

## 2. Proposed 2022/23 Budget

SF/2485-07

Cathy Fitzpatrick – Manager Finance  
Robert Barber – General Manager Corporate  
Dom Testoni – Chief Executive Officer

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### PURPOSE OF REPORT

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

### BACKGROUND

Under Section 94 of the *Local Government Act 2020*, the Council must prepare and adopt a budget for each financial year and the subsequent three financial years.

The four-year ‘rolling’ Budget must:

- give effect to the Council Plan
- contain financial statements in the form required by the regulations (and accounting standards)
- provide a general description of services and initiatives to be funded
- identify major initiatives from the Council Plan that will be priorities for each financial year
- for services funded in the budget, the prescribed indicators, and measures of service performance
- total rate income and information on differential or fixed components of rates
- a statement on whether Council intends to apply for an increase or variation to the rate cap.

The four-year budget will outline how resources will be allocated across initiatives, programs, services, and capital works, as well as financing and debt redemption/servicing. It also provides a comprehensive outline of all income to be derived from rates, fees and charges, grants, and other revenue.

### DISCUSSION

The proposed *2022/23 Budget* is attached as **Appendix 1**.

### 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 \$20.422 million in 2022/23 with general rates contributing \$14.162 million.

The Municipal Charge increases to \$256.38 from \$260.85 and will raise \$2.049 million.

Waste management revenue increases by 6 per cent and will raise \$3.972 million.

Property assessments increase 98 from 8,165 in 2021/22 to 8,263 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***

One million dollars in new loans are proposed in 2022/23. Borrowings as at 30 June 2023 will be \$3.8 million.

### ***Employee costs***

In 2022/23, employee costs are forecast to decrease by 14.53 per cent. The decrease is primarily the result of the cessation of Council provided aged and disability services and the end of the 'Working for Victoria' employment program.

### ***Operating Result***

The 2022/23 operating result is budgeted to be a surplus of \$1.071 million. The surplus is primary due to the receipt of \$7.242 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.

### ***Financial Position***

Then Council's overall financial position is budgeted to improve with net assets increasing by \$1.071 million to \$265.7 million.

The Working Capital (current assets/current liabilities) indicator at 30 June 2023 is budgeted to be 173 per cent.

### ***Capital Works***

The proposed budget includes capital works of \$15.149 million. New works total \$9.057 million with \$6.092 million of works carried forward from 2021/22.

The capital works program is funded by grants: \$7.242 million, Council cash: \$6.907 and borrowings: \$1 million.

The Asset Renewal (asset renewal and upgrade expense/asset depreciation) indicator is 160.40 per cent due to \$12.012 million of renewal and upgrade capital works.

**COUNCIL PLAN 2021-2025 IMPLICATIONS****Leadership**

- Good governance.
- Engaged and Informed Community.

**LEGAL OR STATUTORY IMPLICATIONS**

The proposed *2022/23 Budget* has been developed to ensure compliance with the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

**GENDER EQUALITY ACT**

Under the *Gender Equality Act 2020* the Council is required to undertake a gender impact assessment when developing or reviewing any policy, program or service that has a direct and significant impact on the public.

A gender equity assessment found the proposed *2022/23 Budget* as having an overall neutral gender impact.

**FINANCIAL IMPLICATIONS**

Costs associated with the development of the proposed *2022/23 Budget* have been met from existing budget allocations.

**COMMUNITY ENGAGEMENT**

In accordance with the Council's *Community Engagement Policy*, it is proposed that, that community engagement on the proposed *2022/23 Budget* be undertaken at the 'Involve' level under the International Association for Public Participation's IAP2 public participation spectrum as detailed in the table following:

Level of Public Participation	Promise to the community	Techniques to the used
Involve	Work with the community to ensure their concerns or aspirations are reflected in the alternatives developed. Feedback provided on how community input influenced the decision.	<ul style="list-style-type: none"> <li>▪ Council report.</li> <li>▪ Public notice in the <i>Benalla Ensign</i> and on the Council website.</li> <li>▪ Proposed <i>2022/23 Budget</i> to be exhibited and feedback invited.</li> <li>▪ Promotion of proposed <i>2022/23 Budget</i> via media, website and social media.</li> <li>▪ Community information session conducted.</li> <li>▪ Proposed <i>2022/23 Budget</i> made available in hardcopy for review at key locations.</li> <li>▪ Audit and Risk Committee invited to provide feedback on the proposed <i>2022/23 Budget</i>.</li> </ul>

**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.

**Recommendation:**

- 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.**