

About the 2024-2025 Annual Budget and Rates

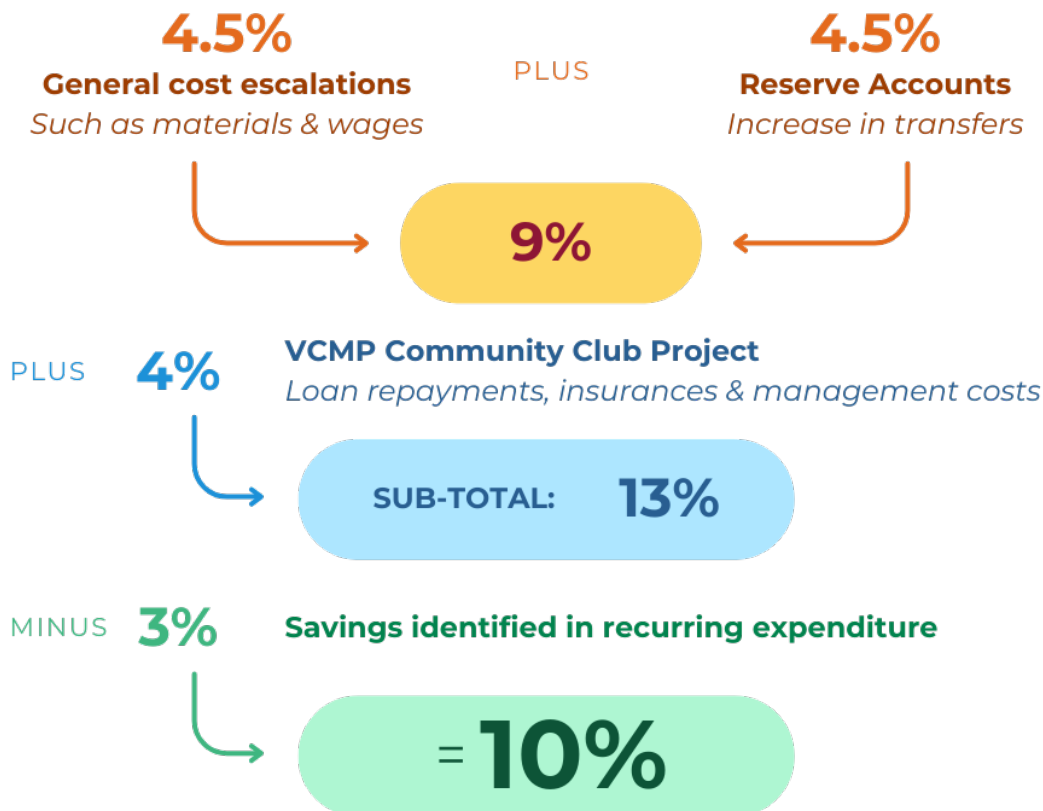
Shire of Donnybrook Balingup 12 September 2024



This overview provides a summary of key changes and areas of focus in the draft 2024-2025 Annual Budget, which will be considered by Council at its Special Council Meeting on Wednesday, 18 September 2024. For full details and to view the draft 2024-2025 Annual Budget, please refer to the documents and attachments of the meeting on the Shire website.

What do Rates look like for this financial year?

For the 2024-2025 period, the draft budget requires a 10% rate increase, noting that 1% equates to approximately \$72,222 in additional rate revenue. The 10% increase was determined to meet the following needs:



A 10% rate increase is expected to realise an **average** annual rate increase of between \$191 and \$230 per annum, or between \$3.68 and \$4.43 per week. *Note these figures are averages only and can be higher or lower depending upon any changes to property valuations over the last year.*



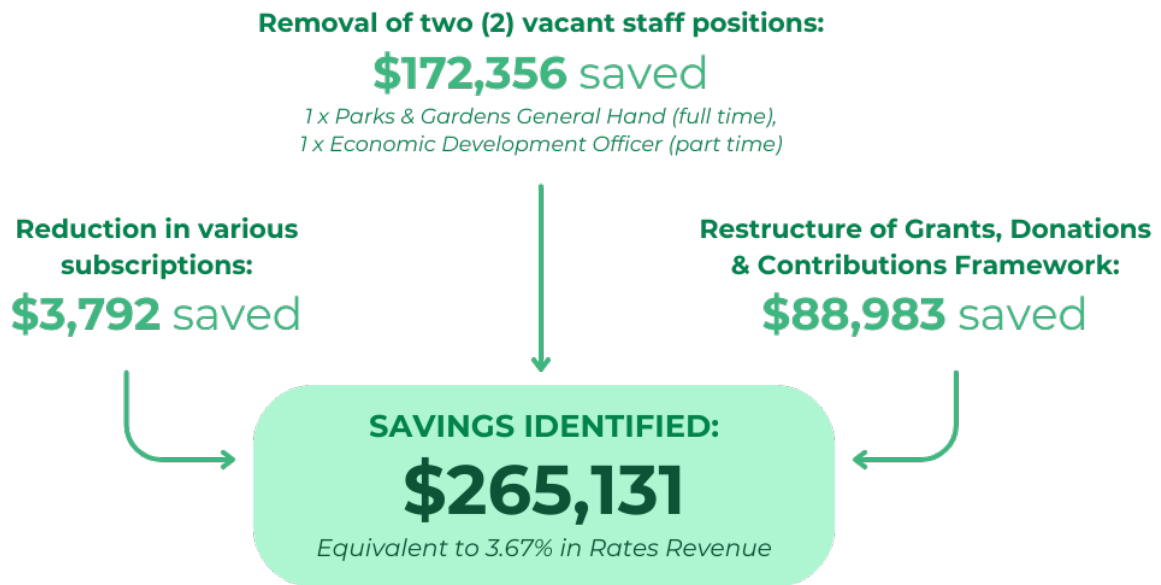
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Where is recurring expenditure being reduced to achieve 3% savings?

The 3% efficiencies have been determined following a request from Council to the Shire Executive to identify potential savings without significantly impacting service delivery. A total of \$265,131 in savings, equivalent to 3.67% of the 2023-2024 rates revenue, has been identified and is reflected in the draft budget, as follows:



The 2024-25 draft budget has been prepared from a base of zero, with every cost, subject to review. Historical costs were challenged and additional savings have been identified.

Through budget workshops, Council has identified as a priority the need to boost funds set aside for future asset maintenance and replacement. These additional savings will be transferred to asset reserves to meet this priority.

What is the focus of the draft budget?

The draft budget has been prepared with a focus on pivoting the organisation toward improved financial sustainability, and reflects the trends identified in the Long Term Financial Plan (LTFP), adopted by Council in July 2024.

The LTFP is an informative document that projects the Shire's financial commitments over the next 10 years, and does not dictate or determine what rates or annual budgets will look like. It serves purely to guide the Council in the budget preparation process.

The LTFP identified that the Shire's existing revenue base is approximately 25% below the level required to meet its long-term objectives and responsibilities. This equates to an annual funding gap of approximately \$1.8 million.



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The 10% rate increase is one means of addressing this funding gap. Other measures include:

- Continuing to review recurring expenditure, such as the total of \$265,131 achieved above,
- Reviewing own-source revenue from fees and charges, following the user-pays philosophy,
- Rationalising assets, particularly those with high servicing costs but minimal use.

Funds have been included in the draft budget to engage with independent consultants to assess a selection of property assets for potential disposal through methods such as the sale of the asset.

How has project development and operational works impacted the draft budget?

The draft budget provides funds to cover key corporate projects, building improvement works, and operational items such as roads, pathways and bridges. Funds are also provided for the VCMP Community Club project loan repayments, loan guarantee fees, insurances, and operating costs, as shown below:

VCMP Community Club Project (new for 2024-2025):

Pro-Rata Facility Operating Expenses	\$51,500		
Borrowing Principal	\$87,278		
Borrowing Interest	\$145,455	Pro Rata Rent/Lease Revenue	\$8,321
WATC Borrowing Guarantee Fee	\$19,690	Net Expenditure	\$295,602
Total Expenditure	\$303,923	Rates Percentage Increase	4.15%

Key Corporate Projects for 2024-2025:

- Progress Landfill Closure Management Plan \$100,000
- Progress Landfill Site Future Options Assessment \$100,000
- Energy Audit of Selected Shire buildings \$15,000
- Commercial Buildings Asset Review \$50,000

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Roads, Pathways & Bridges:

The draft budget provides \$5,034,851 for capital construction works as outlined below.

Road Construction	\$3,608,844	Bridge Construction	\$1,261,005
Pathway Construction	\$165,002	Total Construction Costs	\$5,034,851

Capital construction works include:

- Johnston Street
- Montgomery Road
- Greenbushes Grimwade Road
- Southampton Road
- Kirup Cundinup Road
- Balingup Nannup Road
- Jayes Road
- Grimwade Road
- Forrest Road
- Smith Road
- Timms Road
- Airstrip Road

Proposed drainage works are planned for Bond Street, Fleet Street and Victoria Parade, Additionally, bridge upgrades are planned for Bridge Street, Merrifield View and Upper Capel Road, all of which are fully funded by grants. The sole funded pathway capital project is the construction of an all-ability ramp to the weir on the Preston River Path Loop.

Building Improvements:

Council's Asset Management Plan (AMP) identifies a range of building renewal works for the 2024-2025 period, with a number of works carried over from the 2023-2024 year. The following buildings are proposed for significant works:

- Balingup Hall
- Kirup Hall
- Brookhampton Hall
- Yabberup Hall
- Community Centre/Infant Health Clinic
- Donnybrook Community Resource Centre
- Balingup Village Green Public Toilets
- Apex Park Public Toilets
- Balingup Transit Park Ablutions
- Minninup Cottages
- Shire Works Depot
- Shire Parks & Gardens Depot
- Donnybrook Recreation Centre
- Administration Office and Council Chambers

The budget also contains the carry-forward income and expenditure for the capital works that are yet to be completed relating to the VCMP Community Club Project.

ENDS.

