

9.2 Benalla Rural City Council 2022/23 Budget

SF/3919-04
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PURPOSE OF REPORT

The report presents for consideration and adoption the *2022/23 Budget*.

BACKGROUND

The Council at its meeting on Wednesday 20 April 2022 resolved:

1. *That the proposed 2022/23 Budget be endorsed for public exhibition for a period of 28 days from 21 April 2022.*
2. *That submissions relating to the proposed 2022/23 Budget be heard at a meeting of the Finance and Operations Committee on 25 May 2022.*
3. *That the Council consider submissions relating to the proposed 2022/23 Budget at a Council meeting on 15 June 2022.*
4. *That the Council consider the adoption of the 2022/23 Budget at a meeting of the Council on Wednesday 29 June 2022.*

Public notice of the proposed *2022/23 Budget* was given on the Council's website on 21 April 2022 and in the *Benalla Ensign* on Wednesday 27 April 2022.

Feedback was also sought via the Council's website and promoted on social media.

A community information session was held on Tuesday 3 May 2022 at the Benalla Civic Centre.

The submission period closed 5pm Thursday 19 May 2022.

At the close of the submission period 11 submissions had been received.

There have been no material changes proposed to the final *2022/23 Budget* following the consideration of submissions.

DISCUSSION

The *2022/23 Budget* has been distributed under separate cover and is available for download from the Council's website.

Key Financial Issues

Rates and Charges

Base rate revenue will increase by 1.75 per cent in accordance with the State Government's Fair Go Rates system.

Rates and charges are budgeted to raise \$20.679 million in 2022/23 with general rates contributing \$14.176 million.

The Municipal Charge increases to \$260.85 from \$256.38 and will raise \$2.054 million. Waste services charges increase by 5 per cent.

Property assessments increase by 121 from 8,165 in 2021/22 to 8,286 in 2022/23.

User Fees

It is proposed that existing fees and charges increase by an average of 1.75 percent and will raise \$4.602 million.

Borrowings

No new loans are proposed in 2022/23. While borrowings of \$1 million were included in the Council's long term financial plan to part fund the 2022/23 Capital Works Program, cash flow analysis indicates that new borrowings are not required in 2022/23.

Borrowings as at 30 June 2023 will be \$2.808 million a decrease of \$978,000 from 30 June 2022.

Employee costs

In 2022/23, total employee costs are forecast to decrease by 14 per cent from \$14.197 million to \$12.138 million.

The decrease is primarily the result of the transition of Council-provided aged and disability services to other providers and the end of the 'Working for Victoria' employment program.

Operating Result

The 2022/23 operating result is budgeted to be a surplus of \$1.529 million. The surplus is primary due to the receipt of \$7.644 million of capital grant income.

This has been offset by a reduction in operating grant income with 75 per cent of the Australian Government's Financial Assistance Grants pre-paid in 2021/22.

New Expenditure

Following previous community consultation on the Council's long-term financial plan, the *2022/23 Budget* includes funding allocations to the following initiatives:

Detailed technical drawings for the Benalla Indoor Recreation Centre:	\$300,000
Review and update the Benalla Airport Masterplan:	\$100,000
Development of a concept plan to link the Benalla Station precinct to the Benalla CBD:	\$50,000
Increase in funding to Christmas decorations (now \$50,000)	\$33,000
Development of a feasibility study for the Benalla Civic Solar Project:	\$30,000

Capital Works

The budget includes capital works of \$16.053 million. New works total \$8.727 million with \$7.326 million of works carried forward from 2021/22.

The capital works program is funded by grants: \$7.644 million and Council cash: \$8.409 million.

The budgeted 2022/23 Asset Renewal (asset renewal and upgrade expense/asset depreciation) financial performance indicator is 174.70 per cent due to \$13.083 million of renewal and upgrade capital works.

Works include \$2.821 million on roads, \$420,000 on bridges and \$600,000 on footpaths. Drainage works total \$948,000. \$170,000 is allocated to a playground renewal program and \$100,000 to dog park construction costs.

COUNCIL PLAN 2021-2025 IMPLICATIONS

Leadership

- *Good governance.*
- *High performance culture.*
- *Engaged and informed community.*

FINANCIAL IMPLICATIONS

Following consideration of submissions and information obtained post release of the proposed budget, amendments detailed below have been made to the proposed *2022/23 Budget*.

Operating Income

Income has increased by \$1.141 million primarily due to an increase in rates and charges of \$257,000, operating grants \$483,000 and capital grants \$402,000.

The increase in rates and charges is primarily due to budgeted revenue in lieu of rates increasing from \$200,000 to \$400,000.

To help meet increases in Victorian Government waste levy rates, Industrial Waste Management Charges at the Benalla Landfill and Resource Recovery Centre have been budgeted to increase by 10 per cent.

Operating Expenditure

Major changes to operating expenditure are:

Expense	Details	Amount
Materials and Services	Building condition assessments to inform asset management plans.	\$60,000
Materials and Services	Survey and design work to identify a solution to drainage issues at The Culdesac, Benalla.	\$45,000
Materials and Services	Benalla Festival additional allocation	\$37,000
Other Expenses	Local Roads and Community Infrastructure Program – Rural Township Projects expenditure transferred to operating expenditure from capital works expenditure.	\$300,000

Capital Works

Bridge and Major/Culverts expenditure has been amended following a recently completed condition and assessment report.

Proposed Budget		Final Budget	
Bridges/Major Culverts Proposed Budget	Amount	Bridges/Major Culverts Final Budget	Amount
Dookie-Devenish Road	\$220,000	Warrenbayne West Road	\$145,000
Feldtmans Road	\$200,000	Kilfeera Road	\$130,000
		Evans Road	\$93,000
		Tatong-Moorngag Road	\$52,000
Total	\$420,000		\$420,000

Budgeted 2022/23 capital works have increased from \$15.149 million in the proposed budget to \$16.053 million in the final budget. The increase is primarily due to carried forward capital works from 2021/22 to 2022/23 increasing by \$1.234 million.

Borrowings

The proposed budget included borrowings of \$1 million to part fund the 2022/23 Capital Works Program. However, a cash flow analysis based on the latest financial intelligence indicates that new borrowings will not be required in 2022/23.

LEGISLATIVE AND STATUTORY IMPLICATIONS

It is considered that the report is consistent with the *Charter of Human Rights and Responsibilities Act 2006* and *Gender Equality Act 2020*.

OFFICER DECLARATION OF CONFLICT OF INTEREST

No officers involved in the preparation of this report have any general or material conflicts of interest in this matter.

CONCLUSION

The *2022/23 Budget* is based on sound financial principles, prudent debt management and responsible asset management in what are difficult financial times for rural councils.

Increased external assistance from other levels of government will be required to ensure the long-term financial sustainability of Benalla Rural City and similar sized councils across Victoria.

Recommendation:

1. Adoption of the 2022/23 Budget

That the Council:

- having considered the results of the community engagement undertaken by Council, the *2022/2023 Budget* presented to this meeting be adopted by Council in accordance with section 94 of the *Local Government Act 2020*.
- note the *2022/23 Budget* also incorporates a Budget for the 2023/2024, 2024/2025 and 2025/2026 Financial Years.

2. Fees and Charges

- That each of the fees, charges and penalties referred to in the Schedule of Fees of Charges (the Schedule) contained in the Budget be fixed in the respective amounts specified in the Schedule.

3. Declaration of Rates and Charges

Amount Intended to be Raised:

An amount of \$20,226,000 (or such greater amount as is lawfully levied as a consequence of this Recommendation being adopted) be declared as the amount which Council intends to raise by general rates, the municipal charge and the annual service charge (described later in this Recommendation), which amount is calculated as follows:

General Rates	\$14,176,000
Municipal Charge	\$2,054,000
Annual Service Charge	\$3,996,000

4. General Rates

- 4.1 That the Council declare a general rate in respect of the 2022/2023 Financial Year.
- 4.2 That the Council further declared that the general rate be raised by the application of differential rates.
- 4.3 That the differential rate be respectively declared for rateable land having the respective characteristics specified below, which characteristics will form the criteria for each differential rate so declared.
 - 4.3.1 Residential Land (Benalla)
Any land which is:
 - a) used or adapted to being used primarily for residential purposes; and
 - b) located within the Benalla urban area.
 - 4.3.2 Residential Land (Rural Township)
Any land which is:
 - a) used or adapted to being used primarily for residential purposes; and
 - b) located outside the Benalla urban area in an area zoned TZ (Township Zone) or LDRZ (Low Density Residential Zone) under the Benalla Planning Scheme.
 - 4.3.3 Business Land
Any land which is:
 - a) used or adapted to being used primarily for commercial or industrial purposes; and
 - b) not Rural Land – Farmland.

4.3.4 Vacant Land (Benalla)

Any land:

- a) on which no habitable building is erected; and
- b) which is located within the Benalla urban area.

4.3.5 Vacant Land (Rural Township)

Any land:

- a) on which no habitable building is erected; and
- b) is located outside the Benalla urban area in an area zoned TZ (Township Zone) or LDRZ (Low Density Residential Zone) under the Benalla Planning Scheme.

4.3.6 Rural Land – Non-Farming

Any land which is:

- a) not Rural Land – Farmland; and
- b) located in an area zoned RLZ (Rural Living Zone), FZ (Farm Zone), RCZ (Rural Conservation Zone) or UFZ (Urban Floodway Zone) under the Benalla Planning Scheme.

4.3.7 Rural Land – Farmland

Any land which is:

- a) not less than 2 hectares in area; and
- b) used primarily for the business of grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee-keeping, viticulture, horticulture, fruit growing, the growing of crops of any kind or combination of any such activities.

4.4 differential rate will be determined by multiplying the Capital Improved Value of each rateable land (categorised by the characteristics described in paragraph 2.3 of this Resolution) by the relevant percentages indicated in the following table:

Property Category	Cents in the dollar of Capital Improved Value
Residential (Benalla)	0.003479
Residential (Rural Township)	0.002847
Business properties	0.006110
Vacant Land (Benalla)	0.006094
Vacant Land (Rural Township)	0.002890
Rural Land (Non-Farming)	0.002747
Rural Land (Farmland)	0.002246

- 4.5** considers that each differential rate will contribute to the equitable and efficient carrying out of Council functions, and that:
- 4.5.1** the respective objectives of each differential rate be those specified in the Schedule to this Resolution; and
 - 4.5.2** the respective types or classes of land which are subject to each differential rate be those defined in the Schedule to this Resolution; and
 - 4.5.3** the respective uses and levels of each differential rate in relation to those respective types or classes of land be those described in the Schedule to this Resolution; and
 - 4.5.4** The relevant:
 - a) uses of;
 - b) geographical locations of;
 - c) planning scheme zoning of; and
 - d) types of building onthe respective types or classes of land be those identified in the Schedule to this Resolution.
- 4.6** Confirm that no amount is fixed as the minimum amount payable by way of general rate in respect of each rateable land within the municipal district.
- 4.7** In accordance with Section 4(1) of the *Cultural and Recreational Lands Act 1963*, the amount of rates payable in respect of each of the rateable lands to which that Act applies be determined by having regard to the services provided by Council in relation to such lands and having regard to the benefit to the community derived from such recreational lands. This amount shall be 0.004259 multiplied the Capital Improved Value of that rateable land.
- 5. Municipal Charge**
- 5.1** That the Council declare a Municipal Charge in respect of the 2022/2023 Financial Year.
 - 5.2** That the Municipal Charge be declared to cover some of the Council's administrative costs.
 - 5.3** That the Municipal Charge be in an amount of \$260.85 for each rateable property within the municipal district.
- 6. Annual Service Charge**
- 6.1** That the Council declare an annual service charge in respect of the 2022/2023 Financial Year.
 - 6.2** That the annual service charge be declared for the collection and disposal of refuse, and be levied in respect of all rateable land within the municipal district.

6.3 That the annual service charge be in the sum of, and be based on the criteria, specified below:

Type of Receptable Made Available for Provision of Service	Per Rateable Property
Urban Areas	
80 It Organic - 80 It Waste with Recycle	\$374.50
120 It Organic - 80 It Waste with Recycle	\$414.00
240 It Organic - 80 It Waste with Recycle	\$498.50
80 It Organic - 120 It Waste with Recycle	\$457.00
120 It Organic - 120 It Waste with Recycle	\$540.00
240 It Organic - 120 It Waste with Recycle	\$622.00
80 It Organic - 240 It Waste with Recycle	\$705.50
120 It Organic - 240 It Waste with Recycle	\$787.50
240 It Organic - 240 It Waste with Recycle	\$870.50
Rural Areas	
80 It Waste with Recycle	\$374.50
120 It Waste with Recycle	\$540.00
240 Waste with Recycle	\$870.50
Additional Collection Options	
Additional Bin - Organic	\$247.50
Additional Bin - Waste	\$198.00
Additional Bin – Recycle	\$211.00
Weekly Collection – Waste	\$217.50
Weekly Collection - Recycle	\$179.50

7. Incentive

That no incentive be declared for the early payment of the general rates, Municipal Charge or annual service charge previously declared.

8. Extra Instalment Options

That the Council may, in addition to payment quarterly on the dates specified in section 167 of the *Local Government Act 1989*, by further Resolution, specify other options as to the manner in which the general rates, Municipal Charge and annual service charge may be paid.

9. Consequential

9.1 That it be recorded that the Council requires any person to pay interest on any amounts of rates and charges which:

9.1.1 that person is liable to pay; and

9.1.2 have not been paid by the date specified for their payment,

such interest to be calculated in accordance with section 172(2) of the *Local Government Act 1989*.

9.2 That the General Manager Corporate be authorised to levy and recover the general rates, municipal charge and annual service charge in accordance with the *Local Government Act 1989* and *Local Government Act 2020*.

10. That all submitters on the proposed *2022/23 Budget* be written to thanking them for their submission and advising of the Council's decision to adopt the *2022/23 Budget*.

11. That the Chief Executive Officer be authorised to effect minor administrative and wording changes to the *2022/23 Budget* if required.

The Schedule

Residential (Benalla)

Objective: The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- construction and maintenance of infrastructure assets
- development and provision of health and community services
- provision of general administration and support services.

Types and Classes

Any land which is:

- used or adapted to being used primarily for residential purposes; and
- located within the Benalla urban area.

Use and Level of Differential Rate

The money raised by the differential rate will be applied to the items of expenditure described in the Budget. The level of the differential rate is the rate that Council considers is necessary to achieve the objectives specified above.

Geographic Location

Situated in the Benalla urban area.

Use of Land

Any residential use permitted under the Benalla Planning Scheme.

Planning Scheme Zoning

The characteristics of planning scheme zoning are applicable to the determination of land which will be subject to the rate applicable this category. The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme, will be LDRZ – Low Density Residential Zone, GRZ – General Residential Zone, UFZ – Urban Floodway Zone or MUZ – Mixed Use Zone. Residences established in other zones with existing non-conforming rights or planning approval are also eligible for inclusion in this category.

Types of Buildings

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2022/23 financial year.

Residential (Rural Township)

Objective: The objective of the Residential (Rural Township) differential rate is that the reduced benefits received by the lower density properties.

Types and Classes

Any land which is:

- used or adapted to being used primarily for residential purposes; and
- located outside the Benalla urban area in an area zoned TZ (Township Zone) or LDRZ (Low Density Residential Zone) under the Benalla Planning Scheme.

Use and Level of Differential Rate

The money raised by the differential rate will be applied to the items of expenditure described in the Budget. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The level of the differential rate is the rate that Council considers is necessary to achieve the objectives specified above.

Geographic Location

Situated in a Rural Township location.

Use of Land

Any residential use permitted under the Benalla Planning Scheme.

Planning Scheme Zoning

The characteristics of planning scheme zoning are applicable to the determination of land which will be subject to the rate applicable to this category. The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme, will be TZ – Township Zone or LDRZ – Low Density Residential Zone. Residences established in other zones with existing non-conforming rights or planning approval are also eligible for inclusion in this category.

Types of Buildings

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2022/23 financial year.

Business

Objective: The objective of the Business differential rate is to recognise the benefits derived by this class of property, including higher infrastructure investment and general support services.

Types and Classes

Any land which is:

- used or adapted to being used primarily for commercial or industrial purposes; and
- not Rural Land – Farmland.

Use and Level of Differential Rate

The money raised by the differential rate will be applied to the items of expenditure described in the Budget. The level of the differential rate is the rate that Council considers is necessary to achieve the objectives specified above.

Geographic Location

Wherever located in the municipal district.

Use of Land

Any business use permitted under the Benalla Planning Scheme.

Planning Scheme Zoning

The characteristics of planning scheme zoning are applicable to the determination of land which will be subject to the rate applicable to this category. The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme will be, C1Z – Commercial 1 Zone, C2Z – Commercial 2 Zone, IN1Z – Industrial 1 Zone, IN2Z – Industrial 2 Zone, TZ – Township Zone, IN3Z – Industrial 3 Zone or MUZ – Mixed Use Zone. Businesses established in other zones (i.e. GRZ – General Residential Zone) with existing non-conforming rights or planning approval are also eligible for inclusion in this category.

Types of Buildings

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2022/23 financial year.

Vacant Land (Benalla)

Objective: The objective of the Vacant Land (Benalla) is to encourage development of this class of land.

Types and Classes**Any land:**

- on which no habitable building is erected; and
- which is located within the Benalla urban area.

Use and Level of Differential Rate

The money raised by the differential rate will be applied to the items of expenditure described in the Budget. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The level of the differential rate is the rate that Council considers is necessary to achieve the objectives specified above.

Geographic Location

Situated in the Benalla urban area.

Use of Land

Any use permitted under the Benalla Planning Scheme.

Planning Scheme Zoning

The characteristics of planning scheme zoning are applicable to the determination of land which will be subject to the rate applicable to this category. The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme, will be LDRZ – Low Density Residential Zone (situated adjacent to the Benalla urban area), GRZ – General Residential Zone, UFZ - Urban Flood Zone or MUZ – Mixed Use Zone.

Types of Buildings

The types of buildings on the land within this differential rate are all buildings which are constructed on the land or which are constructed prior to the expiry of the 2022/23 financial year.

Vacant Land (Rural Township)

Objective: The objective of the Vacant Land (Rural Township) differential rate is to encourage development of this class of property while taking into account the reduced benefits received by lower density properties.

Types and Classes

Any land:

- on which no habitable building is erected; and
- is located outside the Benalla urban area in an area zoned TZ (Township Zone) or LDRZ (Low Density Residential Zone) under the Benalla Planning Scheme.

Use and Level of Differential Rate

The money raised by the differential rate will be applied to the items of expenditure described in the Budget. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The level of the differential rate is the rate that Council considers is necessary to achieve the objectives specified above.

Geographic Location

Situated in a Rural Township location.

Use of Land

Any use permitted under the Benalla Planning Scheme.

Planning Scheme Zoning

The characteristics of planning scheme zoning are applicable to the determination of land which will be subject to the rate applicable to this category. The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme, will be TZ – Township Zone or LDRZ – Low Density Residential Zone (situated in a Rural Township.)

Properties located adjacent to established Township precincts, with a land area of generally less than 5ha and located in the Farm Zone – FZ, will be included in this category.

Types of Buildings

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2022/23 financial year.

Rural (Non-Farming)

Objective: The objective of the Rural - Non Farming differential rate is to recognise the reduced infrastructure investment and provision of services to this class of property.

Types and Classes

Any land which is:

- not Rural Land – Farmland; and
- located in an area zoned RLZ (Rural Living Zone), FZ (Farm Zone), RCZ (Rural Conservation Zone) or UFZ (Urban Floodway Zone) under the Benalla Planning Scheme.

Use and Level of Differential Rate

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The level of the differential rate is the rate that Council considers is necessary to achieve the objectives specified above.

Geographic Location

Situated in a rural location (excluding areas immediately adjacent to rural township precincts).

Use of Land

Any use permitted under the Benalla Planning Scheme.

Planning Scheme Zoning

The characteristics of planning scheme zoning are applicable to the determination of land which will be subject to the rate applicable to this category. The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme, will be RLZ – Rural Living Zone or FZ – Farming Zone or RCZ – Rural Conservation Zone or UFZ – Urban Floodway Zone.

Types of Buildings

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2022/23 financial year.

Rural (Farmland)

Objective: The objective of the Rural – Farmland differential rate is to recognise the reduced infrastructure investment and provision of services to this class of property. The differential rate also recognises the land stewardship and amenity that large rural holdings provide to the rural landscape.

Types and Classes

Any land which is:

- not less than 2 hectares in area; and
- used primarily for the business of grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee-keeping, viticulture, horticulture, fruit growing, the growing of crops of any kind or combination of any such activities.

Use and Level of Differential Rate

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

The level of the differential rate is the rate that Council considers is necessary to achieve the objectives specified above.

Geographic Location

Wherever located in the municipal district.

Use of Land

Any use permitted under the Benalla Planning Scheme.

Planning Scheme Zoning

The characteristics of planning scheme zoning are applicable to the determination of land which will be subject to the rate applicable to this category. The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme will be FZ – Farming Zone, RCZ – Rural Conservation Zone or subject to an approved land use activity, RLZ – Rural Living Zone or LDRZ – Low Density Residential Zone or IN1Z – Industrial One Zone.

Types of Buildings

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2022/23 financial year.