

# Message from the President about the Long Term Financial Plan

Shire of Donnybrook Balingup 17 July 2024



The Long Term Financial Plan (LTFP) provides a new benchmark to measure performance. I would like to highlight a change that has been made to way the LTFP is presented, and also provide an update on the timing of the release of the 2024-25 budget.

The 2024-2025 Budget preparation is underway with an expected delivery of mid-September. Progress is being made, including discussion of budget parameters at Councillors workshops each Wednesday. For the first time, the Shire's budget is being built up from a zero base to provide improved visibility and reporting of the Shires expenditure across all areas. This work is taking time and will position the Shire well for improved financial analyses and will support future cost savings. It is a first step toward improving the Shire's accounting software capabilities.

While this work continues, I am pleased to advise that this year's LTFP is being received by Council at the July 2024 Ordinary Council meeting. For those who may not be aware, the LTFP is prepared each year, prior to the budget. It serves to inform and guide Councillors about the Shire's financial position. It also tells us about the timing of asset maintenance or renewal and where funds will be sourced – either from annual operating revenue, reserve funds or borrowings. The LTFP provides the most financially sustainable pathway to meeting our future objectives. Unlike the budget, the LTFP is not a binding document.

You may recall when former Temporary CEO Dr Garry Hunt highlighted to Councillors and the community the decades-long impact of failing to set aside reserve funds to sustain our assets. An annual funding gap of \$1.75m was presented to Councillors. Following on from this, the LTFP confirms that the Shire's existing rating yield is 25% below the level required to meet the long-term objectives and responsibilities of the Shire. This is a clear benchmark from which we can improve and is different from how we have prepared the LTFP in the past. Previously, this figure would represent the expected rate rise for the coming budget.

There are at least four (4) strategies that Councillors are exploring to help reduce the 25% benchmark figure. Some of these may be included in the 2024-2025 budget, while others may not be realised until our next or following budget.

The strategies being explored include and are not limited to:

- Asset rationalisation and optimisation,
- Increase recurring revenue (income from assets, fees and charges and income from rates),
- Decrease recurring expenditure through the identification of efficiency dividends, and
- Increase Grant Funding applications to provide for major asset repair and renewal.



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The goal for Councillors and the Shire Executive is to bring down the 25% benchmark through a mix of these strategies.

Councillors are looking to our Community for collaborative support and encouragement as we learn about, engage, and make decisions about the Shire's future financial position. Our firm wish is that we will work well together, to maintain our 'Focus on the Future.'

You can read more about the LTFP in the documents being received by Council at the July Ordinary Council Meeting (Wednesday 24 July, 2024).

If you have any questions about this important change to the way the LTFP is now being prepared, please submit your question online through the Shire website, or you can contact myself or another Councillor.

**ENDS.**

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