

About the 2025-2026 Long Term Financial Plan (LTFP)

Shire of Donnybrook Balingup Thursday 15 May 2025



This is a message from Shire President Vivienne MacCarthy providing an update about the 2025-2026 Long Term Financial Plan (LTFP), and has been shared as a video (transcript also included on-screen). The video is available on our website: www.donnybrook-balingup.wa.gov.au

Hello, I'm Vivienne MacCarthy, President of the Shire of Donnybrook Balingup.

With the financial year-end fast approaching, Council has commenced preparations for the next annual budget. In this video, I will be sharing helpful information about the Long Term Financial Plan (LTFP), which projects the Shire's financial commitments for the next 10 years and serves to inform the annual budget process. The LTFP is reviewed each year with the 2025-2026 plan to be presented to Council for adoption at the May Ordinary Council Meeting (OCM).

First, I'd like to provide context for our current position. Last year, it was highlighted to Council that there was a decades-long issue of insufficient funds being set aside to meet the Shire's long-term objectives and responsibilities. At that time an annual funding shortfall of \$1.8m had been identified. This meant that the existing rate yield was 25.5% below the level required. As a consequence, Councillors, the Shire Executive and our community worked together to make the difficult decisions needed to avoid extending this problem into the future.

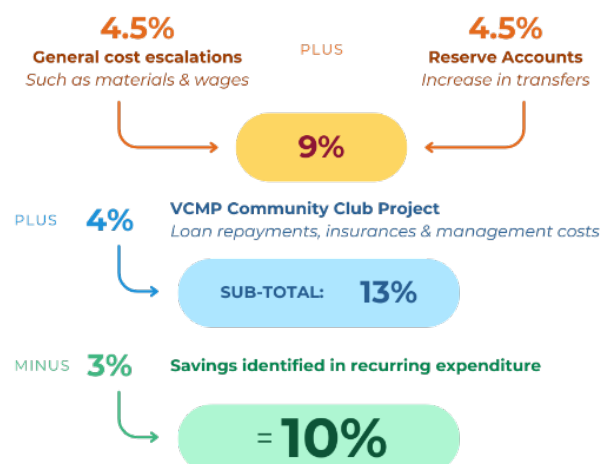
The 2024-2025 LTFP introduced a forward-looking performance measure to highlight the funding shortfall each and every year. Council worked hard to understand the different 'levers' that might be adjusted to achieve financial sustainability – these included:

- Rates adjustments,
- Cost savings and efficiencies,
- Reviewing the Workforce Plan,
- Reviewing service delivery levels, and
- Reviewing and optimising the Shire's assets.

Through in-depth discussions and workshops, it was agreed that the most practical course of action would be to implement short and medium term changes to rectify the shortfall over several years. This resulted in a hybrid approach for the 2024-2025 financial year which included (refer to the video/image shown below):

- 4.5% to cover general cost escalations,
- 4.5% to 'top up' Asset Maintenance reserves, and
- 4.0% to cover VCMP Community Club annual loan repayments.

This gave a subtotal of 13% which was offset by 3% when the Shire's budget was completely rebuilt from a zero base to prioritise cost savings and identify efficiencies. The final outcome for the 2024-2025 budget was a 10% rates increase that we all experienced last year.



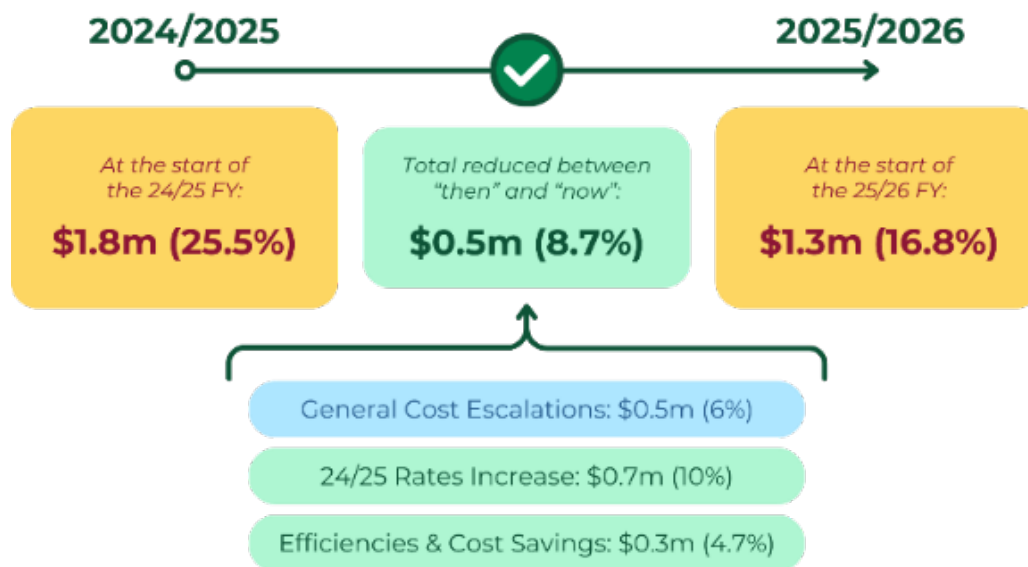
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Through all that hard work, I am very pleased to share positive outcomes in our sustainability journey. This year's LTFP identifies that we have reduced the 25.5% shortfall in our rates base by 8.7% to come to just 16.8% as a shortfall.

Speaking in dollar terms, this means we have reduced the shortfall from \$1.8m by \$0.5m to \$1.3m. The influencing factors for this excellent outcome are shown on-screen (refer to the video/image shown below). I would like to congratulate Council, our community, and our Shire Executive and Staff who have all worked together, collaboratively, to achieve to this welcome result.



Now looking ahead, Council has determined that the 2025-2026 LTFP should ideally continue this momentum. To this aim, work is continuing to review the Shire's asset portfolio with a report coming before Council in May. This will be complemented by a review of the Workforce Plan and further cost savings. Unfortunately, this work is offset by a 5% requirement to cover general cost escalations, yet there is still a need to top up the asset reserve for a second year. Council continues to consider options, but please keep in mind that this discussion is *not* a decision, and a decision is not made until Council passes a resolution at a future Council Meeting. Based on our current trajectory, we expect to adopt the annual budget between July and August.

Thank you for listening to this update of the LTFP. If you would like to grow your understanding of the plan and the budget process, you can find relevant strategic documents and information on the Shire's website. Alternatively, I encourage you to read the reports and attachments included in our Council Meetings over the next several months.

