

Community Presentation FY25 Operating Expenditure

19 March 2024

Agenda



MORNINGTON
PENINSULA
Shire



Budget Timetable



Operating Expenses



Community Feedback



Operating Revenue

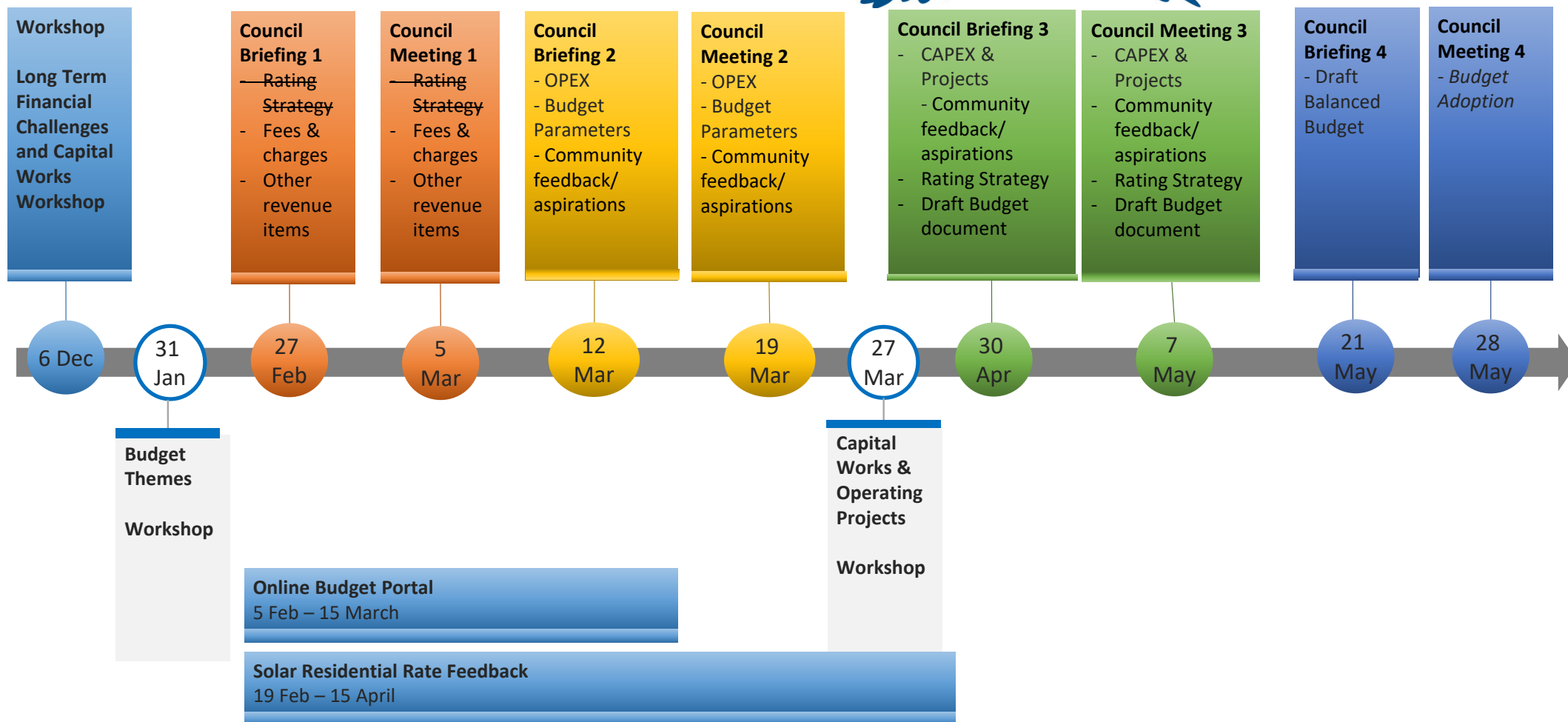


Operating Expense Items



Next Steps

Budget Timetable 2024/2025



Operating Expenditure Budget

- ✓ 100+ services and Overheads
- ✓ Includes the costs of adopted policies/ decisions throughout the year
- ✓ Draft figures to be finalized by May meeting
- X Does not include capitalized expenses (Assets)
- Projects- operating
- **Balanced Budget**

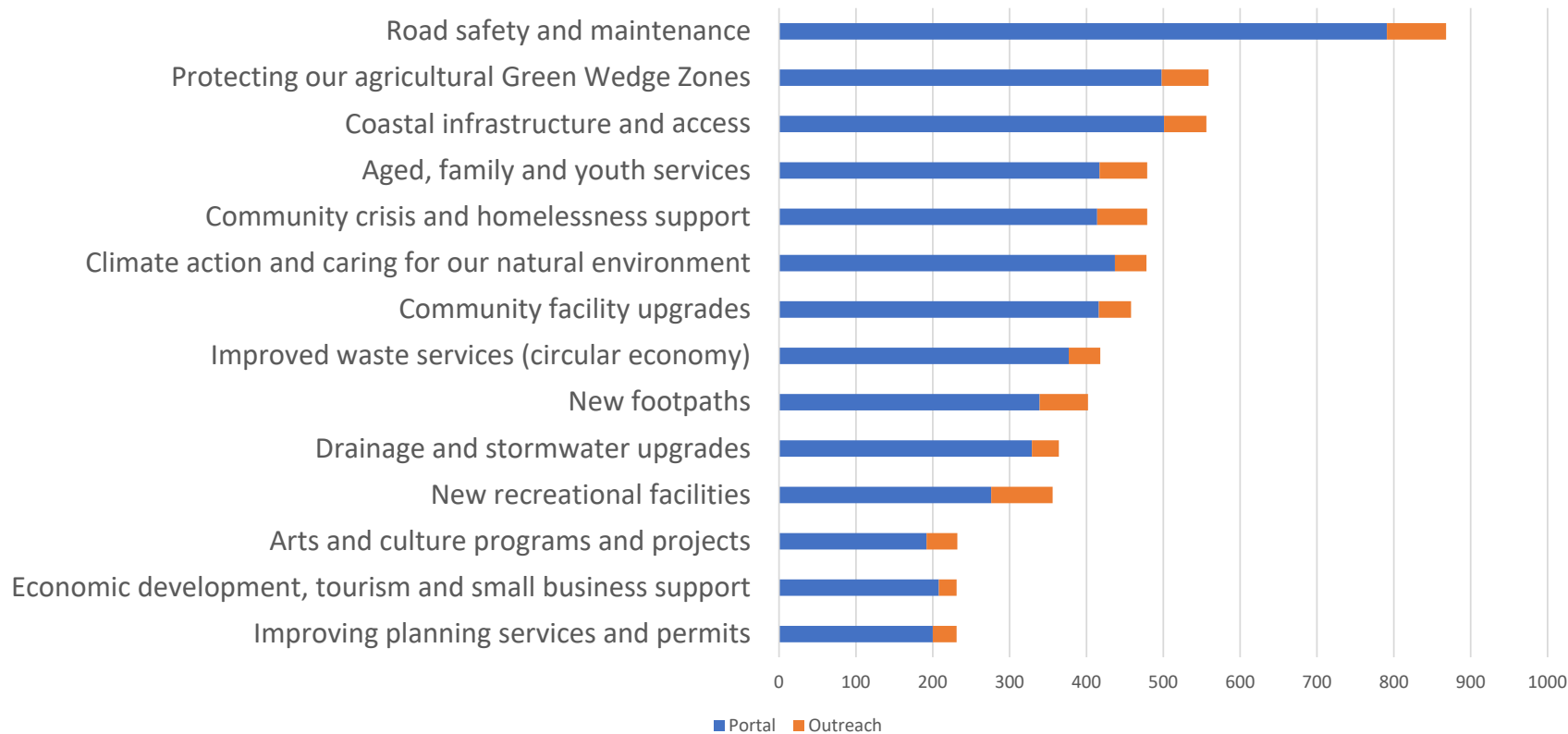
Budget Consultation Progress

Consultation opened on Monday 5 February for budget feedback and remained open until 15 March.

Survey

- Visitors: 2,595
- Contributors: 1,139
- Ideas/Comments: 160
- Written Submissions: 200+

FY25 Budget - Community Priorities



Budget Consultation Progress

- Community prefers that to maintain current services funding is sort from sponsorships and partnerships rather than increase council rates
- Community prefers to cutting spend by postponing investments in new and replacement facilities rather than reducing the range of services.
- 53.5% said no to increasing fees and/or charges to maintain current service levels
- 34.8% said yes to reducing spend on some services and providing to a lesser standard

Solar Consultation Progress

Consultation opened on Monday 19 February for budget feedback and remains open until 15 April.

Survey

- Visitors: 993 Contributors: 603
- 43.4% believe it is very important for community to transition to renewable energy sources like solar power
- 43.9% of those completing the survey already have solar power
- 76% don't support the initiative of a solar discount
- 81.8% are not interested in attending information session/workshop about solar energy and the proposed concept
- 68.2% of those completing the survey were over 50

Revenue Budget Review

	Adopted Budget FY24 \$'000	Draft Budget FY25 \$'000	FY24 Bud v Draft Bud Variance Fav/(Unfav) \$'000	FY24 Bud v Draft Bud Variance Fav/(Unfav) %
Income				
Rates and Charges	222,442	226,551	4,109	2%
Grants and subsidies	9,520	9,133	(387)	(4)%
User Charges	31,298	29,325	(1,974)	(6)%
Grants Commission	6,961	7,513	553	8%
Other Income	4,129	6,463	2,334	57%
Total Operating income	274,349	278,985	4,635	2%
Other Income/Expenses				
Interest Income	2,900	4,000	1,100	38%
TOTAL Income	277,249	282,985	5,735	2%

- Rates & Charges up 2% from PY:
 - ❑ WSC reduction
 - ❑ 2.75% rate cap
- Grants & Subsidies reflect expense programs
- User charges impacted by decreased volumes
- Grants commission to be confirmed by EoFY

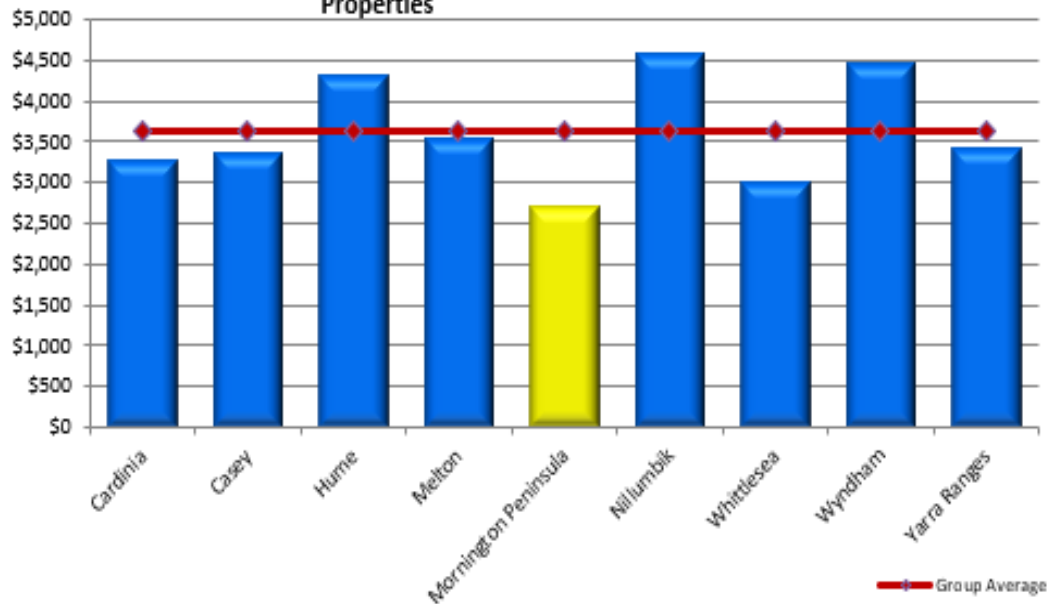
Draft Operating Expenditure - FY25 Budget

	Adopted Budget FY24	Draft Budget FY25	FY24 Bud v Draft Bud Variance Fav/(Unfav)	FY24 Bud v Draft Bud Variance Fav/(Unfav)
	\$'000	\$'000	\$'000	%
Expenses				
Employee Costs	(89,161)	(95,941)	(6,779)	(8)%
Materials and Services	(43,559)	(36,508)	7,050	16%
Materials and Services - Contracts	(101,221)	(111,878)	(10,658)	(11)%
Other Expenses	(8,538)	(8,098)	440	5%
Total operating expenses	(242,478)	(252,425)	(9,947)	(4)%
Other Income/Expenses				
Interest Expense	(1,086)	(884)	202	19%
Debt Servicing Principal	(2,971)	(2,633)	338	11%
Lease liability repayments	(946)	(915)	31	3%
Total Other Income/ Expenditure	(5,003)	(4,432)	571	11%
TOTAL Expenses	(247,482)	(256,857)	(9,375)	(4)%

- Operational budgets in order to deliver our 100+ services for the community
- (\$252M) Operating Expenses, up 4%
- (\$4.4M) Debt Servicing & Leasing
- \$7.2M Target Operational Savings
- \$26M remains available for Council to allocate to capital works projects, operating projects and community submissions

How do we compare?

Mornington Peninsula - 2022/23 - 32 - Total Operating Expenses / Rateable Properties

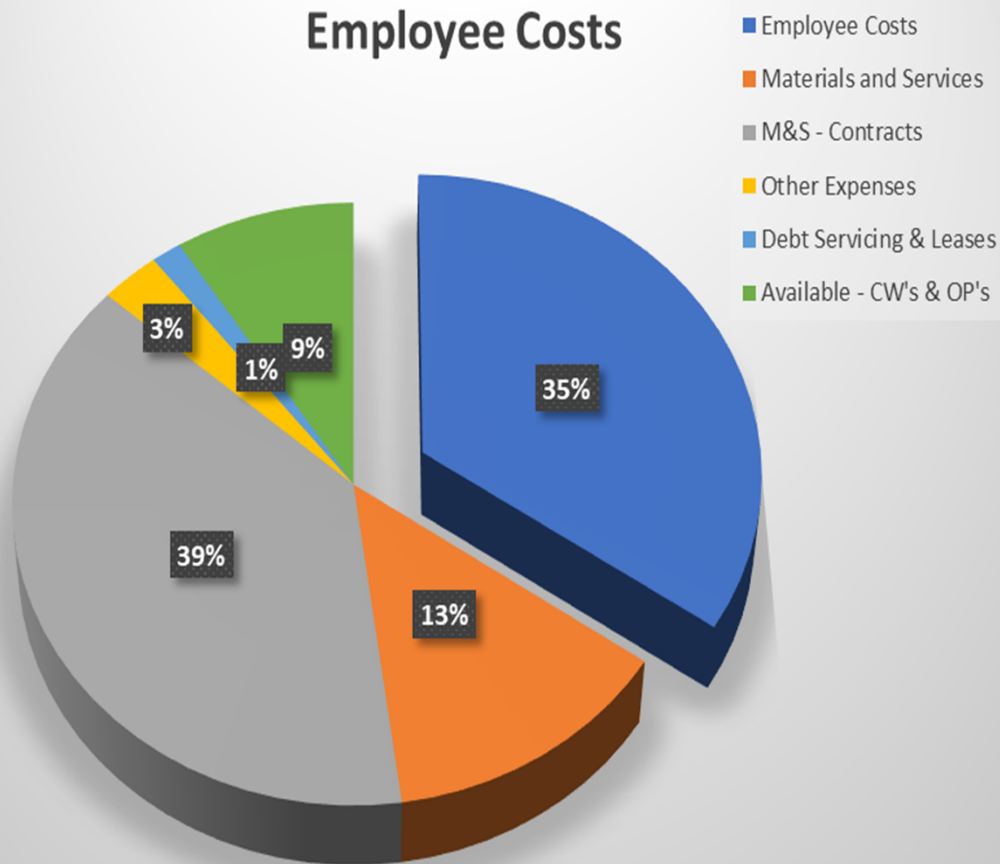


In addition, the council is seeking to identify \$7.2M in further operational savings to compete with increasing costs and service delivery

- \$7.2M Target Operational Savings
- \$12.5M Reduction in Capital Works Program
- Financial Sustainability considerations
 - Service Reviews
 - Property Strategy
 - Revenue Strategy

- Approx. \$750 less in operating expenditure per rateable property compared to other interface councils

How do we allocate our budget? Employee Costs

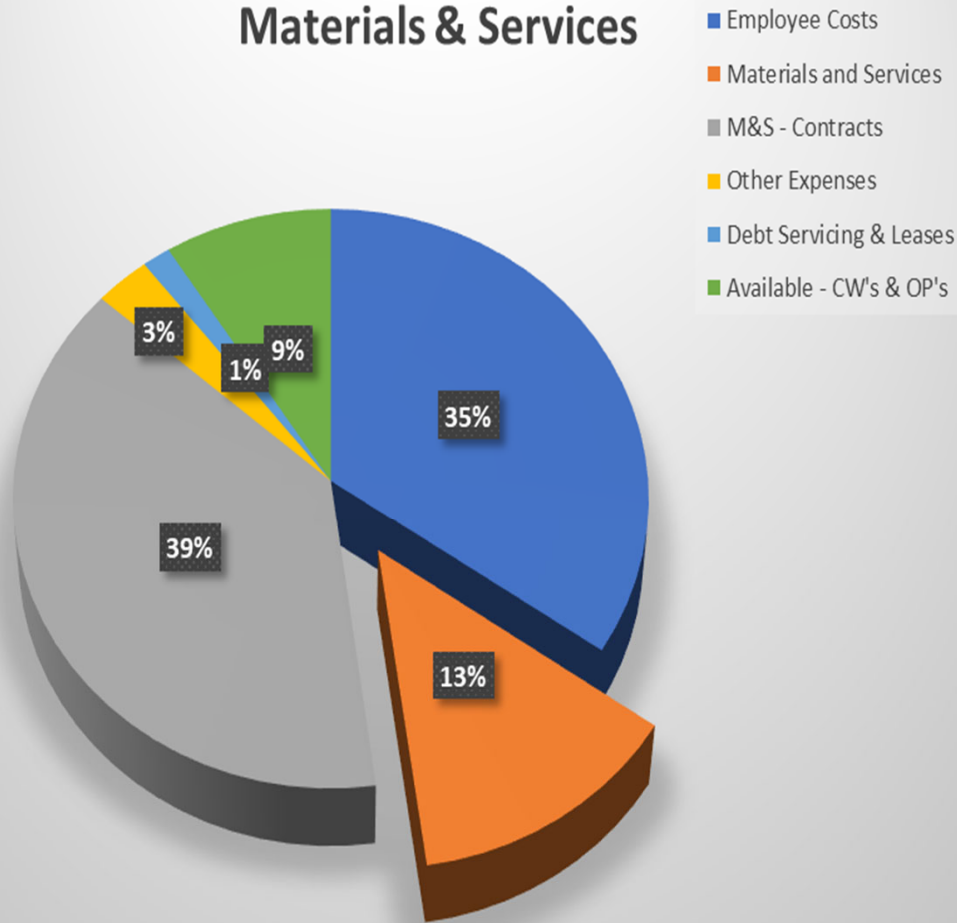


➤ 8% increase in employee costs from prior year

- ✓ 0.5% increase in superannuation
- ✓ Annual wage growth
- ✓ Creation of an in-house building maintenance team
- ✓ Increased FTE to deliver our new maintenance contracts
- ✓ Increased WorkCover premium costs

How do we allocate our budget? Materials & Services

Materials & Services



➤ 4% increase in materials & services operating costs

- ✓ 34% decrease in legal costs from 5 years ago
- ✓ Budgeting for full cost recovery of card surcharges
- ✓ Rising utility and insurance costs

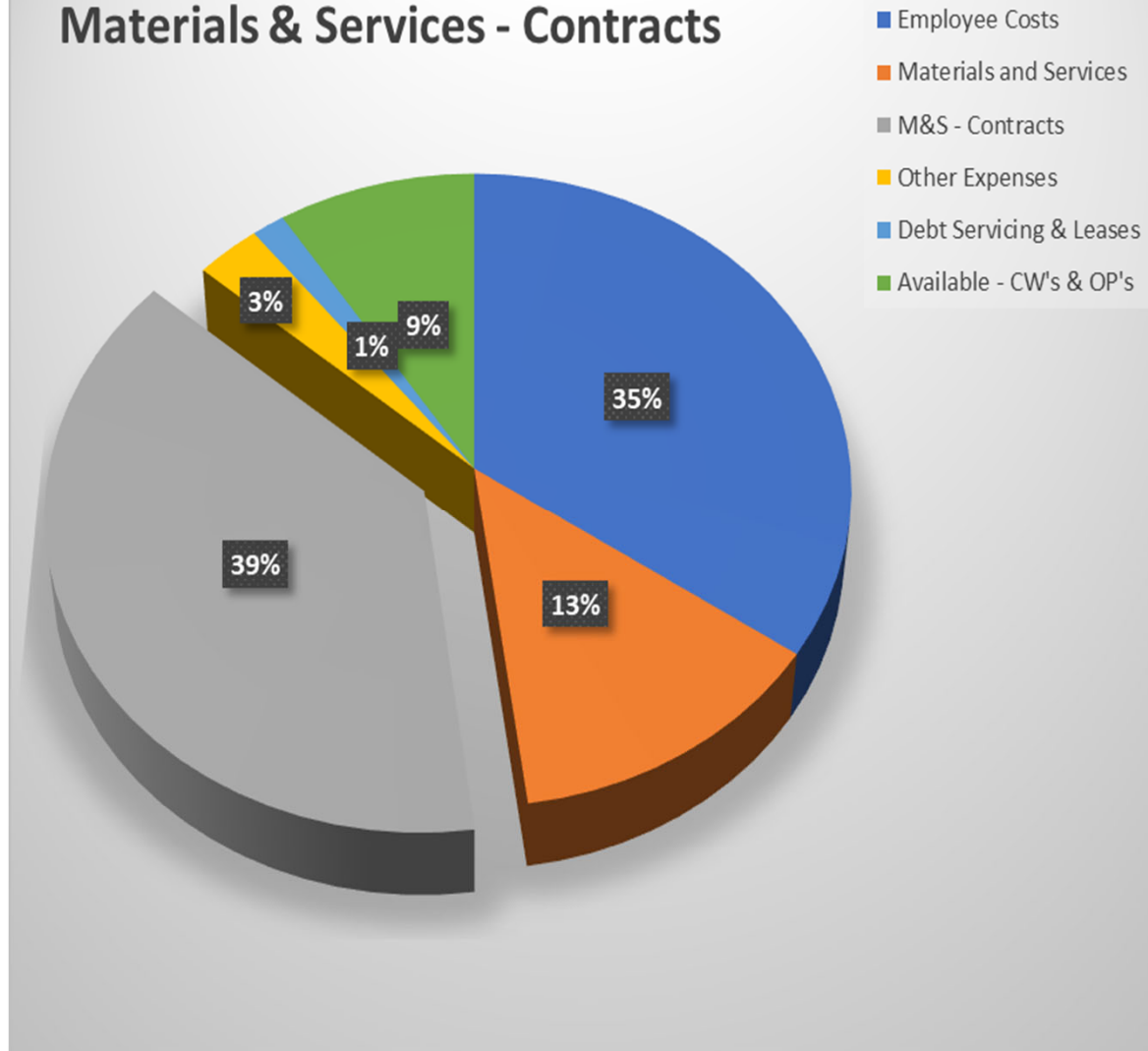
	Budget FY24 \$'000	Budget FY25 \$'000	Change	
			\$'000	%
Utilities	4,172	4,889	716	17.17%
Parking and travel	227	217	(10)	(4.30%)
Operating leases	1,189	1,195	5	0.45%
Information technology	4,642	4,952	310	6.67%
Insurance	2,275	2,480	206	9.05%
Legal	1,383	1,450	68	4.91%
Specialist advisors / contractors	12,390	12,971	581	4.69%
Bank Charges	680	456	(224)	(32.95%)
Subs & Memberships	643	622	(21)	(3.19%)
Program & Supply Costs	2,740	2,641	(98)	(3.59%)
Other	6,756	6,614	(142)	(2.10%)
Total materials and services	37,096	38,487	1,391	3.75%

Materials & Services – Contracts

- Overall 11% increase in service contract costs
- Outsourced model
- \$3.7M reduction in WSC activities saving rate payers ~\$35

	Budget FY25 \$'000
Waste management services	39,157
Maintenance - Open Space	14,063
Maintenance - Buildings	15,915
Maintenance - Road Corridors	25,204
Maintenance - Tree Management	9,372
Bushland and Vegetation Works	5,949
Sport & recreation	2,212
Total materials and services - contracts	111,873

Materials & Services - Contracts

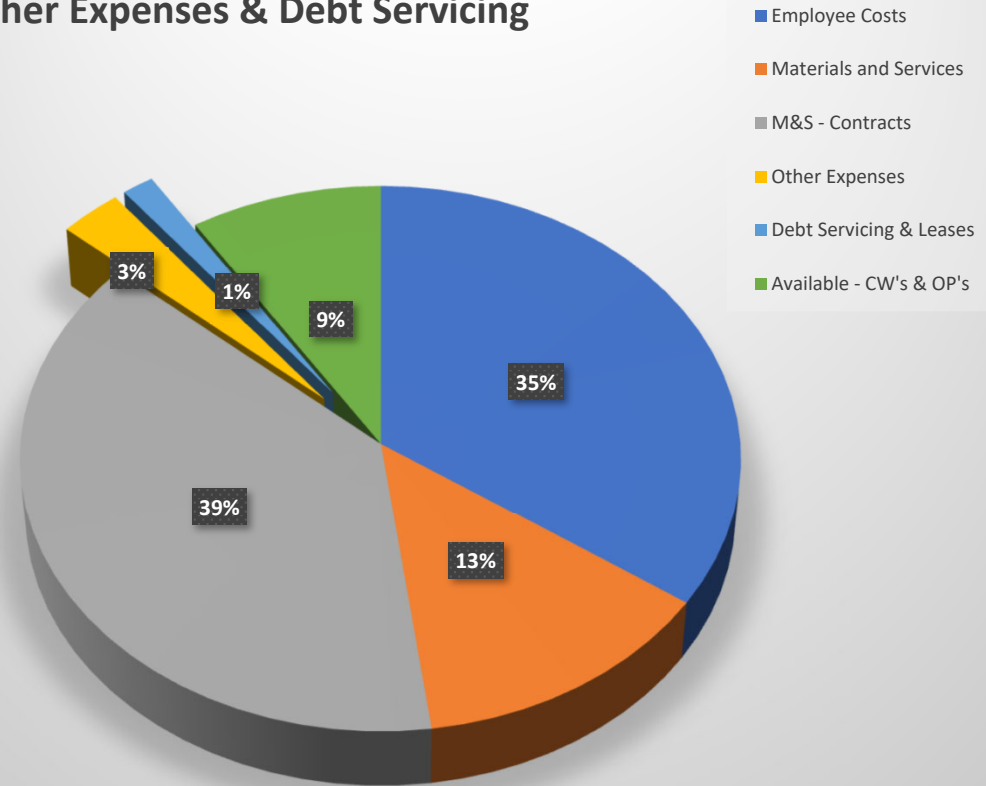


Other Expenses & Debt Servicing

- Debt servicing costs down 15%
- Community Grants & Subsidies have been kept at same level as FY24

	Budget FY25 \$'000
Community Grants	1,621
Community Subsidies	1,334
Sponsorships	554
Total Community Investment Funding	3,509

Other Expenses & Debt Servicing



FY25 FPS for Endorsement

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Materials and Services	(43,559)	(36,508)	7,050	16%
Materials and Services - Contracts	(101,221)	(111,878)	(10,658)	(11)%
Other Expenses	(8,538)	(8,098)	440	5%
Total expenses	(242,478)	(252,425)	(9,947)	(4)%
Funds Available	31,871	26,560	(5,311)	(17)%
Other Income/Expenses				
Interest Income	2,900	4,000	1,100	38%
Interest Expense	(1,086)	(884)	202	19%
Debt Servicing Principal	(2,971)	(2,633)	338	11%
New Borrowings	3,877	-	(3,877)	(100)%
Lease liability repayments	(946)	(915)	31	3%
Total Other Income/ Expenditure	1,774	(432)	(2,206)	(124)%
Available Funds	33,645	26,128	(7,517)	(22)%

- Operating budget remains in draft and still subject to change
- \$26M available funds for the consideration of capital works, operating projects and community submissions



Next Steps



QUESTIONS?



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