

## Proposed 2024/25 Budget Executive Summary

### Financial Snapshot

- Total revenue: \$38.956 million
- Total expenditure: \$38.772 million
- Total comprehensive result: \$184,000 surplus
- Adjusted operating result: \$3.403 deficit\*

\* Adjusted operating result reflects the true operating result by excluding non-recurrent capital grants, monetary contributions and non-monetary contributions.

For more information, refer to Sections 3.1: Comprehensive Income Statement.

### 1. Rates and Charges

Total revenue from rates and charges is projected to be \$23.041 million, this includes Cultural and Recreational properties and solar farms. The average rate increase of 2.75 percent in-line with the Victorian Government's Rate Capping system.

Waste management to be charged to ratepayers as a full cost recovery service. Charges increase by 5 percent and will raise \$4.354 million in 2024/25.

### 2. Financial Position

The financial position is expected to improve with net assets (net worth) to increase by \$184,000 during 2024/25.

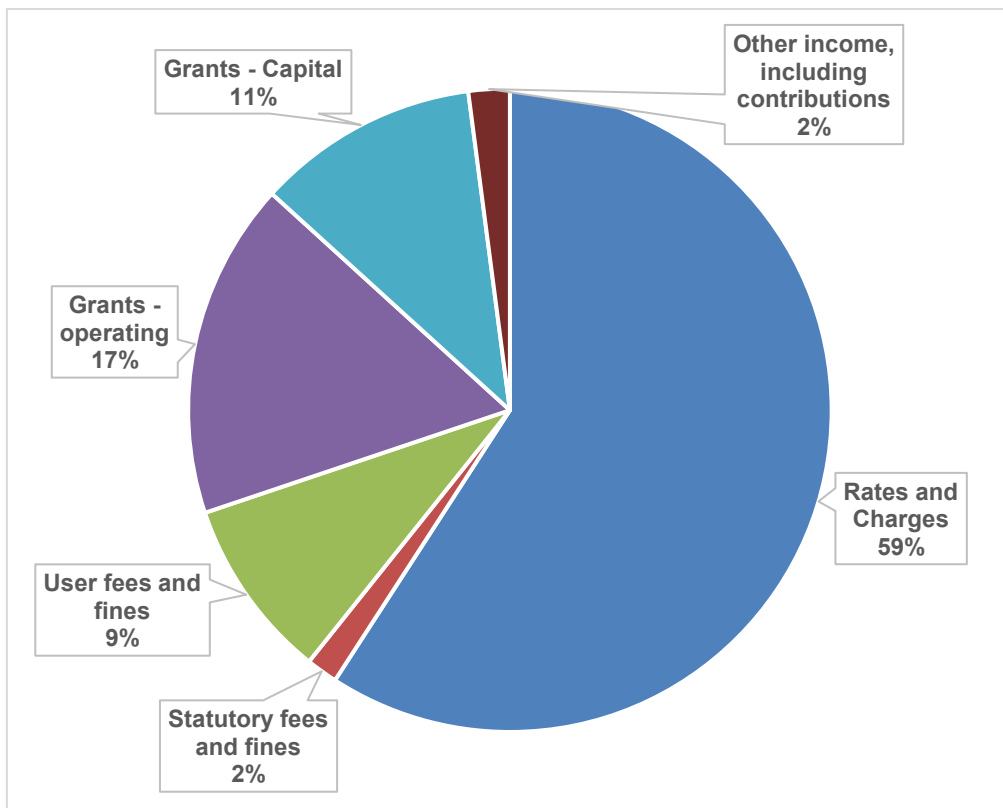
Working capital is an indicator of Council's ability to meet its financial obligations as and when they fall due (being current assets less current liabilities).

There will be a decrease in working capital in 2024/25 due to the reduction in net current assets of \$1.543 million as at 30 June 2025 as cash is used to complete capital works carried forward into the 2024/25 financial year.

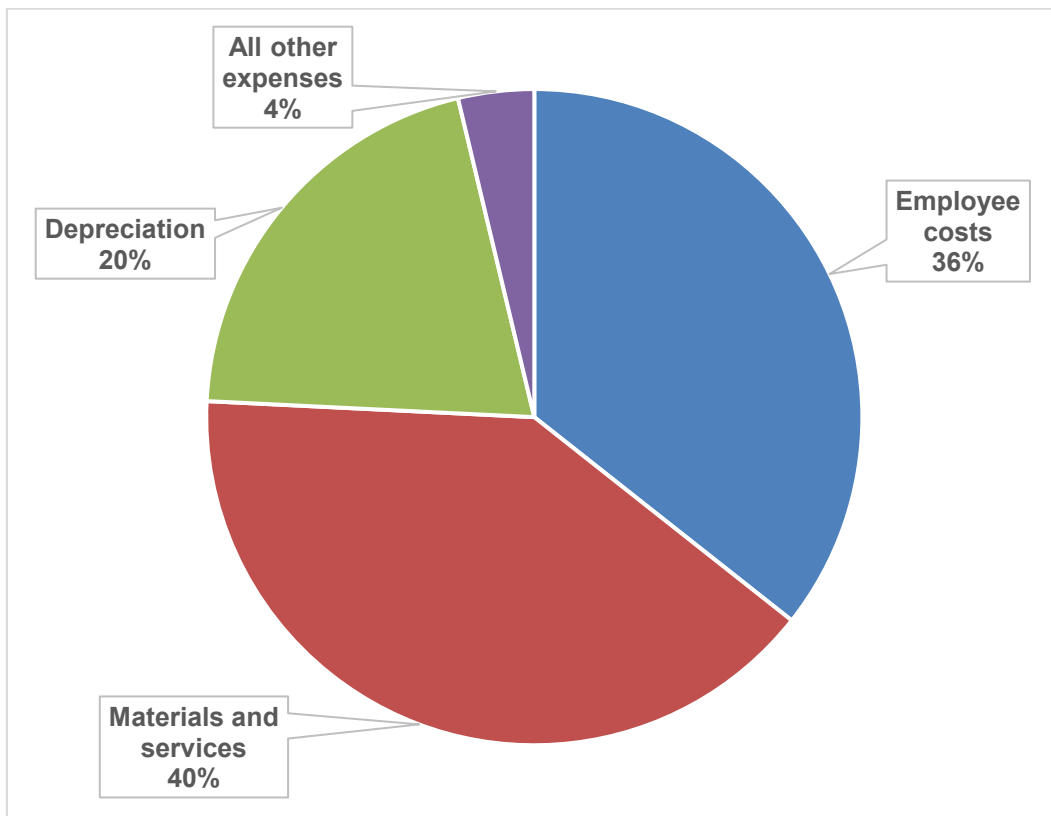
### 3. Operating Result

The expected operating result for the 2024/25 year is a surplus of \$184,000.

**Operating income: \$38,956,000:**



**Operating expenses: \$38,772,000:**



## 4. Financial Sustainability

The budget has been prepared for the four-year period ending 30 June 2028. In turn, the budget is set within the Financial Plan to assist Council to adopt a budget within a longer-term financial framework.

The key objective of the Financial Plan is financial sustainability, while still achieving the Council's strategic objectives.

A key measure for assessing financial sustainability is the adjusted underlying result. This measures whether a council can generate sufficient adjusted revenue to meet total expenses. It is measured by comparing the adjusted underlying result to adjusted underlying revenue, expressed as a percentage.

An adjusted underlying surplus indicates that a council can generate sufficient revenue to meet its expenses.

The adjusted underlying result across the four years is budgeted to be deficits of \$3.403 million in 2024/25 and then improving slightly to \$2.066 million in 2025/26, \$2.443 million in 2026/27 and \$2.742 million in 2027/28.

Underlying deficits reflect the ongoing challenge faced by many small rural and regional councils in ensuring their long-term financial sustainability.

As a council we have wide-ranging responsibilities under more than 120 pieces of Victorian legislation, including land use planning and building control, public health services, domestic animal control and environmental protection legislation. We are also responsible for maintaining community infrastructure.

Councils across Australia manage around 77 percent of the road network but only collect around 3.5 percent of the total tax revenue raised by governments in Australia. This is unsustainable in the long-term.

As an average across the sector, local government revenue comes from three main sources: rates, which makes up about 38 per cent of total revenue, user charges/sales of goods and services 28 percent and grants from federal and state/territory governments 14 percent. For some rural and remote councils, where own-source revenue-raising capacity is limited, grants can account for more than 50 percent of revenue.

Our capacity to raise revenue is important to our financial sustainability and our ability to improve the wellbeing of our local community. Unfortunately, across Australia, many local government authorities have insufficient revenue-raising capacity to maintain or upgrade the significant infrastructure holdings and to provide the level of services that our community desires.

Councils will continue to face challenges with rate capping, the escalation of costs of materials and services, the stagnation of grant funding and the changing nature of government funding programs.

This puts at risk the financial sustainability of local government and its ability to balance growing community need and expectation for new and improved infrastructure and services. Add to this the impact of weather-related events that continue to impact on our finances and asset renewal program - it makes the goal of financial sustainability a difficult challenge.

Financial Assistance Grants (FAGs) is a grant program provided to local government from the Australian Government. Financial Assistance Grants are particularly valuable for local government, as the funding is untied, meaning it can be spent where it is most needed. This can include delivering new programs that meet community needs, as well as maintaining local pools, libraries, sporting grounds and roads.

Unfortunately, FAGs funding was equal to around 1 percent of Commonwealth taxation revenue in 1996. This has declined by around 43 percent in relative terms over the past 20 years, and in recent years, amounted to approximately 0.55 percent of Commonwealth tax revenue. This is despite population growth, increased responsibilities, inflation, along with an increase in natural disasters.

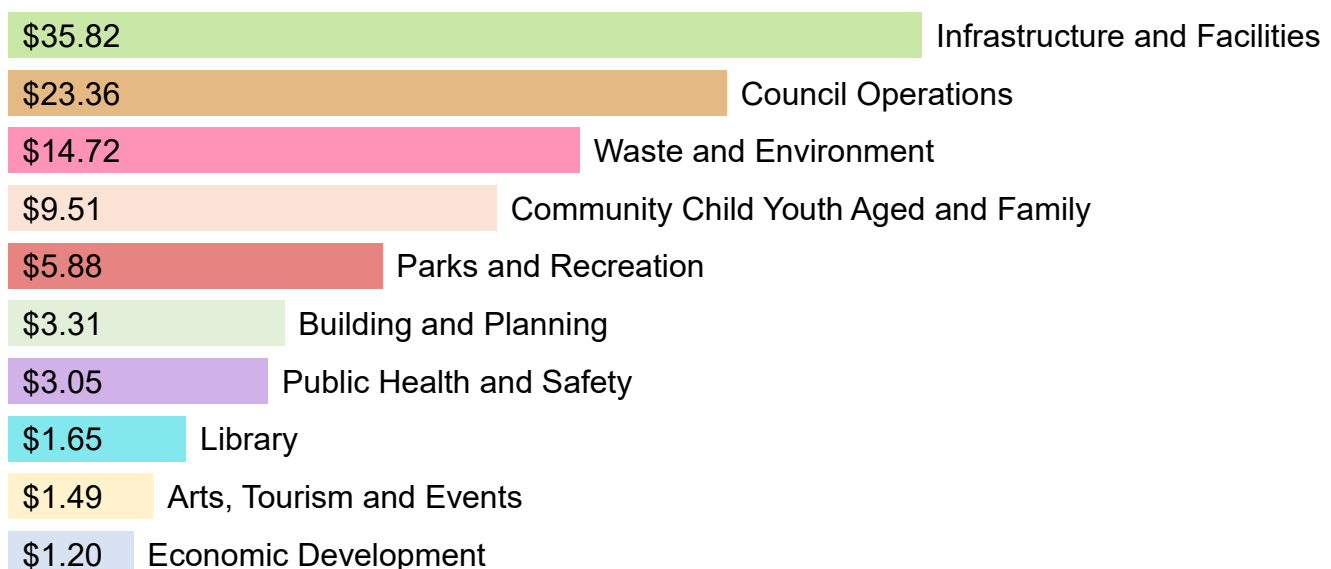
To address our underlying deficit position, we will continue to advocate on behalf of its community for increased funding from other levels of government. We will also closely monitor costs across the organisation while exploring increasing revenue from other sources, including residential development and the attraction of business and industry to expand and vary Benalla Rural City's rates base.

## 5. Services

Council has allocated \$30.227 million in direct service delivery to Benalla Rural City community.

These services are summarised in Section 2 of the proposed *2024/25 Budget* together with Council's major initiatives, actions, and measures of success.

The graph below shows how much is allocated to each broad service area for every \$100 that Council spends:



## 6. Borrowings

No new borrowings are budgeted for 2024/25. Borrowings decrease from a forecast \$2.215 million at 30 June 2024 to a projected \$641,000 at 30 June 2028

## 7. Cash

At the end of the financial year, the Council’s cash position is budgeted and forecast to be:

- 2024/25: \$15.883 million
- 2025/26: \$16.171 million
- 2026/27: \$15.705 million
- 2027/28: \$12.539 million.

For more information, refer to the Statement of Cash Flows in Section 3 Financial Statements in the proposed *2024/25 Budget*.

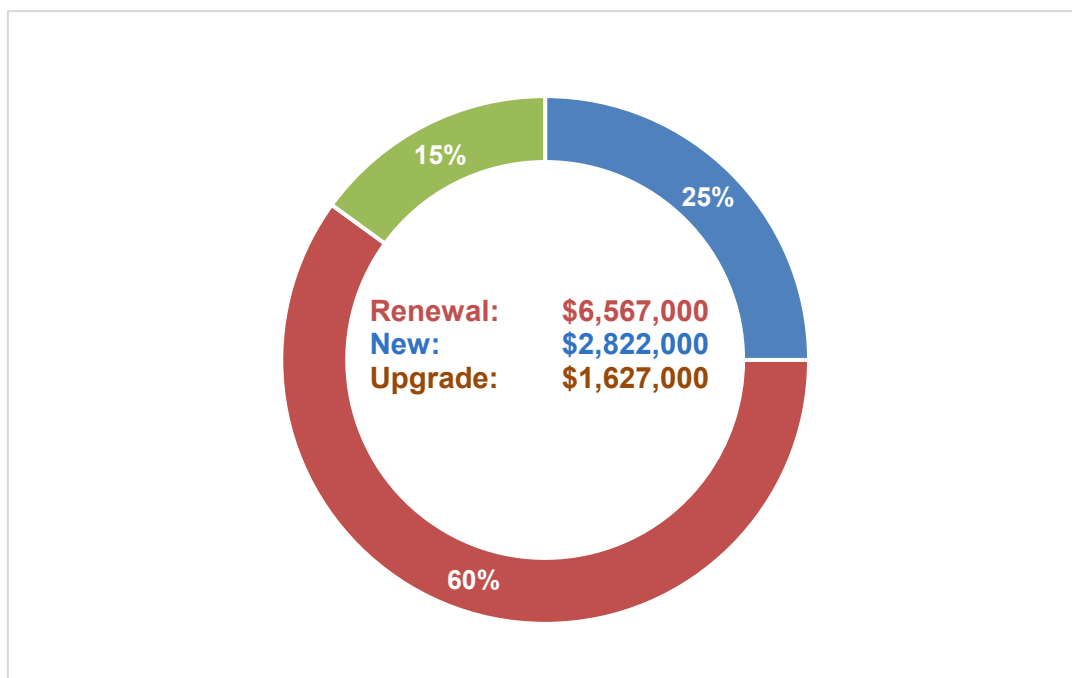
## 6. Capital Works

Capital works total \$11.016 million in 2024/25. Key areas of expenditure include:

- Buildings \$3.162 million
- Roads \$2.186 million
- Waste management \$1.350 million
- Plant, machinery and equipment \$1.160 million
- Drainage \$972,000.

Capital works are funded by Council cash \$6.659 million and grants \$4.357 million.

### Asset expenditure type:



For more information, refer to the Statement of Capital Works in Section 3 Financial Statements and Section 4.5 Capital Works Program Statements in the proposed *2024/25 Budget*.