GREATER DANDENONG
City of Opportunity

Long Term Financial Plan 2024-25 – 2033-34

PROPOSED

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Executive summary

This document presents the latest iteration (annual update) of the City of Greater Dandenong's 10-year Long Term Financial Plan (LTFP), which has been updated in light of ongoing economic fluctuations and challenges.

The LTFP covers a 10-year period from 2024-25 to 2033-34. The LTFP is a decision-making tool and is not intended to be a document that specifically indicates what services/proposals or funds should be allocated; rather it identifies Council's current and projected financial capacity to continue delivering quality services, facilities, and infrastructure, whilst living within our means.

This document outlines the key performance indicators, key assumptions and an overview of each key element of the Plan. Each year the 10-Year Financial Plan is reviewed and updated to reflect the current circumstances of Council.

The Financial Plan or LTFP effectively takes the assumptions and budget parameters that have been applied to the 2024-25 budget (which covers a four-year period) and extends these out into years 5-10 to give a longer term view of Council's financial viability and outcomes.

This LTFP has been developed on the best available information and assumptions but is subject to change in response to the dynamic nature of our economic landscape.

The financial landscape we operate in is constantly changing. There has been an unprecedented era of financial challenge across local government. The cumulative impact of rate capping, inflationary pressures, tight labour markets, climate change events and government mandates are all testing Council's financial position and longer-term financial sustainability. These external factors will have a significant impact on Council's finances for several years as we see increased demand for our services and increases in the costs of providing them. From a financial perspective Council has the same dilemma as most individuals - it has a limited budget yet many and competing demands on where to allocate its scarce resources.

Sustained high interest rates have both a positive and negative impact for Council. The cost of new borrowings will be higher, conversely Council is earning higher investment returns on its cash balances. Council's existing borrowing is on fixed rates over a flat maturity profile so there are no pressures on existing debt. However, Council forecasts to undertake significant borrowings over the next four years ($74.97 million) to support the delivery of three very important strategic major projects – Keysborough South Community Hub, Dandenong Wellbeing Centre, and the new Dandenong Community Hub.

The outlook for inflation and in turn interest rates has evolved considerably in the past couple of years. Inflation has begun to slow down but the general sentiment is that we may be dealing with higher rates for longer. Volatility and uncertainty remain the only constants in this everchanging environment. This may result in a revision of borrowing capacity or further reductions to Council's annual capital program to service debt.

Forecast new borrowings in this Financial Plan will take Councils total level of indebtedness from $47 million forecast June 2024 to $105 million by June 2027. Council's indebtedness to rates ratio remains within prudential limits. Related to this outcome, a further $7 million will be required to be diverted annually from current capital spending to fund the additional debt redemption and interest costs. In addition to the cost of repaying and servicing debt is the cost of operating these new facilities once built. Preliminary estimates of operating the Keysborough South and Dandenong Community Hub are $1.8-$2.3 million and $1.3-1.6 million respectively. These increased costs can only come from one source which is a reduction in capital expenditure funded from rates.

This represents a major challenge for Council going forward, to continue its investment in capital improvements in the community, whilst also funding ongoing asset renewal requirements to maintain assets at their current service levels.

Council is working hard as it navigates a complex landscape to prioritise service sustainability amidst the urgent need to renew existing and ageing infrastructure and at the same time invest in new community infrastructure.

Financial stability and sustainability are one of the highest and most pressing priorities and challenges facing the City of Greater Dandenong Council. Dual pressures of escalating costs and the constraints of rate capping coupled with rises in service demand, Council confronts a pivotal juncture where financial sustainability intersects with the priority of sustaining essential services. As such we recognise Council's proposed financial direction for future years may require changes.

Council assumes overall service levels will remain unchanged throughout the 10-year forward projection period. For Council finances to remain sustainable and our services to remain affordable for the community, Council will need to continually assess the performance and future for current services to understand whether they are relevant and whether Council needs to continue to deliver them or whether there is a role for an alternative delivery model. Own source income options will also need to be examined as opportunities that have potential to support the ongoing financial sustainability of Council.

The key challenge over the coming years will be keeping rates affordable by meeting the rate cap as pressure on other revenue sources combine with key service and construction costs growing quicker than the rate cap.

Council is projecting a strong capital works program over the LTFP period forecasting to spend nearly $550 million investing in important buildings and projects, as well as renewing the significant existing community and infrastructure asset base.

At present, Council is in a sound financial position and the financial outlook for Council remains steady, but this will be challenged by the current volatile economic environment and the significant investment in key strategic projects ahead.

Summary of key challenges

The development of this LTFP has also seen a focus on the key income and expenditure assumptions. **Appendix P** outlines the key parameters and assumptions.

Items creating a flow on impact (favourable and unfavourable) across the LTFP include:

- A rate cap of 2.75 per cent in 2024-25. Future projections of 2.5 percent have been applied thereafter. Waste charges have been included on a full cost recovery basis, however, this methodology will need to be revisited next year in line with recent Ministerial Guidelines.
- Forecast borrowings of $74.97 million to be drawn down in tranches over the four years commencing 2023-24 to part fund major capital works projects.
- Significant debt servicing costs of $59.92 million across the ten-year period relating to the new borrowings forecast for the major projects (financed by a reduction in capital works funded by rates).
- The consequential operational servicing costs over the ten years for KSCH and DCH of $28.8 million funded by a reduction in capital works funded by operational surplus.
- Rising construction costs are a key risk given the City of Greater Dandenong's significant capital works program.

- Higher interest rates represent greater investment returns but also a higher cost of borrowing funds. Council's future new borrowings have been modelled using a conservative estimate of interest rates at current levels and will be closely monitored.
- Increases for employee costs reflect the salary increase for all staff pursuant to Council's Enterprise Agreement (EA) and have been aligned to the rate cap, plus an allowance for banding increments. The increase in the Superannuation Guarantee of 0.5 percent each year through to 2025-26 has been factored into the employee cost increases. No provision or allowance has been made for any call from the Defined Benefits fund.
- The investment pool available for Financial Assistance (FA) grant funding to councils via the Victorian Local Government Grants Commission traditionally has not matched the cost increases at CPI or higher, creating a funding gap between this major income source for Council and operating costs. A conservative increase of 1 per cent has been assumed for this income source across the LTFP period.

The key outputs of the LTFP are:

- The achievement of an ongoing underlying operational surplus throughout the life of the LTFP.
- After reductions in capital works funded from Council's operations over the life of the LTFP, an increasing trend from $37.3 million in 2027-28 to $46 million in 2033-34 *(noting that this may be subject to future reductions due to the impacts of rate capping and/or final major project cost outcomes).*
- Funding for asset renewal ranging from $27 million to $40 million (excluding major projects) over the life of the LTFP *(again noting this is subject to future review as a result of rate capping and/or final major project cost outcomes).*
- The achievement of a financial structure, where annual asset renewal needs are met from the base operating outcome of Council, and non-renewable sources of funds such as reserves, and asset sales are used to fund new or significantly upgraded facilities.
- Retention of service provision at present levels for 2024-25 (noting that this is subject to future review).

In summary, the 2024-25 to 2033-34 LTFP highlights the considerable challenges faced by Council over the coming ten-year period and beyond, for Council to remain a viable and sustainable Council and at the same time endeavouring to deliver on key infrastructure projects that are critical to our community.

Strategic Financial Impacts and Considerations

Major Projects

The most significant challenge included in this draft LTFP is the funding required to complete three very important major projects for Council over the first four years of the LTFP whilst also navigating rising construction costs and the ebbs and flows in the economic environment:

Project	Total Project Cost ($m)	Remaining Project Cost ($m)
Keysborough South Community Hub (KSCH)	29.5	28.4
Dandenong Wellbeing Centre (DWC) (redevelopment of Dandenong Oasis)	98.4	94.8
Dandenong Community Hub (DCH)	30.0	30.0

The full costs of these projects in this LTFP are estimates only and may be subject to change. Whilst the above costs have been included in the LTFP, there have been some changes to the previous model, and these are detailed below.

Total project cost for KSCH has been revised to $29.5 million (previously $22.6 million) due to contaminated soil, latent conditions, change in materials and supply chain delays. The cost increase will be funded by additional Council cash ($4.35 million) and transfer from Major Projects reserve ($2.52 million). Additionally, the $6.12 million of new borrowings budgeted in 2023-24 have now been rescheduled to $1 million in 2023-24 and $5.12 million in 2024-25 due to a delay in the Keysborough South Community Hub project.

DWC grant funding is now $20 million (previously $17.7 million), which has reduced the Council cash required from $8.75 million to $6.45 million.

The three projects encompass estimated borrowings of $74.97 million to be drawn down in the four years commencing 2023-24 (detailed below).

	Forecast	Budget	Projections		
	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000
ALL BORROWINGS					
Opening balance	49,779	47,182	65,141	97,092	105,357
New loan proceeds	1,000	21,920	37,100	14,950	-
Less principal repayments	(3,597)	(3,961)	(5,149)	(6,685)	(7,670)
Closing balance of borrowings	**47,182**	**65,141**	**97,092**	**105,357**	**97,686**

Council has always seen loan funding as a critical component of the funding mix to deliver much needed infrastructure to the community. The key area of financial risk is ensuring that Council does not rely so strongly on debt funding that it unduly impacts on Council's ability to fund capital works on an annual basis. The challenge for Council is the limitation on increasing its main revenue source due to rate capping.

In addition, significant internal reserve funding ($33.9 million in total, $29.9 million remaining) will be used a funding source for these major projects over the next four years (predominantly from the major project reserve).

Upon completion of the new community hubs, Council will also take on ongoing annual operational costs of $1.8-2.3 million for KSCH from 2024-25 and $1.3-1.6 million for DCH from 2027-28.

Capital Investment

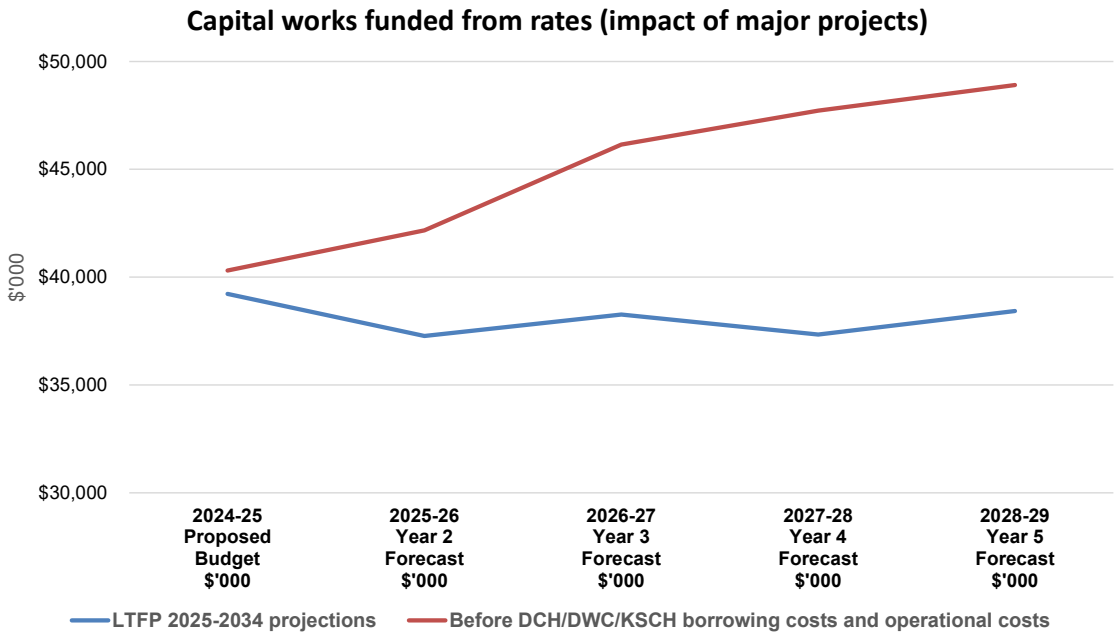
Council's forward capital investment decisions and their consequential operational and infrastructure servicing expenditure (whole of life costing) will necessitate a shift in strategic thinking in the medium to long term.

Over the LTFP ten-year period, the capital expenditure funded from rates has been reduced by a total of $88.7 million over the life of the LTFP to fund:

- $59.9 million in debt servicing costs associated with the three major projects.
- $28.8 million in operational costs for KSCH and DCH.

The red line in the following graph highlights the level of capital works funded from rate revenue in the first five years of the LTFP before the reductions relating to the debt servicing and operational costs. The blue bar represents the capital works funded from rates after those reductions. The reduction amounts start at $1 million in 2024-25 and grow to over $10 million annually from 2027-28.

This represents a major challenge for Council going forward, to continue its investment in important infrastructure improvements in the community, whilst also funding ongoing asset renewal requirements to maintain assets at their current service levels. It also significantly limits Council's ability to consider and fund other priority capital projects until the latter half of this LTFP.



Impact of rate capping

The State Government Rate Capping System, introduced in 2016-17, restricts Council from increasing rate income above a capped amount. Each year the Minister for Local Government (the Minister) will set the rate cap that will specifies the maximum increase in councils' rates and charges for the forthcoming financial year. In circumstances where the rate cap is insufficient for a specific council's needs, Council can apply to the Essential Services Commission for a higher cap.

The rate cap for 2024-25 is 2.75 per cent. A conservative forecast rate increase of 2.5 per cent is assumed for the remaining years of the LTFP.

Despite Council being in a healthy financial position with satisfactory liquidity requirements, cash flow and reserve balances (of which the major project reserve will be heavily reduced to fund DWC and KSCH), rate capping presents a significant challenge to Council's financial sustainability.

Rate capping will continue to adversely impact Council in the coming years, particularly considering employee costs and the rising costs of construction, materials and services.

Employee costs

Employee costs represent the largest component of Council's expenditure (average 51 per cent excluding depreciation/amortisation expense). Council's Enterprise Agreement (EA) 2022 provides for a 2.75 per cent increase in staff wages in 2024-25 (consistent with the rate cap).

It also needs to recognised that the EA is not the only source of increased wage costs, with annual employee movements along the banding structures equating to a 0.5-0.7 per cent increase per annum and the superannuation guarantee surcharge has also been steadily increasing in recent years.

Council is heavily reliant on rate revenue for income growth with on average 70 per cent of its income from this source. In terms of Council's net operating surplus outcome, there is a strong connection between the percentage increase in Council rates to the percentage increase in employee costs on an annual basis.

Rising costs

The outlook for inflation and in turn interest rates has evolved considerably in the past couple of years. World events, supply chain issues and inflationary pressures have increased the cost of living and operating in Australia. Inflation has begun to slow down around the world, but the general sentiment is that we may be dealing with higher rates for longer. Geopolitical risks continue with the war in Ukraine and the Middle East.

Council has experienced cost increases in utilities, construction, service delivery, materials and various contracts (such as animal pound and cyclical tree pruning). Council has had difficulties not only sourcing contractors for works at a competitive price but also supporting existing contractors who are unable to deliver ongoing services at agreed tender prices and remain economically viable.

With costs rising by more than the rate cap and grant indexation, this places increased pressure on Council budgets.

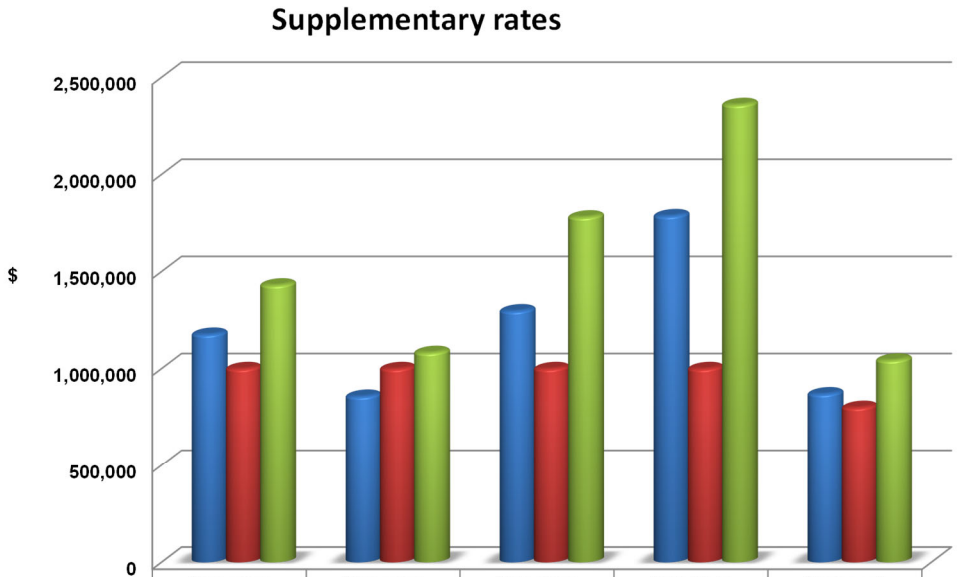
Supplementary rates

There was significant supplementary rate growth six to eight years ago. However, this slumped during the three-year period 2019-20 to 2021-22 during the pandemic. 2022-23 supplementary rates saw an improvement as activity levels have lifted, however, we have seen development activity and supplementary rates fall again in the current year (2023-24). The graph on the following page depicts the up and down trends experienced by supplementary rates over the past five years.

While the annual decision on rates has a material impact on Council's finances, the growth in the overall rate base through supplementary rates has historically been of significant importance. It should be noted that supplementary rates do not form part of the rate cap – but instead are built into the base for the future year's calculation. The average annual dwelling growth has now dropped approximately to 586 over the last five years.

Now with high interest rates curtailing lending and development activity, these impacts on supplementary rates are likely to linger for some years to come which puts more pressure on Council forecasts. Supplementary rate revenue has been forecast at a flat $800,000 for the first two years of the LTFP with $1 million over the remainder of the life of the LTFP.

Council is aware of several potential developments in the municipality that would have a favourable impact on Council's rate base, such as the Little India Precinct and the potential redevelopment of Sandown (in whole or part), however, the timing is not yet known so has not been factored into this LTFP.



	Full year 2019-20	Full year 2020-21	Full year 2021-22	Full Year 2022-23	Forecast 2023-24
Full year actual	1,176,861	857,476	1,297,389	1,787,155	870,025
Original Budget	1,000,000	1,000,000	1,000,000	1,000,000	800,000
Supplementary rates annualised	1,430,480	1,082,983	1,780,638	2,359,587	1,044,030

Service sustainability

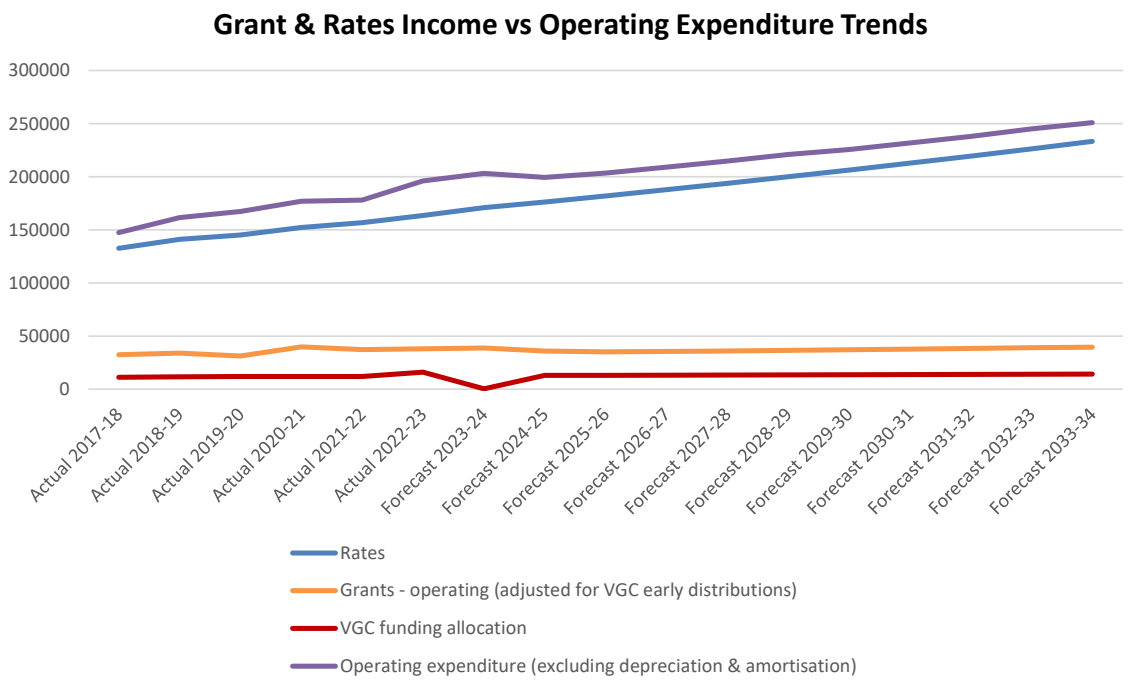
To maintain financial sustainability in the face of the above challenges, Council needs to continually review its approach to service delivery. Council will need to assess what levels of services can be provided for a given maximum rate rise under rate capping. The primary outcome from the LTFP is the quantification of the cost of existing service requirements and the associated long-term cash flow implications to maintain those service levels. This allows for the ongoing review of the affordability of existing service levels and their priority relative to emerging service demands and the capacity and willingness to pay of the community.

Recurrent grant funding

Recurrent grants (inclusive of the Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGCC)) represent around 13 per cent of Council's total underlying operational revenue and hence are an important source of revenue for Council.

Recurrent grant revenue however has consistently failed to keep pace with the cost of providing these same services that the grant supports, therefore requiring Council to continue to 'top-up' the State and Federal government shortfall with rate funding to sustain the current level of service provision to the community.

The following graph shows the trend of the prior six year's actuals along with the forecasts over the life of this LTFP. The graph highlights that recurrent grant funding (orange) and Financial Assistance grant funding (red) has very slow growth. By contrast, the purple line is Council's operational expenditure (excluding depreciation and amortisation) rises at a steeper trend. The blue line represents rate income which is forecast to increase at a similar rate to operating expenditure, however, prior year actuals show that costs have actually increased more than rate income. It is clear from the graph, that grant income does not match increasing operational costs in the past or future years.



Note: The above grant income levels have been adjusted for any early receipt of Financial Assistance Grant allocations distributed in advance of the financial year to which the allocation relates to avoid any distortion by the timing of these grant payments.

Link between Long-Term Financial Plan (LTFP) and Council's Planning Framework

A component of the new Integrated Strategic Planning and Reporting Framework (ISPRF) is the Financial Plan or Long-Term Financial Plan (LTFP).

In accordance with the *Local Government Act 2020*, Council developed a 10-year Financial Plan for the period 1 July 2021 to 30 June 2031 which was adopted by 31 October 2021. This is an annual revision of that LTFP for the term 2025-2034.

On an annual basis, City of Greater Dandenong prepares a LTFP that addresses Council's long-term financial outcomes and establishes a financial framework that moves Council towards a position of financial sustainability. The LTFP is a key component of the new Integrated Strategic Planning and Reporting Framework implemented as part of the *Local Government Act 2020.*

The purpose of the LTFP is to ensure the financial soundness of Council and to provide appropriate levels of resources to meet Council's future needs in providing services and facilities to the community.

The LTFP fits into an overall Strategic Planning framework as outlined below:

Statutory and Regulatory Requirements

Financial Plan

The ***Local Government Act 2020*** requires Victorian councils to develop, adopt and keep in force a Financial Plan covering at least the next 10 financial years that is publicly accessible. The specific legislative requirements for a Financial Plan are set out in section 91 of the Act as follows:

(1) A Council must develop, adopt and keep in force a Financial Plan in accordance with its deliberative engagement practices.

(2) The scope of a Financial Plan is a period of at least the next 10 financial years.

(3) A Financial Plan must include the following in the manner and form prescribed by the regulations—
   (a) statements describing the financial resources required to give effect to the Council Plan and other strategic plans of the Council;
   (b) information about the decisions and assumptions that underpin the forecasts in the statements specified in paragraph (a);
   (c) statements describing any other resource requirements that the Council considers appropriate to include in the Financial Plan;
   (d) any other matters prescribed by the regulations.

(4) A Council must develop or review the Financial Plan in accordance with its deliberative engagement practices and adopt the Financial Plan by 31 October in the year following a general election.

(5) The Financial Plan adopted under subsection (4) has effect from 1 July in the year following a general election.

Section 91(1) and section 91(4) refer to ***deliberative engagement practices***. The Act requires deliberative engagement practices to be incorporated into a council's community engagement policy.

Part 2 of the ***Local Government (Planning and Reporting) Regulations 2020*** (the regulations) prescribe the information to be included in a Financial Plan.

The Financial Plan provides a 10 year financially sustainable projection regarding how the actions of the Council Plan may be funded to achieve the Community Vision.

At a minimum the Financial Plan is to include:

- Financial statements for next the ten years that includes Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works.
- Statement of capital works is to include ten-year expenditure in relation to non-current assets, classified in accordance with the asset classes and asset expenditure types specified in the Local Government Model Financial Report and a summary of funding sources in relation to the planned capital works expenditure.
- A statement of human resources that includes a summary of planned expenditure for the next ten years in relation to permanent human resources and a summary of the planned number of permanent full time equivalent staff by organisational structure split between male, female and self-described gender.

Financial Management Principles

Division 4 of Part 4 of the *Local Government Act 2020* addresses financial management. Section 101 of the Act sets out the financial management principles as follows:

(1) The following are the financial management principles:

(a) revenue, expenses, assets, liabilities, investments and financial transactions must be managed in accordance with a Council's financial policies and strategic plans

(b) financial risks must be monitored and managed prudently having regard to economic circumstances

(c) financial policies and strategic plans, including the Revenue and Rating Plan, must seek to provide stability and predictability in the financial impact on the municipal community

(d) accounts and records that explain the financial operations and financial position of the Council must be kept.

(2) For the purposes of the financial management principles, financial risk includes any risk relating to the following:

(a) the financial viability of the Council

(b) the management of current and future liabilities of the Council

(c) the beneficial enterprises of the Council.

Purpose and Objectives of the LTFP

The 10 year Long-Term Financial Plan (LTFP) exists primarily to provide the following outcomes for the City of Greater Dandenong (Council):

1. Establish a prudent and sound financial framework, combining and integrating financial strategies to achieve a planned outcome.

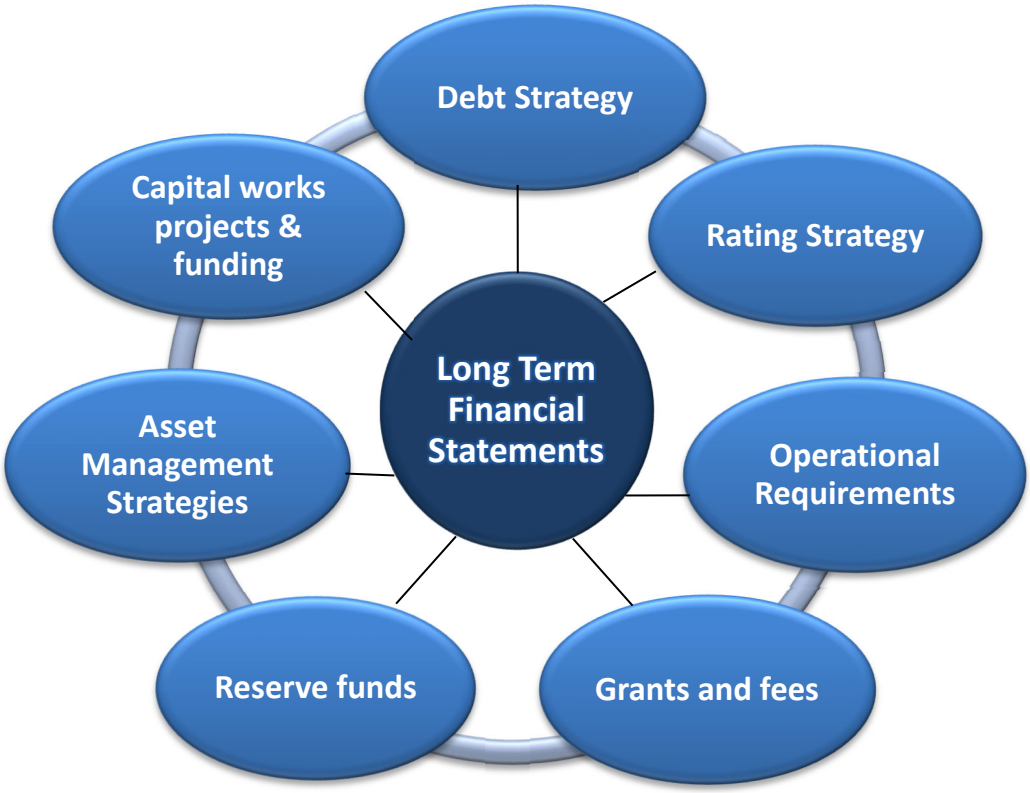
2. Establish a financial framework against which Council's strategies, policies and financial performance can be measured against.

3. Ensure that Council complies with sound financial management principles, as required by the *Local Government Act 2020* and plan for the long-term financial sustainability of Council (Section 101).

4. Develop, adopt and keep in force a Financial Plan for at least the next 10 financial years in accordance with its deliberative engagement practices (Section 91).

5. Allow Council to meet the objectives of the *Local Government Act 2020* to promote the social, economic and environmental sustainability of the municipal district including mitigation and planning for climate change risks and that the ongoing financial viability of the Council is to be ensured (sections 9 (2)(c) and 9(2)(g).

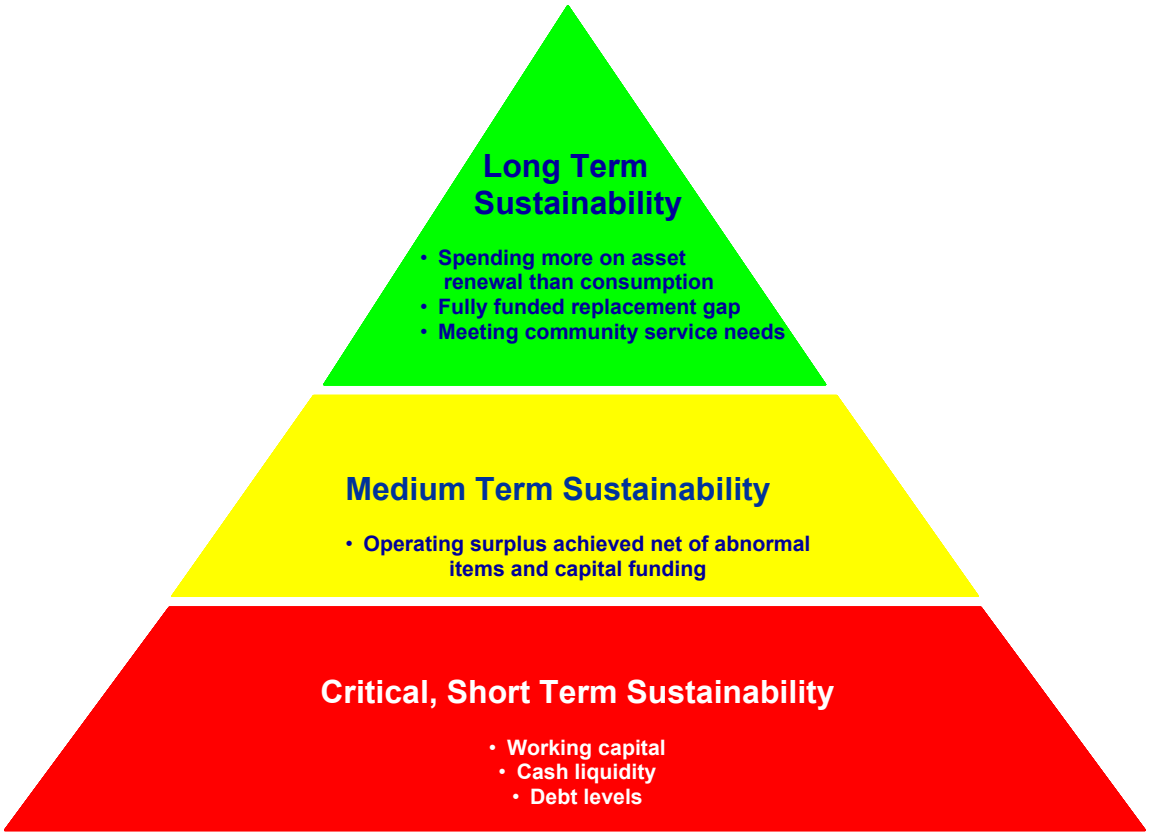
This LTFP represents a comprehensive approach to document and integrate the various strategies (financial and other) of Council. The development of the long-term financial projections represents the output of several strategy areas, that when combined, produce the financial direction of Council as shown below:



The objectives of this LTFP (not prioritised) are as follows:

- The achievement of a prudent balance between meeting the service needs of our community (both now and future) and remaining financially sustainable for future generations.
- An increased ability to fund both capital works in general and meet the asset renewal requirements as outlined in asset management planning.
- Endeavouring to maintain a sustainable Council in an environment where Council must either constrain its net operational costs or reduce funds available to capital expenditure due to the capping of council rates and low increases in government grant funding.

For the purposes of this LTFP, financial sustainability is defined in the below diagram, modelled essentially on a hierarchy of needs approach.



The challenge for Council going forward is how to avoid an outcome where it gradually drops through the sections back into the red zone, on the back of capped revenue capacity, higher inflation and construction costs combined with service cost escalations that exceed grant funding indexation.

Council is committed to annual reviews of the LTFP and particularly, the assumptions which underpin the LTFP.

The rate capping challenge in the medium to long term will require Council to fundamentally review the sustainability of its operations. A 'business as usual' approach will not be sufficient to meet the challenge into the future. It will be necessary for Council to undertake an annual review of all services in line with community expectations, the service performance principles (section 106 of the Act) and Council's resource availability.

Strategic Outcomes of the LTFP

The below table highlights the strategic outcomes contained in the LTFP.

LTFP Section	*Strategic Directions Outcomes:*
Macro view of Council's financial position	1. That Council revise its 10-year forward financial plan on an annual basis. 2. That Council maintains an underlying operational surplus (in the Income Statement) prior to the recognition of capital income over the life of the LTFP. 3. That Council seek to increase its capital works investment, funded from operational and alternative sources to a sufficient level that allows it to adequately fund its asset renewal requirements and continue to deliver major project funding *(subject to the impacts of rate capping*). 4. That Council endorse through this LTFP, the principle that ongoing asset renewal requirements must be funded from ongoing operational funding sources and that non-renewable funding sources such as asset sales, reserve funds or loan funds not be used to address these needs.
Capital works strategy and Asset Management	1. That Council note the forecast level of capital expenditure over the ten-year period of the LTFP noting the reduction in capital works funded from rate revenue of $88.68 million in order fund new infrastructure over the life of the LTFP. 2. Endorse an in-principle strategy of allocating funds to meet asset renewal and maintenance requirements as a priority in the development of annual Capital Improvement Program and recurrent programs.
Borrowing strategy	1. That Council continues the use of loan funding as a viable and equitable mechanism of funding new/significantly upgraded major assets that provide a broad community benefit (when required). 2. That Council endorse a strategy of setting a target of 40 per cent indebtedness to rates ratio as an ideal financial outcome and where new borrowings are sought, set reduction targets to achieve this level in not more than a five-year period, with a maximum loan ratio of not more than 60 per cent.

Community Engagement and Public Transparency

Under the *Local Government Act 2020*, Council is required to prepare the 10 year Financial Plan subsequent to each Council election (held every four years) in accordance with its deliberative engagement practices. In the other three years, Council will prepare a revision of the Financial Plan and consultation will occur in accordance with Council's Community Engagement policy.

Greater Dandenong People's Panel

In accordance with the *Local Government Act 2020* Council formed the Greater Dandenong People's Panel in 2021 to undertake a deliberative engagement process to develop a new community vision, Council Plan 2021-25 and Long-Term Financial Plan. This process involved the recruitment of randomly selected residents and business owners in the City of Greater Dandenong by an external organisation to avoid any possible bias. 40 participants were originally selected with 31 completing the process.

The panel of 31 met during April – June 2021 to discuss the future of our city and highlight the needs and aspirations of its people. They were provided with a range of information including background information on Council's key challenges and the results of the broad community consultation. Eight guest speakers were also invited to engage with the panel and share their experience across a variety of areas including art and culture, sustainability, sport and recreation, and manufacturing. This enabled the panel to have well-informed discussions and carefully consider multiple points of view and various options before coming to a consensus.

As part of developing the new vision the Greater Dandenong People's Panel was asked to develop some key principles which would help guide Council in its long-term planning for the future of our city. The new vision and principles developed by the panel have influenced the priorities of the Council Plan and the Long-Term Financial Plan to the maximum extent possible.

The key areas of priority highlighted throughout the process included:

- Social connections, physical and mental health
- Respect and celebration of diversity and culture
- Community safety and the reduction of crime
- Meaningful local employment and opportunities for education and training
- Sustainability and climate change
- Inclusivity through art and culture

Some of the panel's recommendations included:

- More affordable long term parking spaces within the Greater Dandenong area.
- Preserving, promoting, planting and planning with a focus on a sustainable future.
- Implementation of more accessible and attractive transport routes.
- Ensuring infrastructure can be utilised for more than one purpose (multi-purpose community hubs).

The panel also suggested a range of other considerations including recommendations for community safety, homelessness, and affordable housing.

Council's existing financial and strategic commitments, as outlined within the large number of specific strategies and plans developed over the last few years, are also reflected in the Council Plan. For example, the Climate Emergency Strategy, Urban Tree Strategy, Children's Plan, Disability Action Plan, and the Food and Tourism Strategies.

The new vision and principles developed by the panel have influenced the priorities of the Council Plan and the Long-Term Financial Plan to the maximum extent possible. They will also be used to influence future plans and strategies developed by Council to ensure the community's needs and aspirations continue to be met.

This revision of the LTFP is an annual update of the 10-year plan and community consultation will occur as per Council's Community Engagement Policy.

Financial Plan inputs and assumptions

The following financial statements portray the projected financial position of Council over the next ten years.

Appendix	*Financial Statement*
A	Comprehensive Income Statement
B	Conversion to Cash Result
C	Balance Sheet
D	Statement of Changes in Equity
E	Statement of Cash Flows
F	Statement of Capital Works
G	Statement of Human Resources ($)
H	Statement of Human Resources (FTE)

The statements are prepared based on current knowledge and service levels and will no doubt be affected by various events which will occur in future years. It is important that the long-term financial outlook be revisited and updated on an annual basis. It should be noted that final decisions on the allocation of funds are undertaken through Council's Budget process in accordance with the *Local Government Act 2020* (Section 94).

Modelling methodology

This section of the LTFP contains details of the assumptions specifically applied to produce the long-term outlook in the Financial Statements listed above. Commentary is also provided on the information relayed by the Statements and what they mean for Council.

The base point used for modelling has been the original 2024-25 Budget.

Achieving cost savings

The LTFP is a high-level strategic plan that acts as a framework for future budgets. Whilst this plan is based on the premise of continuing to deliver all present-day operational services, it must be highlighted that Council continues to institute a number of processes that have delivered considerable savings against the framework and will continue to identify savings in the future.

Identifying operational savings

Whilst the LTFP establishes a framework for the Budget, Council thoroughly reviews all draft operational budgets on an annual basis and seeks to achieve savings against this framework wherever possible. Beyond the Budget process, Council's Executive Team continues to seek further operational efficiencies and continuous improvement on an ongoing basis.

Assumptions to the Financial Plan Statements

This section presents information regarding the assumptions to the Comprehensive Income Statement for the 10 years from 2024-25 to 2033-34. The below table highlights the broad escalation percentages in respect of key areas.

In a more global sense however, it is worthwhile detailing the approach to the modelling process as broad percentages have not been universally applied. The model has been prepared at the lowest accounting level within Council's general ledger system. Certain accounts were coded for manual adjustment (or zero increase) rather than broad percentage increases (e.g. non recurrent grant income, contributions and election income and one off projects). It is therefore not possible to simply multiply the previous year's base by a percentage and achieve the same outcomes as presented.

Refer to **Appendix P** for a full list of all income and expenditure parameters applied across the ten-year period of this LTFP.

Description	Budget 2024-25	Projections				
		Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Years 6-10 2029-2034
CPI forecast	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
Rate revenue cap	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and charges - Council	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
Fees and fines - statutory	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Financial Assistance Grants funding	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Grants and subsidies	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Grants Captial	*Based on committed funding*					
Contributions monetary	*Based on committed funding*					
Contributions non monetary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employee costs	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs (incremental costs)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Electricity	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
Street lighting	10.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Water	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
Gas	20.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Fuel	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
Insurance	10.00%	10.00%	5.00%	5.00%	5.00%	5.00%
Depreciation and amortisation	*Based on level of expenditure*					
Other expenses	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%

Consumer Price Index (CPI) is forecast to be 3.25 per cent for the 2024-25 year. CPI is assumed to drop to 3 per cent in the years thereafter. The Budget will continue to be reviewed on an annual basis to address changes to the underlying assumptions as the economy continues to be impacted by world events, inflationary pressures and uncertainty.

Comprehensive Income Statement

Councils Long Term Financial Strategy covers a period of ten years as required under the *Local Government Act 2020*. **Appendix A** provides the full Income Statement for this required period.

Operational income

The below summary focuses on the proposed base figures for 2024-25 and likely trend in these figures in the shorter term.

Income types	Budget 2024-25 $'000	Forecast 2025-26 $'000	Forecast 2026-27 $'000	Forecast 2027-28 $'000
Rates and charges	176,328	181,877	187,911	193,944
Statutory fees and fines	10,972	11,510	11,660	11,882
User fees	9,812	10,210	10,552	10,905
Grants - operating	36,002	35,385	35,514	36,072
Grants - capital	8,625	8,169	4,724	-
Contributions - monetary	7,676	2,000	2,000	2,000
Contributions - non-monetary	7,500	7,500	7,500	7,500
Net gain (loss) on disposal of property, infrastructure, plant and equipment	833	838	838	838
Other income	11,938	10,253	9,746	8,914
Total income	**269,686**	**267,742**	**270,445**	**272,055**

Rates and charges

The table below is an extract of the first half of the LTFP and highlights the various rating components upon which the LTFP has been based.

	Budget 2024-25 $'000	Forecast 2025-26 $'000	Forecast 2026-27 $'000	Forecast 2027-28 $'000
General rates	146,308	150,949	155,953	161,081
Supplementary rates	800	800	1,000	1,000
Waste charges	27,399	28,517	29,347	30,202
Keysborough Maintenance Levy	1,735	1,725	1,725	1,725
Interest on rates	289	89	89	89
Less rates abandoned	*(203)*	*(203)*	*(203)*	*(153)*
Total rates and charges	**176,328**	**181,877**	**187,911**	**193,944**

The rate revenue cap for the 2024-25 year is 2.75 per cent as directed by the Minister Local Government. The remaining years are forecast at 2.50 per cent. In addition, it is expected that over the life of the plan, a further $800,000 in the first two years and $1 million per annum thereafter will be received for growth (additional properties) because of supplementary rates.

Council has applied its policy of 'full cost recovery' in determining the waste charge for residents in all years of this LTFP. With the recent introduction of the Ministerial Good Practice Guidelines, Council will need to reconsider this approach and demonstrate a path to compliance. Implementation of these Guidelines will have a significant adverse financial impact on Council's ongoing result. Waste costs are forecast to increase on average around 3 per cent over the ten years of the LTFP.

The LTFP assumes the continuation of the Keysborough Maintenance Levy. All funds derived from these maintenance levies are fully reserved and do not form part of Council's general discretionary income. At present, whilst there is currently a surplus when annual revenue from the levy is directly compared with the associated annual expenditure, by the forecast year 2030-31, the maintenance costs for the entire estate will exceed the revenue from the levy.

Statutory fees, fines, and user fees

Fees, charges and fines include services where Council has the discretion to determine the fee amount and statutory fees where the level is prescribed by the Commonwealth or State Governments. Also included under this heading is income received from recoveries of Fines Victoria costs (relating to parking infringements).

The LTFP is based on statutory fees increasing by an average 2 per cent across the LTFP. These increments mainly factor in assumed volume increases, as the fee amounts are set by Commonwealth or State Governments. Statutory fees are set by legislation and are frequently not indexed on an annual basis.

Discretionary fees, on the other hand, have been indexed at 3.25 per cent in 2024-25 and 3 per cent thereafter. Fees and charges increases are closely aligned to labour cost increases as most services provided by Council have a significant labour component.

Council has reviewed fees in detail to determine accepted pricing principles and set levels that fully recover the cost of providing the service unless the overriding policy is in favour of subsidisation. In addition, considerations of community factors are required such as encouraging use of a service and ability to pay. Therefore, fees have been adjusted based on this methodology rather than a blanket increase. Discretionary fees include the hire of Council's many building, sports, and recreational facilities.

Grants – operating and capital (recurrent and non-recurrent)

Operating grant revenue is an extremely important source of revenue for Council, with Council currently receiving approximately $33.82 million (2023-24 Original Budget) in operating grants. This includes the un-tied Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGCC), which is Council's major operating grant. This grant has been conservatively increased by 1 per cent across the life of the LTFP as it seldom increases at an equivalent rate to the cost of providing the subsidised services. The remaining operating grants have been budgeted with a conservative economic outlook at 2 per cent over the next ten years.

This low increase in grant revenue is to manage cost-shifting that is likely to occur on an annual basis with grants seldom increasing at an equivalent rate to the cost of providing the subsidised services.

Council relies on grant income for delivering a range of services to the diverse community of the city. Greater Dandenong has a large migrant population, from a wide socio-economic spectrum which places significant demands on Council in the delivery of services in language, literacy and social integration. Capital grants have been forecast in conjunction with the estimates provided on specific capital projects.

The main capital grant over the life of the LTFP relates to the significant major project Dandenong Wellbeing Centre (DWC) which has been identified to receive $20 million in grant funding under the Priority Community Infrastructure Program (PCIP). This program delivers the Government's 2022 election commitments for community infrastructure commitments announced by the former Government during the 2022 Pre-Election Fiscal

and Economic Outlook. The $20 million grant has been factored in over the three financial years commencing with $7.11 in 2024-25.

The other significant capital grant of note is $1.02 million in relation to phase four of the Local Roads Community Infrastructure (LRCI) program which will fund three capital projects in 2024-25.

Three further capital grants are forecast in 2024-25 for the following projects:

- $220,000 - Alex Wilkie Wetlands
- $150,000 - Dandenong CBD – Road and Pedestrian Lights Upgrade
- $175,000 - Detailed Design of Road Safety - Dandenong Market - Cleeland Street and Roundabouts on Cleeland at Ann and Oasis Wombat Crossing

There are no future capital grants able to be forecast with certainty over the life of the LTFP.

The major types of grants Council receives are summarised by:

- Operating (**Appendix N**) or Capital (**Appendix O**)
- Source (federal, state and other)
- Type (services)
- Recurrent and non-recurrent

Contributions – monetary

Depending on the amount of development activity in progress, Council receives contributions from developers. These contributions represent funds to enable Council to provide the necessary integrated infrastructure for new developments. They are for very specific purposes and often require Council to outlay funds for infrastructure works some time before receipt of these contributions. These contributions are statutory contributions and are transferred to a statutory reserve until utilised for a complying purpose through the Capital Works Program.

Contributions – non-monetary

Contributions non-monetary represent fixed assets that are 'gifted' by developers as developments progress. Council will receive 'gifted assets' arising from the major Development Contribution Plans (DCP). Whilst these assets add to Council's overall asset base, they also add to the future obligations to maintain and replace these assets at the end of their useful lives. They therefore impact on Council's depreciation levels and required capital and maintenance spending in the future.

Net gain (or loss) on disposal of property, infrastructure, plant and equipment

Net gain (or loss) on disposal of fixed assets is the net result of the proceeds received from the sale of assets compared to their book value (written down value) held by Council.

Proceeds from sale of assets are mainly attributed to the asset classes of land and plant and equipment. Plant and equipment sales are generally determined by an annual replacement program of Council's fleet of vehicles and major plant used for street cleaning, parks maintenance and other asset management functions.

The premise in the strategy for land sales is that proceeds are transferred to the Major Projects reserve and are not utilised for operational purposes.

Written down values in the LTFP mainly relate to plant sold as part of the plant replacement program and the estimated book value of land earmarked for sale.

Other income (including interest)

Interest on investments represented one of Council's greatest financial impacts from the pandemic. More recently, the interest return on investments has seen a massive turnaround with several consecutive interest rate rises.

It is difficult for Council to ascertain with any certainty what actual investment returns are likely to be over the 10 years of the plan. Interest income is estimated to average around $4.03 million per annum over the ten years of the LTFP and comprises interest earned from cash invested with financial institutions.

Also included under this heading is recovery income from a variety of sources and rental income received from the hire of Council buildings.

Operational expenditure

The below summary focuses on the proposed base figures for 2024-25 and likely trend in these figures in the shorter term.

Expense types	Budget 2024-25 $'000	Forecast 2025-26 $'000	Forecast 2026-27 $'000	Forecast 2027-28 $'000
Employee costs	100,422	103,086	105,167	109,134
Materials and services	88,524	88,313	90,114	91,573
Depreciation	34,885	35,583	36,295	37,021
Amortisation - right of use assets	598	598	598	598
Bad and doubtful debts - allowance for impairment losses	2,026	2,474	2,598	2,728
Borrowing costs	3,184	4,973	6,304	6,357
Finance costs - leases	55	55	55	55
Other expenses	5,180	4,698	4,798	4,928
Total expenditure	**234,874**	**239,780**	**245,929**	**252,394**

Employee costs

Increases for employee costs reflect the salary increase for all staff pursuant to Council's Enterprise Agreement. Enterprise Agreement 2022 was approved by the Fair Work Commission and effective from 1 July 2022. This Financial Plan has been developed on a salary increase of 2.75 per cent as per the legislated rate cap for 2024-25. Future pay increases are anticipated to be consistent with the assumed rate cap of 2.5 per cent.

In addition to the base wage increase assumptions, Council must provide funding for annual increments in employee banding. This generally equates to an additional 0.50 per cent (approximately) in employee costs.

The increase in the Superannuation Guarantee of 0.5 percent each year through to 2025-26 has been factored in the employee cost increases (11.5 per cent in 2024-25 growing to 12 per cent by 2025-26). Should the Government revise the planned superannuation increases, the LTFP will be amended at that point. No provision or allowance has been made for any call from the Defined Benefits superannuation fund.

The cost of provision of Council services is very heavily based on labour costs which account for approximately 51 per cent of total adjusted operational spending (excl depreciation and amortisation).

Materials and services

Council has significant ongoing contracts for delivery of services such as waste management, maintenance and repairs of Council buildings, roads, drains, footpaths, parks, and gardens. Increases across these are more governed by market forces based on availability than CPI. All these contracts are negotiated at near CPI levels as far as possible.

Council also utilises external expertise on a range of matters, including legal services and audit. Other associated costs included under this category are utilities, materials, and consumable items for a range of services and Council's payments to family day carers. These costs are kept to within CPI levels year on year.

General materials and services excluding utility costs are expected to increase by CPI (3.25 per cent in 2024-25 and 3.00 per cent for the remainder of the LTFP). Outside of the broad parameters, there have been several manually assessed items in this area, including election expenses, insurance costs and waste costs. Electricity and gas market expectations are assumed to increase significantly in 2024-25 (10 and 20 per cent respectively) and then will drop to 5 per cent thereafter. These costs will be closely monitored.

The broad assumption in materials and services is for an increase matching the forecast CPI (3.25 per cent in 2024-25 and 3.00 per cent for the remainder of the LTFP). Insurance premiums are anticipated to increase at a rate higher than CPI, so a 10 per cent increment per annum in 2024-25 and 2025-26 and 5 per cent increase thereafter on insurance premium costs has been factored into the life of the LTFP.

Costs of materials and services remain at approximately 37 per cent of total operating expenditure over the ten years of the LTFP.

Allowance for impairment losses

Allowance for impairment losses (bad and doubtful debts) are expected to increase by 5 per cent each year over the life of the LTFP and primarily relates to parking fines forwarded to the Fines Victoria for collection and a consequent reduction in collection rates.

Depreciation

Depreciation estimates have been based on the projected capital spending contained within this LTFP document. Depreciation has been further increased by the indexing of the replacement cost of Council's fixed assets to recognise the impact of rising replacement costs in accordance with Australian Accounting Standard requirements. Depreciation estimates may be influenced by future recognition and disposal of assets and how Council expends its capital works program.

Depreciation – right of use assets

Represents the estimated depreciation of leased (right-of-use) assets in accordance with the Accounting Standard AASB 16 'Leases'. Leased assets include property, fleet, IT and office equipment that have been leased under ordinary lease arrangements.

Borrowing costs

Appendix J details Council's projected level of borrowings and finance costs (interest). Council's projected loan indebtedness at 30 June 2024 is $47.18 million.

Interest on borrowings is forecast at $3.18 million in 2024-25. These costs are estimated to increase to over $6.3 million in 2026-27 and 2027-28, reflecting the $74.97 million in proposed new borrowings to be drawn down over the four years commencing 2023-24, which part fund significant infrastructure works associated with three of Council's major projects – Keysborough South Community Hub, the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre) and construction of the new Dandenong Community Hub.

Finance costs - leases

Represents the estimated interest component of capitalised leases.

Other expenses

Other expenses include administration costs such as Councillor allowances, election costs, sponsorships, partnerships, community grants, lease expenditure, fire services property levy, audit costs and other costs associated with the day to day running of Council.

Conversion to Cash Result

Refer to **Appendix B** for Council's estimated cash result in the Conversion to Cash Result Statement over the full ten-year period. The below table is an extract in the shorter term.

Description	Budget 2024-25 $'000	Forecast 2025-26 $'000	Forecast 2026-27 $'000	Forecast 2027-28 $'000
Net operating result	**34,812**	**27,962**	**24,516**	**19,661**
Add (less) cash costs not included in operating result				
Capital expenditure	93,474	93,278	58,948	38,343
Loan repayments	3,961	5,149	6,685	7,670
Loan proceeds	(21,920)	(37,100)	(14,950)	-
Repayment of lease liabilities	710	710	710	710
Transfer from reserves	(20,746)	(13,325)	(3,649)	(3,708)
Transfer to reserves	7,476	8,093	6,327	6,927
Sub total	**62,955**	**56,805**	**54,071**	**49,942**
Add (less) non-cash costs included in operating result				
Depreciation	34,885	35,583	36,295	37,021
Amortisation - right of use assets	598	598	598	598
Amortisation - intangible assets	-	-	-	
Written down value of assets sold	160	162	162	162
Contributions - non-monetary	(7,500)	(7,500)	(7,500)	(7,500)
Sub total	**28,143**	**28,843**	**29,555**	**30,281**
Surplus (deficit) for the year	**-**	**-**	**-**	**-**
Accumulated surplus bought forward	**-**	**-**	**-**	**-**
Accumulated surplus bought forward	**-**	**-**	**-**	**-**

Cash surplus revenue and expenditure

Capital expenditure

Capital expenditure amounts included in this LTFP are in accordance with the proposed works forecast in the Statement of Capital Works (refer **Appendix F**).

Loan repayments

Loan repayments are forecast in accordance with the agreed repayment schedules for existing loans. Annual loan repayments start at $3.96 million in the first year of this LTFP, climbing to over $8 million in 2028-29. This is as a result of proposed new borrowings in the first four years totalling $74.97 million, in order to fund three of Council's major capital projects (Keysborough South Community Hub, the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre) and construction of the new Dandenong Community Hub).

Loan proceeds

Proposed loan borrowing proceeds are forecast as follows:

- $6.12 million ($1 million in 2023-24 and $5.12 million in 2024-25) to part fund the Keysborough South Community Hub major project sought via the Community Infrastructure Loans Scheme (CILS) which was introduced to support councils in delivering critical infrastructure to communities across the state. Council received a successful application which its aim is to achieve savings through accessing a low-interest loan via an interest rate subsidy from the Victorian Government.

- Proposed loan borrowing proceeds of $16.8 million in 2024-25, $27.1 million in 2025-26 and $4.95 million in 2026-27 to part fund significant infrastructure works in relation to the redevelopment of Dandenong Oasis (construction of Dandenong Wellbeing Centre).

- Proposed loan borrowing proceeds of $10 million in 2025-26 and $10 million in 2026-27 to part fund construction of the new Dandenong Community Hub.

Transfers to and from reserves

A full listing of the reserve funds and the proposed transfers to and from these reserves in contained in the Reserve strategy section of this LTFP as well as the schedule of reserves in **Appendix I**.

Key information relayed by the Budgeted Comprehensive Income Statement and Conversion to Cash Result

There are a number of features that are relayed by the statements in **Appendix A** and **Appendix B**:

- Council's underlying operational result (net surplus or deficit from operations) remains in surplus over the life of the LTFP from 2024-25. This is an extremely positive step in terms of maintaining Council's financial sustainability.

- Capital works expenditure is significant for the first three years of the LTFP at $93.5 million, $93.3 million and $59 million due to several major projects including the Keysborough South Community Hub, the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre) and the proposed construction of the Dandenong Community Hub. These increases have mainly been funded from new borrowings, reserves, grants and a reduction in capital investment to fund debt servicing and operational costs.

- Capital works expenditure funded from the operational surplus represents $41 million on average over the life of the LTFP, increasing from $39.22 million in 2024-25 to $46 million in the final year of the LTFP. This shows the amount of capital funds that Council can allocate from its operating result.

Balance Sheet

Appendix C outlines the Balance Sheet financial plan projections for the next ten years. Extract of the shorter term is below.

Description	Budget 2024-25 $'000	Forecast 2025-26 $'000	Forecast 2026-27 $'000	Forecast 2027-28 $'000
Assets				
Total current assets	192,772	188,405	186,183	186,977
Total non-current assets	2,638,401	2,703,536	2,733,629	2,742,391
Total assets	**2,831,173**	**2,891,941**	**2,919,812**	**2,929,368**
Liabilities				
Total current liabilities	125,258	127,753	124,001	121,939
Total non-current liabilities	64,732	95,043	102,150	94,107
Total liabilities	**189,990**	**222,796**	**226,151**	**216,046**
Net assets	**2,641,183**	**2,669,145**	**2,693,661**	**2,713,322**
Total equity	**2,641,183**	**2,669,145**	**2,693,661**	**2,713,322**

The main components of the Balance Sheet are outlined below.

Cash and cash equivalents

Represents the amount held by Council in cash or term deposits. Cash and investments are forecast to remain at adequate levels throughout the ten-year forecast. Council's working capital ratio (current assets/current liabilities) is expected to remain steady with a slight upwards trend during the latter period of this LTFP. The ratio is forecast to be 1.54 in 2024-25 and 1.57 on average across the LTFP, which is more than the minimum prudential ratio of 1.00.

These ratios are however dependent to some extent on Council continuing to hold reserve funds rather than expending these funds on the purposes for which they are held. Council will therefore need to be mindful of its working capital ratio moving forward over the ten-year period taking into consideration the major draw downs in cash reserves to fund significant new infrastructure over the first five years of the LTFP.

Trade and other receivables

Other receivables include payments outstanding from rates and other services such as parking and animal infringements, sporting clubs, monies owed from development contribution plans for works completed and community aged care services.

The only trend available continually shows that parking infringements remain difficult to collect and the receivable in this area has been estimated to increase. Initiatives by the State Government are continually aimed at reducing this issue. Outstanding rates are steady but are projected to increase due to a less legalistic approach to debt recovery proposed by legislative changes - *Local Government Legislation Amendment (Rating and Other Matters) Bill 2022.*

The non-current trade and other receivables are made up of refundable deposits that are not expected to be repaid in the next 12 months and Council's financial contribution in a closed landfill (Narre Warren landfill).

Other assets

Other assets comprise accrued income and prepayments.

Property, infrastructure, plant and equipment

Represents Council's fixed assets, including infrastructure assets such as roads, drainage and buildings. These assets are shown at their depreciated values. The increase in value of these assets over the term of the LTFP indicates that Council is investing more in capital than the rate of depreciation.

Investment property

Investment property represents land and building assets that generate long term rental yields. Any adjustment to the fair value of these assets is recorded in the Comprehensive Income Statement and these assets are not depreciated.

Right of use assets

Represents leased (right-of-use) assets. Includes property, fleet, IT and office equipment that have been leased under ordinary lease arrangements. These values are reflected after recognising the amortisation expense.

Intangible assets

Represents computer software assets. These values are reflected after recognising the amortisation expense.

Trade and other payables

Represents the accounts unpaid as at the end of June of each year. Council follows a 30 day credit policy for payment of invoices for most of the goods and services received. The increase in balances over the years reflects general growth in volume and prices of services received.

Trust funds and deposits

Amounts received as tender deposits, bonds and retention monies are recognised as trust monies until they are refunded or forfeited.

Unearned income

Represents income not yet earned based on specific performance obligations that were not complete at financial year end. Mainly relates to Developer Contribution Plan (DCP) liabilities and operating/capital grants. The largest component is amounts received from developers relating to the Development Contribution Plans (DCP) where levies are held as a surety for the construction of DCP infrastructure. Upon completion of the infrastructure, Council will refund the developer or offset this against developer levies owed.

Provisions

Represents the combination of employee entitlement and landfill restoration provisions.

Employee entitlement provisions comprise annual leave, long service leave and rostered day off (RDO) entitlements for staff. The current provision includes all of the annual leave liability and long service leave liability in accordance with Australian Accounting Standards, although they are not expected to be paid within twelve months. The balance of the liability is reflected in the non-current section.

The landfill restoration provision relates to the Spring Valley closed landfill on Council land. Council shares responsibility for the after-care management plan of this closed landfill with three member councils.

Interest-bearing loans and borrowings

Represent long-term borrowings outstanding at balance date.

Lease liabilities

Represents the lease repayments in respect of right-of-use assets and mainly comprise of property and information technology related lease obligations.

Accumulated surplus

The accumulated equity of Council (excluding reserve funds) continues to increase during the life of the LTFP.

Key information relayed by the Balance Sheet

The Balance Sheet highlights several key points:

- Council's cash balances remain at healthy levels over the period of the forecast, although a component of it will be 'restricted' to fund statutory obligations such as repayment of trust monies.
- Council's working capital ratio throughout the LTFP remains at a level in excess of 100 per cent, an indicator that shows Council's ability to service its creditors and loan obligations.
- Council continues to grow its equity and fixed asset levels.

Statement of Changes in Equity

Refer to **Appendix D** which outlines the various equity components over the next ten years.

Key information relayed by Statement of Equity

Council's accumulated surplus and other reserve balances continue to grow over the life of the LTFP.

Cash Flow Statement

Refer to **Appendix E** which outlines the cash flow financial plan projections for the next ten years. The main components of the Statement of Cash Flows are outlined below.

Key information relayed by Statement of Cash Flows

The key information from the Statement of Cash Flows is that Council maintains a solid cash balance that sufficiently funds its reserve funds and restricted assets (eg. leave entitlements and trust deposits).

Two points to note in relation to the Cash Flow Statement:

- It is drawn directly from the cash based transactions shown in the Income Statement with the addition of estimated movements in working capital.
- The cash flow amounts are disclosed inclusive of GST.

Section	***Strategic Directions Outcomes:***
Macro view of Council's financial position	1. That Council revise its ten-year forward financial plan on an annual basis. 2. That Council maintains an underlying operational surplus (in the Income Statement) prior to the recognition of capital income over the life of the LTFP. 3. That Council seek to increase its capital works investment, funded from operational sources to a sufficient level that allows it to adequately fund its asset renewal requirements *(subject to the impacts of rate capping*). 4. That Council endorse through this LTFP, the principle that ongoing asset renewal requirements must be funded from ongoing operational funding sources and that non-renewable funding sources such as asset sales, reserve funds or loan funds not be used to address these needs.

Financial Strategies

Capital works strategy

The Statement of Capital Works in **Appendix F** outlines the forecast capital expenditure by asset class and category, as well as the proposed funding sources to be applied to the achievement of the works in the LTFP.

The following table provides a summary of these figures over the next five-year period.

Capital expenditure funding sources	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000
Capital grants	8,625	8,169	4,724	-	-
Capital contributions	5,676	-	-	-	-
Transfer from reserves	18,031	10,731	1,000	1,000	1,000
Loan proceeds	21,920	37,100	14,950	-	-
Funded from operational surplus	39,222	37,278	38,274	37,343	38,426
Total capital works funding	**93,474**	**93,278**	**58,948**	**38,343**	**39,426**

This LTFP is based on capital works investment funded from Council's operations of $39.22 million in 2024-25.

Part of Council's revenue is impacted by activity levels and given the current economic environment any future effect on our operations is uncertain. As such we recognise Council's proposed financial direction for future years may require changes.

Grant funding and contributions will be used where available, reserve funding where applicable and borrowings where it is deemed necessary. The total amount of capital expenditure may vary significantly from year to year depending on the various capital funding sources utilised.

The proposed program of works across the ten years is indicative at this point and will not be formally resolved upon until Council considers the forthcoming Budget each year.

Additionally, capital works expenditure associated with Development Contribution Plans (DCP) has been excluded from the figures in **Appendix F**. Scheduling of designated projects within the DCP is subject to available Council funding (reserve funds are allocated to a reserve annually). Infrastructure works to be undertaken are currently being reviewed.

The graph in **Appendix M** highlights the impact to available capital works funding from Council's operational result as a result of rate capping restrictions, pandemic impacts and now the funding of debt servicing of new borrowings and ongoing operational costs of significant major projects. In REAL terms Council's funding for capital expenditure is falling over the LTFP and over the term of the LTFP the total cumulative gap between ongoing growth in line with previous capital expenditure forecasts incremented by the rate cap and the forecast funding amount is $141 million.

The key point from the Statement of Capital Works in **Appendix F** table is the LTFP provides funding for asset renewal purposes which averages $32.13 million. The current LTFP projections meet the current asset renewal requirements. It should be noted that asset management modelling remains incomplete, and this requirement can be expected to change as more data is obtained.

Capital funding sources

The Statement of Capital Works in **Appendix F** also outlines the funding sources currently applied in the LTFP.

The operational funds devoted to capital purposes drops during the year two to five period, followed by an incremental trend in the latter half of the LTFP: starting at $39 million in 2024-25, down to $37-38 million in years 2 to 5, then up to $42 million in year 6 and rising steadily thereafter.

This reduction in operational surplus capital funding compared to the previous LTFP has been driven by significant borrowings to fund much needed major capital works projects. Annual debt servicing and redemption costs, combined with operating costs of the new facilities will be met by a reduction in operational surplus available for capital funding.

The following major projects have been included in Council's LTFP:

- Keysborough South Community Hub (KSCH)
- Redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre – DWC)
- Dandenong Community Hub (DCH)

The budgeted capital expenditure and funding sources for these projects is summarised in the following table and impacts the first four years of the LTFP. Whilst $20.85 million of Council's operational surplus is expected to fund these major projects, more significant funding is required to be sourced from new borrowings ($74.97 million) and internal reserves ($33.85 million).

ALL MAJOR PROJECTS	Forecast Actual 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	Remaining Project Total $'000	Project Total $'000
Capital expenditure	**15,863**	**54,736**	**56,000**	**26,620**	**-**	**153,219**	**157,902**
Less funding sources:							
Grants	(3,725)	(7,107)	(8,169)	(4,724)	-	**(23,725)**	**(24,000)**
Contributions	-	(4,228)	-	-	-	**(4,228)**	**(4,228)**
Council cash	(6,213)	(6,272)	(1,000)	(6,946)	-	**(20,431)**	**(20,850)**
Borrowings	(1,000)	(21,920)	(37,100)	(14,950)	-	**(74,970)**	**(74,970)**
Reserves	(4,925)	(15,209)	(9,731)	-	-	**(29,865)**	**(33,854)**
Funding sources	**(15,863)**	**(54,736)**	**(56,000)**	**(26,620)**	**-**	**(153,219)**	**(157,902)**

Council has been successful in sourcing two grants totalling $4 million for the Keysborough South Community Hub over the life of the project.

Grant funding of $20 million for the Dandenong Wellbeing Centre project has also been forecast over the three financial years commencing 2024-25 under the Priority Community Infrastructure Program (PCIP). This program delivers the Government's 2022 election commitments for community infrastructure commitments announced by the former Government during the 2022 Pre-Election Fiscal and Economic Outlook.

Contributions of $4.23 million from Developer Contribution Plans (DCP) can also be utilised for the Keysborough South Community Hub major project upon completion of the Hub in 2024-25. This is from a combination of Community Infrastructure and Development Infrastructure levies received.

Significant new borrowings will be required for the completion of these major projects. Firstly, Council proposes to use loan funds of $6.12 million to part fund Keysborough South Community Hub in two tranches: $1 million in 2023-24 and $5.12 million in 2024-25. These loan funds have been sought via the Community Infrastructure Loans Scheme (CILS) which was introduced to support councils in delivering critical infrastructure to communities across the state. This scheme hopes to achieve savings through accessing a lower-interest loan by way of an interest subsidy from the Victorian Government.

Further proposed new borrowings of $48.85 million ($16.8 million in 2024-25, $27.1 million in 2025-26 and $4.95 million in 2026-27) are also required to part fund significant infrastructure works associated with the redevelopment of Dandenong Oasis.

In addition, further proposed new borrowings of $20 million are forecast (split evenly over 2025-26 and 2026-27) for the proposed construction of the new Dandenong Community Hub.

Similarly, significant reserve funding of $29.9 million for these major capital projects has been forecast across the LTFP (including 2023-24). Most of this reserve funding is from the Major Projects reserve with the remainder coming from the DCP reserve.

- Major Projects reserve ($28 million):
  - ~ $19.83 million for Dandenong Wellbeing Centre
  - ~ $7.0 million for Keysborough South Community Hub
  - ~ $1.1 million for Dandenong Community Hub
- Development Contribution Plan reserve (Council) ($1.9 million) for Keysborough South Community Hub. This represents levies received under the Keysborough South Development Contributions Plan for community and sporting facilities costs (Keysborough Community Hub) that were completed in earlier years and quarantined in this reserve.

Keysborough Community Hub

The City of Greater Dandenong is establishing a community hub in Keysborough South where a range of services, programs and flexible meeting spaces will be provided for the community. Council has undertaken extensive planning and consultation over several years for the proposed community hub and Tatterson Park is the selected location for the facility. The development remaining is estimated to cost around $28.4 million.

The project will be funded from several sources as detailed in the table below.

KEYSBOROUGH SOUTH COMMUNITY HUB	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	Remaining Project Total $'000	Project Total $'000
Capital expenditure	**8,711**	**19,736**	**-**	**-**	**-**	**28,447**	**29,502**
Less funding sources:							
Grants	(3,725)	-	-	-	-	**(3,725)**	**(4,000)**
Contributions	-	(4,228)	-	-	-	**(4,228)**	**(4,228)**
Council cash	(1,491)	(3,950)	-	-	-	**(5,441)**	**(5,504)**
Borrowings	(1,000)	(5,120)	-	-	-	**(6,120)**	**(6,120)**
Reserves	(2,495)	(6,438)	-	-	-	**(8,933)**	**(9,650)**
Funding sources	**(8,711)**	**(19,736)**	**-**	**-**	**-**	**(28,447)**	**(29,502)**

Dandenong Wellbeing Centre (DWC) – Redevelopment of Dandenong Oasis

Council is planning to develop a new aquatic and wellbeing centre to replace the existing Dandenong Oasis which is nearing the end of its effective life. This major infrastructure project is a key recommendation from the Greater Dandenong Aquatic Strategy and will have a targeted focus on allied health, passive activity, education, fitness and wellness.

The new centre (currently known as the 'Dandenong Wellbeing Centre') will include a broad range of facilities, as determined by the Aquatic Strategy and refined through subsequent community and stakeholder engagement.

Mills Reserve will continue to be the home of Greater Dandenong's premier indoor aquatic centre. However, the new aquatic and wellbeing centre will be developed as a new facility at the reserve, as opposed to a redevelopment of the existing Dandenong Oasis, which is over 40 years old and proposed for decommissioning. This will enable Dandenong Oasis to continue to operate while the new Centre is under construction.

This project has been identified to receive grant funding under the Priority Community Infrastructure Program (PCIP). This program delivers the Government's 2022 election commitments for community infrastructure commitments announced by the former Government during the 2022 Pre-Election Fiscal and Economic Outlook. $20 million in grant funding has been factored into the three years commencing 2024-25.

The remaining construction costs of the centre are estimated at $94.8 million (subject to final tender outcomes). The design of the Dandenong Wellbeing Centre was endorsed by Council in February 2022. The project is expected to be complete by mid to late 2026.

The project will be funded from several sources as per the table below.

DANDENONG WELLBEING CENTRE *(Redevelopment of Dandenong Oasis)*	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	Remaining Project Total $'000	Project Total $'000
Capital expenditure	**5,152**	**35,000**	**45,000**	**9,674**	**-**	**94,826**	**98,400**
Less funding sources:							
Grants	-	(7,107)	(8,169)	(4,724)	-	**(20,000)**	**(20,000)**
Council cash	(3,828)	(2,322)	-	-	-	**(6,150)**	**(6,452)**
Borrowings	-	(16,800)	(27,100)	(4,950)	-	**(48,850)**	**(48,850)**
Reserves	(1,324)	(8,771)	(9,731)	-	-	**(19,826)**	**(23,098)**
Funding sources	**(5,152)**	**(35,000)**	**(45,000)**	**(9,674)**	**-**	**(94,826)**	**(98,400)**

Dandenong Community Hub

Greater Dandenong City Council is planning for a community hub in central Dandenong. In 2021, Greater Dandenong City Council commenced the process of the business case and concept plan for a Community Hub in central Dandenong. This project represents the next step to develop infrastructure in central Dandenong to meet current and future community needs.

Community workshops and focus groups occurred in May 2021. Further community engagement and consultation on the site and draft concept design occurred in October 2021. Community feedback indicated a preferred site as the land bounded by Stuart Street, Clow Street and Sleeth Avenue in Dandenong. Council has supported this site as the preferred location.

A business plan and draft concept designs for the Community Hub in central Dandenong were completed and presented to Council on 6 December 2021. On 21 March 2022 Council requested alternative building layout models and associated costs for the preferred site to be undertaken. Three models were recently presented to Council and a community consultation phase requested.

Detailed design and documentation stage and further community consultation are in progress with construction foreshadowed over the 2025-26 and 2026-27 financial years (subject to funding).

The project is expected to be funded as per the table below.

DANDENONG COMMUNITY HUB	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	Remaining Project Total $'000	Project Total $'000
Capital expenditure	**2,000**	**-**	**11,000**	**16,946**	**-**	**29,946**	**30,000**
Less funding sources:							
Council cash	(894)	-	(1,000)	(6,946)	-	**(8,840)**	**(8,894)**
Borrowings	-	-	(10,000)	(10,000)	-	**(20,000)**	**(20,000)**
Reserves	(1,106)	-	-	-	-	**(1,106)**	**(1,106)**
Funding sources	**(2,000)**	**-**	**(11,000)**	**(16,946)**	**-**	**(29,946)**	**(30,000)**

Council also has significant future major projects that it wishes to progress over the coming ten-year period (beyond the four years) which are not presently included in this LTFP. At present, no further projects are included in this plan but this will be reviewed annually as Council completes its current major projects and assesses its financial capability to undertake these projects.

It is noted that Council's financial capability will be strongly influenced by either the receipt of significant government grant stimulus funds or by future potential asset sales that may act as a funding source.

Strategic Directions Outcomes:

That Council note the forecast level of capital expenditure over the ten year period of the LTFP and the reduction of $88.7 million to fund debt servicing and operational costs associated with major capital works projects.

Borrowing strategy

Refer to **Appendix J** for a schedule of Council's forecast borrowings, including existing and new (assumed) borrowings, principal repayments and finance costs.

This section covers the components of Council's borrowing strategy including Council's philosophy on debt, future loan strategy and requirements.

Background to Council's current debt portfolio

The below table highlights Council's current position in respect of all interest-bearing liabilities and the movements that have occurred during the past three financial years, as well as the forecast borrowings balance at 30 June 2024.

	Actual Balance 30 June 2021 $'000	Actual Balance 30 June 2022 $'000	Actual Balance 30 June 2023 $'000	Forecast Balance 30 June 2024 $'000
Interest bearing loans and borrowings	56,636	53,263	49,779	47,182

Future loan strategies

What is Council's philosophy on debt?

Many Victorian councils are debt averse and view the achievement of a low level of debt or even debt free status as a primary goal. Others see the use of loan funding as being a critical component of the funding mix to deliver much needed infrastructure to the community.

The use of loans to fund capital expenditure can be an effective mechanism of linking the payment for the asset (via debt redemption payments) to the successive Council populations who receive benefits over the life of that asset. This matching concept is frequently referred to as 'inter-generational equity'.

Council has accessed debt funding to complete a range of major infrastructure projects including the Springvale Community Hub, Dandenong Civic Centre and Library, redevelopment of the Drum Theatre, Dandenong Market and Noble Park Aquatic Centre that will be enjoyed by the populations of the future (refer table below).

Project	Total cost ($ million)	Loan funds used ($ million)
Drum Theatre	13.0	9.0
Dandenong Market	26.0	20.0
Noble Park Aquatic Centre	21.0	5.0
Dandenong Civic Centre	65.5	47.2
Springvale Community Hub	52.7	20.0
Total	**178.2**	**101.2**

The significant replacement of Dandenong Oasis (construction of Dandenong Wellbeing Centre), estimated at over $98 million, will be part funded by proposed new borrowings of $48.85 million over the three years from 2024-25. The construction of the new Dandenong Community Hub will also be part funded by borrowings of $20 million ($10 million in 2025-26 and $10 million in 2026-27).

In addition, Council has been successful in $6.12 million in new borrowings to part fund the Keysborough South Community Hub major project (expected to be drawn down in two tranches: $1 million in 2023-24 and $5.12 million in 2024-25). These loan funds will be sought via the Community Infrastructure Loans Scheme (CILS) which was introduced to support councils in delivering critical infrastructure to communities across the state. The successful application will achieve savings through accessing a low-interest loan by way of am interest subsidy from the Victorian Government.

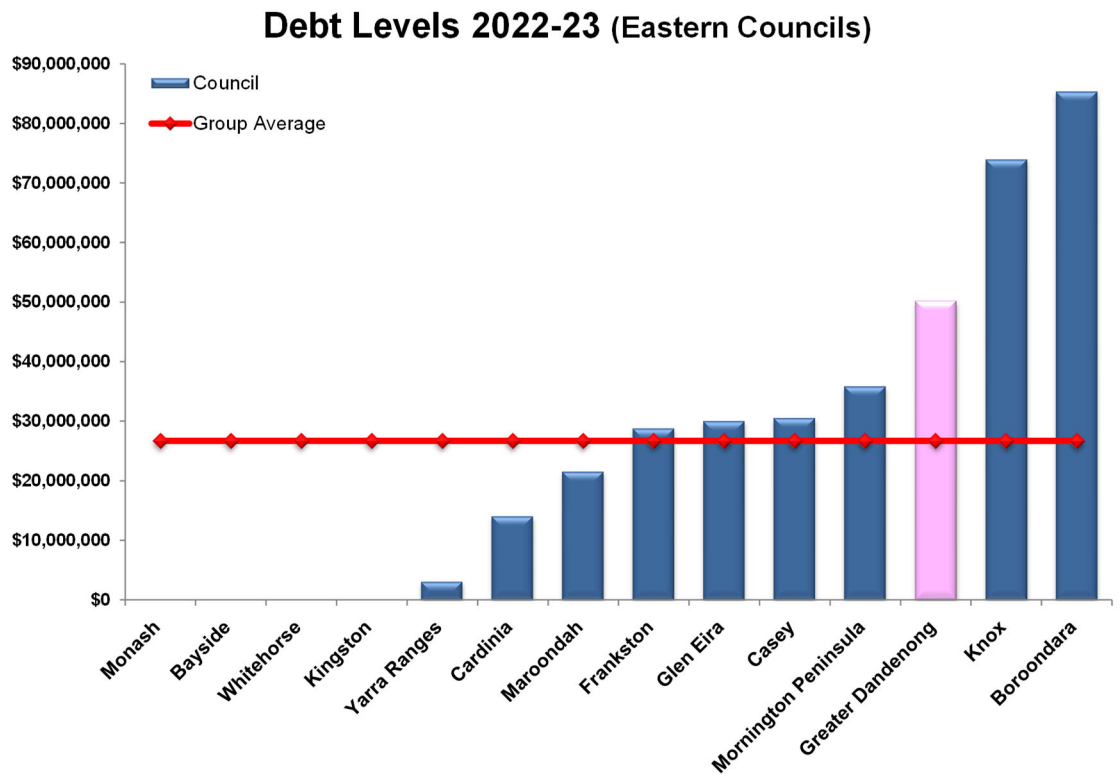
One of the key considerations for Council in the application of future loan borrowing is the premise that its long-term financial strategies should strive for a financial structure where its annual operational and asset renewal needs can be met from annual funding sources. That is, Council does not have to access funding from non-renewable sources such as loans, asset sales or reserves to meet its annual expenditure needs.

Measuring what level of debt is appropriate

The maximum levels of indebtedness are prescribed for Council by way of prudential limits established by the State Government. The three principle prudential limits are:

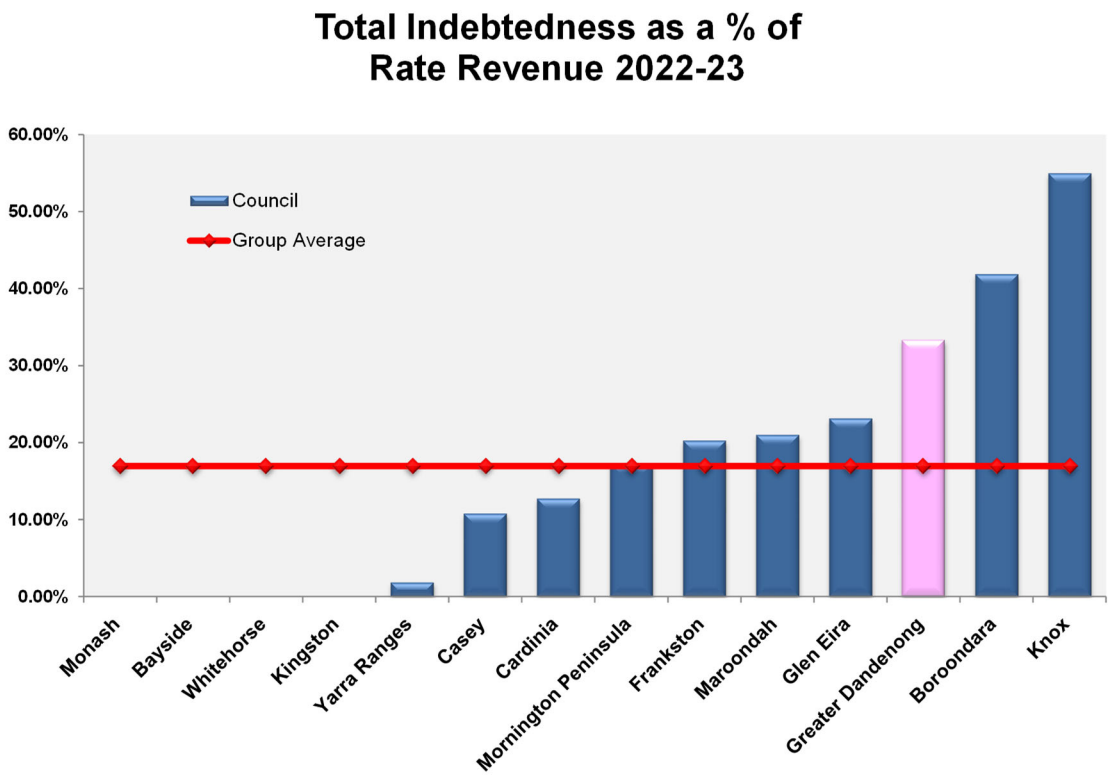
- Debt servicing (interest repayments) as a percentage of total revenue should not exceed five per cent.
- Total indebtedness as a percentage of rate revenue – in general this ratio should not exceed 60 per cent and ideally Council should retain some borrowing flexibility to be able to respond to urgent needs.
- Working capital ratio (current assets/current liabilities) to remain in excess of 1.00.

Benchmarking of Council's debt structure to other councils



As presented in the graph, Council completed 2022-23 with the third highest level of indebtedness of all Eastern Metropolitan councils in pure dollar terms.

The more meaningful comparison is however gained by using the dollar indebtedness, contrasted against other measures (e.g. rate revenue) that account for the varying financial sizes of councils in the group.



Council's level of indebtedness (debt/rate revenue) at 30 June 2023 was 33 per cent which was a slight decrease on the prior year and remains well below the 60 per cent threshold.

The below table highlights the outcomes of a debt level review based on the figures to 30 June 2023.

Council	Debt Servicing / Adj. Total Revenue	Debt Commitment / Rates	Total Debt / Rate Revenue	Total Liabilities / Realisable Assets	Debt Commitment / Own Source Revenue	Total Debt / Own Source Revenue
Bayside	0.00%	0.00%	0.00%	0.97%	0.00%	0.00%
Monash	0.00%	0.00%	0.00%	2.76%	0.00%	0.00%
Whitehorse	0.00%	0.00%	0.00%	2.07%	0.00%	0.00%
Kingston	0.00%	0.00%	0.00%	3.81%	0.00%	0.00%
Yarra Ranges	0.11%	2.06%	1.88%	14.73%	1.93%	1.76%
Casey	0.32%	3.21%	10.81%	4.17%	2.88%	9.71%
Cardinia	0.79%	3.62%	12.76%	6.36%	3.27%	11.53%
Mornington Peninsula	0.38%	2.44%	17.33%	5.55%	2.07%	14.67%
Frankston	0.69%	1.27%	20.28%	5.49%	1.02%	16.28%
Maroondah	0.68%	3.66%	21.03%	6.63%	2.75%	15.81%
Glen Eira	0.27%	3.52%	23.17%	3.98%	2.88%	18.96%
Greater Dandenong	**1.09%**	**3.77%**	**33.33%**	**8.37%**	**3.11%**	**25.30%**
Boroondara	1.50%	14.64%	41.86%	4.17%	12.74%	36.42%
Knox	0.98%	4.46%	54.95%	8.77%	3.94%	48.48%
Median Eastern Councils	0.35%	2.83%	15.04%	4.83%	2.41%	13.10%
Average Eastern Councils	0.49%	3.05%	16.96%	5.56%	2.61%	14.21%
Greater Dandenong Council Ranking	13	12	12	12	11	12

(Note regarding ranking – 1 is the lowest debt outcome, 14 is the highest debt outcome).

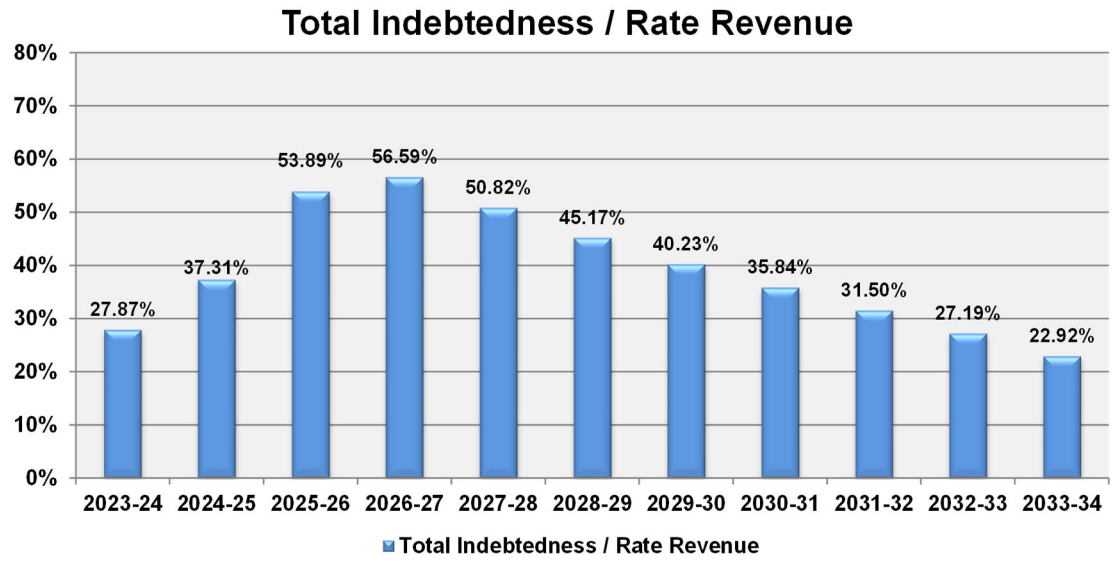
The table above highlights that Council's current indebtedness ratios place it generally in the third highest indebted Council of the group across the range of ratios.

Council's level of indebtedness remains within the prudential limits. Council's debt servicing/adjusted total revenue ratio was 1.09 per cent at 30 June 2023 (prudential limit 10 per cent) and indebtedness/rate revenue ratio is 33.33 per cent (prudential limit 80 per cent).

The graph following highlights Greater Dandenong's forecast indebtedness/rate revenue ratio over the life of the LTFP.

This LTFP forecasts significant new borrowings ($1 million in 2023-24, $21.9 million in 2024-25, $37.1 million in 2025-26 and $14.95 million in 2026-27) to part fund major capital projects. As can be seen on the following graph, the 'Indebtedness to Rate Revenue' ratio increases to just over 56 per cent in 2026-27, but then the debt ratio falls again down to 22.92 per cent in 2033-34.

Council has previously relied on a strategy of ensuring its 'Indebtedness to Rate Revenue' ratio is ideally around the 40 per cent mark prior to undertaking new borrowings. Giving consideration to community need for redevelopment of the ageing Dandenong Oasis and a Community Hub in Dandenong, Council has opted to procure new borrowings to finance these major projects. This strategy allows Council to borrow for major projects but also to then retain a gap between the ratio and the 60 per cent level, allowing Council room to respond to unforeseen circumstances. This could comprise an opportunity to match large stimulus funding to deliver another project or to respond to emerging situations such as a defined benefit superannuation call up or as we have seen during the COVID-19 pandemic.



Once the 'Indebtedness to Rate Revenue' ratio drops to below 40 per cent, Council will once again be in a position to consider future borrowings from that point. This is not until at least 2030-31.

As outlined above, a certain level of debt can be viewed as a positive mechanism in financing infrastructure within Council. The key is ensuring that Council does not rely so strongly on debt funding that it increases the level of debt (and therefore annual debt servicing and redemption costs) beyond a prudent level or which unduly impacts on Council's ability to fund capital works on an annual basis.

Council will consider debt for major community assets in accordance with the above guidelines. All projects are subject to community consultation, Council review and funding. Council will also seek to maximise external funding opportunities having regard to the financial impacts and outcomes for the community.

Future loan requirements

Treasury Corporation of Victoria loans

Recently, the Victorian Government has approved the Treasury Corporation of Victoria (TCV) to become a direct lender to councils. This framework will enable Victorian councils to access low-interest loans and achieve interest cost savings.

Local Government as an industry has been relatively debt averse over the past decade with several councils seeking debt free status. In benchmarking with thirteen other councils within the Eastern Melbourne metropolitan grouping, the City of Greater Dandenong has consistently been in the top three councils in terms of its debt levels in pure dollar terms.

The TCV have two financial covenant requirements for councils to comply with if undertaking borrowings with the TCV:

- *Interest cover ratio* – earnings before interest, depreciation/amortisation and non-cash contributions compared to interest expense (on borrowings and leases). The ratio result is not to be less than 2:1.
- *Financial indebtedness ratio* – total interest bearing loans and borrowings including leases over own-source revenue. The ratio result is not to exceed 60 per cent.

In terms of highlighting the impact of Council's current borrowings portfolio on Council's indebtedness to rates ratio, the below table provides these outcomes. It also shows TCV financial covenant ratios which are calculated slightly differently to the prudential limits. These financial covenants ratios must remain with the limits for the life of the loan agreement with TCV.

The below table shows Council will remain within the financial covenant limits defined by TCV. Council was successful in obtaining a $6.12 million loan via the Community Infrastructure Loan Scheme for the Keysborough Community Hub which is expected to be drawn down in two tranches: $1 million in 2024-25 and $5.12 million in 2024-25.

Financial year ending	New/ refinance borrowings $'000	Principal paid $'000	Interest expense $'000	Balance 30 June $'000	LGPRF Liquidity Ratio	LGPRF Debt Mgmt Ratio	Debt Servicing Ratio	TCV Interest Cover Ratio	TCV Financial Indebted-ness Ratio
2024	1,000	3,597	2,537	47,182	168%	27.9%	2.4%	15.8	23.6%
2025	**21,920**	**3,961**	**3,184**	**65,141**	154%	37.3%	2.6%	18.3	31.8%
2026	37,100	5,149	4,973	97,092	147%	53.9%	3.8%	11.2	45.9%
2027	14,950	6,685	6,304	105,357	150%	56.6%	4.8%	8.7	48.4%
2028	-	7,670	6,357	97,686	153%	50.8%	5.2%	8.1	43.8%
2029	-	8,085	5,879	89,601	156%	45.2%	5.0%	8.9	39.1%
2030	-	7,271	5,409	82,330	158%	40.2%	4.4%	10.2	35.0%
2031	-	6,662	4,978	75,669	159%	35.8%	4.0%	11.3	31.3%
2032	-	7,088	4,556	68,580	161%	31.5%	3.9%	12.6	27.6%
2033	-	7,530	4,101	61,051	162%	27.2%	3.7%	14.1	23.9%
2034	-	8,004	3,621	53,047	165%	22.9%	3.6%	16.6	20.2%

		LGPRF Liquidity Ratio	LGPRF Debt Mgmt Ratio	Debt Servicing Ratio	Treasury Corp TCV Interest Cover Ratio	TCV Financial Indebted-ness Ratio
Prudential ratio limits: Risk assessment criteria	High	Below 110%	Above 80%	Above 10%	Less than 2	Above 60%
	Medium	110% - 120%	60% - 80%	5% - 10%		
	Low	Above 120%	Below 60%	Below 5%		

LGPRF Liquidity ratio
Current assets compared to current liabilities
= (Current assets / Current liabilities)

LGPRF Debt management
Loans and borrowings compared to rates
= (Current + Non-current Interest bearing liabilities / Rates and charges less Keysborough Maintenance Levy)

Debt servicing
Borrowing costs compared to rates
= (Interest expense / Rates and charges less Keysborough Maintenance Levy)

TCV Interest Cover Ratio
Ratio of earnings before interest, taxes, depreciation and amortisation (EBITDA) to interest expenses.
= (Net surplus - interest income - non-monetary contributions + borrowing costs + finance lease costs + depreciation and amortisation) / (Borrowing costs + finance lease costs)

TCV Financial Indebtedness Ratio
Value of interest bearing loans and borrowings as a percentage of own source revenue
= (Current + Non-current Interest bearing liabilities / (Total income - grants operating - grants capital - contributions monetary - contributions non-monetary)

The table on the prior page highlights that whilst Council forecasts significant new borrowings in this LTFP to part fund important capital investment, Council's debt ratios as per the Local Government Performance Reporting Framework (LGPRF) and the Treasury Corporation of Victoria (TCV) are within prudential limits over the ten-year period.

Strategic Directions Outcomes

1. That Council continues the use of loan funding as a viable and equitable mechanism of funding new/significantly upgraded major assets that provide a broad community benefit (when required).

2. That Council endorse a strategy of setting a target of 40 per cent indebtedness to rates ratio as an ideal financial outcome and where new borrowings are sought, set reduction targets to achieve this level in not more than a five-year period, with a maximum loan ratio of not more than 60 per cent.

Reserve strategy

Victorian local government councils have traditionally operated with reserve funds that are amounts of money set aside for specific purposes in later years. In general, these funds do not have bank accounts of their own but are a theoretical split up of the cash surplus that Council has on hand. The following sections provide a picture of what reserve funds Council holds and their purpose. Refer to **Appendix I** for the financial projections of Council's reserves over the next ten years.

Nature and purpose of current reserves

The following summary outlines the purpose of each current reserve, its typical inflows and outflows and projected reserve balances at 30 June 2024 (where relevant these balances have been updated to reflect 2023-24 current forecast movements).

Major Projects Reserve

Purpose

This reserve has been established to provide a source of funding for major infrastructure projects.

Typical sources of inflows and outflows

Inflows to this reserve will typically be from the sale of Council land. Further inflows may occur periodically if Council achieves a surplus outcome at the conclusion of the financial year and resolves to transfer surplus funds into this reserve.

An extract from **Appendix I(a)** of the Major Projects Reserve transfers is included below.

Reserves	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000
Major Projects					
Opening balance	42,566	46,297	33,430	26,667	27,869
Transfer to reserve	6,738	2,341	2,968	1,202	1,802
Transfer from reserve	(3,007)	(15,208)	(9,731)	0	0
Closing balance	**46,297**	**33,430**	**26,667**	**27,869**	**29,671**

Projected inflows of $6.74 million into this reserve in 2023-24 include:

- The surplus achieved at the 2023-24 Mid-Year Budget review ($2.65 million).
- Annual funding previously transferred to the DCP reserve ($1.41 million).
- Prior LTFP/Budget surplus amounts quarantined for rising project costs contingency ($2.68 million) but not drawn down.

Inflows across the LTFP relate to a combination of funding previously transferred to the DCP reserve combined with any applicable LTFP surplus/deficit amounts.

Outflows from this reserve in 2023-24 ($3.01 million) relates to project funding for the Dandenong Wellbeing Centre ($1.32 million), Dandenong Community Hub ($1.11 million) and Keysborough South Community Hub ($578,000).

As highlighted in the table on the previous page, the forecast closing balance of the Major Projects Reserve at 30 June 2024 of $46.3 million will largely be consumed by the future outflows for the funding of the major capital works projects.

Outflows from this reserve over the 2024-25 to 2025-26 financial years of $24.9 million relate to funding for the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre) ($18.5 million) and Keysborough South Community Hub ($6.4 million).

Further outflows may arise where Council is required to source major funding when there is no option but to utilise cash reserves.

Open space – planning, development and improvements

Purpose

The open space – planning, development and improvements reserve holds funds contributed by developers for works associated with developing and improving open space and recreational facilities within Council. Funds are contributed in accordance with Section 18 of the Subdivision Act and transfers are restricted to the purpose of creating or enhancing open space such as parks, playgrounds, pavilions and other such items.

Typical sources of inflows and outflows

Inflows are solely composed of contributions from subdividers in lieu of the five per cent public open space requirement.

Outflows from this reserve in 2023-24 of $1.1 million relate to:

- 86-88 Clow Street - Local Park Furniture and Landscape Upgrade ($250,000).
- Ian Tatterson Leisure Park - Implement Digital LED and Wayfinding Signage (Stage 1) ($200,000).
- Warner Reserve - Construction of Path System, Landscaping and Picnic Area (Stage 2 of 2) ($200,000).
- Bakers Reserve - Neighbourhood Park Furniture and Landscape Upgrade ($250,000).
- Springvalley Park - Walking Track, Furniture and Landscape Upgrade ($200,000).

No further future outflows are anticipated from this reserve in 2024-25 and over the period of the LTFP, however, funds may be required from this reserve from time to time, to top up the Open Space – Acquisitions reserve to the $6 million balance required annually.

Open space – acquisitions

Purpose

The open space – acquisitions reserve was established in 2016-17 to initially hold $6 million in funds contributed by developers for works associated with developing improved open space and recreational facilities within Council for the specific purpose of open space acquisitions. Transfers from this reserve are restricted to the purpose of acquiring open space land sites.

Typical sources of inflows and outflows

Inflows will occur as a transfer from the Open Space – Planning, Development and Improvements reserve as the Open Space – Acquisitions reserve balance is consumed, so that a $6 million balance is generally maintained each financial year.

In terms of outflows, Council will consider the allocation of reserve funds to appropriate open space acquisitions on an annual basis.

No transfers in or out of this reserve are currently forecast in the 2024-25 year or the LTFP period.

Development Contribution Plans (DCP) – Council funded

Purpose

The purpose of this reserve is to hold funds for Council's contribution to the construction of infrastructure related to the two major development overlays in accordance with the terms and conditions of the published plans. Council is committed to contributing rate funding to 11 projects in the Dandenong South Industrial DCP (industrial).

Typical sources of inflows and outflows

Based on revised estimates of infrastructure costs, Council's contribution amount is $400,000 per annum over the life of the LTFP. The estimated value of works yet to be completed is around $16 million.

Outflows from this reserve will be for nominated capital works in accordance with the published plans as well as DCP administration costs. In 2023-24, this reserve will fund $2.79 million for the Perry Road South upgrade project, $1.92 million for Keysborough South Community Hub major project and $18,000 in DCP administration costs.

Expenditure incurred by Council on the provision of infrastructure is capitalised upon completion, there is no discretion in terms of how funds are applied.

In the 2024-25 Budget and annually thereafter, the reserve also funds $20,000 annually in DCP administration costs.

The transfer out of the DCP reserve in 2024-25 relates to a further allocation for the Perry Road South upgrade project ($2.82 million). It is likely that further funding from this Reserve may be required for the remaining development of Perry Road, Keysborough. The timing of this funding is still being determined but is likely within a two-three year timeframe which will further reduce funding held.

Keysborough maintenance levy

Purpose

Properties within the Keysborough and Somerfield Estates are levied an additional $350 per annum to reflect the costs of maintaining an additional 15 per cent in open space beyond that of traditional estates. This reserve fund was established to ensure that there is full accountability in how these funds are applied.

Typical sources of inflows and outflows

Inflows into this reserve will be derived from the rate levy and outflows will be in the form of either operational costs to maintain the estate or capital funding.

Forecast outflows in this LTFP are projected to grow from $1.97 million in 2024-25 to $2.27 million in 2029-30. Beyond that point in the LTFP the operational costs will exceed the annual inflows, and any carried forward residual reserve balance, the excess of which will be required to be rate funded (as detailed in the following table). This totals an additional $2.75 million across the latter four years of this LTFP.

KEYSBOROUGH SOUTH MAINTENANCE LEVY	Financial Plan Projections 2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	Total $'000
Closing reserve balance	126	0	0	0	0	
Costs required to be funded by rates as reserve balance has been fully consumed	*0*	*484*	*681*	*753*	*827*	***2,745***

Self-insurance reserve fund

Purpose

The purpose of this reserve is to set aside funds that allow Council to access low insurance premiums through opting to 'self-insure' against lower level insurance claims.

Typical sources of inflows and outflows

Inflows are generally derived from savings made on insurance costs. Lower than budgeted insurance claims create surplus funds in insurance excess contributions.

Outflows from this reserve will generally be in the form of Council's contribution to any major insurance claims received, or any funding gaps in the closed MAV WorkCare scheme or funding allocated to improve Council's Workcover performance.

No future inflows or outflows are anticipated from this reserve over the period of the LTFP.

Spring Valley landfill reserve

Purpose

The purpose of this reserve is to fund the rehabilitation and ongoing monitoring of the former Spring Valley landfill at Clarke Road, Springvale South.

Typical sources of inflows and outflows

Inflows in the past have generally related to distributions of Council's share of the assurance fund monies held by Metropolitan Waste and Resource Recovery Group (MWRRG) for the rehabilitation of the former landfill at Spring Valley Reserve (now wound up) or savings in waste expenditure.

Outflows will be in the form of Council's share of operational costs to rehabilitate and monitor the landfill site ($313,000 forecast in 2023-24).

Springvale Activity Precinct parking and development reserve

Purpose

The purpose of this reserve was to fund development in the Springvale Activity Centre.

Typical sources of inflows and outflows

Inflows previously comprised parking fee income derived annually in the Springvale Precinct. A Council decision in February 2017 to abolish a 'pay and display' parking fee system in the areas of the Springvale Central Activity District meant that no further inflows are expected to this reserve. Other inflows have occurred from one off contributions 'in lieu of parking requirements' in Springvale.

Outflows will only occur to the extent of funds available and will be restricted to parking works in Springvale, as the remaining balance of $236,000 in the reserve at 30 June 2024 relates to contributions in lieu of parking.

Dandenong Activity Precinct parking and development reserve

Purpose

The purpose of this reserve is to fund development in the Dandenong Activity Centre.

Typical sources of inflows and outflows

Inflows have generally comprised $1 million of parking fee income derived annually in the Dandenong Activity Precinct. For several years this annual allocation was reduced to $650,000 to take into account the loss of parking income from a Council decision to offer free parking on a temporary basis in Lonsdale Street, Dandenong. Paid parking in Lonsdale Street was reinstated from 2023-24 which has returned the inflow to this reserve back to $1 million each year.

Outflows of $2.90 million from this reserve in 2023-24 relates to capital project delivery costs associated with the development of the Dandenong Activity Precinct:

- Vanity Lane – 275 Lonsdale Street, Dandenong ($1.68 million)
- Dandenong New Art Gallery ($650,000)
- Precinct Energy Project (PEP) building design ($574,000)

General reserve (aged care)

Purpose

The purpose of this reserve is to fund potential Home and Community Care grant income returns and the impact of reforms in the aged care sector.

Typical sources of inflows and outflows

In recent years, the Aged Care Reform Agenda has resulted in a movement from a predominantly integrated block funded program to separate programs where funding is based almost solely on the achievement of targets. This has seen a requirement for Council to return grant funding relating to unmet targets in some instances. Estimated amounts were transferred to reserves.

No further transfers to this reserve relating to the return of grant funding for targets unable to be achieved are required, as a liability (unearned grant income) will be recognised each year in the Balance Sheet.

The transfers from this reserve in 2023-24 ($403,000) and 2024-25 ($150,000) relate to a comprehensive aged care service review. There are no further outflows projected from this reserve in the life of the LTFP.

Future Maintenance Reserve (Level Crossing Removal Project - LXRA)

Purpose

The purpose of this reserve is to quarantine contribution funds received for future works to address level crossing removal authority defects and maintenance responsibilities.

Typical sources of inflows and outflows

There are no inflows projected to this reserve in the LTFP.

The outflows forecast in the LTFP relate to required maintenance costs of LXRA assets in the areas of Parks, Cleansing, Roads and Drains. In addition, in 2023-24 a transfer out of $41,000 will fund Flinders Street Streetscape rectification works. This reserve is expected to be fully consumed by 2032-33.

Native re-vegetation funds

Purpose

The purpose of these reserves is to set aside contributions received for the revegetation of the triangle land and other native revegetation funds.

Typical sources of inflows and outflows

Inflows to this reserve are typically from contributions received for required future maintenance works.

The outflows from these reserves each year ranging from $1,000 to $30,000 will be to fund agreed works or maintenance relating the revegetation of this subject land (mainly attributable to Somerfield, Logis and Bowmans Redgum).

Discretionary funds or restricted assets

There are two types of reserve funds. A discretionary cash fund represents monies held in a reserve that can in reality be used for any purpose Council desires, irrespective of the reserve title. A restricted asset is a reserve that is comprised of funds, which Council is legally obliged to apply to a certain purpose. The following table summarises the nature of each reserve.

Reserve	*Nature*	*Statutory?*
Open space – planning, development and improvements	Restricted asset	Yes
Open space – acquisitions	Restricted asset	Yes
Development Contribution Plans (Council funded)	Restricted asset	No
Native revegetation reserves	Restricted asset	No
Keysborough maintenance levy	Restricted asset	No
General reserve (aged care)	Restricted asset	No
Future maintenance reserve (LXRA)	Restricted asset	No
Grants Received in Advance	Discretionary fund	No
Major projects	Discretionary fund	No
Self-insurance	Discretionary fund	No
Spring Valley landfill	Discretionary fund	No
Springvale Activity Precinct parking and development	Discretionary fund	No
Dandenong Activity Precinct parking and development	Discretionary fund	No

Strategic Direction Outcomes
1. That Council endorse the continued use of the reserve funds noted in this section.

Climate Emergency Strategy

Climate change is no longer a distant threat: it is an imminent reality with profound impacts on our environment, society, and economy. Despite global efforts to reduce carbon emissions, the effects of climate change are becoming more pronounced each year. As a society we face more frequent and intense heatwaves, prolonged droughts, extreme weather events, and rising sea levels. This underscores the urgent need for collective climate action to mitigate risks.

2023 was declared to be the hottest year on record globally. Closer to home, Greater Dandenong experienced a severe storm event in February 2024 which caused widespread flooding, property damage and power outages. These are stark reminders of the immediate challenges we face.

Local governments are responding to climate change due to increased recognition that the essential services and infrastructure councils provide to the community are vulnerable to a range of climate hazards. For example:

Council Operations

Climate change poses significant risks to our Council staff, infrastructure, and services. Climate change impacts can directly affect the health, safety, and productivity of the workforce. Outdoor workers are particularly vulnerable to heat-related illnesses. Additionally, community care workers may experience increased demand for their services as climate-related events become increasingly frequent and severe.

The recent storm event of February 2024 serves as an example of how climate events can disrupt Council communications and services – with power outages causing disruptions and storm recovery efforts resulting in a backlog of tasks.

Supporting Community Health and Wellbeing

Climate change disproportionately impacts vulnerable members of our community, exposing them to greater risk of illness, death, and significant financial hardship. Those residing in poor-quality housing with limited access to cool spaces are particularly vulnerable during heatwave conditions. In response to these concerns, Council conducted a Heatwave Emergency Management Exercise in September 2023. This initiative brought together councils, community members, community service organisations, and emergency management bodies to simulate a heatwave scenario and discuss strategies for minimising risks and preventing illness.

Assets and Infrastructure

Council's extensive infrastructure, valued at over $2 billion, supports essential community services. However, historical assumptions about climate conditions no longer hold true in the face of climate change. Decisions regarding infrastructure location, construction and maintenance must now account for climate risks – especially for critical assets.

Councils across Victoria are grappling with escalating costs to maintain and renew aging infrastructure, with climate change introducing additional complexity. To address these challenges, Council now mandates that business cases for assets and infrastructure incorporate the triple bottom line approach. This entails the evaluation of social, environmental, and economic impacts, emphasising sustainable asst management. By adoption this approach, we aim to prevent accelerated deterioration and safeguard against compromised service delivery.

Financial sustainability

While introducing climate change mitigation and adaptation measures into Council's strategic management and business plans will have an impact on Council's budget, the cost of inaction would be many times greater. It is therefore critical that decisions are based on sound evidence to ensure the most efficient climate-resilient assets are in place to meet the city's future service needs.

Appendices

The following Financial Statements and Schedules are provided as appendices to the LTFP and provide a summary of financial plan projections of the City of Greater Dandenong over the next ten years.

It is important that these Statements and Schedules are considered together, not in isolation, to gain a clear picture of Council's budgeted financial position and performance over the next ten years.

Appendix A	Comprehensive Income Statement
Appendix B	Conversion to Cash Result
Appendix C	Balance Sheet
Appendix D	Statement of Changes in Equity
Appendix E	Statement of Cash Flows
Appendix F	Statement of Capital Works
Appendix G	Statement of Human Resources ($)
Appendix H	Statement of Human Resources (FTE)
Appendix I(a)	Schedule of reserves
Appendix I(b)	Discretionary and restricted reserves
Appendix J	Schedule of borrowings
Appendix K	Local Government Performance Reporting Framework (LGPRF) Financial Performance Indicators
Appendix L	Asset Renewal
Appendix M	Capital works funded from operational surplus
Appendix N(a)	Operating grant income (recurrent)
Appendix N(b)	Operating grant income (non-recurrent and total)
Appendix O	Capital grant income (recurrent and non-recurrent)
Appendix P	Parameters
Appendix Q	Adjusted underlying result

Appendix A – Comprehensive Income Statement

	Forecast	Financial Plan Projections									
	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Income											
Rates and charges	171,015	176,328	181,877	187,911	193,944	200,082	206,377	212,834	219,457	226,251	233,219
Statutory fees and fines	10,539	10,972	11,510	11,660	11,882	12,119	12,452	12,609	12,861	13,119	13,471
User fees	8,609	9,812	10,210	10,552	10,905	11,271	11,639	12,020	12,415	12,824	13,247
Grants - operating	25,940	36,002	35,385	35,514	36,072	36,640	37,237	37,844	38,462	39,091	39,731
Grants - capital	13,828	8,625	8,169	4,724	-	-	-	-	-	-	-
Contributions - monetary	4,536	7,676	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Contributions - non-monetary	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	546	833	838	838	838	838	838	838	838	838	838
Other income	15,687	11,938	10,253	9,746	8,914	9,035	8,172	8,315	8,463	8,615	8,771
Total income	**258,200**	**269,686**	**267,742**	**270,445**	**272,055**	**279,485**	**286,215**	**293,960**	**301,996**	**310,238**	**318,777**
Expenses											
Employee costs	102,030	100,422	103,086	105,167	109,134	112,259	115,497	118,878	122,298	125,853	129,553
Materials and services	90,699	88,524	88,313	90,114	91,573	94,052	96,525	99,297	102,320	105,286	108,264
Depreciation	34,201	34,885	35,583	36,295	37,021	37,761	38,516	39,287	40,072	40,874	41,691
Depreciation - right of use assets	598	598	598	598	598	598	598	598	598	598	598
Allowance for impairment losses	2,490	2,026	2,474	2,598	2,728	2,864	3,007	3,158	3,315	3,481	3,655
Borrowing costs	2,537	3,184	4,973	6,304	6,357	5,879	5,409	4,978	4,556	4,101	3,621
Finance costs - leases	52	55	55	55	55	55	55	55	55	55	55
Other expenses	5,473	5,180	4,698	4,798	4,928	5,917	5,187	5,312	5,441	6,474	5,712
Total expenses	**238,080**	**234,874**	**239,780**	**245,929**	**252,394**	**259,385**	**264,794**	**271,563**	**278,655**	**286,722**	**293,149**
Surplus for the year	**20,120**	**34,812**	**27,962**	**24,516**	**19,661**	**20,100**	**21,421**	**22,397**	**23,341**	**23,516**	**25,628**
Other comprehensive income											
Items that will not be reclassified to surplus or deficit in future periods:											
Other	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive result	**20,120**	**34,812**	**27,962**	**24,516**	**19,661**	**20,100**	**21,421**	**22,397**	**23,341**	**23,516**	**25,628**

Appendix B – Conversion to Cash Result

Description	Forecast 2023-24 $'000	Financial Plan Projections 2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Net operating result	**20,120**	**34,812**	**27,962**	**24,516**	**19,661**	**20,100**	**21,421**	**22,397**	**23,341**	**23,516**	**25,628**
Less cash costs not included in operating result											
Capital expenditure	83,131	93,474	93,278	58,948	38,343	39,426	42,785	44,167	45,335	45,567	47,007
Loan repayments	3,597	3,961	5,149	6,685	7,670	8,085	7,271	6,662	7,088	7,530	8,004
Loan proceeds	(1,000)	(21,920)	(37,100)	(14,950)	-	-	-	-	-	-	-
Repayment of lease liabilities	710	710	710	710	710	710	710	710	710	710	710
Transfer from reserves	(15,551)	(20,746)	(13,325)	(3,649)	(3,708)	(3,787)	(3,869)	(3,469)	(3,359)	(3,090)	(2,856)
Transfer to reserves	11,519	7,476	8,093	6,327	6,927	6,687	6,300	6,874	6,899	6,933	7,714
Sub total	**82,406**	**62,955**	**56,805**	**54,071**	**49,942**	**51,121**	**53,197**	**54,944**	**56,673**	**57,650**	**60,579**
Plus non-cash costs included in operating result											
Depreciation	34,201	34,885	35,583	36,295	37,021	37,761	38,516	39,287	40,072	40,874	41,691
Depreciation - right of use assets	598	598	598	598	598	598	598	598	598	598	598
Written down value of assets sold	254	160	162	162	162	162	162	162	162	162	162
Contributions - non-monetary assets	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
Sub total	**27,553**	**28,143**	**28,843**	**29,555**	**30,281**	**31,021**	**31,776**	**32,547**	**33,332**	**34,134**	**34,951**
Surplus (deficit) for the year	**(34,733)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated surplus brought forward	**34,733**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated surplus brought forward	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Appendix C – Balance Sheet

	Forecast	Financial Plan Projections									
	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Assets											
Current assets											
Cash and cash equivalents	60,233	50,445	51,030	50,696	53,358	56,837	58,281	60,418	61,717	63,166	66,878
Trade and other receivables	31,228	32,223	33,199	34,237	35,294	36,377	37,494	38,647	39,835	41,060	42,324
Other financial assets	102,000	102,000	96,000	93,000	90,000	90,000	92,000	94,000	97,000	100,000	102,000
Prepayments	4,524	4,524	4,596	4,670	4,745	4,822	4,900	4,979	5,061	5,144	5,228
Other assets	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580
Total current assets	**201,565**	**192,772**	**188,405**	**186,183**	**186,977**	**191,616**	**196,255**	**201,624**	**207,193**	**212,950**	**220,010**
Non-current assets											
Trade and other receivables	273	273	273	273	273	273	273	273	273	273	273
Property, infrastructure, plant & equip	2,563,841	2,629,770	2,694,803	2,724,794	2,733,454	2,742,457	2,754,064	2,766,282	2,778,883	2,790,914	2,803,568
Investment property	6,575	6,575	6,575	6,575	6,575	6,575	6,575	6,575	6,575	6,575	6,575
Right of use assets	1,656	1,758	1,860	1,962	2,064	2,166	2,268	2,370	2,472	2,574	2,676
Intangible assets	25	25	25	25	25	25	25	25	25	25	25
Total non-current assets	**2,572,370**	**2,638,401**	**2,703,536**	**2,733,629**	**2,742,391**	**2,751,496**	**2,763,205**	**2,775,525**	**2,788,228**	**2,800,361**	**2,813,117**
Total assets	**2,773,935**	**2,831,173**	**2,891,941**	**2,919,812**	**2,929,368**	**2,943,112**	**2,959,460**	**2,977,149**	**2,995,421**	**3,013,311**	**3,033,127**
Liabilities											
Current liabilities											
Trade and other payables	29,377	32,942	32,868	26,980	23,515	24,160	25,215	25,967	26,726	27,304	28,104
Trust funds and deposits	6,159	6,359	6,550	6,746	6,949	7,157	7,372	7,593	7,821	8,056	8,297
Contract and other liabilities	58,816	58,616	58,416	58,216	58,016	57,816	57,616	57,416	57,216	57,016	56,816
Provisions	21,127	21,998	22,906	23,855	24,843	25,876	26,956	28,084	29,260	30,490	31,775
Interest-bearing liabilities	3,748	4,802	6,475	7,670	8,085	7,271	6,662	7,088	7,530	8,004	8,240
Lease liabilities	545	541	538	534	531	527	524	520	517	513	510
Total current liabilities	**119,772**	**125,258**	**127,753**	**124,001**	**121,939**	**122,807**	**124,345**	**126,668**	**129,070**	**131,383**	**133,742**
Non-current liabilities											
Trust funds and deposits	2,112	2,181	2,246	2,313	2,383	2,454	2,528	2,604	2,682	2,762	2,845
Provisions	1,215	1,187	1,162	1,138	1,118	1,100	1,084	1,070	1,059	1,049	1,042
Interest-bearing liabilities	43,434	60,339	90,617	97,687	89,601	82,330	75,668	68,581	61,050	53,047	44,807
Lease liabilities	1,031	1,025	1,018	1,012	1,005	999	992	986	979	973	966
Total non-current liabilities	**47,792**	**64,732**	**95,043**	**102,150**	**94,107**	**86,883**	**80,272**	**73,241**	**65,770**	**57,831**	**49,660**
Total liabilities	**167,564**	**189,990**	**222,796**	**226,151**	**216,046**	**209,690**	**204,617**	**199,909**	**194,840**	**189,214**	**183,402**
Net assets	**2,606,371**	**2,641,183**	**2,669,145**	**2,693,661**	**2,713,322**	**2,733,422**	**2,754,843**	**2,777,240**	**2,800,581**	**2,824,097**	**2,849,725**
Equity											
Accumulated surplus	992,271	1,040,353	1,073,547	1,095,385	1,111,827	1,129,027	1,148,017	1,167,009	1,186,810	1,206,483	1,227,253
Asset revaluation reserve	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252
Reserves	83,848	70,578	65,346	68,024	71,243	74,143	76,574	79,979	83,519	87,362	92,220
Total equity	**2,606,371**	**2,641,183**	**2,669,145**	**2,693,661**	**2,713,322**	**2,733,422**	**2,754,843**	**2,777,240**	**2,800,581**	**2,824,097**	**2,849,725**

Appendix D – Statement of Changes in Equity

	Forecast	Financial Plan Projections									
	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Accumulated surplus											
Balance at beginning of the financial year	968,119	992,271	1,040,353	1,073,547	1,095,385	1,111,827	1,129,027	1,148,017	1,167,009	1,186,810	1,206,483
Surplus/(deficit) for the year	20,120	34,812	27,962	24,516	19,661	20,100	21,421	22,397	23,341	23,516	25,628
Transfers to other reserves	(11,519)	(7,476)	(8,093)	(6,327)	(6,927)	(6,687)	(6,300)	(6,874)	(6,899)	(6,933)	(7,714)
Transfers from other reserves	15,551	20,746	13,325	3,649	3,708	3,787	3,869	3,469	3,359	3,090	2,856
Total Accumulated surplus	**992,271**	**1,040,353**	**1,073,547**	**1,095,385**	**1,111,827**	**1,129,027**	**1,148,017**	**1,167,009**	**1,186,810**	**1,206,483**	**1,227,253**
Revaluation reserve											
Balance at beginning of the financial year	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252	1,530,252
Net asset revaluation gain/(loss)	-	-	-	-	-	-	-	-	-	-	-
Total Revaluation reserve	**1,530,252**	**1,530,252**	**1,530,252**	**1,530,252**	**1,530,252**	**1,530,252**	**1,530,252**	**1,530,252**	**1,530,252**	**1,530,252**	**1,530,252**
Other reserves											
Balance at beginning of the financial year	87,880	83,848	70,578	65,346	68,024	71,243	74,143	76,574	79,979	83,519	87,362
Transfers to other reserves	11,519	7,476	8,093	6,327	6,927	6,687	6,300	6,874	6,899	6,933	7,714
Transfers from other reserves	(15,551)	(20,746)	(13,325)	(3,649)	(3,708)	(3,787)	(3,869)	(3,469)	(3,359)	(3,090)	(2,856)
Total Other reserves	**83,848**	**70,578**	**65,346**	**68,024**	**71,243**	**74,143**	**76,574**	**79,979**	**83,519**	**87,362**	**92,220**
Total Equity											
Balance at beginning of the financial year	2,586,251	2,606,371	2,641,183	2,669,145	2,693,661	2,713,322	2,733,422	2,754,843	2,777,240	2,800,581	2,824,097
Surplus/(deficit) for the year	20,120	34,812	27,962	24,516	19,661	20,100	21,421	22,397	23,341	23,516	25,628
Total Equity	**2,606,371**	**2,641,183**	**2,669,145**	**2,693,661**	**2,713,322**	**2,733,422**	**2,754,843**	**2,777,240**	**2,800,581**	**2,824,097**	**2,849,725**

Appendix E – Statement of Cash Flows Inflows/(Outflows)

	Forecast	Financial Plan Projections									
	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Cash flows from operating activities											
Rates and charges	170,492	175,777	181,361	187,350	193,383	199,511	205,792	212,233	218,841	225,620	232,571
Statutory fees and fines	8,049	8,574	8,649	8,659	8,735	8,820	8,992	8,980	9,056	9,128	9,286
User fees	9,923	10,721	11,158	11,533	11,919	12,321	12,724	13,141	13,575	14,022	14,486
Grants - operating	27,211	38,095	37,404	37,532	38,133	38,744	39,387	40,041	40,707	41,385	42,075
Grants - capital	12,845	8,625	8,169	4,724	-	-	-	-	-	-	-
Contributions - monetary	7,332	7,676	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Interest received	9,100	6,800	5,500	5,000	4,000	4,000	3,000	3,000	3,000	3,000	3,000
Trust funds and deposits taken	29,400	29,450	29,500	29,550	29,600	29,650	29,700	29,750	29,800	29,850	29,900
Other receipts	7,532	5,751	5,328	5,321	5,505	5,639	5,789	5,947	6,109	6,277	6,448
Net GST refund	13,864	14,901	14,885	11,609	9,612	9,976	10,391	10,718	11,048	11,366	11,623
Employee costs	(101,606)	(99,524)	(102,149)	(104,188)	(108,112)	(111,192)	(114,382)	(117,713)	(121,082)	(124,583)	(128,225)
Materials and services	(103,281)	(103,229)	(106,689)	(111,054)	(108,175)	(106,904)	(109,550)	(113,041)	(116,481)	(119,947)	(123,147)
Short-term, low value and variable lease payments	(641)	(683)	(711)	(732)	(754)	(777)	(800)	(824)	(849)	(874)	(901)
Trust funds and deposits repaid	(29,200)	(29,181)	(29,244)	(29,286)	(29,328)	(29,370)	(29,412)	(29,453)	(29,494)	(29,535)	(29,575)
Other payments	(5,673)	(5,070)	(4,511)	(4,600)	(4,721)	(5,784)	(4,957)	(5,070)	(5,187)	(6,297)	(5,432)
Net cash provided by operating activities	**55,347**	**68,683**	**60,650**	**53,418**	**51,797**	**56,634**	**58,674**	**59,709**	**61,043**	**61,412**	**64,109**
Cash flow from investing activities											
Payments for property, infrastructure, plant and equipment (PIPE)	(83,131)	(93,474)	(93,278)	(58,948)	(38,343)	(39,426)	(42,785)	(44,167)	(45,335)	(45,567)	(47,007)
Proceeds from sale of PIPE	800	993	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Proceeds (payments) for investments	20,869	-	6,000	3,000	3,000	-	(2,000)	(2,000)	(3,000)	(3,000)	(2,000)
Net cash provided used in investing activities	**(61,462)**	**(92,481)**	**(86,278)**	**(54,948)**	**(34,343)**	**(38,426)**	**(43,785)**	**(45,167)**	**(47,335)**	**(47,567)**	**(48,007)**
Cash flow from financing activities											
Finance costs	(2,537)	(3,184)	(4,973)	(6,304)	(6,357)	(5,879)	(5,409)	(4,978)	(4,556)	(4,101)	(3,621)
Proceeds from borrowings	1,000	21,920	37,100	14,950	-	-	-	-	-	-	-
Repayment of borrowings	(3,597)	(3,961)	(5,149)	(6,685)	(7,670)	(8,085)	(7,271)	(6,662)	(7,088)	(7,530)	(8,004)
Interest paid - lease liability	(52)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)
Repayment of lease liabilities	(710)	(710)	(710)	(710)	(710)	(710)	(710)	(710)	(710)	(710)	(710)
Net cash provided by (used in) financing activities	**(5,896)**	**14,010**	**26,213**	**1,196**	**(14,792)**	**(14,729)**	**(13,445)**	**(12,405)**	**(12,409)**	**(12,396)**	**(12,390)**
Net movement	(12,011)	(9,788)	585	(334)	2,662	3,479	1,444	2,137	1,299	1,449	3,712
Opening cash and cash equivalents	72,244	60,233	50,445	51,030	50,696	53,358	56,837	58,281	60,418	61,717	63,166
Closing cash and cash equivalents	**60,233**	**50,445**	**51,030**	**50,696**	**53,358**	**56,837**	**58,281**	**60,418**	**61,717**	**63,166**	**66,878**

Appendix F – Statement of Capital Works

	Forecast	Financial Plan Projections									
	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Property											
Buildings	30,689	58,845	63,957	27,214	12,197	15,859	13,590	17,423	14,293	15,060	15,440
Leasehold improvements	434	-	-	-	-	-	-	-	-	-	-
Total buildings	**31,123**	**58,845**	**63,957**	**27,214**	**12,197**	**15,859**	**13,590**	**17,423**	**14,293**	**15,060**	**15,440**
Total property	**31,123**	**58,845**	**63,957**	**27,214**	**12,197**	**15,859**	**13,590**	**17,423**	**14,293**	**15,060**	**15,440**
Plant and equipment											
Plant, machinery and equipment	3,306	2,980	2,917	2,913	2,900	2,841	2,848	3,102	3,128	3,149	3,249
Fixtures, fittings and furniture	116	225	200	221	213	164	171	257	283	299	313
Computers and telecommunications	947	3,166	1,383	1,267	221	244	276	295	337	372	381
Library books	828	1,100	1,067	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,110
Total plant and equipment	**5,197**	**7,471**	**5,567**	**5,478**	**4,411**	**4,326**	**4,372**	**4,731**	**4,825**	**4,897**	**5,053**
Infrastructure											
Roads	21,352	17,976	12,878	12,502	12,327	10,297	10,237	10,987	14,087	12,964	13,467
Bridges	620	-	500	200	500	550	600	400	500	400	412
Footpaths and cycleways	1,220	1,057	1,680	1,776	1,763	2,304	2,411	2,602	2,728	2,849	2,940
Drainage	2,025	1,600	3,188	3,214	2,916	2,326	2,352	3,161	3,224	3,446	3,501
Recreational, leisure & community facilities	10,651	2,935	2,541	5,632	1,424	1,743	7,106	1,655	2,073	2,100	2,214
Parks, open space and streetscapes	10,614	3,540	2,687	2,671	2,516	1,807	1,921	2,921	3,292	3,502	3,615
Off street car parks	329	50	280	261	289	214	196	287	313	349	365
Total infrastructure	**46,811**	**27,158**	**23,754**	**26,256**	**21,735**	**19,241**	**24,823**	**22,013**	**26,217**	**25,610**	**26,514**
Total capital expenditure	**83,131**	**93,474**	**93,278**	**58,948**	**38,343**	**39,426**	**42,785**	**44,167**	**45,335**	**45,567**	**47,007**
Represented by:											
New asset expenditure	25,252	56,646	16,105	15,862	4,991	1,233	1,679	7,474	9,159	10,517	11,159
Asset renewal expenditure	33,745	27,301	29,264	30,642	31,077	38,060	40,719	33,003	31,527	29,626	30,059
Asset upgrade expenditure	24,134	9,527	47,909	12,444	2,275	133	387	3,690	4,649	5,424	5,789
Asset expansion expenditure	-	-	-	-	-	-	-	-	-	-	-
Total capital works expenditure	**83,131**	**93,474**	**93,278**	**58,948**	**38,343**	**39,426**	**42,785**	**44,167**	**45,335**	**45,567**	**47,007**
Funding sources represented by:											
Grants	13,828	8,625	8,169	4,724	-	-	-	-	-	-	-
Contributions	2,358	5,676	-	-	-	-	-	-	-	-	-
Council cash	54,285	39,222	37,278	38,274	37,343	38,426	41,785	43,167	44,335	44,567	46,007
Borrowings	1,000	21,920	37,100	14,950	-	-	-	-	-	-	-
Reserves	11,660	18,031	10,731	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total capital works expenditure	**83,131**	**93,474**	**93,278**	**58,948**	**38,343**	**39,426**	**42,785**	**44,167**	**45,335**	**45,567**	**47,007**

Appendix G – Statement of Human Resources ($)

	Budget	Projections								
	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
CEO Services										
Permanent - Full time										
- Women	2,194	2,116	2,179	2,245	2,312	2,381	2,453	2,526	2,602	2,680
- Men	2,712	2,615	2,694	2,774	2,858	2,943	3,032	3,123	3,216	3,313
- Vacant or new positions	881	850	875	901	928	956	985	1,014	1,045	1,076
Permanent - Part time										
- Women	203	196	202	208	214	220	227	234	241	248
- Men	380	366	377	389	400	412	425	437	450	464
- Vacant or new positions	71	68	70	73	75	77	79	82	84	87
Total Chief Executive	**6,441**	**6,211**	**6,397**	**6,590**	**6,787**	**6,989**	**7,201**	**7,416**	**7,638**	**7,868**
City Futures										
Permanent - Full time										
- Women	7,056	7,452	7,553	7,981	8,220	8,467	8,721	8,982	9,252	9,529
- Men	16,443	17,367	17,601	18,597	19,155	19,730	20,322	20,932	21,560	22,206
- Vacant or new positions	6,420	6,781	6,872	7,261	7,479	7,703	7,935	8,173	8,418	8,670
Permanent - Part time										
- Women	951	1,005	1,018	1,076	1,108	1,141	1,176	1,211	1,247	1,285
- Men	253	267	271	286	295	304	313	322	332	342
- Vacant or new positions	405	428	434	458	472	486	501	516	531	547
Total City Futures	**31,528**	**33,300**	**33,749**	**35,659**	**36,729**	**37,831**	**38,968**	**40,136**	**41,340**	**42,579**
Community Strengthening										
Permanent - Full time										
- Women	14,338	14,542	14,882	15,346	15,814	16,302	16,803	17,322	17,857	18,408
- Men	4,846	4,915	5,030	5,186	5,345	5,509	5,679	5,854	6,035	6,222
- Vacant or new positions	7,213	7,316	7,487	7,720	7,956	8,200	8,453	8,714	8,983	9,261
Permanent - Part time										
- Women	13,601	13,794	14,118	14,556	15,000	15,463	15,940	16,431	16,939	17,462
- Men	1,764	1,789	1,831	1,888	1,946	2,006	2,067	2,131	2,197	2,265
- Persons of self-described gender	128	130	133	137	141	146	150	155	159	164
- Vacant or new positions	3,844	3,899	3,990	4,114	4,240	4,370	4,505	4,644	4,788	4,935
Total Community Strengthening	**45,734**	**46,385**	**47,471**	**48,947**	**50,442**	**51,996**	**53,596**	**55,251**	**56,958**	**58,717**

Appendix G – Statement of Human Resources ($) (continued)

	Budget	Projections								
	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Corporate Development										
Permanent - Full time										
- Women	6,522	6,651	6,680	6,881	7,087	7,300	7,519	7,744	7,976	8,216
- Men	2,371	2,418	2,429	2,501	2,576	2,654	2,733	2,815	2,900	2,987
- Vacant or new positions	1,034	1,055	1,059	1,091	1,124	1,157	1,192	1,228	1,265	1,303
Permanent - Part time										
- Women	1,738	1,773	1,780	1,834	1,889	1,945	2,004	2,064	2,126	2,189
- Vacant or new positions	219	223	224	231	238	245	252	260	268	276
Total Corporate Development	**11,884**	**12,120**	**12,172**	**12,538**	**12,914**	**13,301**	**13,700**	**14,111**	**14,535**	**14,971**
Casuals and other										
- Women	249	321	331	341	349	359	370	381	393	404
- Men	112	145	149	154	157	162	167	172	176	183
- Vacant or new positions	107	138	142	146	150	154	159	164	169	174
Other employee related costs	4,367	4,466	4,756	4,760	4,731	4,705	4,717	4,667	4,644	4,657
Total casuals and other	**4,835**	**604**	**622**	**641**	**656**	**675**	**696**	**717**	**738**	**761**
Total staff expenditure	**100,422**	**103,086**	**105,167**	**109,134**	**112,259**	**115,497**	**118,878**	**122,298**	**125,853**	**129,553**

Appendix H – Statement of Human Resources (Full time equivalent - FTE)

	Budget	Projections								
	2024-25 FTE	2025-26 FTE	2026-27 FTE	2027-28 FTE	2028-29 FTE	2029-30 FTE	2030-31 FTE	2031-32 FTE	2032-33 FTE	2033-34 FTE
CEO Services										
Permanent - Full time										
- Women	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
- Men	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
- Vacant or new positions	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Permanent - Part time										
- Women	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
- Men	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
- Vacant or new positions	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Chief Executive	**42.8**	**42.8**	**42.8**	**42.8**	**42.8**	**42.8**	**42.8**	**42.8**	**42.8**	**42.8**
City Futures										
Permanent - Full time										
- Women	59.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0
- Men	130.5	130.5	130.5	130.5	130.5	130.5	130.5	130.5	130.5	130.5
- Vacant or new positions	56.1	56.1	56.1	56.1	56.1	56.1	56.1	56.1	56.1	56.1
Permanent - Part time										
- Women	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
- Men	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
- Vacant or new positions	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Total City Futures	**260.2**	**259.2**	**259.2**	**259.2**	**259.2**	**259.2**	**259.2**	**259.2**	**259.2**	**259.2**
Community Strengthening										
Permanent - Full time										
- Women	116.8	114.8	114.8	114.8	114.8	114.8	114.8	114.8	114.8	114.8
- Men	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
- Vacant or new positions	61.6	61.6	61.6	61.6	61.6	61.6	61.6	61.6	61.6	61.6
Permanent - Part time										
- Women	120.0	119.3	119.3	119.3	119.3	119.3	119.3	119.3	119.3	119.3
- Men	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4
- Persons of self-described gender	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
- Vacant or new positions	43.2	43.2	43.2	43.2	43.2	43.2	43.2	43.2	43.2	43.2
Total Community Strengthening	**402.4**	**399.7**	**399.7**	**399.7**	**399.7**	**399.7**	**399.7**	**399.7**	**399.7**	**399.7**

Appendix H – Statement of Human Resources (Full time equivalent - FTE) (continued)

	Budget	Projections								
	2024-25 FTE	2025-26 FTE	2026-27 FTE	2027-28 FTE	2028-29 FTE	2029-30 FTE	2030-31 FTE	2031-32 FTE	2032-33 FTE	2033-34 FTE
Corporate Development										
Permanent - Full time										
- Women	49.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
- Men	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
- Vacant or new positions	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Permanent - Part time										
- Women	16.6	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
- Vacant or new positions	2.0	2.0	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Total Corporate Development	**90.2**	**86.6**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**	**85.0**
Casuals										
- Women	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
- Men	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
- Vacant or new positions	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Total casuals	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**
Total staff numbers	**800.4**	**793.1**	**791.5**	**791.5**	**791.5**	**791.5**	**791.5**	**791.5**	**791.5**	**791.5**

Appendix I(a) – Schedule of reserves

Reserves	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Major Projects											
Opening balance	42,566	46,297	33,430	26,667	27,869	29,671	31,233	32,408	34,157	35,931	37,739
Transfer to reserve	6,738	2,341	2,968	1,202	1,802	1,562	1,175	1,749	1,774	1,808	2,589
Transfer from reserve	(3,007)	(15,208)	(9,731)	0	0	0	0	0	0	0	0
Closing balance	**46,297**	**33,430**	**26,667**	**27,869**	**29,671**	**31,233**	**32,408**	**34,157**	**35,931**	**37,739**	**40,328**
Open space - planning, developments and improvements											
Opening balance	2,309	3,209	5,209	7,209	9,209	11,209	13,209	15,209	17,209	19,209	21,209
Transfer to reserve	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer from reserve	(1,100)	0	0	0	0	0	0	0	0	0	0
Closing balance	**3,209**	**5,209**	**7,209**	**9,209**	**11,209**	**13,209**	**15,209**	**17,209**	**19,209**	**21,209**	**23,209**
Open space - acquisitions											
Opening balance	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0
Closing balance	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**
Development Contribution Plans Council funded											
Opening balance	19,546	15,225	12,783	13,163	13,543	13,923	14,303	14,683	15,063	15,443	15,823
Transfer to reserve	400	400	400	400	400	400	400	400	400	400	400
Transfer from reserve	(4,720)	(2,842)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)
Closing balance	**15,225**	**12,783**	**13,163**	**13,543**	**13,923**	**14,303**	**14,683**	**15,063**	**15,443**	**15,823**	**16,203**
Keysborough maintenance levy											
Opening balance	2,581	2,432	2,197	1,908	1,557	1,145	669	126	0	0	0
Transfer to reserve	1,731	1,735	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725
Transfer from reserve	(1,880)	(1,970)	(2,015)	(2,075)	(2,137)	(2,201)	(2,268)	(1,851)	(1,725)	(1,725)	(1,725)
Closing balance	**2,432**	**2,197**	**1,908**	**1,557**	**1,145**	**669**	**126**	**0**	**0**	**0**	**0**

Appendix I(a) – Schedule of reserves (continued)

Reserves	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Self insurance reserve											
Opening balance	469	469	469	469	469	469	469	469	469	469	469
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0
Closing balance	**469**	**469**	**469**	**469**	**469**	**469**	**469**	**469**	**469**	**469**	**469**
Spring Valley landfill assurance fund											
Opening balance	3,147	2,833	2,713	2,617	2,518	2,419	2,317	2,213	2,108	2,000	1,891
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(313)	(120)	(97)	(98)	(100)	(102)	(104)	(105)	(107)	(109)	(111)
Closing balance	**2,833**	**2,713**	**2,617**	**2,518**	**2,419**	**2,317**	**2,213**	**2,108**	**2,000**	**1,891**	**1,780**
Springvale Activity Precinct Parking and Development											
Opening balance	236	236	236	236	236	236	236	236	236	236	236
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0
Closing balance	**236**	**236**	**236**	**236**	**236**	**236**	**236**	**236**	**236**	**236**	**236**
Dandenong Activity Precinct Parking and Development											
Opening balance	3,075	824	1,824	1,824	1,824	1,824	1,824	1,824	1,824	1,824	1,824
Transfer to reserve	650	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Transfer from reserve	(2,901)	0	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Closing balance	**824**	**1,824**	**1,824**	**1,824**	**1,824**	**1,824**	**1,824**	**1,824**	**1,824**	**1,824**	**1,824**
General Reserve (Aged Care)											
Opening balance	2,662	2,259	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(403)	(150)	0	0	0	0	0	0	0	0	0
Closing balance	**2,259**	**2,109**	**2,109**	**2,109**	**2,109**	**2,109**	**2,109**	**2,109**	**2,109**	**2,109**	**2,109**

Appendix I(a) – Schedule of reserves (continued)

Reserves	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Future Maintenance Reserve (LXRA)											
Opening balance	4,341	3,901	3,489	3,064	2,627	2,177	1,713	1,235	743	236	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(440)	(412)	(425)	(437)	(450)	(464)	(478)	(492)	(507)	(236)	0
Closing balance	**3,901**	**3,489**	**3,064**	**2,627**	**2,177**	**1,713**	**1,235**	**743**	**236**	**0**	**0**
Grants Received in Advance											
Opening balance	721	0	0	0	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(721)	0	0	0	0	0	0	0	0	0	0
Closing balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Native revegetation - Pound Road											
Opening balance	35	35	35	35	35	35	35	35	35	35	35
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0
Closing balance	**35**	**35**	**35**	**35**	**35**	**35**	**35**	**35**	**35**	**35**	**35**
Native revegetation - Dingley Arterial											
Opening balance	28	28	28	28	28	28	28	28	28	28	28
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0
Closing balance	**28**	**28**	**28**	**28**	**28**	**28**	**28**	**28**	**28**	**28**	**28**
Native revegetation - Bowmans Redgum											
Opening balance	25	17	9	1	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(8)	(8)	(8)	(1)	0	0	0	0	0	0	0
Closing balance	**17**	**9**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Appendix I(a) – Schedule of reserves (continued)

Reserves	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Native revegetation - Logis											
Opening balance	105	77	48	17	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(28)	(29)	(30)	(17)	0	0	0	0	0	0	0
Closing balance	**77**	**48**	**17**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Native revegetation - Somerfield											
Opening balance	36	7	0	0	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(29)	(7)	0	0	0	0	0	0	0	0	0
Closing balance	**7**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reserve summary											
Opening balance	87,880	83,848	70,578	65,346	68,024	71,243	74,143	76,574	79,979	83,519	87,362
Transfer to reserve	11,519	7,476	8,093	6,327	6,927	6,687	6,300	6,874	6,899	6,933	7,714
Transfer from reserve	(15,551)	(20,746)	(13,325)	(3,649)	(3,708)	(3,787)	(3,869)	(3,469)	(3,359)	(3,090)	(2,856)
Closing balance	**83,848**	**70,578**	**65,346**	**68,024**	**71,243**	**74,143**	**76,574**	**79,979**	**83,519**	**87,362**	**92,220**

Appendix I(b) – Discretionary and restricted reserves

Reserves	Restricted or Discretionary	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Major projects reserve	Discretionary	46,297	33,430	26,667	27,869	29,671	31,233	32,408	34,157	35,931	37,740	40,329
Open space - planning, development and	Restricted	3,209	5,209	7,209	9,209	11,209	13,209	15,209	17,209	19,209	21,208	23,208
Open space - acquisitions	Restricted	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
DCP Council funded reserve	Restricted	15,225	12,783	13,163	13,543	13,923	14,303	14,683	15,063	15,443	15,823	16,203
Keysborough maintenance levy	Restricted	2,432	2,197	1,908	1,557	1,145	669	126	0	0	0	0
Self insurance reserve	Discretionary	469	469	469	469	469	469	469	469	469	469	469
Spring Valley landfill assurance fund	Discretionary	2,833	2,713	2,617	2,518	2,419	2,317	2,213	2,108	2,000	1,891	1,780
Springvale Activity Precinct parking and	Discretionary	236	236	236	236	236	236	236	236	236	236	236
Dandenong Activity Precinct parking and	Discretionary	824	1,824	1,824	1,824	1,824	1,824	1,824	1,824	1,824	1,824	1,824
General reserve (aged care)	Discretionary	2,259	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109
Future maintenance reserve (LXRA)	Restricted	3,901	3,489	3,064	2,627	2,177	1,713	1,235	743	236	0	0
Native revegetation reserves	Restricted	164	120	82	63	63	63	63	63	63	63	63
Sub-total restricted		**30,931**	**29,798**	**31,425**	**33,000**	**34,517**	**35,957**	**37,316**	**39,078**	**40,951**	**43,095**	**45,475**
Sub-total discretionary		**52,917**	**40,780**	**33,920**	**35,024**	**36,726**	**38,186**	**39,258**	**40,901**	**42,568**	**44,267**	**46,746**
Total reserves		**83,848**	**70,578**	**65,346**	**68,024**	**71,243**	**74,143**	**76,574**	**79,979**	**83,519**	**87,362**	**92,220**

Appendix J – Schedule of borrowings

The following table highlights Council's projected loan balance, including new loans and loan repayments for the 10 years of the Financial Plan

	Forecast	Budget	Projections								
	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
ALL BORROWINGS											
Opening balance	49,779	47,182	65,141	97,092	105,357	97,686	89,601	82,330	75,668	68,580	61,051
New loan proceeds	1,000	21,920	37,100	14,950	-	-	-	-	-	-	-
Less principal repayments	(3,597)	(3,961)	(5,149)	(6,685)	(7,670)	(8,085)	(7,271)	(6,662)	(7,088)	(7,530)	(8,004)
Closing balance of borrowings	**47,182**	**65,141**	**97,092**	**105,357**	**97,686**	**89,601**	**82,330**	**75,668**	**68,580**	**61,051**	**53,047**
Interest expense	**2,537**	**3,184**	**4,973**	**6,304**	**6,357**	**5,879**	**5,409**	**4,978**	**4,556**	**4,101**	**3,621**

Performance indicators

The following table highlights Council's projected performance across a range of debt management performance indicators.
Risk assessment criteria results (where applicable): High / Medium / Low

Please refer to the page following for further details on the risk assessment criteria ranges and ratio formula descriptions.

	Forecast	Budget	Projections									
Indicator	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Trend
Liquidity ratio	168%	154%	147%	150%	153%	156%	158%	159%	161%	162%	165%	+
Loans and borrowings compared to rates (debt management ratio)	27.9%	37.3%	53.9%	56.6%	50.8%	45.2%	40.2%	35.8%	31.5%	27.2%	22.9%	+
Loans and borrowings repayments compared to rates	3.6%	4.1%	5.6%	7.0%	7.3%	7.0%	6.2%	5.5%	5.3%	5.2%	5.0%	o
Non-current liabilities compared to own source revenue	23%	31%	44%	46%	42%	37%	34%	30%	26%	22%	18%	+
Debt servicing ratio	2.4%	2.6%	3.8%	4.8%	5.2%	5.0%	4.4%	4.0%	3.9%	3.7%	3.6%	o
TCV Interest Cover ratio	15.8	18.29	11.2	8.7	8.1	8.9	10.2	11.3	12.6	14.1	16.6	+
TCV Financial Indebtedness ratio	23.6%	31.8%	45.9%	48.4%	43.8%	39.1%	35.0%	31.3%	27.6%	23.9%	20.2%	+

					Treasury Corp Victoria	
		LGPRF Liquidity Ratio	LGPRF Debt Mgmt Ratio	Debt Servicing Ratio	TCV Interest Cover Ratio	TCV Financial Indebted-ness Ratio
Prudential ratio limits: Risk assessment criteria	High	Below 110%	Above 80%	Above 10%	Less than 2	Above 60%
	Medium	110% - 120%	60% - 80%	5% - 10%		
	Low	Above 120%	Below 60%	Below 5%		

LGPRF Liquidity ratio

Current assets compared to current liabilities

= (Current assets / Current liabilities)

LGPRF Debt management

Loans and borrowings compared to rates

= (Current + Non-current Interest bearing liabilities / Rates and charges less Keysborough Maintenance Levy)

Debt servicing

Borrowing costs compared to rates

= (Interest expense / Rates and charges less Keysborough Maintenance Levy)

TCV Interest Cover Ratio

Ratio of earnings before interest, taxes, depreciation and amortisation (EBITDA) to interest expenses.

= (Net surplus - interest income - non-monetary contributions + borrowing costs + finance lease costs + depreciation and amortisation) / (Borrowing costs + finance lease costs)

TCV Financial Indebtedness Ratio

Value of interest bearing loans and borrowings as a percentage of own source revenue

= (Debt including leases/Own Source Revenue)

= (Current + Non-current Interest bearing liabilities / (Total income - grants operating - grants capital - contributions monetary - contributions non-monetary)

Appendix K(a) – Local Government Performance Reporting Framework (LGPRF) Financial Performance Indicators

Council's current and projected performance across a range of key financial performance indicators per the Local Government Performance Reporting Framework (LGPRF). These indicators provide a useful analysis of Council's financial position and performance and should be interpreted in the context of the organisation's objectives.

Dimension / *indicator* / measure	Notes	Actual 2022-23	Forecast 2023-24	Budget 2024-25	Projections 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Trend +/o/-
Operating position														
Adjusted underlying result (an adjusted underlying surplus is generated in the ordinary course of business)														
Adjusted underlying surplus (or deficit) Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	3.04%	(2.02%)	4.48%	4.12%	4.02%	3.87%	3.93%	4.31%	4.53%	4.73%	4.66%	5.21%	+
Liquidity														
Working capital *(sufficient working capital is available to pay bills as and when they fall due)*														
Current assets compared to current liabilities Current assets / current liabilities	2	205.57%	168.29%	153.90%	147.48%	150.15%	153.34%	156.03%	157.83%	159.18%	160.53%	162.08%	164.50%	+
Unrestricted cash *(sufficient cash that is free of restrictions is available to pay bills as and when they fall due)*														
Unrestricted cash compared to current liabilities Unrestricted cash / current liabilities	3	15.01%	35.70%	24.51%	22.72%	21.31%	21.99%	22.81%	21.85%	21.33%	20.15%	19.13%	19.83%	-

Key to forecast trend

+ Forecasts improvement in Council's financial performance/position indicator

o Forecasts that Council's financial performance/financial position indicator will be steady

- Forecasts deterioration in Council's financial performance/financial position indicator

Appendix K(a) – LGPRF Financial Performance Indicators (continued)

Dimension / *indicator* / measure	Notes	Actual 2022-23	Forecast 2023-24	Budget 2024-25	Projections 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Trend +/o/-
Obligations														
Loans and borrowings (level of interest bearing loans and borrowings is appropriate to the size and nature of Council's activities)														
Loans and borrowings compared to rates Interest bearing loans and borrowings / rate revenue	4	30.74%	27.87%	37.31%	53.89%	56.59%	50.82%	45.17%	40.23%	35.84%	31.50%	27.19%	22.92%	+
Loans and borrowings repayments compared to rates Interest and principal repayments on interest bearing loans and borrowings / rate revenue	5	3.81%	3.62%	4.09%	5.62%	6.98%	7.30%	7.04%	6.20%	5.51%	5.35%	5.18%	5.02%	+
Indebtedness (level of long term liabilities is appropriate to the size and nature of a Council's activities)														
Non-current liabilities compared to own-source revenue Non-current liabilities / own source revenue	6	26.05%	23.16%	30.84%	44.27%	46.28%	41.55%	37.23%	33.52%	29.70%	25.89%	22.10%	18.42%	+
Asset renewal and upgrade *(assets are renewed and upgraded as planned)*														
Asset renewal and upgrade compared to depreciation Asset renewal and upgrade expense / Asset depreciation	7	121.50%	169.23%	105.57%	216.88%	118.71%	90.09%	101.14%	106.72%	93.40%	90.28%	85.75%	85.98%	-

Key to forecast trend

+ Forecasts improvement in Council's financial performance/position indicator

o Forecasts that Council's financial performance/financial position indicator will be steady

- Forecasts deterioration in Council's financial performance/financial position indicator

Appendix K(a) – LGPRF Financial Performance Indicators (continued)

Dimension / *indicator* / measure	Notes	Actual 2022-23	Forecast 2023-24	Budget 2024-25	Projections 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Trend +/o/-
Stability														
Rates concentration *(revenue is generated from a range of sources)*														
Rates compared to adjusted underlying revenue Rate revenue / adjusted underlying revenue	8	68.32%	72.54%	71.01%	72.04%	72.67%	73.21%	73.47%	73.96%	74.21%	74.44%	74.66%	74.85%	-
Rates effort (rating level is set based on the community's capacity to pay)														
Rates compared to property values Rate revenue / CIV of rateable properties in the municipal district	9	0.27%	0.26%	0.26%	0.26%	0.27%	0.27%	0.27%	0.28%	0.28%	0.28%	0.29%	0.29%	o
Efficiency														
Expenditure level *(resources are used efficiently in the delivery of services)*														
Expenses per property assessment Total expenses / no. of property assessments	10	$3,354.91	$3,478.62	$3,410.25	$3,461.38	$3,529.76	$3,601.87	$3,680.63	$3,736.18	$3,810.18	$3,887.87	$3,978.22	$4,044.94	o
Revenue level (resources are used efficiently in the delivery of services)														
Average rate per property assessment General rates and municipal charges / no. of property assessments	11	$1,972.70	$2,066.28	$2,124.74	$2,179.32	$2,241.36	$2,302.31	$2,363.71	$2,426.26	$2,489.99	$2,554.94	$2,621.13	$2,688.60	o

Key to forecast trend

+ Forecasts improvement in Council's financial performance/position indicator

o Forecasts that Council's financial performance/financial position indicator will be steady

- Forecasts deterioration in Council's financial performance/financial position indicator

Appendix K(a) – LGPRF Financial Performance Indicators (continued)

Commentary on several key sustainability indicator forecasts is provided below.

1. **Adjusted underlying result** – After a forecast minor deficit result in 2023-24 (due to a high level of non-recurrent capital grants), Council's underlying operational surplus is forecast to improve and remain steady over the next ten years (averaging 4.4 per cent per annum), which means that Council's overall asset base is not being eroded over the period of the strategy. It is an indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Whilst improvement in financial performance is expected over the period, rate capping and significant infrastructure investment means reliance on Council's cash reserves or increased debt to fund major projects or maintain services.
2. **Working capital** – The proportion of current liabilities represented by current assets. The working capital ratio result decreases from 168 per cent in 2023-24 to 147 per cent in 2025-26 due to the consumption of cash reserves to fund significant infrastructure investment. From 2026-27 onwards, the ratio result steadily climbs over the remaining LTFP period to 165 per cent by 2033-34. Current assets to liabilities remain at a healthy level across all years indicating sufficient liquidity.
3. **Unrestricted cash** – Unrestricted cash is all cash and cash equivalents other than restricted cash. Restricted cash represents cash and cash equivalents and financial assets that are available for use other than for the purpose for which it is restricted and includes cash that will be used to fund carry forward capital works. Restricted items include trust funds and deposits, statutory reserves, carry forward capital works and conditional grants unspent. This indicator is an assessment of Council's ability to pay bills on time. Higher unrestricted cash relative to liabilities suggests Council is able to pay bills in a timely manner. This ratio result is expected to decrease in the short term due to the draw down in major cash reserves noted above. The ratio result continues to remain steady in future years, albeit gradually reducing to 20 per cent by 2033-34.
4. **Debt ratio (loans and borrowings compared to rates)** – This ratio indicates reliance on debt. The target for this indicator is to remain less than 60 per cent as per Council's Borrowing Strategy. The indicator is forecast to reach its peak in 2026-27 due to significant new borrowings forecast to fund major infrastructure investments. The ratio result then exhibits a downwards trend for the remainder of the LTFP period and remains within prudential guidelines over the period.
5. **Loans and borrowings repayments compared to rates** – This ratio measures debt redemption costs to rate revenue (main source of income). The expected range for this ratio by the Local Government Performance Reporting Framework is 0 – 20 per cent. Council's ratio result increases slightly to just over 7 per cent in the first half of the LTFP due to the increased borrowings to fund major infrastructure investments, and then shows a downwards trend to just over 5 per cent in 2033-34. The result remains in the accepted range for the whole LTFP period.
6. **Non-current liabilities compared to own source revenue** – Indicates capacity to meet long-term obligations. A lower proportion indicates greater capacity to meet long-term obligations. The Victorian Auditor General Office's (VAGO) assess a ratio result of less than 40 per cent as low risk. Council's ratio result increases to over 40 per cent (medium risk per VAGO) in the three years starting 2025-26 due to the increased borrowings to fund major infrastructure investments, however, the result returns to under 40 per cent by 2028-29 and continues to decrease for the remainder of the LTFP period.

7. **Asset renewal and upgrade** - This percentage indicates the extent of Council's renewal and upgrade expenditure against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed/upgraded and future capital expenditure will be required to renew/upgrade assets. Future results over the next three years bounce around a little due to forecast upgrade works on the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre) over 2025-26 and 2026-27. The ratio drops below 100 per cent in 2027-28 due to the continued significant investment in strategic projects over the first four years of the LTFP. Results are steady but drop under 100 per cent for the last four years of the plan. It should be noted that asset management modelling remains incomplete, and this requirement can be expected to change as more data is obtained. This will continue to be monitored and reviewed as part of the next Asset Plan development.

8. **Rates concentration** - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. The ten-year trend indicates that Council will become slightly more reliant on rate revenue compared to all other revenue sources

9. **Rates effort (rates compared to property values)** – This ratio indicates the community's capacity to pay rates compared to property values in the municipality. Council's ratio trend is steady and slightly upwards over the LTFP period (ranging from 0.26 – 0.29 per cent).

10. **Expenses per property assessment** – This ratio shows the level of expenditure per the number of property assessments. This ratio is a one-sided ratio that does not indicate performance efficiency or a lack of efficiency in spending. Greater Dandenong is a very high revenue Council built on the back of a strong rating base and a high level of operating grants. These grants recognise the special needs of Council and obviously need to be expended to meet the service obligations attached to the grant revenue. This results in a higher operational spending level than other Councils. Council's' expenditure per assessment is a factor of providing a high level of service to its diverse community. The future year forecasts reflect a minor increasing trend primarily attributable to general anticipated increases in employee costs, inflationary impacts on contract costs and inclusion of operational costs associated with new facilities – Keysborough and Dandenong Community Hubs.

11. **Revenue per property assessment** – This ratio shows the level of revenue per the number of property assessments. Council's ratio result exhibits a upwards trend over the life of the LTFP, mainly because revenue increases at a greater rate than the assumed increase in assessment numbers. Rate revenue is assumed to increase by 2.5 per cent over the 10 year period, whereas, the number of assessments is only assumed to increment by 0.6 per cent each year.

Appendix K(b) – Financial Sustainability Indicators

Indicator	Forecast 2023-24	Budget 2024-25	Financial Plan Projections 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Trend
Net result margin (%)	8%	13%	10%	9%	7%	7%	7%	8%	8%	8%	8%	o
Adjusted underlying result (%)	(2%)	4%	4%	4%	4%	4%	4%	5%	5%	5%	5%	+
Liquidity (ratio)	1.68	1.54	1.47	1.50	1.53	1.56	1.58	1.59	1.61	1.62	1.65	+
Internal financing (%)	67%	73%	65%	91%	135%	144%	137%	135%	135%	135%	136%	+
Indebtedness (%)	23%	31%	44%	46%	42%	37%	34%	30%	26%	22%	18%	+
Capital replacement (ratio)	2.43	2.68	2.62	1.62	1.04	1.04	1.11	1.12	1.13	1.11	1.13	o
Renewal gap (ratio)	1.69	1.06	2.17	1.19	0.90	1.01	1.07	0.93	0.90	0.86	0.86	-

Key to forecast trend

+ Forecasts improvement in Council's financial performance/position indicator

o Forecasts that Council's financial performance/financial position indicator will be steady

- Forecasts deterioration in Council's financial performance/financial position indicator

The above financial indicators have been sourced from the Victorian Auditor-General's Office (VAGO). These financial indicators are utilised by VAGO to assess the financial sustainability risk of councils. It is more useful to assess these indicators over time as part of a trend analysis and should be considered collectively.

Overall, the above indicator results indicate that Council is in a strong and stable position across the life of the LTFP:

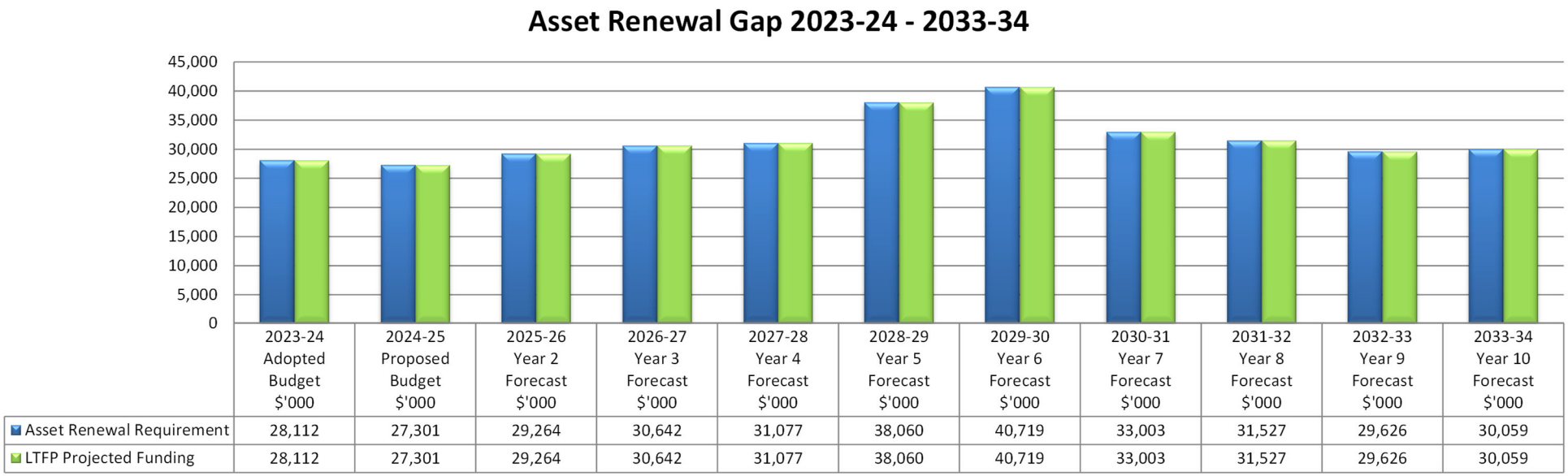
- The net result margin shows that Council maintains operating surpluses in all years and there are no forecast deficits.
- The adjusted underlying result indicates that Council is able to generate surplus in the ordinary course of business to fund capital expenditure from its net result (except for 2023-24), which represents an improvement in operating position.
- Council has a liquidity ratio of more than 1 each year meaning that it has more cash and liquid assets than short-term liabilities.
- The internal financing ratio measures Council's ability to finance capital works from generated cash flow. Whilst the first four years are under 100 per cent due to a significant investment in major capital works projects, the remaining years of the LTFP are over 100 per cent indicating Council has a greater ability to finance capital works from its own funds.
- The indebtedness ratio assesses Council's ability to pay the principal and interest on its borrowings when they are due from the funds it generates. The ratio results indicating a steady and reducing requirement over the latter half of the LTFP period for revenue to be used to repay Council's debt.
- The capital replacement ratio compares the rate of spending on capital works with depreciation. Ratios higher than 1 indicate that spending is faster than the depreciating rate and vice versa. Council's ratio result averages around 2 for the first three years of the LTFP (whilst significant capital projects are progressed) and then averages around 1 for the remainder of the LTFP.
- On average, Council maintains a renewal gap ratio of 1.15 per cent across the 10 years of the LTFP indicating that spending on existing assets is slightly faster than the depreciation rate.

Appendix L – Asset Renewal

Table L1 – Base Renewal Requirements

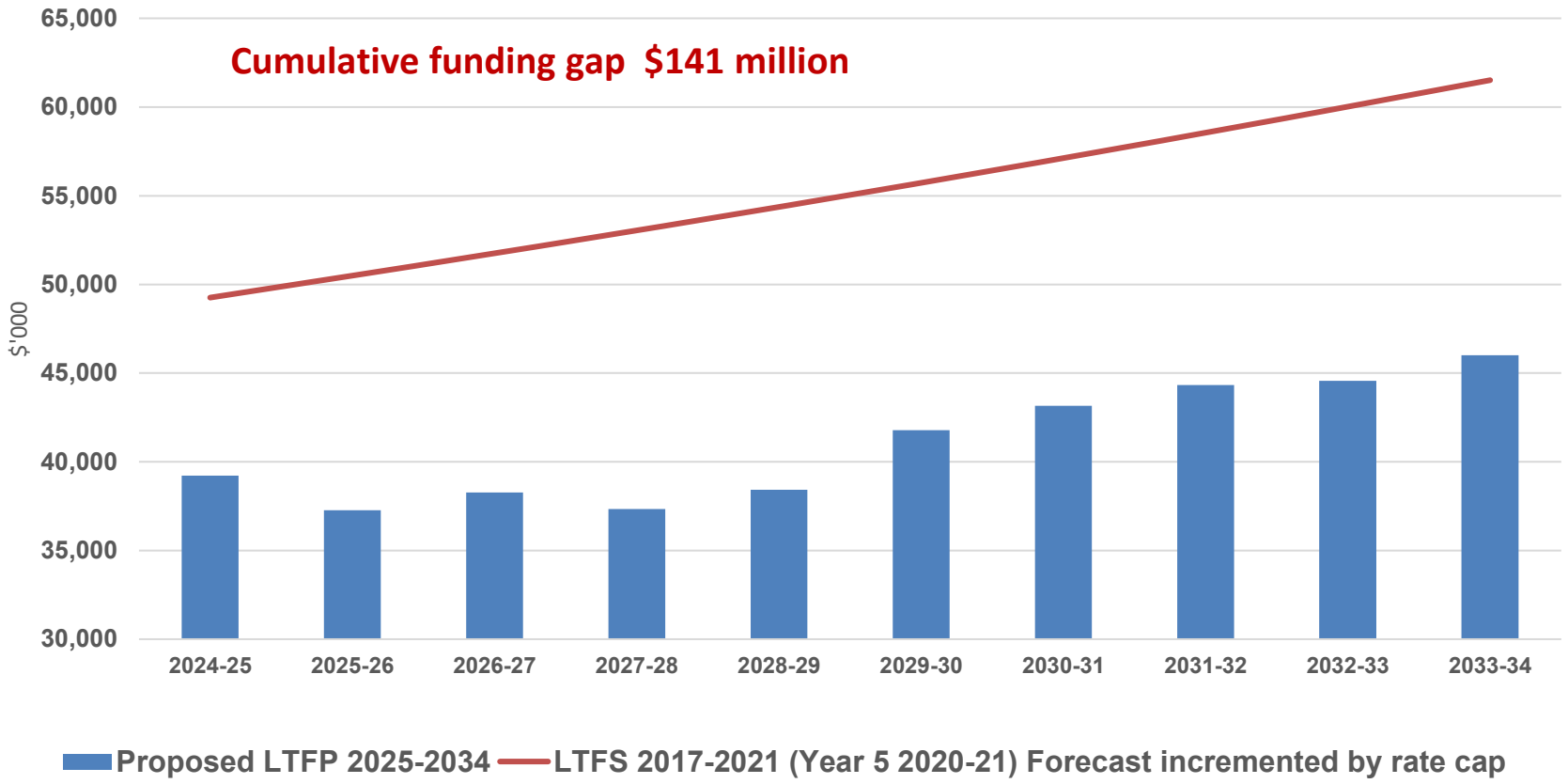
ASSET GROUP	2023-24 Adopted Budget $'000	2024-25 Proposed Budget $'000	2025-26 Year 2 Forecast $'000	2026-27 Year 3 Forecast $'000	2027-28 Year 4 Forecast $'000	2028-29 Year 5 Forecast $'000	2029-30 Year 6 Forecast $'000	2030-31 Year 7 Forecast $'000	2031-32 Year 8 Forecast $'000	2032-33 Year 9 Forecast $'000	2033-34 Year 10 Forecast $'000	2033-34 to 2042-43 Years 11-20 Forecast $'000
Property	3,764	2,788	5,190	3,952	9,253	15,688	13,090	12,647	8,274	8,037	7,943	93,416
Plant and equipment	4,691	7,401	5,327	5,250	4,222	4,314	4,339	4,425	4,441	4,450	4,576	45,938
Infrastructure	19,657	17,112	18,747	21,440	17,602	18,058	23,290	15,931	18,812	17,139	17,540	187,288
Total renewal	**28,112**	**27,301**	**29,264**	**30,642**	**31,077**	**38,060**	**40,719**	**33,003**	**31,527**	**29,626**	**30,059**	**326,641**

Graph L2 – Asset Renewal Requirements vs LTFP Projected Funding



As depicted in the above graph, Council is able to fund asset renewal requirements across all future years. The amounts in this graph may also differ to those presented in the capital works information presented in Appendix F Statement of Capital Works, as the asset renewal requirements disclosed here relates to base renewal funding and do not include renewal amounts relating to foreshadowed major projects (if applicable).

Appendix M – Capital works funded from operational surplus



Council's capital works funded by operational surplus has been reduced by a number of factors since 2016-17 when rate capping was first introduced, including financing operational costs for new facilities such as Springvale Community Precinct, rate capped income, COVID-19 impacts and support and now forecast debt servicing costs from new borrowings and ongoing operational costs for major projects ($88.7 million over the 10 years).

Over the ten year period in the graph above, this means a total loss of more than $141 million in capital works funded by the operational surplus if the above factors had not occurred.

Appendix N(a) – Operating grant income (recurrent)

	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
(a) Operating grants											
Recurrent											
Commonwealth Government											
Financial Assistance Grant	568	13,069	13,200	13,332	13,464	13,599	13,736	13,872	14,011	14,152	14,293
Home and Community Care	5,448	7,510	7,127	7,269	7,415	7,562	7,714	7,868	8,026	8,187	8,350
Family Day Care	7,000	5,925	6,044	6,165	6,288	6,414	6,542	6,673	6,806	6,942	7,081
Libraries	252	252	252	-	-	-	-	-	-	-	-
Community Health	16	18	19	19	19	20	20	21	21	21	22
State Government											
Home and Community Care	1,833	1,717	2,045	2,086	2,128	2,170	2,213	2,258	2,303	2,349	2,396
Maternal and Child Health	3,432	2,517	2,588	2,640	2,692	2,746	2,801	2,857	2,914	2,973	3,032
Family and Children Services	2,986	2,515	2,066	2,107	2,150	2,193	2,236	2,281	2,327	2,373	2,421
Libraries	1,116	1,127	1,137	1,143	1,148	1,154	1,177	1,200	1,224	1,249	1,274
School crossings	540	473	482	492	502	512	522	533	543	554	565
Environment	85	87	88	90	92	94	96	98	100	102	104
Education and employment	320	326	163	-	-	-	-	-	-	-	-
Community Health	262	263	119	121	124	126	129	131	134	136	139
Emergency Management	-	40	40	40	40	40	41	42	42	43	44
Total recurrent operating grants	**23,858**	**35,839**	**35,370**	**35,504**	**36,062**	**36,630**	**37,227**	**37,834**	**38,451**	**39,081**	**39,721**

Note – The Commonwealth Government Financial Assistance grant is lower in the 2023-24 Forecast due to the early receipt of 100 per cent of the initial grant funding allocation amount in the 2022-23 financial year.

Appendix N(b) – Operating grant income (non-recurrent and total)

	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
(a) Operating grants											
Non recurrent											
Commonwealth Government											
Family and Children Services	392	-	-	-	-	-	-	-	-	-	-
Home and Community Care	18	-	-	-	-	-	-	-	-	-	-
COVID Safety and Support	8	5	5	-	-	-	-	-	-	-	-
Community Health	60	-	-	-	-	-	-	-	-	-	-
State Government											
Community Health	304	81	-	-	-	-	-	-	-	-	-
Family and Children Services	610	41	-	-	-	-	-	-	-	-	-
COVID Safety and Support	60	-	-	-	-	-	-	-	-	-	-
Environment	386	-	-	-	-	-	-	-	-	-	-
Community Safety	200	20	-	-	-	-	-	-	-	-	-
Libraries	20	-	-	-	-	-	-	-	-	-	-
Maternal and Child Health	16	16	-	-	-	-	-	-	-	-	-
Noble Park Revitalisation Program	6	-	-	-	-	-	-	-	-	-	-
Animal Management	2	-	-	-	-	-	-	-	-	-	-
Total non-recurrent operating grants	**1,672**	**163**	**5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total operating grants	**25,940**	**36,002**	**35,375**	**35,504**	**36,062**	**36,630**	**37,227**	**37,834**	**38,451**	**39,081**	**39,721**

Appendix O – Capital grant income (recurrent and non-recurrent)

	Forecast 2023-24 $'000	Budget 2024-25 $'000	Projections 2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
(b) Capital grants											
Recurrent											
Commonwealth Government											
Roads to Recovery	905	-	-	-	-	-	-	-	-	-	
Total recurrent capital grants	**905**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Non recurrent											
Commonwealth Government											
Local Roads Community Infrastructure Program	808	1,018	-	-	-	-	-	-	-	-	-
Black Spot Program	3,913	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
State Government											
Buildings	5,211	7,107	8,169	4,724	-	-	-	-	-	-	-
Recreational, Leisure and Community Facilities	990	500	-	-	-	-	-	-	-	-	-
Noble Park Revitalisation Program	867	-	-	-	-	-	-	-	-	-	-
Parks, Open Space and Streetscapes	912	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	172	-	-	-	-	-	-	-	-	-	-
Plant, Machinery and Equipment	50	-	-	-	-	-	-	-	-	-	-
Total non-recurrent capital grants	**12,923**	**8,625**	**8,169**	**4,724.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total capital grants	**13,828**	**8,625**	**8,169**	**4,724.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note re Roads to Recovery *- The Commonwealth Government provides Roads to Recovery (R2R) funding to the local government sector. The current R2R program commenced 1 July 2019 and will conclude 30 June 2024. Council's life of program allocation is a confirmed $5,089,034. Certain conditions must be followed, and annual reports must be submitted. Future funding is not yet known.*

Appendix P – Assumptions to the Financial Plan Statements (10 years)

Description	Budget 2024-25	Projections Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	Year 8 2031-32	Year 9 2032-33	Year 10 2033-34
CPI forecast	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Rate revenue cap	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and charges - Council	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Fees and fines - statutory	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Financial Assistance Grants	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Grants operating	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Grants capital	*Based on committed funding*									
Contributions monetary	*Based on committed funding*									
Contributions non monetary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employee costs (EA)	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs (incremental costs)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Materials and services (general)	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Electricity	10.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Gas	20.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Insurance	10.00%	10.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Depreciation and amortisation	*Based on level of expenditure*									
Other expenses	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Appendix Q – Adjusted underlying result

	Forecast	Financial Plan Projections									
	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000
Operating											
Total income	258,200	269,686	267,742	270,445	272,055	279,485	286,215	293,960	301,996	310,238	318,777
Total expenses	(238,080)	(234,874)	(239,780)	(245,929)	(252,394)	(259,385)	(264,794)	(271,563)	(278,655)	(286,722)	(293,149)
Surplus for the year	**20,120**	**34,812**	**27,962**	**24,516**	**19,661**	**20,100**	**21,421**	**22,397**	**23,341**	**23,516**	**25,628**
Less non-operating income and expenditure											
Grants - capital (non-recurrent)	(12,923)	(8,625)	(8,169)	(4,724)	-	-	-	-	-	-	-
Contributions - non-monetary	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
Capital contributions - other sources	(4,536)	(7,676)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Adjusted underlying surplus (deficit)	**(4,839)**	**11,011**	**10,293**	**10,292**	**10,161**	**10,600**	**11,921**	**12,897**	**13,841**	**14,016**	**16,128**