 million, a 13% increase from last year)
- Improving and maintaining parks, trees, sporting facilities, bushlands and reserves (\$22 million, 8% increase)
- Caring for the environment and responding to climate change, including emergency event management (\$6 million, 17% increase)
- Programs and activities to support the community through all stages of life (\$18 million, 4% increase in ongoing activities).

FINANCIAL ANALYSIS

The 2024-2025 to 2027-2028 Budget outlines Council's management of financial resources for a four-year period. It outlines the proposed resources to be allocated to the delivery of capital works, delivery of services and funding for our key community priorities and initiatives.

The proposed increase in total rates revenue in 2024-2025 financial year (excluding waste service charges) is determined by the rate cap (2.75% for 2024-2025). There is a common misconception that as properties are revalued, Council receives a "gain" of additional revenue. This is not the case, as the revaluation process results in a redistribution of total rates revenue across all properties in the municipality based on relative changes in property values.

APPLICABLE PLANS AND POLICIES

The development of the 2024-2025 to 2027-2028 Budget contributes to the delivery of strategic financial information on the current and future projections of Council to the community, as outlined in the strategic objective of 'High Performing Organisation' in the Council Plan.

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 2024-2025 to 2027-2028 Budget 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, support businesses and the overall community while ensuring Council remains sustainable into the long term.

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.

COMMUNITY ENGAGEMENT

Council's Community Engagement Policy 2021 sets out how Council will engage with the community for participation and feedback through the process of developing and adopting its annual budget.

Throughout the year we hear from the community in a variety of ways, whether that be at one of the many roadshows held across the municipality, our online feedback portal 'Shaping Yarra Ranges', via Councillors, at Council meetings or from customer feedback.

Feedback from consultation activity, as well as significant information from ongoing engagements with our community throughout the year, has provided valuable and strategic input to the development of the 2024-2025 to 2027-2028 Budget, helping to ensure efficient and effective resource allocation to priority areas identified by the community, while also ensuring Council can continue to meet its legislative obligations.

A process of formal community engagement and submissions to the Draft Budget 2024-2025 to 2027-2028 was open from Wednesday 24 April 2024 to Sunday 19 May 2024. Twenty-two written submissions were received in this process (see Attachment 5) and eight submitters presented their submissions to a Hearing of Submissions Committee meeting on 28 May 2024. Officer responses to the 22 public submissions following the public hearing are attached to this report (Attachment 4).

RISK ASSESSMENT

There is inherent risk in developing a budget based on assumptions that are unknown or uncertain. Further, a constrained financial environment adds additional financial risk to the operations of the organisation. These risks have been considered by Council and the 2024-2025 to 2027-2028 Budget and supporting documents have taken these into account to provide a balanced and prudent 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. Final 2025-2028 Budget
2. Fees and Charges Schedule
3. Capital Works Program 2025-2034
4. Council Responses to Budget submissions received from community