2026-2035 Long Term Financial Plan

Proposed

GREATER DANDENONG
City of Opportunity

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Executive summary

The City of Greater Dandenong's 10-year Long Term Financial Plan (LTFP) for 2025-26 to 2034-35 serves as a strategic decision-making tool, outlining the Council's financial capacity to deliver quality services, facilities, and infrastructure sustainably.

The LTFP includes key performance indicators, assumptions, and an overview of each element of the Plan. It is reviewed annually to reflect current circumstances and economic conditions. The Plan extends the assumptions and budget parameters of the 2025-26 Budget into a 10-year outlook, providing a long-term view of financial viability.

Council faces significant challenges in balancing community expectations with financial constraints due to rising costs and limited funding. To address these, Council is advocating for support from other government levels, exploring alternative revenue sources, and implementing cost-saving measures.

The LTFP outlines a significant investment of $122.15 million over the next two years to develop the new Dandenong Wellbeing Centre (DWC), which will replace the outdated Dandenong Oasis. This project will be funded through a combination of borrowings and grants, requiring strategic adjustments to future capital programs. Council will also take on new operational costs of around $1.8 million annually for the new Keysborough Community Hub. To accommodate these financial commitments, a total of $86 million has been reallocated from the 10-year capital program to cover debt servicing and new operational costs.

The strategic downward adjustments in capital spending results in discretionary capital becoming very scarce and may even be eroded in some years. Over the past three years, the growth in Council's operating surpluses has halted and is now reversing, just as funding requirements for major projects have increased. This shift is primarily due to rate capping, escalating costs and the decision to pursue significant major projects which have significantly increased indebtedness. These funds can only be sourced by reducing capital expenditure funded from operating surpluses and rates.

Historically, Council has relied on surpluses as a means of providing the capital needed to invest back into community services and infrastructure. Given the constraints on operating results, combined with substantial reductions in future capital programs, Council will need to reassess its service delivery and explore alternative revenue sources to remain sustainable. A strong focus on internal efficiencies will also be essential.

Council's financial health is currently sound, but maintaining financial sustainability will require implementing strategic measures to navigate rising costs and constrained revenue, ensuring that the Council can continue to serve the community effectively in the long term.

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 3 per cent in 2025-26. Future projections of 2.5 percent have been applied thereafter.
- Waste charges have been included on a full cost recovery basis. The main contributor to the 2.2 per cent increase in the default waste option (option A) is the 28 per cent increase in the State Government Waste Levy. Fortunately, the full impact of this increase on the resident has been softened by other factors.
- Significant borrowings of $68.85 million to be drawn down over the next two years to part fund the DWC major capital works project. This has been achieved within acceptable debt prudential guideline target ranges.
- Significant debt servicing costs of $64.82 million across the ten-year period relating to the new borrowings forecast for DWC has been financed by a reduction in capital works funded by rates.
- The consequential operational servicing costs for the new KSCH of $20.84 million has also been funded by a reduction in capital works funded by rates.
- 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.
- Given the outcomes of the next Enterprise Agreement are not yet known, assumed increases in employee costs have been aligned to the rate cap, plus an allowance for banding increments and the superannuation rate increase. No provision is required at this stage for any call from the Defined Benefits fund.

The key outputs of the LTFP are:

- The challenge of addressing an underlying operational deficit in nearly all years of the LTFP.
- After reductions in capital works funded from Council's operations over the life of the LTFP, an increasing trend from $34.7 million in 2025-26 to $47 million in 2034-35 *(noting that this may be subject to future reductions).*
- Funding for asset renewal ranging from $30 million to $47 million annually (excluding major and grant funded projects) over the life of the LTFP *(again noting this is subject to future review).* There is insufficient funding in two years of the LTFP (years 8 and 10) for base renewal requirements.
- The achievement of a financial structure, where annual asset renewal needs are mostly 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 2025-26 (noting that this won't be the case in future years).

In summary, the 2025-26 to 2034-35 LTFP highlights the considerable challenges faced by Council over the coming ten-year period, 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

Dandenong Wellbeing Centre (DWC) Project

Council endorsed a total allocated project cost of $112.15 million for the Dandenong Wellbeing Centre project. The most significant challenge is the funding required to complete this very important major project.

Project	Total Project Cost ($m)	Remaining Project Cost ($m)
Dandenong Wellbeing Centre (DWC) (redevelopment of Dandenong Oasis)	122.15	116.71

Whilst the above costs have been included in the LTFP, there have been some changes to the previous LTFP model, and these are detailed below.

The total project cost for DWC has been revised to $122.15 million (previously $98.4 million) due to final tender outcomes. The cost increase is funded by additional Council cash ($3.75 million) and borrowings previously flagged for the Dandenong Community Hub (DCH) ($20 million).

Forecast borrowings of $68.85 million will be drawn down over the next two years commencing 2025-26 (detailed below).

	Forecast	Budget	Projections		
	2024-25	2025-26	2026-27	2027-28	2028-29
	$'000	$'000	$'000	$'000	$'000
ALL BORROWINGS					
Opening balance	47,182	48,363	80,095	105,725	98,055
New loan proceeds	5,120	36,502	32,348	-	-
Less principal repayments	(3,939)	(4,770)	(6,718)	(7,670)	(8,032)
Closing balance of borrowings	**48,363**	**80,095**	**105,725**	**98,055**	**90,023**

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.

Whilst rate capping is significant in terms of the future impact, the largest influence on the declining funds for capital expenditure over the next 10 years relates to the increased annual repayments of principal and interest to service DWC borrowings and new operational costs associated with the Keysborough Community Hub. This means that while we are prioritising the Wellbeing Centre, funding for other projects and infrastructure will become more competitive in our current funding environment – ie discretionary capital funding will become scarce in all future years of the LTFP.

In addition, significant internal reserve funding ($16.58 million) will be used a funding source for this major project in 2025-26 (Major Projects Reserve).

Financial Performance Indicators

Overall Financial Health

- Net Result Margin: Consistent at around 2%, indicating effective management of revenues and expenses.
- Liquidity Ratio: Healthy at around 1.5, showing sufficient cash and liquid assets to cover short-term liabilities.
- Internal Financing Ratio: Improving, with the ability to finance capital works from generated cash flows in later years as debt commitments reduce.
- Debt Management: Indebtedness ratio and debt repayment ratios are within acceptable ranges, showing a decreasing trend in debt reliance over time.
- Capital Replacement and Renewal: Initially high due to major projects but below 1 in later years, indicating underinvestment in asset renewal – asset renewal requirements are subject to annual reviews and will fluctuate over the life of the plan.

Challenges

- Underlying Deficit: Recurring deficits in operational results, suggest that Council's revenue streams are insufficient to cover expenditures. This ratio is an indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Continued losses means reliance on Council's cash reserves.
- Capital Replacement Ratio: Below 1 in later years, indicating that spending on capital works is not keeping pace with depreciation.
- Renewal Gap Ratio: Below 1, highlighting underinvestment in asset renewal compared to depreciation. Renewal requirements will fluctuate over the life of the plan.
- Rate Reliance: Increasing reliance on rate revenue, which may limit flexibility in funding sources.
- Unrestricted Cash: Reducing trend, though not fully representative due to exclusion of long-term investments.

Ensuring Financial Sustainability

Maintaining financial sustainability will require implementing strategic measures to navigate rising costs and constrained revenue, ensuring that the Council can continue to serve the community effectively in the long term.

Council will continually assess the performance and future of current services to determine their relevance and whether Council needs to continue delivering them or if an alternative delivery model is more viable. Exploring alternate revenue sources and cost-saving measures across the organisation with the underlying aim of maintaining financial responsibility and overall sustainability.

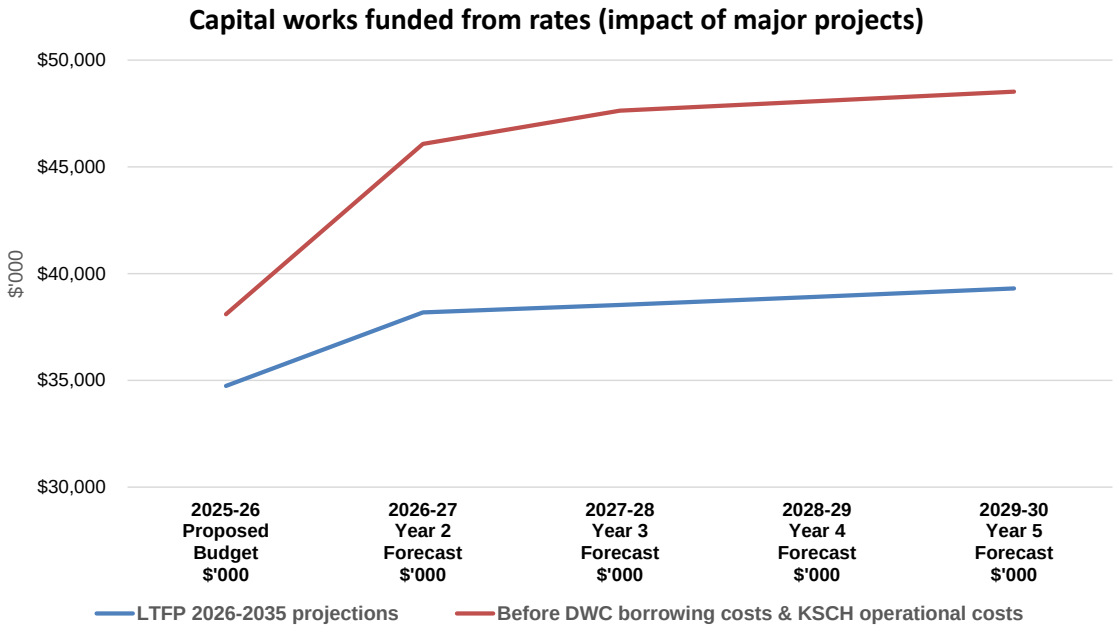
Capital Investment

Over the LTFP ten-year period, the capital expenditure funded from rates has been reduced by a total of $86 million over the life of the LTFP to fund:

- $64.82 million in debt servicing costs associated with the DWC major project.
- $20.84 million in operational costs for the Keysborough South Community Hub (KSCH) due for completion mid-2025.

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 $3.36 million in 2025-26 and grows to over $9 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 unless alternative funding sources can be identified – for example assets sales which are a legitimate funding source.



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 2025-26 is 3 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), 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). The current Enterprise Agreement (EA) 2022 ceases on 30 June 2025. In March 2025, employees voted in favour of moving to a new type of multi-employer EA. Until the outcomes of the new EA are known, the 2025-26 Budget and future years align employee costs to the rate cap.

It also needs to be 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 66 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 remains high in the short term however is forecast to ease by 2025-26. This is due to a reduction in global price pressures and a stabilisation of domestic economic conditions, helping bring inflation back toward more normal levels. However, construction materials, fuel and other costs continue to increase significantly faster than the rate cap, further compounding the financial challenges faced by Council. These factors make it challenging to maintain the quality of services and infrastructure that our community relies on.

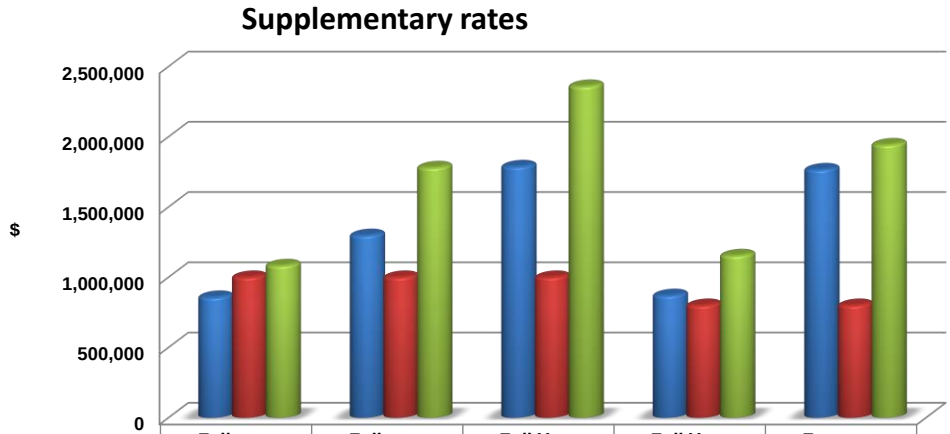
The recent global market volatility driven by rising U.S. tariffs and broader trade tensions continues to create economic uncertainty. These international uncertainties can have local impacts and add to already rising costs for materials and services and project costs. The instability in the market may also impact investment returns and fluctuations in superannuation liabilities that are sensitive to market performance. Council is actively monitoring global economic trends and financial market developments. However, the recent volatility makes it increasingly difficult to predict the broader economic environment.

Council has experienced cost increases in utilities, construction, service delivery, materials and various contracts (such as reactive tree maintenance 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

The graph below depicts the up and down trends experienced in supplementary rates over the past five years.



	Full year 2020-21	Full year 2021-22	Full Year 2022-23	Full Year 2023-24	Forecast 2024-25
Full year actual	857,476	1,297,389	1,787,155	870,025	1,765,364
Original Budget	1,000,000	1,000,000	1,000,000	800,000	800,000
Supplementary rates annualised	1,082,983	1,780,638	2,359,587	1,153,981	1,943,140

The growth in the overall rate base through supplementary rates has historically been significant to Council. 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 to an average of 554 over the last five years (compared to 849 in 2020-21).

Despite high interest rates curtailing lending and development activity, Council has experienced better than anticipated supplementary rates in 2024-25. Supplementary rate revenue has been forecast at a flat $1 million over 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, however, the timing is not yet known so has not been factored into this LTFP.

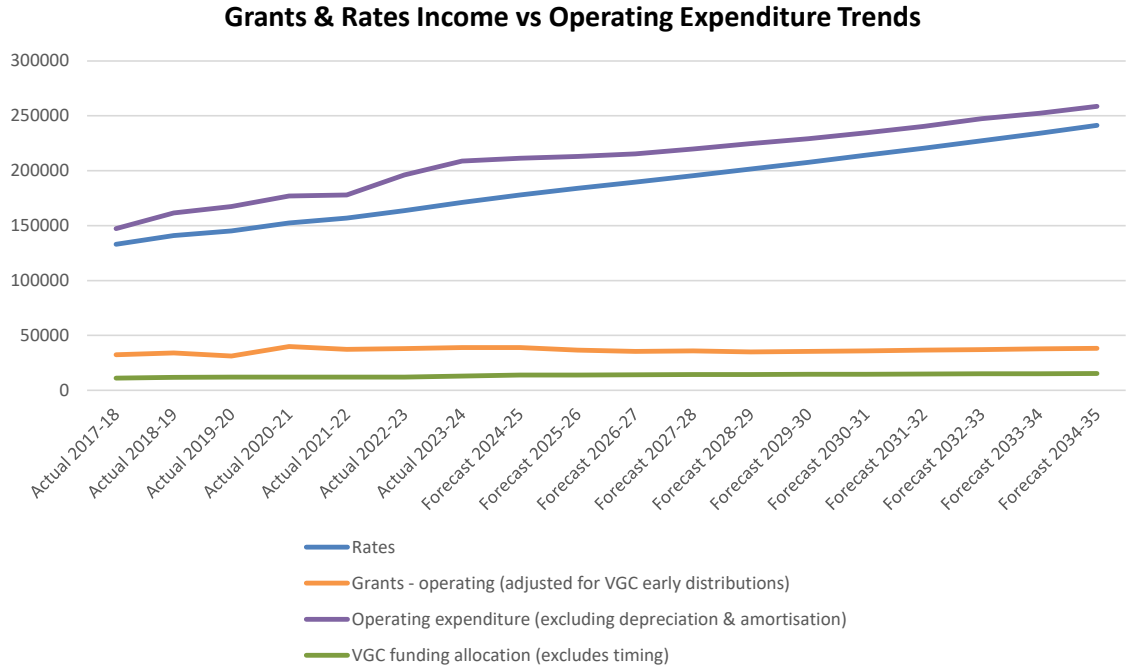
Service sustainability

To maintain financial sustainability in the face of the above challenges, Council needs to continually review its approach to service delivery. Council needs 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 community's capacity and willingness to pay.

Recurrent grant funding

Recurrent grants (inclusive of the Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGCC)) represent on average 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.



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.

The previous graph shows the historical trend from 2017-18 along with the forecasts over the life of this LTFP. The graph highlights that recurrent grant funding (orange), and Financial Assistance grant funding (green) has very slow growth. By contrast, the purple line is Council's operational expenditure (excluding depreciation and amortisation) which 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 increased more than rate income. It is clear from the graph, that grant income does not match increasing operational costs historically and this is not expected to change going forward.

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

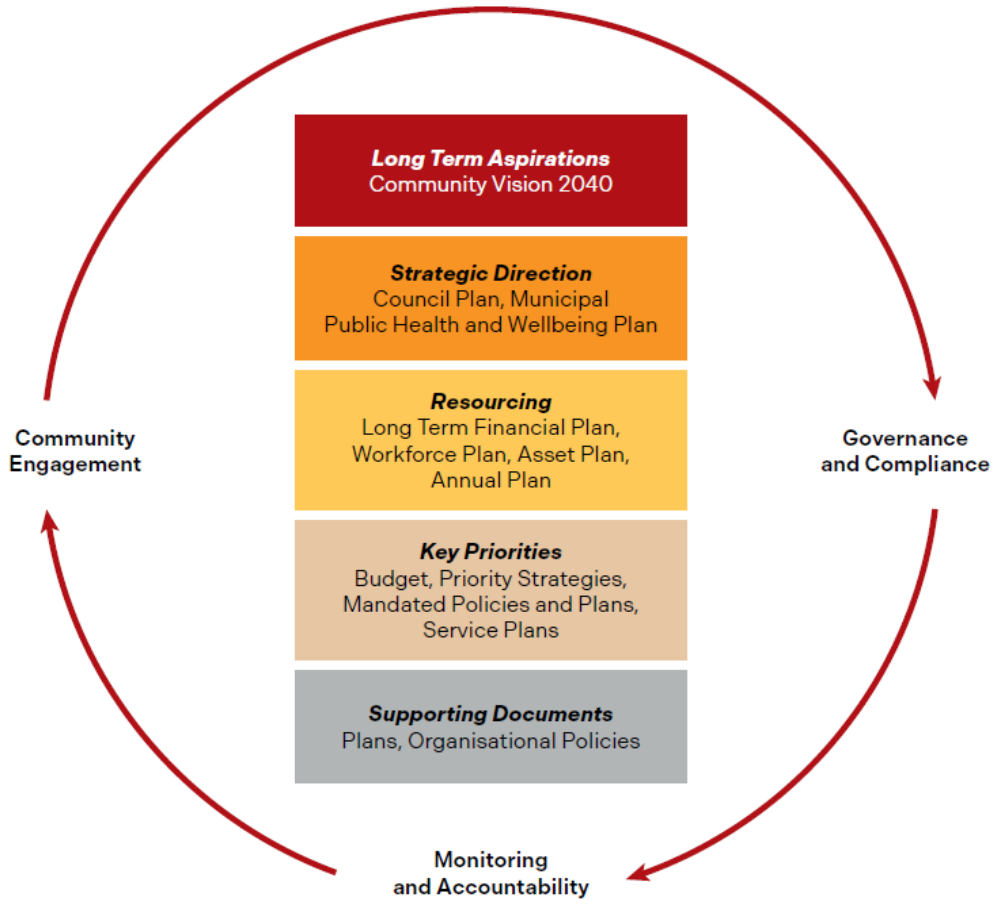
A component of the new Integrated Strategic Planning and Reporting Framework (ISPRF) is the Financial Plan or Long-Term Financial Plan (LTFP).

In accordance with the *Local Government Act 2020*, Council has developed a 10-year Financial Plan for the period 1 July 2026 to 30 June 2035 following the 2024 Council election. Council will review and update this LTFP annually.

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:



Asset Plan Integration

Council is also required to adopt an Asset Plan following each Council election. The Asset Plan aims to identify the operational and strategic practices necessary for Council to manage its assets throughout their life cycle in a financially sustainable manner.

The Asset Plan forecasts Council's infrastructure investment needs and costs, ensuring Council can sustainably provide for current and future communities while managing asset-related risks and opportunities effectively. Key considerations include the significant financial consequences of asset decisions, the substantial proportion of financial statements and overall performance related to asset expenditure and risk, the dependency of service delivery on council-owned assets, and the increasing maintenance costs as assets age.

Integrating strategic financial planning principles with the Asset Plan ensures future funding supports service delivery aligned with the Community Vision and Council Plan, guiding effective and sustainable asset management.

The Asset Plan informs the LTFP by identifying the required capital renewal, backlog, and maintenance funding for each asset category. The LTFP determines the available funding to support Council's assets, incorporating knowledge of asset conditions, risk assessments, and the impact of reviewing and setting intervention and service levels for each asset class. Together, the LTFP and Asset Plan aim to balance projected investment requirements against projected budgets.

Further details regarding capital expenditure can be found in this LTFP at Appendix L – Asset Renewal, Appendix M – Capital works funded from operational surplus and Capital works strategy.

Revenue and Rating Plan Integration

Council is also required to adopt a Revenue and Rating Plan following each Council election. The purpose of the Revenue and Rating Plan is to determine the most appropriate and affordable revenue and rating approach for Council which, in conjunction with other income sources, will adequately finance the objectives in the Council Plan.

For example, the Revenue and Rating Plan sets out the decisions that Council has made in relation to rating options available under local government legislation to ensure the fair and equitable distribution of rates across property owners.

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).

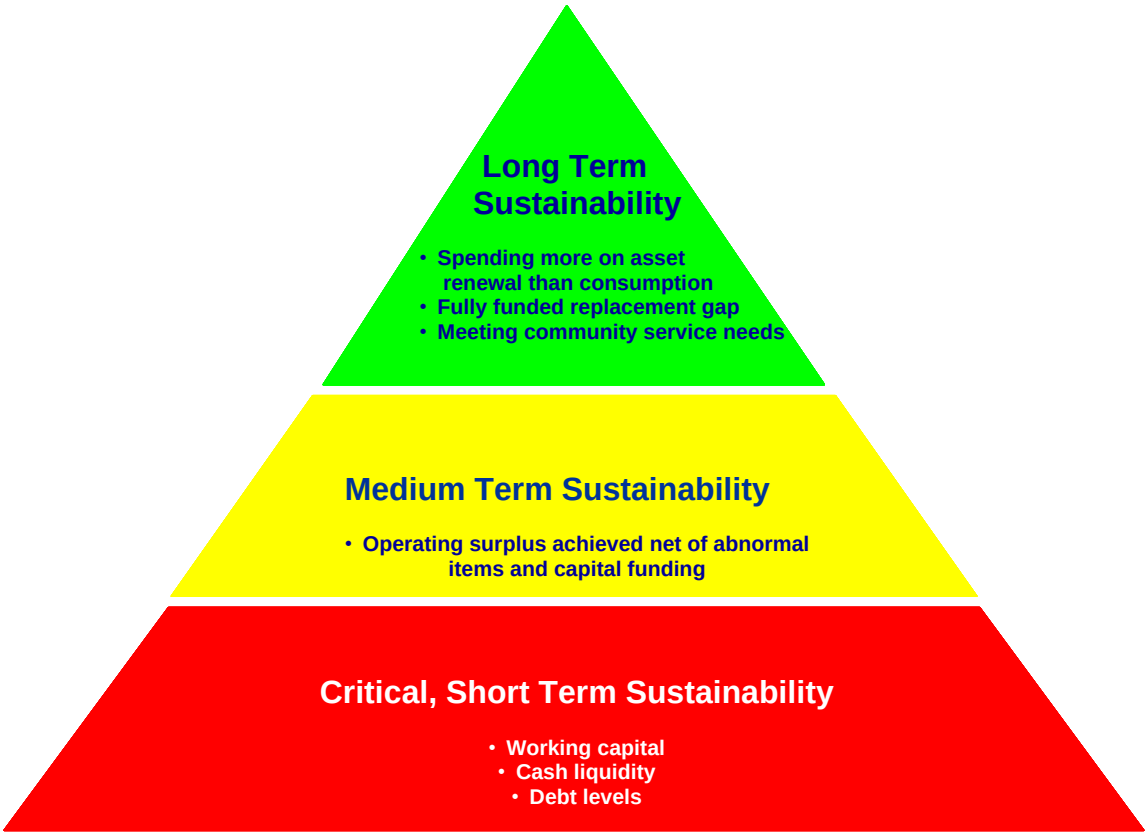
5. Allow Council to meet the objectives of the *Local Government Act 2020* to promote the social, economic and environmental sustainability of the municipal district including mitigation and planning for climate change risks and that the ongoing financial viability of the Council is to be ensured (sections 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 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, cost shifting 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. ***Although this strategic objective has not been achieved in the current LTFP, it remains a key goal for the Council's long-term financial planning.*** 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). ***Council has made a significant investment of $122 million in the Dandenong Wellbeing Centre, resulting in a reduction of the capital program to fund debt servicing commitments. With operating surpluses slowing, there is considerable work needed to increase these surpluses again to reinvest in capital projects. If this is not achieved, further reductions in capital expenditure may be necessary but is not sustainable.*** ***Despite these challenges, the Council remains committed to this strategic objective and will continue to explore ways to enhance financial sustainability and support essential capital works.*** 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.

LTFP Section	*Strategic Directions Outcomes:*
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 $86 million in order fund debt servicing and operating costs for 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. ***It is important to note that the above strategy ratio targets are still valid, but only when Council addresses the current forecast underlying operational deficits.*** ***It is essential that Council addresses the underlying operational deficits and asset renewal needs before committing to further borrowings. Servicing new borrowings can only be achieved by reducing capital expenditure unless alternative revenue sources are identified. Therefore, addressing these deficits is a priority to ensure financial sustainability and the successful implementation of the borrowing strategy.***

Community Engagement and Public Transparency

Under the *Local Government Act 2020*, Council is required to prepare the 10-year Financial Plan after 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 its second Greater Dandenong Community Panel to undertake a deliberative engagement process to develop a new Council Plan, Long Term Financial Plan, and Asset 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 37 completing the process. The panel members chosen were representative of our broader community in a number of key demographic areas.

The panel met over four days to discuss the future of our city and highlight the needs and aspirations of our community. They were provided with a range of information including background information on Council's key challenges and the results of the broader community consultation. Guest speakers were also invited to engage with the panel and share their experience across a variety of areas including business, sustainability, assets, youth, safety and housing. This enabled the panel to have well-informed discussions and carefully consider multiple points of view and various options before coming to a consensus.

The panel's role was to provide recommendations to Council to consider when creating its roadmap for the next four years. These recommendations were:

1. Community connection – supporting community events and promoting connections
2. Affordable housing – reducing barriers to housing and advocating on behalf of the community
3. Service awareness – increasing community awareness of the services Council offers and how to access them
4. Asset re-evaluation – ensuring Council assets are effective and well-utilised
5. Community safety – increasing safety measures in public spaces
6. Maintenance and preservation of assets – ensuring buildings, public spaces and roads are adequately maintained.

These recommendations have influenced the priorities of the Council Plan, this Long-Term Financial Plan and the Asset Plan where 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.

For more information on the consultation process and Greater Dandenong People's Panel visit our website https://yoursay.greaterdandenong.vic.gov.au/our-city-our-future

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 2025-26 Budget.

Achieving cost savings

The Long-Term Financial Plan (LTFP) serves as a high-level strategic framework for future budgets. While the current plan is based on the premise of continuing to deliver all present-day operational services, it is important to note that this may not be the case in future iterations of the plan.
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However, 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 2025-26 to 2034-35. 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	Projections				
		Year 2	Year 3	Year 4	Year 5	Years 6-10
	2025-26	2026-27	2027-28	2028-29	2029-30	2032-2035
CPI forecast	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate revenue cap	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and charges - Council	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and fines - statutory	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%
Grants operating	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%
Employee costs (EA)	3.00%	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%
Materials and services (general)	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Electricity	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Gas	10.00%	10.00%	10.00%	5.00%	5.00%	5.00%
Insurance	15.00%	10.00%	5.00%	5.00%	5.00%	5.00%
Depreciation and amortisation	*Based on level of expenditure*					
Other expenses	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%

Consumer Price Index (CPI) is forecast to be 3 per cent for the 2025-26 year. CPI is assumed to drop to 2.5 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 Plan 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 2025-26 and likely trend in these figures in the shorter term.

Income types	Budget 2025-26 $'000	Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000
Rates and charges	184,000	189,663	195,560	201,495
Statutory fees and fines	12,805	13,146	13,337	13,603
User fees	9,420	9,838	10,131	10,433
Grants - operating	36,650	35,489	35,866	35,108
Grants - capital	20,097	7,991	2,035	1,358
Contributions - monetary	3,149	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	787	598	502	682
Other income	12,923	10,779	9,890	10,015
Total income	**287,331**	**277,004**	**276,821**	**282,194**

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 2025-26 $'000	Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000
General rates	152,696	157,745	162,919	168,222
Supplementary rates	1,000	1,000	1,000	1,000
Waste charges	28,425	29,141	29,864	30,496
Keysborough Maintenance Levy	1,800	1,800	1,800	1,800
Interest on rates	281	180	180	180
Less rates abandoned	(202)	(203)	(203)	(203)
Total rates and charges	**184,000**	**189,663**	**195,560**	**201,495**

The rate revenue cap for the 2025-26 year is 3.00 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 $1 million per annum 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.

The State Government Waste Levy has increased by 28 per cent to $169.79 per tonne from 1 July 2025. Despite this large increase, the waste service charge for 2025-26, incorporating kerbside collection and recycling, will increase by an average 2.2 per cent or $11.00 per year (default waste charge). The significant increase in the State Government Waste Levy has been softened by the beneficial effects of the Container Deposit Scheme in combination with lower projected waste tonnages for 2025-26.

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 2032-33, 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 per cent in 2025-26 and 2.5 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 $35.22 million (2024-25 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 milestone major project Dandenong Wellbeing Centre (DWC) which will receive $20 million in grant funding under the Priority Community Infrastructure Program (PCIP). The $20 million grant has been factored in over the three financial years commencing 2024-25 with $11.2 million budgeted in 2025-26.

The other significant capital grant of note is $3.88 million in relation to the Federal Blackspot program which will fund three capital projects in 2025-26.

The remaining capital grants forecast in 2025-26 relate to the following projects:

- $2 million - Safer Local Roads and Streets Program
- $1.63 million – Roads to Recovery Program
- $1.39 million - IP43 Road Safety Infrastructure Construction - Clow Street and Cleeland Street

Other than the Roads to Recovery Program and DWC, there are no future capital grants able to be forecast with certainty over the life of the LTFP. Council will receive $8.96 million in Roads to Recovery grant funding for the five-year funding period 1 July 2024 to 30 June 2029. To be eligible for this funding, certain conditions must be followed, and audited annual reports submitted.

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 sustained higher interest rates.

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 $3.65 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 2025-26 and likely trend in these figures in the shorter term.

	Budget	Projections		
	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000
Employee costs	105,929	108,609	111,707	113,677
Materials and services	96,670	93,739	94,165	96,600
Depreciation	48,481	49,451	50,440	51,448
Depreciation - right of use assets	715	715	715	715
Allowance for impairment losses	1,614	1,615	2,314	2,430
Borrowing costs	3,936	6,344	6,426	5,939
Finance costs - leases	57	58	60	61
Other expenses	4,913	4,913	5,030	5,995
Total expenses	**262,315**	**265,444**	**270,857**	**276,865**

Employee costs

Employee costs represent the largest component of Council's expenditure. The current Enterprise Agreement (EA) 2022 ceases on 30 June 2025. In March 2025, employees voted in favour of moving to a new type of multi-employer EA.

Until the new EA impacts are known, this Financial Plan has been developed on an assumed salary increase of 3.00 per cent as per the legislated rate cap for 2025-26. Future pay increases are also aligned to 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 per cent to 12 per cent in 2025-26 has been factored in the employee cost increases (11.5 per cent in 2024-25). 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 (excluding 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. These increases are governed by market forces based on availability more 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 care educators. 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 per cent in 2025-26 and 2.5 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. Gas and insurance market expectations are assumed to increase significantly in 2025-26 (10 and 15 per cent respectively) which are then expected to drop to 5 per cent over the next 2-3 years. These costs will be closely monitored.

Costs of materials and services remain at approximately 35 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 componentisation of Council's building assets and 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 2025 is $48.36 million.

Interest on borrowings is forecast at $3.94 million in 2025-26. These costs are estimated to increase to over $6.3 million in 2026-27 and 2027-28, reflecting the $68.85 million in proposed new borrowings to be drawn down over the two years commencing 2025-26 to part fund the DWC major capital project.

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.

	Budget	Projections		
	2025-26	2026-27	2027-28	2028-29
	$'000	$'000	$'000	$'000
Net operating result	**25,016**	**11,560**	**5,964**	**5,329**
Add (less) cash items not included in operating result				
Capital expenditure	(118,679)	(79,528)	(41,568)	(41,276)
Loan repayments	(4,770)	(6,718)	(7,670)	(8,032)
Loan proceeds	36,502	32,348	-	-
Repayment of lease liabilities	(680)	(680)	(680)	(680)
Transfer from reserves	29,389	3,866	3,689	3,744
Transfer to reserves	(8,534)	(7,108)	(7,108)	(7,108)
Sub total	**(66,772)**	**(57,820)**	**(53,337)**	**(53,352)**
Add (less) non-cash items included in operating result				
Depreciation	48,481	49,451	50,440	51,448
Depreciation - right of use assets	715	715	715	715
Written down value of assets sold	60	45	45	45
Contributions - non-monetary	(7,500)	(7,500)	(7,500)	(7,500)
Sub total	**41,756**	**42,711**	**43,700**	**44,708**
Surplus (deficit) for the year	**-**	**(3,549)**	**(3,673)**	**(3,315)**
Accumulated surplus / (deficit) brought forward	**-**	**-**	**(3,549)**	**(7,222)**
Accumulated surplus / (deficit) brought forward	**-**	**(3,549)**	**(7,222)**	**(10,537)**

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 $4.77 million in 2025-26, climbing to a peak of just over $8 million in 2028-29. This is because of $68.85 million in proposed new borrowings to part fund the DWC major capital project.

Loan proceeds

Proposed loan borrowing proceeds of $68.85 million are forecast in 2025-26 ($36.50 million) and 2026-27 ($32.35 million) to part fund the DWC major capital project.

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 cash result (net surplus or deficit from operations) is in deficit over years 2 to 5 of the LTFP. This is a concerning indicator in terms of maintaining Council's financial sustainability. Council will need to address these outcomes.

  Several factors contribute to the deficits in the coming years. These include reduced interest income on investments due to anticipated cuts in interest rates combined with a decrease in funds available for investment due to major capital works projects, fluctuations in plant sale proceeds, and rising debt servicing costs. Variability in grant funding is also a contributing factor and whilst some revenue streams are forecast to increase (for example parking fine income), growth in councils' expenses are forecast to outpace this.

  Increase in debt servicing commitments related to the Dandenong Wellbeing Centre project loan funding is also a main contributor.

  While the Council is managing its finances well and has stable financial health, careful planning and monitoring will be essential to address these future financial uncertainties.

- Capital works expenditure is significant for the first two years of the LTFP at $118.7 million and $79.5 million respectively due mainly to the DWC major capital project. These increases have been financed from several funding sources including new borrowings, internal reserves and grants.

- Capital works expenditure funded from the operational surplus represents $41 million on average over the life of the LTFP, increasing from $34.74 million in 2025-26 to $47 million in the final year of the LTFP. This shows the amount of capital funds that Council can allocate from its operating result and has been reduced by $86 million over the life of the LTFP to fund debt servicing costs of the new borrowings for DWC.

- Council's growth in operating surpluses has halted in recent years and is now reversing, just as funding requirements for major projects have increased. This shift is primarily due to rate capping, escalating costs and the decision to pursue significant major projects which have significantly increased indebtedness.

- Historically, Council has relied on surpluses as a means of providing the capital needed to invest back into community services and infrastructure. Given the constraints on operating results, combined with substantial reductions in future capital programs, Council will need to reassess its service delivery and explore alternative revenue sources.

Balance Sheet

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

	Budget	Projections		
	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000
Assets				
Current assets	191,226	184,380	178,398	179,881
Non-current assets	2,789,014	2,826,531	2,825,099	2,822,367
Total assets	**2,980,240**	**3,010,911**	**3,003,497**	**3,002,248**
Liabilities				
Current liabilities	128,471	123,482	118,062	118,760
Non-current liabilities	79,031	103,131	95,173	87,897
Total liabilities	**207,502**	**226,613**	**213,235**	**206,657**
Net assets	**2,772,738**	**2,784,298**	**2,790,262**	**2,795,591**
Total equity	**2,772,738**	**2,784,298**	**2,790,262**	**2,795,591**

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 1.49 in 2025-26 and 1.54 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.

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 because of legislative changes - *Local Government Legislation Amendment (Rating and Other Matters) Act 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 in years 1 and 2 is then followed by a slightly decreasing value over the term of the LTFP which means Council is investing less 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 and have reduced to $0 in 2025-26. Very few software assets are capitalised now due to the increased prevalence of 'Software as a Service' (SaaS) which is not considered to be capital.

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.

Contract and other liabilities

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 equity levels grow gradually over the life of the LTFP whereas fixed asset levels are on the decline from year 3 to 10 of the Plan. This is a challenge that Council faces in the future.

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 does not maintain a sufficient cash balance to fully fund its reserves and restricted assets (eg. leave entitlements and trust deposits). Council will need to be mindful of this challenge in future years.

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. That Council maintains an underlying operational surplus (in the Income Statement) prior to the recognition of capital income over the life of the LTFP. ***Although this strategic objective has not been achieved in the current LTFP, it remains a key goal for the Council's long-term financial planning***. 2. 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*). ***Council has made a significant investment of $122 million in the Dandenong Wellbeing Centre, resulting in a reduction of the capital program to fund debt servicing commitments.***

Section	Strategic Directions Outcomes:
	With operating surpluses slowing, there is considerable work needed to increase these surpluses again to reinvest in capital projects. If this is not achieved, further reductions in capital expenditure may be necessary but is not sustainable. ***Despite these challenges, the Council remains committed to this strategic objective and will continue to explore ways to enhance financial sustainability and support essential capital works.*** 3. 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 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000
Capital grants	20,097	7,991	2,035	1,358	-
Capital contributions	1,149	-	-	-	-
Transfer from reserves	26,189	1,000	1,000	1,000	1,000
Loan proceeds	36,502	32,348	-	-	-
Funded from operational surplus	34,742	38,189	38,533	38,918	39,308
Total capital works funding	**118,679**	**79,528**	**41,568**	**41,276**	**40,308**

This LTFP is based on capital works investment funded from Council's operations of $34.74 million in 2025-26.

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 $160 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 $34 million in 2025-26, down to $38-39 million in years 2 to 5, then up to $41 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.

Dandenong Wellbeing Centre (DWC) – Redevelopment of Dandenong Oasis

Designed to replace the much-loved but now out-dated Dandenong Oasis, the new Dandenong Wellbeing Centre represents a once-in-a-generation investment in community health and wellbeing. 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, DWC 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.

The budgeted capital expenditure and funding sources for the DWC project are summarised in the following table and impacts the first two years of the LTFP. Whilst more than $33 million of Council's operational surplus and internal reserves is expected to fund this major project, more significant funding is required to be sourced from new borrowings ($68.85 million).

DANDENONG WELLBEING CENTRE *(Redevelopment of Dandenong Oasis)*	Forecast 2023-24 $'000	Forecast Actual 2024-25 $'000	Budget 2025-26 $'000	Projection 2026-27 $'000	Remaining Project Total $'000	Project Total $'000
Capital expenditure	**1,862**	**10,278**	**66,156**	**40,280**	**116,714**	**122,150**
Less funding sources:						
Grants	-	(2,739)	(11,204)	(6,057)	**(20,000)**	**(20,000)**
Council cash	(538)	(5,611)	(1,875)	(1,875)	**(9,361)**	**(10,201)**
Borrowings	-	-	(36,502)	(32,348)	**(68,850)**	**(68,850)**
Reserves	(1,324)	(1,928)	(16,575)	-	**(18,503)**	**(23,099)**
Funding sources	**(1,862)**	**(10,278)**	**(66,156)**	**(40,280)**	**(116,714)**	**(122,150)**

Council has also been successful in sourcing grant funding of $20 million for the Priority Community Infrastructure Program (PCIP). Council has awarded the contract to build the facility to ADCO Constructions Pty Ltd, and work started onsite at Mills Reserve in April 2025. The remaining construction costs of the centre are estimated at $116.71 million. The project is expected to be completed in 2027.

Dandenong Community Hub

Greater Dandenong City Council is planning for a community hub in central Dandenong. There are no forecast capital or operating costs for DCH in this LTFP.

Other Capital Priorities

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 DWC 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 $86 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 2025.

	Actual Balance 30 June 2022 $'000	Actual Balance 30 June 2023 $'000	Actual Balance 30 June 2024 $'000	Forecast Balance 30 June 2025 $'000
Interest bearing loans and borrowings	53,263	49,779	47,182	48,363

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
Keysborough South Community Hub	29.5	6.12
Total	**207.7**	**107.3**

The significant replacement of Dandenong Oasis (construction of Dandenong Wellbeing Centre), estimated at over $122.15 million, will be part funded by proposed new borrowings of $68.85 million over the two years from 2025-26.

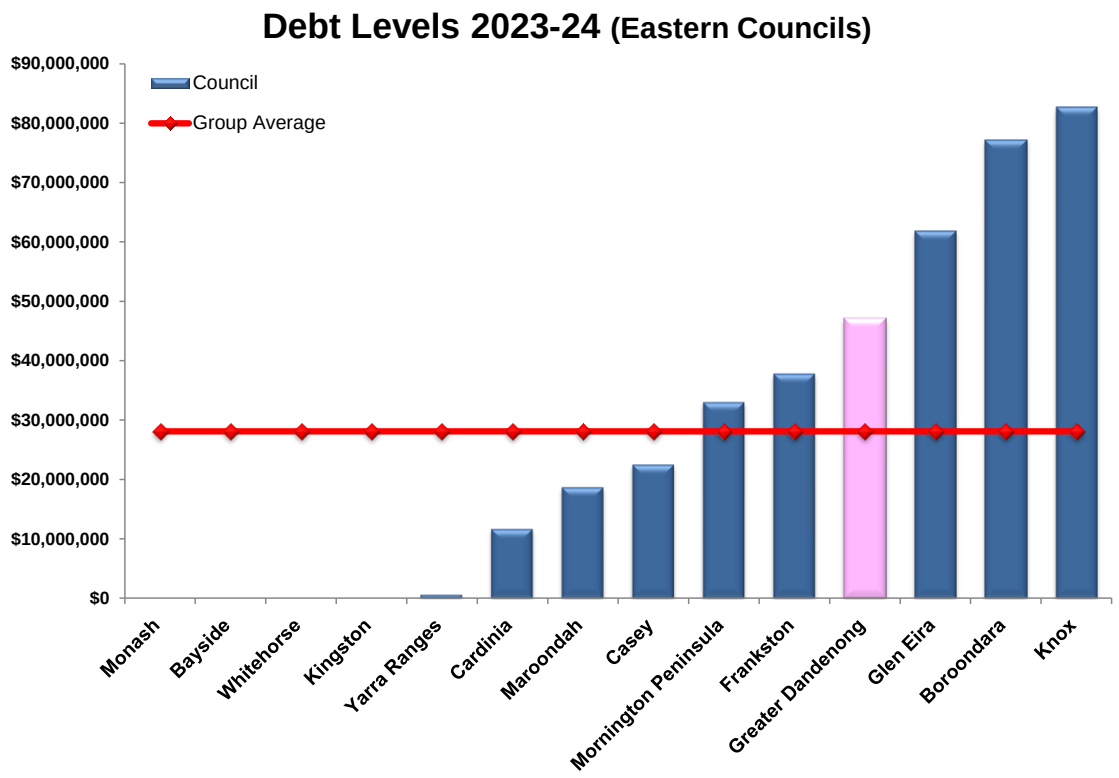
One of the key considerations for Council in the application of future loan borrowing is the premise that its long-term financial strategies should strive for a financial structure where its annual operational and asset renewal needs can be met from annual funding sources. That is, Council does not have 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.

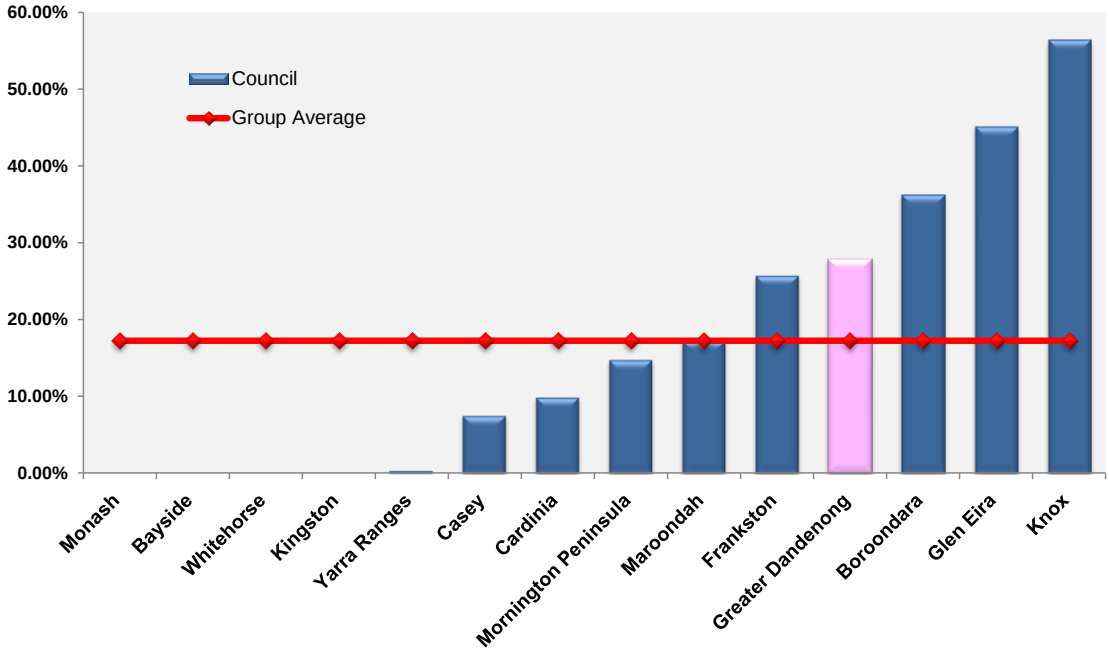
Benchmarking of Council's debt structure to other councils



As presented in the graph, Council completed 2023-24 with the fourth 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.

Total Indebtedness as a % of Rate Revenue 2023-24



Council's level of indebtedness (debt/rate revenue) at 30 June 2024 was 28 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 2024.

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%	1.02%	0.00%	0.00%
Monash	0.00%	0.00%	0.00%	2.70%	0.00%	0.00%
Whitehorse	0.00%	0.00%	0.00%	1.60%	0.00%	0.00%
Kingston	0.00%	0.00%	0.00%	3.69%	0.00%	0.00%
Yarra Ranges	0.05%	1.46%	0.36%	9.59%	1.36%	0.34%
Casey	0.27%	3.02%	7.49%	3.89%	2.68%	6.65%
Cardinia	0.79%	2.66%	9.89%	5.27%	2.35%	8.74%
Mornington Peninsula	0.31%	1.70%	14.76%	5.11%	1.44%	12.56%
Frankston	0.74%	1.30%	25.73%	7.62%	1.03%	20.45%
Maroondah	0.59%	3.47%	17.32%	6.38%	2.58%	12.90%
Glen Eira	0.72%	2.43%	45.11%	5.25%	1.97%	36.69%
Greater Dandenong	**1.10%**	**3.62%**	**27.84%**	**7.89%**	**3.13%**	**24.10%**
Boroondara	1.27%	5.39%	36.19%	3.79%	4.75%	31.87%
Knox	1.67%	6.67%	56.42%	8.83%	6.05%	51.16%
Median Eastern Councils	0.45%	2.06%	12.33%	5.18%	1.71%	10.65%
Average Eastern Councils	0.54%	2.27%	17.22%	5.19%	1.95%	14.68%
Greater Dandenong Council Ranking	12	12	11	12	12	11

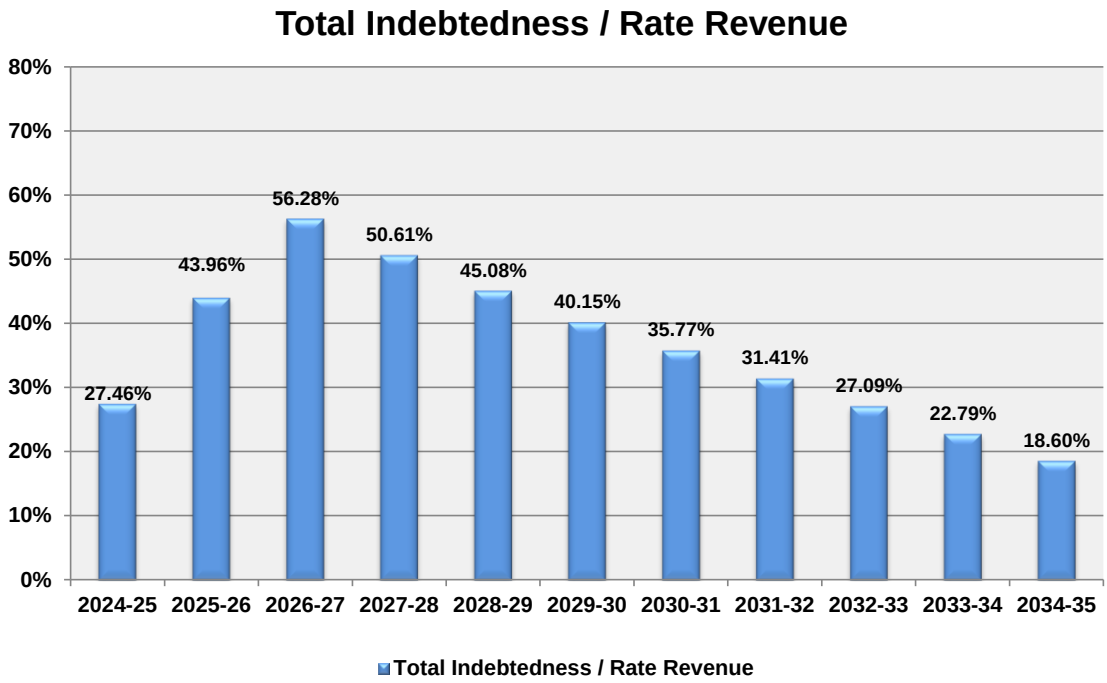
(Note regarding ranking – 1 is the lowest debt outcome, 14 is the highest debt outcome).

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 1.10 per cent at 30 June 2024 (prudential limit 10 per cent) and indebtedness/rate revenue ratio is 27.84 per cent (prudential limit 80 per cent).

This LTFP forecasts significant new borrowings of $68.85 million to part fund the DWC major capital project. 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 18.6 per cent by 2034-35.

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. Considering community need for redevelopment of the ageing Dandenong Oasis, Council has opted to procure new borrowings to finance this major project.



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 able to consider future borrowings from that point.

It is important to note that whilst the above strategy ratio targets are still valid, it is recommended that Council address the current forecast underlying operational deficits. It is essential that Council addresses the underlying operational deficits and asset renewal needs before committing to further borrowings. Servicing new borrowings can only be achieved by reducing capital expenditure unless alternative revenue sources are identified. Therefore, addressing these deficits is a priority to ensure financial sustainability and the successful implementation of the borrowing strategy.

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. Council was successful in obtaining a $6.12 million loan via the Community Infrastructure Loan Scheme for the Keysborough South Community Hub.

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.

As per the below table 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.

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
	$'000	$'000	$'000	$'000					
2025	5,120	3,939	2,628	48,363	171%	27.5%	2.3%	21.9	23.1%
2026	**36,502**	**4,770**	**3,936**	**80,095**	149%	44.0%	3.0%	16.2	37.0%
2027	32,348	6,718	6,344	105,725	149%	56.3%	4.7%	8.7	47.8%
2028	-	7,670	6,426	98,055	151%	50.6%	5.1%	8.0	43.3%
2029	-	8,032	5,939	90,023	151%	45.1%	5.0%	8.7	38.7%
2030	-	7,349	5,460	82,674	154%	40.2%	4.5%	9.6	34.7%
2031	-	6,751	5,017	75,923	155%	35.8%	4.0%	10.8	31.0%
2032	-	7,188	4,585	68,736	156%	31.4%	3.9%	12.1	27.3%
2033	-	7,644	4,119	61,092	158%	27.1%	3.8%	13.6	23.7%
2034	-	8,131	3,627	52,961	160%	22.8%	3.7%	16.2	20.0%
2035	-	8,432	3,103	44,528	162%	18.6%	3.5%	19.3	16.5%

					Treasury Corp Victoria	
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 + principal debt repayments / 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)

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.

   It is important to note that the above strategy ratio targets are still valid, but only when Council addresses the current forecast underlying operational deficits.

   It is essential that Council addresses the underlying operational deficits and asset renewal needs before committing to further borrowings. Servicing new borrowings can only be achieved by reducing capital expenditure unless alternative revenue sources are identified. Therefore, addressing these deficits is a priority to ensure financial sustainability and the successful implementation of the borrowing strategy.

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 2025 (where relevant these balances have been updated to reflect 2024-25 current forecast movements).

Major Projects Reserve

Purpose

This reserve has been established to provide a source of funding for major infrastructure projects. but has also provided Council the ability to react to strategic property acquisitions and/or contingent funding for things such as unfunded superannuation call and in more recent times COVID community package.

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 2024-25 $'000	Budget 2025-26 $'000	Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000
Major Projects					
Opening balance	49,308	42,661	27,488	28,896	30,304
Transfer to reserve	5,055	2,834	1,408	1,408	1,408
Transfer from reserve	(11,702)	(18,007)	0	0	0
Closing balance	**42,661**	**27,488**	**28,896**	**30,304**	**31,712**

Projected inflows of $5.06 million into this reserve in 2024-25 include:

- Annual funding previously transferred to the DCP reserve ($1.41 million).
- Favourable supplementary rates variance to 2024-25 Budget ($965,000).
- Prior LTFP surplus amount quarantined for rising project costs contingency ($933,000) but not drawn down.
- Asset sale proceeds – Beck Court ($900,000).
- Savings in interest expense and debt repayments due to deferred ($849,000).

Inflows across the LTFP relate primarily to funding previously transferred to the DCP reserve. Two additional one-off transfers in 2025-26 include:

- A capital budget of $793,000 has been set aside for a specific community infrastructure upgrade, pending assessment and confirmation).
- Provision for Council co-contribution for capital grant applications ($633,000).

Outflows from this reserve in 2024-25 ($11.7 million) relates to capital project funding for:

- Keysborough South Community Hub ($6.44 million).
- Building demolition - Precinct Energy Plant ($2.5 million).
- Dandenong Wellbeing Centre ($1.93 million)
- Dandenong Community Hub ($836,000).

Outflows from this reserve in 2025-26 ($18.01 million) relate to capital project funding for:

- Dandenong Wellbeing Centre ($16.58 million)
- Dandenong New Art ($1.43 million)

As highlighted in the table on the previous page, the forecast closing balance of the Major Projects Reserve at 30 June 2025 of $42.7 million will largely be consumed by the future outflows for the funding of the major capital works projects.

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 2024-25 of $1.1 million relates to the topping up of the Open Space – Acquisitions reserve to $6 million.

Outflows from this reserve in 2025-26 of $316,000 relate to capital project funding for:

- 61-63 Heyington Cres, Noble Park North demolition ($120,000)
- View Road (49) Reserve - Landscaping and Infrastructure ($110,000)
- Doris Reserve - Local Park Furniture and Landscape Upgrade ($86,000)

No further future outflows are anticipated from this reserve in 2025-26 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.

The transfer out of this reserve in 2024-25 ($1.1 million) relates to the acquisition of 9A Blissington Street, Springvale and demolition of the existing building at this site for the purposes of open space.

The transfer in of $1.1 million in 2024-25 is from the Open Space – Planning Development and Improvements reserve to top this reserve balance back to $6 million annually.

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 2025-26 year or the LTFP period.

Development Contribution Plans (DCP) – Council funded

Purpose

The Development Contributions Plans (DCP) reserve holds funds for the Council's contributions 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).

After an assessment of remaining projects and costings, Council's annual contribution to this reserve is now $400,000. The remaining inflow of $500,000 relates to provision for interest returns on DCP funds invested which are required to be included in the DCP trust fund. DCP reserve funds will continue to be monitored to ensure that a sufficient level of funds is maintained to meet Council's commitments under the DCP's.

Typical sources of inflows and outflows

Based on revised estimates of infrastructure costs, Council's contribution amount is $900,000 ($400,000 for Council's contribution to the DCP plus an additional $500,000 per annum for interest return obligations) 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 2024-25, this reserve will fund $3.13 million for the Perry Road South upgrade project and $20,000 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.

The transfer out of the DCP reserve in 2025-26 relates to a further allocation for the Perry Road South upgrade project ($5.16 million). In the 2025-26 Budget and annually thereafter, the reserve also funds $20,000 annually in DCP administration costs.

Funds held are quarantined as follows:

Description	$'000
Forecast reserve balance 2025-26	15,141
KR01c: Perry Road - South (Part C - R7 to Bangholme Road)	(5,162)
Contributions for DCP items yet to be completed	(4,673)
Interest held in accordance with DCP	(3,601)
Forecast escalation on remaining projects	(400)
Remaining balance for future projects allcoated within the DCP	**1,305**

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 $2.03 million in 2025-26 to $2.38 million in 2031-32. 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 $2.07 million across the latter three years of this LTFP.

Reserve	Financial Plan Projections				
	2030-31	2031-32	2032-33	2033-34	2034-35
	$'000	$'000	$'000	$'000	$'000
Keysborough maintenance levy					
Opening balance	1,127	613	38	0	0
Income from levy	1,800	1,800	1,800	1,800	1,800
Expenditure on open space	(2,314)	(2,375)	(2,438)	(2,502)	(2,569)
Closing balance	**613**	**38**	**0**	**0**	**0**
Expenditure funded from rates			**(600)**	**(702)**	**(769)**

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 ($281,000 forecast in 2024-25 and averaging $64,000 per annum thereafter).

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 2025 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. 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 $2.19 million from this reserve in 2024-25 relates to capital project delivery costs associated with the development of the Dandenong Activity Precinct:

- Dandenong New Art Gallery ($1.58 million)
- Vanity Lane – 275 Lonsdale Street, Dandenong ($51,000)
- Precinct Energy Project (PEP) building design ($554,000)

The Dandenong New Art capital project will also be funded by a transfer from this reserve of $2.82 million in 2025-26.

General Reserve (Aged and Community Services)

Purpose

The purpose of this reserve is to fund potential Home and Community Care grant income returns, the impact of reforms in the aged care sector and changes to fixed term employment contract legislation.

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 2024-25 ($150,000) and 2025-26 ($50,000) 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. 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 Logis, Somerfield 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 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.

2024 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, fallen trees, 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 events of 2024 serve 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 asset management. By adopting 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 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Income											
Rates and charges	177,897	184,000	189,663	195,560	201,495	207,709	214,079	220,609	227,302	234,164	241,198
Statutory fees and fines	11,431	12,805	13,146	13,337	13,603	13,945	14,222	14,434	14,722	15,086	15,386
User fees	9,138	9,420	9,838	10,131	10,433	10,745	11,067	11,401	11,745	12,101	12,469
Grants - operating	39,007	36,650	35,489	35,866	35,108	35,474	36,030	36,595	37,171	37,756	38,352
Grants - capital	12,899	20,097	7,991	2,035	1,358	-	-	-	-	-	-
Contributions - monetary	9,626	3,149	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	1,473	787	598	502	682	582	582	582	582	582	582
Other income	14,940	12,923	10,779	9,890	10,015	9,143	9,202	9,324	9,448	9,575	9,705
Total income	**283,911**	**287,331**	**277,004**	**276,821**	**282,194**	**287,098**	**294,682**	**302,445**	**310,470**	**318,764**	**327,192**
Expenses											
Employee costs	103,822	105,929	108,609	111,707	113,677	116,949	120,295	123,771	127,319	130,941	134,702
Materials and services	96,947	96,670	93,739	94,165	96,600	98,855	101,107	103,681	106,479	108,811	111,618
Depreciation	47,531	48,481	49,451	50,440	51,448	52,477	53,527	54,598	55,689	56,803	57,939
Depreciation - right of use assets	598	715	715	715	715	715	715	715	715	715	715
Allowance for impairment losses	1,876	1,614	1,615	2,314	2,430	2,552	2,679	2,813	2,954	3,102	3,257
Borrowing costs	2,628	3,936	6,344	6,426	5,939	5,460	5,017	4,585	4,119	3,627	3,103
Finance costs - leases	55	57	58	60	61	63	64	66	67	69	71
Other expenses	6,027	4,913	4,913	5,030	5,995	5,268	5,389	5,518	6,546	5,781	5,916
Total expenses	**259,484**	**262,315**	**265,444**	**270,857**	**276,865**	**282,339**	**288,793**	**295,747**	**303,888**	**309,849**	**317,321**
Surplus for the year	**24,427**	**25,016**	**11,560**	**5,964**	**5,329**	**4,759**	**5,889**	**6,698**	**6,582**	**8,915**	**9,871**
Other comprehensive income											
Items that will not be reclassified to surplus or deficit in future periods:											
Other	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive result	**24,427**	**25,016**	**11,560**	**5,964**	**5,329**	**4,759**	**5,889**	**6,698**	**6,582**	**8,915**	**9,871**

Appendix B – Conversion to Cash Result

Description	Forecast 2024-25 $'000	Proposed Budget 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	2034-35 $'000
Net operating result	**24,427**	**25,016**	**11,560**	**5,964**	**5,329**	**4,759**	**5,889**	**6,698**	**6,582**	**8,915**	**9,871**
Less cash costs not included in											
Capital expenditure	99,056	118,679	79,528	41,568	41,276	40,308	42,126	43,745	43,676	46,247	48,040
Loan repayments	3,939	4,770	6,718	7,670	8,032	7,349	6,751	7,188	7,644	8,131	8,432
Loan proceeds	(5,120)	(36,502)	(32,348)	-	-	-	-	-	-	-	-
Repayment of lease liabilities	710	680	680	680	680	680	680	680	680	680	680
Transfer from reserves	(21,947)	(29,389)	(3,866)	(3,689)	(3,744)	(3,816)	(3,889)	(3,965)	(3,277)	(2,888)	(2,890)
Transfer to reserves	12,550	8,534	7,108	7,108	7,108	7,108	7,008	6,908	6,808	6,808	6,808
Sub total	**89,188**	**66,772**	**57,820**	**53,337**	**53,352**	**51,629**	**52,676**	**54,556**	**55,531**	**58,978**	**61,070**
Plus non-cash costs included in operating result											
Depreciation	47,531	48,481	49,451	50,440	51,448	52,477	53,527	54,598	55,689	56,803	57,939
Depreciation - right of use assets	598	715	715	715	715	715	715	715	715	715	715
Written down value of assets sold	50	60	45	45	45	45	45	45	45	45	45
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	**40,679**	**41,756**	**42,711**	**43,700**	**44,708**	**45,737**	**46,787**	**47,858**	**48,949**	**50,063**	**51,199**
Cash surplus (deficit) for the year	**(24,082)**	**-**	**(3,549)**	**(3,673)**	**(3,315)**	**(1,133)**	**-**	**-**	**-**	**-**	**-**
Accumulated surplus brought forward	**26,014**	**1,932**	**1,932**	**(1,617)**	**(5,290)**	**(8,605)**	**(9,738)**	**(9,738)**	**(9,738)**	**(9,738)**	**(9,738)**
Accumulated surplus brought forward	**1,932**	**1,932**	**(1,617)**	**(5,290)**	**(8,605)**	**(9,738)**	**(9,738)**	**(9,738)**	**(9,738)**	**(9,738)**	**(9,738)**

Appendix C – Balance Sheet

	Forecast 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Assets											
Current assets											
Cash and cash equivalents	26,106	25,105	25,254	23,227	23,646	21,949	22,675	22,196	21,983	22,504	20,930
Trade and other receivables	31,083	32,100	33,077	34,093	35,129	36,211	37,325	38,475	39,659	40,881	42,140
Other financial assets	142,000	128,000	120,000	115,000	115,000	119,000	122,000	126,000	130,000	134,000	140,000
Prepayments	1,000	1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094
Other assets	5,003	5,021	5,039	5,058	5,076	5,095	5,114	5,133	5,152	5,172	5,191
Total current assets	**205,192**	**191,226**	**184,380**	**178,398**	**179,881**	**183,296**	**188,165**	**192,866**	**197,866**	**203,640**	**209,355**
Non-current assets											
Trade and other receivables	266	266	266	266	266	266	266	266	266	266	266
Property, infrastructure, plant & equip	2,703,163	2,780,801	2,818,333	2,816,916	2,814,199	2,809,485	2,805,539	2,802,141	2,797,583	2,794,482	2,792,038
Investment property	6,690	6,690	6,690	6,690	6,690	6,690	6,690	6,690	6,690	6,690	6,690
Right of use assets	1,272	1,257	1,242	1,227	1,212	1,197	1,182	1,167	1,152	1,137	1,122
Intangible assets	1	-	-	-	-	-	-	-	-	-	-
Total non-current assets	**2,711,392**	**2,789,014**	**2,826,531**	**2,825,099**	**2,822,367**	**2,817,638**	**2,813,677**	**2,810,264**	**2,805,691**	**2,802,575**	**2,800,116**
Total assets	**2,916,584**	**2,980,240**	**3,010,911**	**3,003,497**	**3,002,248**	**3,000,934**	**3,001,842**	**3,003,130**	**3,003,557**	**3,006,215**	**3,009,471**
Liabilities											
Current liabilities											
Trade and other payables	33,125	38,978	31,361	24,568	24,956	25,189	25,925	26,684	27,178	28,065	28,898
Trust funds and deposits	4,304	4,354	4,404	4,454	4,504	4,554	4,604	4,654	4,704	4,754	4,804
Contract and other liabilities	56,368	56,668	56,918	57,118	57,268	57,368	57,418	57,418	57,368	57,268	57,118
Provisions	21,169	21,804	22,521	23,272	24,055	24,852	25,686	26,559	27,445	28,371	29,338
Interest-bearing liabilities	4,770	6,068	7,670	8,032	7,349	6,751	7,188	7,644	8,131	8,432	8,430
Lease liabilities	589	599	608	618	628	637	647	656	666	676	685
Total current liabilities	**120,325**	**128,471**	**123,482**	**118,062**	**118,760**	**119,351**	**121,468**	**123,615**	**125,492**	**127,566**	**129,273**
Non-current liabilities											
Trust funds and deposits	2,956	3,052	3,144	3,238	3,335	3,435	3,538	3,644	3,754	3,866	3,982
Provisions	1,351	1,305	1,274	1,244	1,210	1,186	1,163	1,132	1,111	1,090	1,072
Interest-bearing liabilities	43,593	74,027	98,055	90,023	82,674	75,923	68,735	61,092	52,961	44,529	36,098
Lease liabilities	637	647	658	668	678	689	699	710	720	730	741
Total non-current liabilities	**48,537**	**79,031**	**103,131**	**95,173**	**87,897**	**81,233**	**74,135**	**66,578**	**58,546**	**50,215**	**41,893**
Total liabilities	**168,862**	**207,502**	**226,613**	**213,235**	**206,657**	**200,584**	**195,603**	**190,193**	**184,038**	**177,781**	**171,166**
Net assets	**2,747,722**	**2,772,738**	**2,784,298**	**2,790,262**	**2,795,591**	**2,800,350**	**2,806,239**	**2,812,937**	**2,819,519**	**2,828,434**	**2,838,305**
Equity											
Accumulated surplus	1,007,347	1,053,218	1,061,536	1,064,081	1,066,046	1,067,513	1,070,283	1,074,038	1,077,089	1,082,084	1,088,037
Asset revaluation reserve	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211
Reserves	85,164	64,309	67,551	70,970	74,334	77,626	80,745	83,688	87,219	91,139	95,057
Total equity	**2,747,722**	**2,772,738**	**2,784,298**	**2,790,262**	**2,795,591**	**2,800,350**	**2,806,239**	**2,812,937**	**2,819,519**	**2,828,434**	**2,838,305**

Appendix D – Statement of Changes in Equity

	Forecast 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Accumulated surplus											
Balance at beginning of the financial year	973,523	1,007,347	1,053,218	1,061,536	1,064,081	1,066,046	1,067,513	1,070,283	1,074,038	1,077,089	1,082,084
Surplus/(deficit) for the year	24,427	25,016	11,560	5,964	5,329	4,759	5,889	6,698	6,582	8,915	9,871
Transfers to other reserves	(12,550)	(8,534)	(7,108)	(7,108)	(7,108)	(7,108)	(7,008)	(6,908)	(6,808)	(6,808)	(6,808)
Transfers from other reserves	21,947	29,389	3,866	3,689	3,744	3,816	3,889	3,965	3,277	2,888	2,890
Total Accumulated surplus	**1,007,347**	**1,053,218**	**1,061,536**	**1,064,081**	**1,066,046**	**1,067,513**	**1,070,283**	**1,074,038**	**1,077,089**	**1,082,084**	**1,088,037**
Revaluation reserve											
Balance at beginning of the financial year	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211	1,655,211
Net asset revaluation gain/(loss)	-	-	-	-	-	-	-	-	-	-	-
Total Revaluation reserve	**1,655,211**	**1,655,211**	**1,655,211**	**1,655,211**	**1,655,211**	**1,655,211**	**1,655,211**	**1,655,211**	**1,655,211**	**1,655,211**	**1,655,211**
Other reserves											
Balance at beginning of the financial year	94,561	85,164	64,309	67,551	70,970	74,334	77,626	80,745	83,688	87,219	91,139
Transfers to other reserves	12,550	8,534	7,108	7,108	7,108	7,108	7,008	6,908	6,808	6,808	6,808
Transfers from other reserves	(21,947)	(29,389)	(3,866)	(3,689)	(3,744)	(3,816)	(3,889)	(3,965)	(3,277)	(2,888)	(2,890)
Total Other reserves	**85,164**	**64,309**	**67,551**	**70,970**	**74,334**	**77,626**	**80,745**	**83,688**	**87,219**	**91,139**	**95,057**
Total Equity											
Balance at beginning of the financial year	2,723,295	2,747,722	2,772,738	2,784,298	2,790,262	2,795,591	2,800,350	2,806,239	2,812,937	2,819,519	2,828,434
Surplus/(deficit) for the year	24,427	25,016	11,560	5,964	5,329	4,759	5,889	6,698	6,582	8,915	9,871
Total Equity	**2,747,722**	**2,772,738**	**2,784,298**	**2,790,262**	**2,795,591**	**2,800,350**	**2,806,239**	**2,812,937**	**2,819,519**	**2,828,434**	**2,838,305**

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

	Forecast 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Cash flows from operating activities											
Rates and charges	177,328	183,417	189,136	195,012	200,943	207,131	213,487	220,001	226,680	233,526	240,544
Statutory fees and fines	9,368	10,809	11,134	10,609	10,744	10,946	11,078	11,138	11,265	11,461	11,586
User fees	10,058	10,292	10,751	11,071	11,403	11,744	12,098	12,463	12,842	13,230	13,635
Grants - operating	40,516	38,409	37,118	37,519	36,671	37,059	37,656	38,262	38,881	39,510	40,150
Grants - capital	13,097	20,097	7,991	2,035	1,358	-	-	-	-	-	-
Contributions - monetary	10,476	3,949	2,750	2,700	2,650	2,600	2,550	2,500	2,450	2,400	2,350
Interest received	9,000	6,000	5,000	4,000	4,000	3,000	2,926	2,913	2,898	2,883	2,867
Trust funds and deposits taken	32,108	32,100	32,150	32,200	32,250	32,300	32,350	32,400	32,450	32,500	32,550
Other receipts	6,850	7,700	6,421	6,534	6,690	6,820	6,967	7,115	7,268	7,424	7,585
Net GST refund	16,106	18,116	14,131	10,335	10,675	10,675	11,007	11,352	11,636	11,956	12,334
Employee costs	(103,395)	(105,201)	(107,852)	(110,925)	(112,868)	(116,112)	(119,430)	(122,876)	(126,394)	(129,984)	(133,702)
Materials and services	(109,198)	(112,419)	(118,761)	(114,610)	(110,078)	(112,618)	(114,773)	(117,743)	(121,078)	(123,510)	(126,831)
Short-term, low value and variable lease payments	(676)	(720)	(738)	(756)	(775)	(795)	(815)	(835)	(856)	(877)	(899)
Trust funds and deposits repaid	(32,000)	(31,954)	(32,008)	(32,056)	(32,103)	(32,150)	(32,197)	(32,244)	(32,291)	(32,337)	(32,384)
Other payments	(6,183)	(4,823)	(4,737)	(4,838)	(5,880)	(5,064)	(5,167)	(5,288)	(6,405)	(5,534)	(5,660)
Net cash provided by operating	**73,455**	**75,772**	**52,486**	**48,830**	**55,680**	**55,536**	**57,737**	**59,158**	**59,346**	**62,648**	**64,125**
Cash flow from investing activities											
Payments for property, infrastructure, plant and equipment (PIPE)	(99,056)	(118,679)	(79,528)	(41,568)	(41,276)	(40,308)	(42,126)	(43,745)	(43,676)	(46,247)	(48,040)
Proceeds from sale of PIPE	1,523	847	643	547	727	627	627	627	627	627	627
Proceeds from investments	280,820	264,000	258,000	255,000	250,000	246,000	247,000	246,000	246,000	246,000	244,000
Payments for investments	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Net cash provided used in investing	**(66,713)**	**(103,832)**	**(70,885)**	**(36,021)**	**(40,549)**	**(43,681)**	**(44,499)**	**(47,118)**	**(47,049)**	**(49,620)**	**(53,413)**
Cash flow from financing activities											
Finance costs	(2,628)	(3,936)	(6,344)	(6,426)	(5,939)	(5,460)	(5,017)	(4,585)	(4,119)	(3,627)	(3,103)
Proceeds from borrowings	5,120	36,502	32,348	-	-	-	-	-	-	-	-
Repayment of borrowings	(3,939)	(4,770)	(6,718)	(7,670)	(8,032)	(7,349)	(6,751)	(7,188)	(7,644)	(8,131)	(8,432)
Interest paid - lease liability	(55)	(57)	(58)	(60)	(61)	(63)	(64)	(66)	(67)	(69)	(71)
Repayment of lease liabilities	(711)	(680)	(680)	(680)	(680)	(680)	(680)	(680)	(680)	(680)	(680)
Net cash provided by (used in)	**(2,213)**	**27,059**	**18,548**	**(14,836)**	**(14,712)**	**(13,552)**	**(12,512)**	**(12,519)**	**(12,510)**	**(12,507)**	**(12,286)**
Net movement	4,529	(1,001)	149	(2,027)	419	(1,697)	726	(479)	(213)	521	(1,574)
Opening cash and cash equivalents	21,577	26,106	25,105	25,254	23,227	23,646	21,949	22,675	22,196	21,983	22,504
Closing cash and cash equivalents	**26,106**	**25,105**	**25,254**	**23,227**	**23,646**	**21,949**	**22,675**	**22,196**	**21,983**	**22,504**	**20,930**

Appendix F – Statement of Capital Works

	Forecast 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Property											
Land	1,008	-	-	-	-	-	-	-	-	-	-
Total land	**1,008**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Buildings	48,288	77,112	45,029	6,208	5,773	8,668	6,877	13,004	13,462	10,676	2,935
Leasehold improvements	434	10	-	-	-	-	-	-	-	-	-
Total buildings	**48,722**	**77,122**	**45,029**	**6,208**	**5,773**	**8,668**	**6,877**	**13,004**	**13,462**	**10,676**	**2,935**
Total property	**49,730**	**77,122**	**45,029**	**6,208**	**5,773**	**8,668**	**6,877**	**13,004**	**13,462**	**10,676**	**2,935**
Plant and equipment											
Plant, machinery and equipment	4,067	3,949	3,160	3,310	3,496	3,728	3,933	4,147	4,099	4,670	4,865
Fixtures, fittings and furniture	248	1,336	492	466	466	862	562	484	369	622	1,050
Computers and telecommunications	2,845	1,832	294	269	270	305	302	295	290	335	545
Library resources	1,100	866	944	973	1,002	1,032	1,063	1,095	1,051	1,161	1,175
Total plant and equipment	**8,260**	**7,983**	**4,890**	**5,018**	**5,234**	**5,927**	**5,860**	**6,021**	**5,809**	**6,788**	**7,635**
Infrastructure											
Roads	26,334	26,467	19,205	19,046	19,705	15,309	15,813	16,278	16,067	18,368	19,073
Bridges	67	262	1,566	274	64	126	65	73	191	142	325
Footpaths and cycleways	2,105	777	1,201	1,996	2,110	1,497	1,880	1,514	1,495	1,706	1,774
Drainage	2,388	2,099	2,883	2,824	2,434	4,363	4,365	3,096	2,963	3,303	4,965
Recreational, leisure and community facilities	4,162	1,305	1,486	3,373	3,226	1,358	2,224	1,097	1,075	1,258	6,177
Parks, open space and streetscapes	5,701	2,186	2,732	2,317	2,217	2,512	4,498	2,127	2,101	2,298	4,213
Off street car parks	309	478	536	512	513	548	544	535	513	1,708	943
Total infrastructure	**41,066**	**33,574**	**29,609**	**30,342**	**30,269**	**25,713**	**29,389**	**24,720**	**24,405**	**28,783**	**37,470**
Total capital expenditure	**99,056**	**118,679**	**79,528**	**41,568**	**41,276**	**40,308**	**42,126**	**43,745**	**43,676**	**46,247**	**48,040**
Represented by:											
New asset expenditure	41,677	8,010	5,793	3,328	2,505	3,772	2,571	1,072	999	1,240	1,000
Asset renewal expenditure	36,879	40,364	32,598	36,914	37,913	34,957	38,659	42,632	42,677	44,869	47,040
Asset upgrade expenditure	20,500	65,270	41,137	1,326	858	1,579	896	41	-	138	-
Asset expansion expenditure	-	5,035	-	-	-	-	-	-	-	-	-
Total capital works expenditure	**99,056**	**118,679**	**79,528**	**41,568**	**41,276**	**40,308**	**42,126**	**43,745**	**43,676**	**46,247**	**48,040**
Funding sources represented by:											
Grants	12,899	20,097	7,991	2,035	1,358	-	-	-	-	-	-
Contributions	7,148	1,149	-	-	-	-	-	-	-	-	-
Council cash	58,407	34,742	38,189	38,533	38,918	39,308	41,126	42,745	42,676	45,247	47,040
Borrowings	5,120	36,502	32,348	-	-	-	-	-	-	-	-
Reserves	15,482	26,189	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total capital works expenditure	**99,056**	**118,679**	**79,528**	**41,568**	**41,276**	**40,308**	**42,126**	**43,745**	**43,676**	**46,247**	**48,040**

Appendix G – Statement of Human Resources ($)

	Budget	Financial Plan 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	2034-35 $'000
CEO Services										
Permanent - Full time										
- Women	2,315	2,382	2,453	2,527	2,602	2,680	2,761	2,844	2,929	3,017
- Men	3,079	3,167	3,262	3,360	3,461	3,565	3,672	3,782	3,896	4,012
- Positions pending hire	1,032	1,062	1,093	1,126	1,160	1,195	1,231	1,268	1,306	1,345
Permanent - Part time										
- Women	105	108	111	115	118	122	125	129	133	137
- Men	213	219	226	233	239	247	254	262	270	278
Total Chief Executive	**6,744**	**6,938**	**7,145**	**7,361**	**7,580**	**7,809**	**8,043**	**8,285**	**8,534**	**8,789**
City Futures										
Permanent - Full time										
- Women	8,609	8,872	9,138	9,378	9,659	9,949	10,247	10,555	10,871	11,198
- Men	19,561	20,158	20,763	21,308	21,947	22,605	23,284	23,982	24,702	25,443
- Positions pending hire	3,400	3,504	3,609	3,704	3,815	3,929	4,047	4,168	4,293	4,422
Permanent - Part time										
- Women	772	795	819	841	866	892	919	946	975	1,004
- Men	274	282	291	298	307	317	326	336	346	356
- Positions pending hire	325	335	345	354	365	376	387	398	410	423
Total City Futures	**32,941**	**33,946**	**34,965**	**35,883**	**36,959**	**38,068**	**39,210**	**40,385**	**41,597**	**42,846**
Community Strengthening										
Permanent - Full time										
- Women	17,551	17,957	18,508	18,661	19,234	19,806	20,394	20,998	21,620	22,264
- Men	6,575	6,728	6,934	6,992	7,205	7,420	7,640	7,867	8,100	8,340
- Positions pending hire	3,825	3,914	4,034	4,067	4,192	4,317	4,445	4,576	4,712	4,852
Permanent - Part time										
- Women	14,579	14,919	15,375	15,502	15,977	16,451	16,941	17,442	17,960	18,494
- Men	2,719	2,782	2,867	2,891	2,980	3,068	3,159	3,253	3,350	3,449
- Persons of self-described gender	60	61	63	64	66	68	70	72	74	76
- Positions pending hire	2,903	2,970	3,061	3,087	3,181	3,276	3,373	3,473	3,576	3,682
Total Community Strengthening	**48,212**	**49,331**	**50,841**	**51,264**	**52,835**	**54,406**	**56,021**	**57,680**	**59,392**	**61,156**

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

	Budget	Financial Plan 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	2034-35 $'000
Corporate Development										
Permanent - Full time										
- Women	6,450	6,592	6,778	6,982	7,191	7,407	7,629	7,858	8,094	8,336
- Men	2,447	2,501	2,572	2,649	2,728	2,810	2,894	2,981	3,071	3,163
- Positions pending hire	1,769	1,808	1,859	1,915	1,972	2,031	2,092	2,155	2,220	2,286
Permanent - Part time										
- Women	2,018	2,062	2,121	2,184	2,250	2,317	2,387	2,459	2,532	2,608
- Positions pending hire	126	129	132	136	140	145	149	154	158	163
Total Corporate Development	**12,810**	**13,092**	**13,462**	**13,866**	**14,281**	**14,710**	**15,151**	**15,607**	**16,075**	**16,556**
Casuals and other										
- Women	475	337	347	358	369	380	391	403	415	427
- Men	149	105	109	113	115	120	123	126	130	134
- Positions pending hire	9	6	7	7	7	7	7	8	8	8
Other employee related costs	4,590	4,854	4,831	4,825	4,803	4,795	4,825	4,825	4,790	4,786
Total casuals and other	**5,223**	**5,302**	**5,294**	**5,303**	**5,294**	**5,302**	**5,346**	**5,362**	**5,343**	**5,355**
Total staff expenditure	**105,929**	**108,609**	**111,707**	**113,677**	**116,949**	**120,295**	**123,771**	**127,319**	**130,941**	**134,702**

Note: *Casuals and other expenditure* include casual staff costs, temporary agency staff, training and conferences, Fringe Benefits Tax (FBT), occupational health and safety programs, protective clothing and materials and other staff related costs.

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

	Budget	Financial Plan Projections								
	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	2034-35 FTE
CEO Services										
Permanent - Full time										
- Women	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
- Men	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
- Positions pending hire	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Permanent - Part time										
- Women	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
- Men	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
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	69.4	69.4	69.4	69.4	69.4	69.4	69.4	69.4	69.4	69.4
- Men	145.0	145.0	144.0	144.0	144.0	144.0	144.0	144.0	144.0	144.0
- Positions pending hire	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8
Permanent - Part time										
- Women	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
- Men	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
- Positions pending hire	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Total City Futures	**254.8**	**254.8**	**253.8**	**253.8**	**253.8**	**253.8**	**253.8**	**253.8**	**253.8**	**253.8**
Community Strengthening										
Permanent - Full time										
- Women	133.5	132.5	132.5	132.5	132.5	132.5	132.5	132.5	132.5	132.5
- Men	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0
- Positions pending hire	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5
Permanent - Part time										
- Women	128.2	128.2	128.2	128.2	128.2	128.2	128.2	128.2	128.2	128.2
- Men	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4
- Persons of self-described gender	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
- Positions pending hire	28.2	28.2	28.2	28.2	28.2	28.2	28.2	28.2	28.2	28.2
Total Community Strengthening	**409.4**	**408.4**	**408.4**	**408.4**	**408.4**	**408.4**	**408.4**	**408.4**	**408.4**	**408.4**

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

	Budget	Financial Plan Projections								
	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	2034-35 FTE
Corporate Development										
Permanent - Full time										
- Women	46.6	45.9	45.9	45.9	45.9	45.9	45.9	45.9	45.9	45.9
- Men	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
- Positions pending hire	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Permanent - Part time										
- Women	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4
- Positions pending hire	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Total Corporate Development	**93.2**	**92.5**	**92.5**	**92.5**	**92.5**	**92.5**	**92.5**	**92.5**	**92.5**	**92.5**
Casuals										
- Women	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
- Men	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
- Positions pending hire	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total casuals	**6.1**	**6.1**	**6.1**	**6.1**	**6.1**	**6.1**	**6.1**	**6.1**	**6.1**	**6.1**
Total staff numbers	**806.3**	**804.6**	**803.6**	**803.6**	**803.6**	**803.6**	**803.6**	**803.6**	**803.6**	**803.6**

Appendix I(a) – Schedule of reserves

Reserves	Forecast 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Major Projects											
Opening balance	49,308	42,661	27,488	28,896	30,304	31,712	33,120	34,528	35,936	37,344	38,752
Transfer to reserve	5,055	2,834	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408
Transfer from reserve	(11,702)	(18,007)	0	0	0	0	0	0	0	0	0
Closing balance	**42,661**	**27,488**	**28,896**	**30,304**	**31,712**	**33,120**	**34,528**	**35,936**	**37,344**	**38,752**	**40,160**
Open space - planning, developments and improvements											
Opening balance	3,756	4,912	6,596	8,596	10,596	12,596	14,596	16,596	18,596	20,596	22,596
Transfer to reserve	2,254	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer from reserve	(1,098)	(316)	0	0	0	0	0	0	0	0	0
Closing balance	**4,912**	**6,596**	**8,596**	**10,596**	**12,596**	**14,596**	**16,596**	**18,596**	**20,596**	**22,596**	**24,596**
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	1,098	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(1,098)	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	16,314	14,261	9,979	10,859	11,739	12,619	13,499	14,279	14,959	15,539	16,119
Transfer to reserve	1,100	900	900	900	900	900	800	700	600	600	600
Transfer from reserve	(3,153)	(5,182)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)
Closing balance	**14,261**	**9,979**	**10,859**	**11,739**	**12,619**	**13,499**	**14,279**	**14,959**	**15,539**	**16,119**	**16,699**
Keysborough maintenance levy											
Opening balance	3,007	2,834	2,603	2,318	1,978	1,582	1,127	613	38	0	0
Transfer to reserve	1,796	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Transfer from reserve	(1,970)	(2,031)	(2,085)	(2,140)	(2,197)	(2,255)	(2,314)	(2,375)	(1,838)	(1,800)	(1,800)
Closing balance	**2,834**	**2,603**	**2,318**	**1,978**	**1,582**	**1,127**	**613**	**38**	**0**	**0**	**0**

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

Reserves	Forecast 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Self insurance reserve											
Opening balance	469	715	495	268	268	268	268	268	268	268	268
Transfer to reserve	247	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	(221)	(227)	0	0	0	0	0	0	0	0
Closing balance	**715**	**495**	**268**	**268**	**268**	**268**	**268**	**268**	**268**	**268**	**268**
Spring Valley landfill assurance fund											
Opening balance	4,063	3,933	3,652	3,595	3,536	3,476	3,414	3,350	3,286	3,219	3,151
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(130)	(281)	(57)	(59)	(60)	(62)	(63)	(65)	(67)	(68)	(70)
Closing balance	**3,933**	**3,652**	**3,595**	**3,536**	**3,476**	**3,414**	**3,350**	**3,286**	**3,219**	**3,151**	**3,081**
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	3,014	1,824	0	0	0	0	0	0	0	0	0
Transfer to reserve	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Transfer from reserve	(2,190)	(2,824)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Closing balance	**1,824**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
General Reserve (Aged and Community Services)											
Opening balance	4,155	4,005	3,955	3,955	3,955	3,955	3,955	3,955	3,955	3,955	3,955
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(150)	(50)	0	0	0	0	0	0	0	0	0
Closing balance	**4,005**	**3,955**	**3,955**	**3,955**	**3,955**	**3,955**	**3,955**	**3,955**	**3,955**	**3,955**	**3,955**

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

Reserves	Forecast 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Future Maintenance Reserve (LXRA)											
Opening balance	4,040	3,627	3,195	2,751	2,296	1,829	1,349	857	352	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(412)	(432)	(444)	(455)	(467)	(479)	(492)	(505)	(352)	0	0
Closing balance	**3,627**	**3,195**	**2,751**	**2,296**	**1,829**	**1,349**	**857**	**352**	**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	17	9	1	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	(8)	(8)	(1)	0	0	0	0	0	0	0	0
Closing balance	**9**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Native revegetation - Logis											
Opening balance	105	76	46	15	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)	(30)	(31)	(15)	0	0	0	0	0	0	0
Closing balance	**76**	**46**	**15**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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

Reserves	Forecast 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Native revegetation - Somerfield											
Opening balance	14	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	(7)	(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	94,561	85,164	64,309	67,551	70,970	74,334	77,626	80,745	83,688	87,219	91,139
Transfer to reserve	12,550	8,534	7,108	7,108	7,108	7,108	7,008	6,908	6,808	6,808	6,808
Transfer from reserve	(21,947)	(29,389)	(3,866)	(3,689)	(3,744)	(3,816)	(3,889)	(3,965)	(3,277)	(2,888)	(2,890)
Closing balance	**85,164**	**64,309**	**67,551**	**70,970**	**74,334**	**77,626**	**80,745**	**83,688**	**87,219**	**91,139**	**95,057**

Appendix I(b) – Discretionary and restricted reserves

Reserves	Restricted or Discretionary	Forecast 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Major projects reserve	Discretionary	42,661	27,488	28,895	30,303	31,712	33,119	34,528	35,936	37,344	38,752	40,160
Open space - planning, development and improvements	Restricted	4,912	6,596	8,596	10,596	12,596	14,596	16,596	18,596	20,596	22,595	24,595
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	14,261	9,979	10,859	11,739	12,619	13,499	14,279	14,959	15,539	16,119	16,699
Keysborough maintenance levy	Restricted	2,834	2,603	2,318	1,978	1,582	1,127	613	38	0	0	0
Self insurance reserve	Discretionary	715	495	268	268	268	268	268	268	268	268	268
Spring Valley landfill assurance fund	Discretionary	3,933	3,652	3,595	3,536	3,476	3,414	3,350	3,286	3,219	3,151	3,081
Springvale Activity Precinct parking and	Discretionary	236	236	236	236	236	236	236	236	236	236	236
Dandenong Activity Precinct parking and development	Discretionary	1,824	-	-	-	-	-	-	-	-	-	-
General reserve (Aged and Community Services)	Discretionary	4,005	3,955	3,955	3,955	3,955	3,955	3,955	3,955	3,955	3,955	3,955
Future maintenance reserve (LXRA)	Restricted	3,627	3,195	2,751	2,296	1,829	1,349	857	352	0	0	0
Native revegetation reserves	Restricted	156	110	78	63	63	63	63	63	63	63	63
Sub-total restricted		**31,790**	**28,483**	**30,602**	**32,672**	**34,688**	**36,634**	**38,408**	**40,008**	**42,198**	**44,777**	**47,357**
Sub-total discretionary		**53,374**	**35,826**	**36,949**	**38,298**	**39,646**	**40,992**	**42,337**	**43,680**	**45,021**	**46,361**	**47,699**
Total reserves		**85,164**	**64,309**	**67,551**	**70,970**	**74,334**	**77,626**	**80,745**	**83,688**	**87,219**	**91,139**	**95,057**

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	Financial Plan Projections								
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ALL BORROWINGS											
Opening balance	47,182	48,363	80,095	105,725	98,055	90,023	82,674	75,923	68,735	61,092	52,961
New loan proceeds	5,120	36,502	32,348	-	-	-	-	-	-	-	-
Less principal repayments	(3,939)	(4,770)	(6,718)	(7,670)	(8,032)	(7,349)	(6,751)	(7,188)	(7,644)	(8,131)	(8,432)
Closing balance of borrowings	**48,363**	**80,095**	**105,725**	**98,055**	**90,023**	**82,674**	**75,923**	**68,735**	**61,092**	**52,961**	**44,529**
Interest expense	**2,628**	**3,936**	**6,344**	**6,426**	**5,939**	**5,460**	**5,017**	**4,585**	**4,119**	**3,627**	**3,103**
Principal repayments	**3,939**	**4,770**	**6,718**	**7,670**	**8,032**	**7,349**	**6,751**	**7,188**	**7,644**	**8,131**	**8,432**

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	Financial Plan Projections									
Indicator	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Trend
Liquidity ratio	171%	149%	149%	151%	151%	154%	155%	156%	158%	160%	162%	+
Loans and borrowings compared to rates (debt management ratio)	27.5%	44.0%	56.3%	50.6%	45.1%	40.2%	35.8%	31.4%	27.1%	22.8%	18.6%	+
Loans and borrowings repayments compared to rates	3.7%	4.8%	7.0%	7.3%	7.0%	6.2%	5.5%	5.4%	5.2%	5.1%	4.8%	o
Non-current liabilities compared to own source revenue	23%	36%	46%	41%	37%	34%	30%	26%	22%	18%	15%	+
Debt servicing ratio	3.6%	2.3%	3.0%	4.7%	5.1%	5.0%	4.5%	4.0%	3.9%	3.8%	3.7%	o
TCV Interest Cover ratio	21.9	16.2	8.7	8.0	8.7	9.6	10.8	12.1	13.6	16.2	19.3	+
TCV Financial Indebtedness ratio	23.1%	37.0%	47.8%	43.3%	38.7%	34.7%	31.0%	27.3%	23.7%	20.0%	16.5%	+

					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 2023-24	Forecast 2024-25	Budget 2025-26	Financial Plan Projections 2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	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	9	(4.50%)	(1.32%)	(1.59%)	(1.53%)	(1.32%)	(1.53%)	(1.71%)	(1.27%)	(0.96%)	(0.97%)	(0.19%)	0.12%	o
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		206.67%	170.53%	148.85%	149.32%	151.11%	151.47%	153.58%	154.91%	156.02%	157.67%	159.64%	161.95%	o
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	10	(21.56%)	6.59%	3.97%	2.52%	(0.90%)	(2.35%)	(5.56%)	(6.64%)	(8.65%)	(10.42%)	(11.53%)	(14.27%)	-

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 2023-24	Forecast 2024-25	Budget 2025-26	Financial Plan Projections 2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	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	27.84%	27.46%	43.96%	56.28%	50.61%	45.08%	40.15%	35.77%	31.41%	27.09%	22.79%	18.60%	+
Loans and borrowings repayments compared to rates Interest and principal repayments on interest bearing loans and borrowings / rate revenue	5	3.63%	3.73%	4.78%	6.95%	7.27%	7.00%	6.22%	5.54%	5.38%	5.22%	5.06%	4.82%	+
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	23.29%	22.59%	35.93%	46.04%	41.48%	37.21%	33.55%	29.75%	25.97%	22.19%	18.49%	15.00%	+
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	102.50%	120.72%	217.89%	149.11%	75.81%	75.36%	69.62%	73.90%	78.16%	76.63%	79.23%	81.19%	-

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 2023-24	Forecast 2024-25	Budget 2025-26	Financial Plan Projections 2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	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	72.20%	68.76%	70.56%	71.86%	72.48%	73.23%	74.18%	74.44%	74.69%	74.93%	75.13%	75.36%	-
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	0.26%	0.26%	0.26%	0.26%	0.27%	0.27%	0.27%	0.28%	0.28%	0.28%	0.28%	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	$3,561.83	$3,767.57	$3,779.10	$3,802.27	$3,857.70	$3,920.93	$3,975.93	$4,044.04	$4,118.35	$4,208.28	$4,267.19	$4,346.15	-
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	$2,053.24	$2,139.46	$2,203.73	$2,263.26	$2,323.92	$2,385.71	$2,448.68	$2,512.84	$2,578.23	$2,644.87	$2,712.79	$2,782.02	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** – Council's underlying operational result is forecast to be in deficit across all LTFP years except for the last year. Whilst the overall trend is gradually improving, recurring deficits mean that Council's overall asset base is being eroded, and its recurrent revenue streams are not sufficient to cover forecast expenditure. 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 to 148.85 per cent in 2025-26 due to the consumption of cash reserves to fund significant infrastructure investment. From 2026-27 onwards, the ratio result remains steady for the life of the plan. 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 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 only looks at cash and cash equivalents, it does not include Council's cash invested for a term of greater than 90 days. Therefore, the ratio result is not fully representative of Council's liquidity position. The ratio result shows a negative trend across the LTFP period; however, Council's investments (financial assets) have not been included.

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 the DWC major capital project. 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 years 3 and 4 due to the increased borrowings to fund the DWC major capital project and then shows a downwards trend to just under 5 per cent in 2034-35. 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 years 2 and 3 due to the increased borrowings to fund the DWC major project, 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 peak in the first two years due mainly to forecast upgrade works on the DWC major capital project. The ratio drops below 100 per cent in 2027-28 due to reduced capital investment levels to fund the debt servicing costs of borrowings for DWC as well as higher depreciation expense caused by the componentisation of Council's building assets. Maintaining a 100 per cent renewal ratio represents a significant future challenge for Council. 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, starting at a 70.56 per cent reliance in 2025-26 and increasing to 75.36 per cent in 2034-35.

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 an 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 such as Keysborough South Community Hub in mid 2025.

11. **Revenue per property assessment** – This ratio shows the level of revenue per the number of property assessments. Council's ratio result exhibits an 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 3.1 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 2024-25	Budget 2025-26	Financial Plan Projections 2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Trend
Net result margin (%)	9%	9%	4%	2%	2%	2%	2%	2%	2%	3%	3%	o
Adjusted underlying result (%)	(1%)	(2%)	(2%)	(1%)	(2%)	(2%)	(1%)	(1%)	(1%)	(0%)	0%	o
Liquidity (ratio)	1.71	1.49	1.49	1.51	1.51	1.54	1.55	1.56	1.58	1.60	1.62	o
Internal financing (%)	74%	64%	66%	117%	135%	138%	137%	135%	136%	135%	133%	o
Indebtedness (%)	23%	36%	46%	42%	37%	34%	30%	26%	22%	19%	15%	+
Capital replacement (ratio)	2.08	2.45	1.61	0.82	0.80	0.77	0.79	0.80	0.78	0.81	0.83	-
Renewal gap (ratio)	1.21	2.18	1.49	0.76	0.75	0.70	0.74	0.78	0.77	0.79	0.81	-

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 exhibits a drop in years 2 and 3 followed by a steady low trend (around 2 per cent). Maintaining a consistent net result margin suggests that Council has managed its revenues and expenses effectively, ensuring financial stability over the long term.

- The adjusted underlying result is a small deficit in all years except the last. These results indicate that Council has consistently spent more than it has earned from its ordinary operations (excluding capital grants and contributions). This indicates a need for a thorough review of Council's financial strategies to ensure long-term financial sustainability.

- Council has a liquidity ratio of around 1.5 each year incrementing slightly, meaning that it has more cash and liquid assets than short-term liabilities. This indicates that Council has a healthy liquidity level with current assets consistently covering liabilities.

- The internal financing ratio measures Council's ability to finance capital works from generated cash flows. Whilst the first three years in the above table are under 100 per cent due to 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 start high because of increased borrowings for the DWC project followed by 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 2 for the first two years in the previous table due mainly to the DWC major project and then averages around 0.8 for the remainder of the LTFP. These ratio results below 1 have been impacted by the increase in depreciation expense because of componentising building assets.

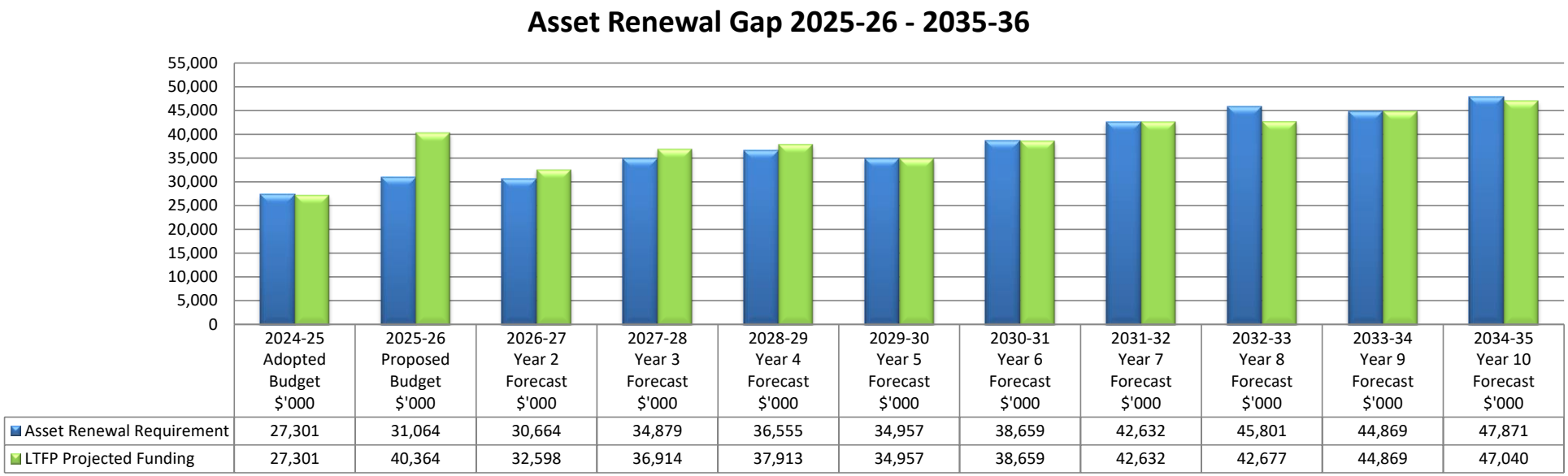
- On average, Council maintains a renewal gap ratio of 0.98 per cent across the 10 years of the LTFP indicating that on average, Council is not spending enough on existing assets compared to the depreciation rate. Asset renewal and upgrade spending is projected to be high from 2024-25 to 2026-27, ensuring sufficient asset upkeep, but a key future challenge for Council will be maintaining a 100% renewal ratio.

Appendix L – Asset Renewal

Table L1 – Base Renewal Requirements

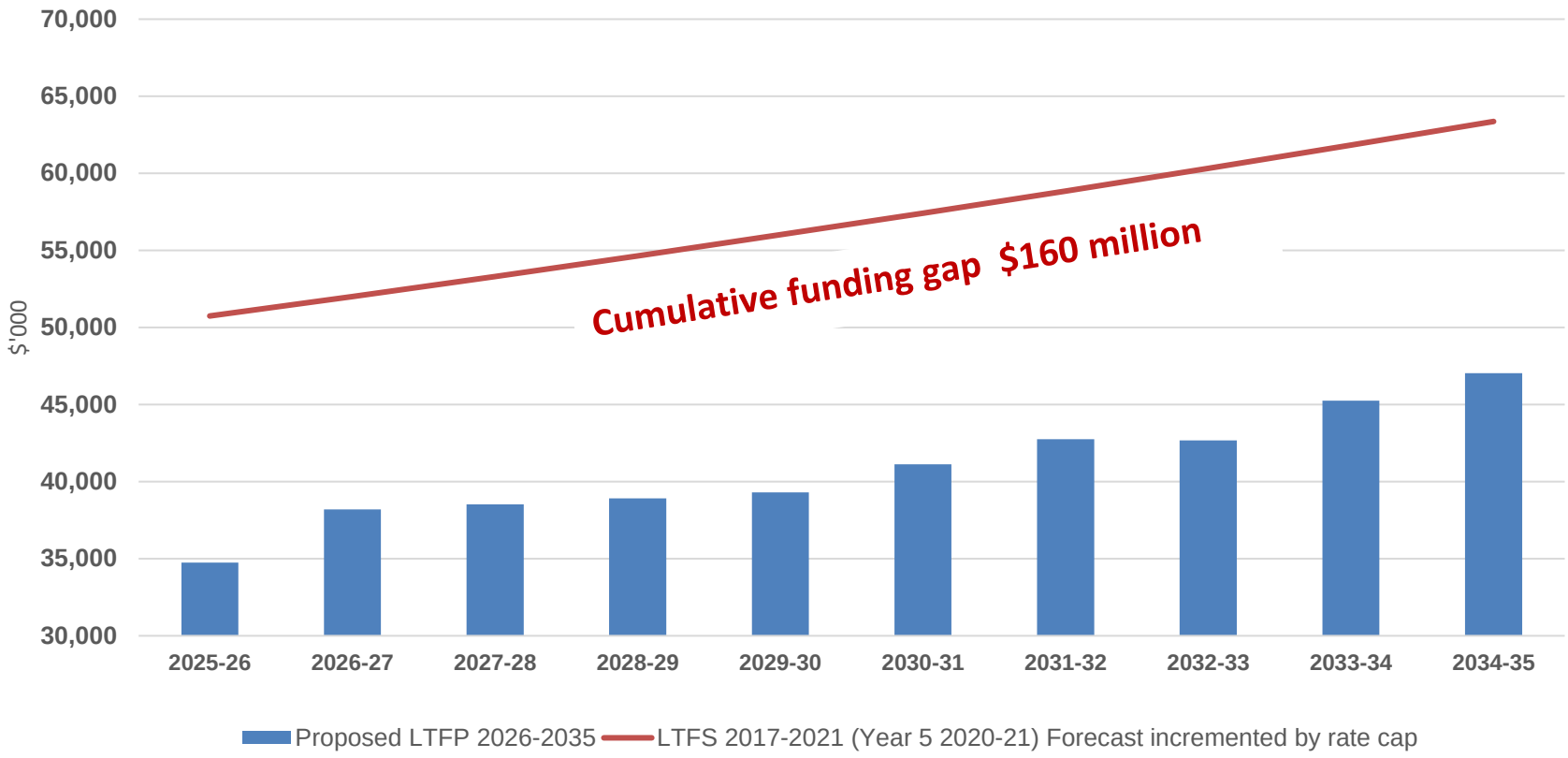
ASSET GROUP	2024-25 Adopted Budget $'000	2025-26 Proposed Budget $'000	2026-27 Year 2 Forecast $'000	2027-28 Year 3 Forecast $'000	2028-29 Year 4 Forecast $'000	2029-30 Year 5 Forecast $'000	2030-31 Year 6 Forecast $'000	2031-32 Year 7 Forecast $'000	2032-33 Year 8 Forecast $'000	2033-34 Year 9 Forecast $'000	2034-35 Year 10 Forecast $'000	2035-36 to 2045-46 Years 11-20 Forecast $'000
Property	2,788	5,750	3,087	4,491	4,663	6,623	5,718	12,951	14,448	10,498	2,986	93,416
Plant and equipment	7,401	1,385	1,905	4,180	4,190	2,549	3,335	2,399	2,411	3,877	8,870	45,938
Infrastructure	17,112	23,929	25,672	26,208	27,702	25,785	29,606	27,282	28,942	30,494	36,015	187,288
Total renewal	**27,301**	**31,064**	**30,664**	**34,879**	**36,555**	**34,957**	**38,659**	**42,632**	**45,801**	**44,869**	**47,871**	**326,641**

Graph L2 – Asset Renewal Requirements vs LTFP Projected Funding



As depicted in the above graph, Council can fund asset renewal requirements across most years. The exceptions are in years 8 and 10. 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 or grant funded 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 and Keysborough South Community Hub, rate capped income, COVID-19 impacts and support and now debt servicing costs from new borrowings for DWC major project and ongoing operational costs for the KSCH due for completion mid-2025 ($86 million over the 10 years).

Over the ten year period in the graph above, this means a total loss of more than $160 million in capital works funded by the operational surplus if the above factors had not occurred.

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

	Forecast 2024-25 $'000	Budget 2025-26 $'000	Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
(a) Operating grants											
Recurrent											
Commonwealth Government											
Financial Assistance Grant	13,928	14,056	14,197	14,339	14,481	14,627	14,774	14,920	15,070	15,221	15,373
Home and Community Care	7,714	7,728	7,498	7,498	7,498	7,497	7,641	7,786	7,937	8,089	8,244
Family Day Care	6,945	6,900	6,163	6,287	6,414	6,543	6,671	6,807	6,941	7,079	7,223
Libraries	235	235	-	-	-	-	-	-	-	-	-
Community Health	12	12	19	19	20	20	21	21	21	22	22
Community Safety	10	8	8	8	8	8	8	9	9	9	9
State Government											
Maternal and Child Health	3,392	2,583	2,635	2,688	2,742	2,796	2,852	2,909	2,968	3,027	3,087
Family and Children Services	3,069	2,368	2,198	2,242	1,146	1,169	1,193	1,217	1,241	1,266	1,291
Libraries	1,116	1,116	1,116	1,116	1,116	1,116	1,139	1,162	1,185	1,209	1,233
Home and Community Care	915	921	922	922	922	922	940	959	978	998	1,018
School crossings	556	556	492	502	512	522	533	543	554	565	576
Environment	87	-	90	92	94	96	98	100	102	104	106
Education and employment	166	-	-	-	-	-	-	-	-	-	-
Community Health	253	109	111	113	115	118	120	122	125	127	130
Emergency management	40	40	40	40	40	40	40	40	40	40	40
Total recurrent operating grants	**38,438**	**36,632**	**35,489**	**35,866**	**35,108**	**35,474**	**36,030**	**36,595**	**37,171**	**37,756**	**38,352**

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

	Forecast 2024-25 $'000	Budget 2025-26 $'000	Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
(a) Operating grants											
Non recurrent											
Commonwealth Government											
Libraries	1	-	-	-	-	-	-	-	-	-	-
State Government											
Community Health	81	18	-	-	-	-	-	-	-	-	-
Family and Children Services	219	-	-	-	-	-	-	-	-	-	-
Community Safety	238	-	-	-	-	-	-	-	-	-	-
Libraries	21	-	-	-	-	-	-	-	-	-	-
Other											
Arts and Culture	9	-	-	-	-	-	-	-	-	-	-
Total non-recurrent operating grants	**569**	**18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total operating grants	**39,007**	**36,650**	**35,489**	**35,866**	**35,108**	**35,474**	**36,030**	**36,595**	**37,171**	**37,756**	**38,352**

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

	Forecast 2024-25 $'000	Budget 2025-26 $'000	Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
(b) Capital grants											
Recurrent											
Commonwealth Government											
Roads to Recovery	2,001	1,628	1,934	2,035	1,358	-	-	-	-	-	-
Total recurrent capital grants	**2,001**	**1,628**	**1,934**	**2,035**	**1,358**	**-**	**-**	**-**	**-**	**-**	**-**
Non recurrent											
Commonwealth Government											
Black Spot Program	2,450	3,876	-	-	-	-	-	-	-	-	-
Local Roads Community Infrastructure Program	1,109	-	-	-	-	-	-	-	-	-	-
State Government											
Buildings	2,339	-	-	-	-	-	-	-	-	-	-
Dandenong Wellbeing Centre - Priority Community Infrastructure Program	2,739	11,204	6,057	-	-	-	-	-	-	-	-
Noble Park Revitalisation Program	141	-	-	-	-	-	-	-	-	-	-
Roads	275	3,389	-	-	-	-	-	-	-	-	-
Parks, Open Space and Streetscapes	1,685	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	110	-	-	-	-	-	-	-	-	-	-
Plant, Machinery and Equipment	50	-	-	-	-	-	-	-	-	-	-
Total non-recurrent capital grants	**10,898**	**18,469**	**6,057**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total capital grants	**12,899**	**20,097**	**7,991**	**2,035**	**1,358**	**-**	**-**	**-**	**-**	**-**	**-**

Note re Roads to Recovery *- The Commonwealth Government provides Roads to Recovery (R2R) funding to the local government sector. Council will receive $8.96 million for the five-year funding period 1 July 2024 to 30 June 2029. To be eligible for this funding, certain conditions must be followed, and audited annual reports submitted.*

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

Description	Budget 2025-26	Projections Year 2 2026-27	Year 3 2027-28	Year 4 2028-29	Year 5 2029-30	Year 6 2030-31	Year 7 2031-32	Year 8 2032-33	Year 9 2033-34	Year 10 2034-35
CPI forecast	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate revenue cap	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and charges - Council	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
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)	3.00%	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)	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Electricity	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Gas	10.00%	10.00%	10.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Insurance	15.00%	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	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Appendix Q – Adjusted underlying result

	Forecast 2024-25 $'000	Budget 2025-26 $'000	Financial Plan Projections 2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000
Operating											
Total income	283,911	287,331	277,004	276,821	282,194	287,098	294,682	302,445	310,470	318,764	327,192
Total expenses	(259,484)	(262,315)	(265,444)	(270,857)	(276,865)	(282,339)	(288,793)	(295,747)	(303,888)	(309,849)	(317,321)
Surplus for the year	**24,427**	**25,016**	**11,560**	**5,964**	**5,329**	**4,759**	**5,889**	**6,698**	**6,582**	**8,915**	**9,871**
Less non-operating income and expenditure											
Grants - capital (non-recurrent)	(10,898)	(18,469)	(6,057)	-	-	-	-	-	-	-	-
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	(9,626)	(3,149)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Adjusted underlying surplus (deficit)	**(3,597)**	**(4,102)**	**(3,997)**	**(3,536)**	**(4,171)**	**(4,741)**	**(3,611)**	**(2,802)**	**(2,918)**	**(585)**	**371**