2027-2036
Long Term Financial Plan

PROPOSED

Greater Dandenong

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1. Executive summary

The Long Term Financial Plan (LTFP) provides a ten-year financial outlook for the City of Greater Dandenong covering the periods 2026-27 to 2035-36. The LTFP forms a core component of Council's Integrated Planning and Reporting Framework and supports informed decision-making by Councillors and management to ensure the ongoing delivery of services, maintenance of assets and investment in infrastructure in a financially sustainable manner. The LTFP is reviewed and updated annually to reflect up to date information, emerging risks and any changes in Council's financial capacity and operating environment.

Current financial position – stability with emerging risks

Liquidity and working capital ratios remain above minimum benchmarks, debt levels are manageable and within prudential limits based on current projections, and Council continues to demonstrate appropriate governance and financial management practices.

The updated LTFP highlights a gradual tightening of financial capacity over the medium to long term. Under current settings, underlying operating deficits are forecast in most years of the Plan despite expected operational improvements, reflect a structural gap between rate-capped revenue growth and increasing service expectations of a growing population, workforce and asset-related costs (Refer **Appendix Q**). Recent updates to economic assumptions have brought some of these cost pressures forward, particularly in the early years of the Plan. While these outcomes do not present an immediate financial risk, they reinforce the importance of immediate and clear prioritisation and disciplined financial decision-making to maintain long-term financial sustainability.

What has changed year on year

Compared to the previous LTFP, several important changes are reflected:

- *Updated capital cash flow estimates* for the Oasis Aquatics and Wellbeing project, with revised timing of expenditure and borrowings based on reassessed project information.
- *Increased short-term pressure on reserves*, driven by funding for major capital projects, the inclusion of the critical Core System Replacement program and other committed initiatives.
- *Clearer evidence of medium-term structural pressures*, with underlying operating deficits persisting across the forecast period under current assumptions.
- *Revised expenditure assumptions,* including higher CPI and fuel cost escalation in the first three years of the Plan in response to current economic conditions, with moderation assumed over the longer term.
- *Refined workforce assumptions,* including conservative enterprise bargaining treatment, the introduction of a targeted ongoing labour vacancy adjustment (2.5%) and a 2% efficiency dividend to embed productivity improvements and value for money over the life of the Plan.
- *Further insights of discretionary capital constraints*, including the cumulative reduction in funding available from operating surpluses compared to earlier expectations.

Together, these changes provide a detailed view of Council's financial capacity and constraints over the coming decade.

Strengths and Opportunities

While the outlook is constrained, the LTFP also highlights a number of strengths and opportunities that can be leveraged to improve financial sustainability over time:

- Council retains *strong short-term financial resilience*, with adequate liquidity, manageable debt and sound governance arrangements.
- Debt levels *peak early and improve over time* as borrowings are paid down, creating scope to gradually rebuild financial capacity in later years of the LTFP.
- *Technology investment* provides opportunities to improve productivity, service efficiency, data quality and decision-making capability across the organisation.
- *Service review, prioritisation and efficiency initiatives* offer opportunities to better align service levels with community needs and affordability.
- Continued *advocacy for fair and sustainable funding arrangements* remains an important lever in addressing sector-wide cost-shifting and funding gaps.
- Ongoing refinement of *asset management data and lifecycle planning* supports better long-term investment decisions and risk management.

Headline risks and challenges

The key financial risks identified in the LTFP include:

- *Constrained revenue growth under rate capping*, which limits Council's capacity to absorb cost escalation and fund new or expanded services to a growing population over time.
- *Persisting risk of underlying operating deficits without intervention*, indicating that ongoing operating costs could exceed recurrent revenue under current assumptions and inflationary risks.
- *Ongoing cost escalation and economic uncertainty,* particularly in construction, fuel, utilities, insurance and contracted services, with higher short-term CPI and fuel assumptions now reflected in the first three years of the Plan.
- *Major capital and technology investments*, including the Oasis Aquatics and Wellbeing redevelopment, which places pressure on cash reserves and short-term financial flexibility.
- *Reduced discretionary capital capacity*, as approximately $68.5 million of funding that would otherwise support capital works is redirected to service debt costs associated with new borrowings of $68.9 million for major infrastructure.
- *Asset renewal funding pressures*, with base asset renewal requirements is able to be met in most years, but a funding shortfall identified in 2028-29 and increasing pressure in later years of the Plan if additional capacity is not created.

What decisions this LTFP supports

The LTFP supports decisions about:

- The *affordability and sustainability of existing service levels* under rate-capped revenue growth.
- *Prioritisation of capital investment*, including the balance between renewal, new infrastructure and financial capacity.
- *Timing and scale of future major projects*, having regard to debt, cash flow and reserve impacts.
- *Service reviews and efficiency measures* required to address underlying operating deficits over time.
- The appropriate balance between *financial sustainability, community affordability and service outcomes.*

Overall outlook

The LTFP confirms that Council remains financially stable and well placed to continue meeting the needs of the Greater Dandenong community.

The Plan shows that Council can continue to provide essential services, manage critical community assets responsibly and invest in important facilities, while adapting to economic uncertainty and changing conditions.

2. Financial Context, Key Challenges & Opportunities

2.1 Overview

This Long-Term Financial Plan (LTFP) provides a ten-year financial outlook for the City of Greater Dandenong and supports informed decision-making to ensure Council can continue to deliver valued services and infrastructure in a financially sustainable manner.

The Plan confirms that Council is financially stable, with adequate liquidity, manageable debt levels and a demonstrated capacity to deliver major community infrastructure. At the same time, it highlights a number of emerging medium and long-term challenges that will require ongoing attention, prioritisation and strategic choices.

Importantly, the LTFP also identifies opportunities to strengthen Council's financial position over time, including through improved financial discipline, service prioritisation, productivity gains, efficiency, active capital and asset management, and advocacy for sustainable funding arrangements.

2.2 Overall financial position

Council's current financial position remains sound, supported by:

- stable cash and liquidity ratios that remain above prudential benchmarks
- debt levels that are within accepted sector limits
- established financial governance frameworks and regular monitoring
- a demonstrated ability to deliver complex, multi-year capital projects.

However, the LTFP also shows that underlying operating results (**Appendix Q**) are forecast to be in deficit in most years, reflecting a structural gap between the cost of delivering current services and the growth in underlying revenue under existing policy settings. While these results do not pose an immediate financial risk, they signal the need for immediate and deliberate action to protect long-term sustainability.

2.3 Revenue outlook and opportunities

Municipal rates remain Council's primary source of revenue and continue to be governed by the Victorian Government's Fair Go Rates System. For the purposes of this LTFP:

- a rate cap of 2.75% in 2026–27 has been applied
- future years assume a conservative 2.5% cap, notwithstanding recent upward pressure on CPI and operating cost assumptions arising from the current economic environment.

While rate capping limits revenue growth, Council benefits from:

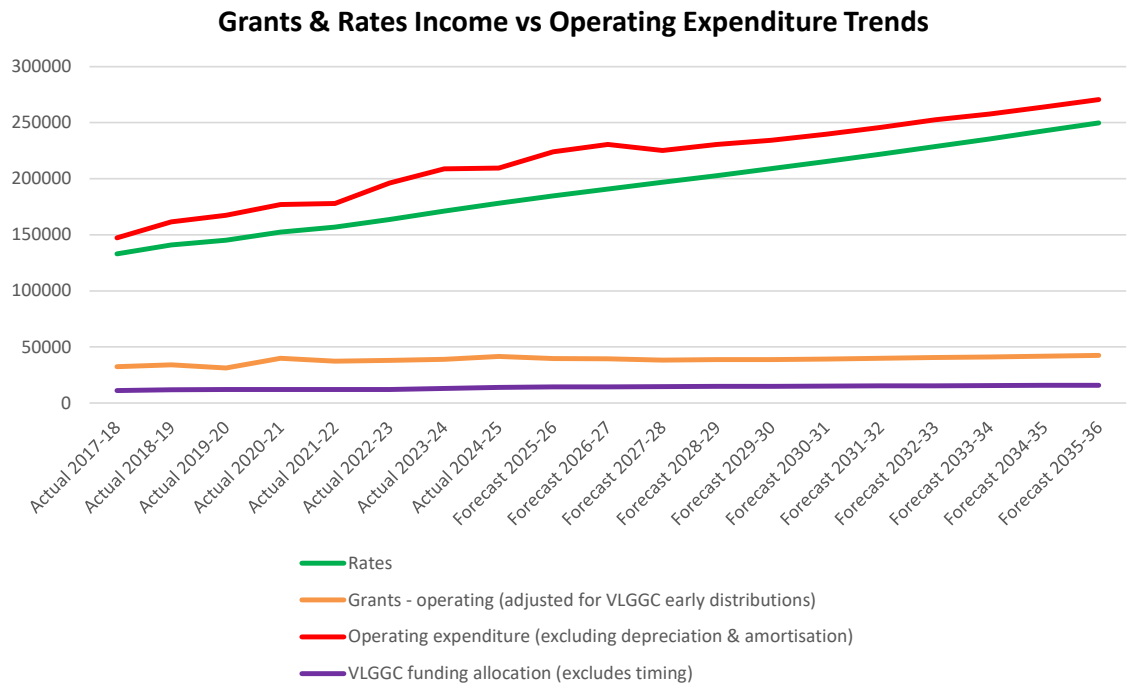
- a broad and diversified rate base
- stable rate collection performance
- moderate growth from supplementary rates, which continue to strengthen the base over time
- opportunities to review pricing, cost recovery and discretionary fees to better align with the cost of service delivery.

As operating costs continue to grow faster than capped revenue, rate capping constrains Council's capacity to fund asset renewal, maintain service levels and invest in new infrastructure for a growing population. This means difficult choices will continue to be required in future budgets, with increased competition for limited funding and a greater reliance on efficiency improvements, prioritisation and alternative funding sources to maintain financial sustainability over the life of the LTFP.

Despite Council currently having a sound financial position, with adequate liquidity and reserves, rate capping presents a structural challenge to long-term financial sustainability.

Operating grants remain a critical revenue source for Council, particularly given Greater Dandenong's diverse community profile and higher service needs across areas such as community support, language services and social inclusion. However, grant funding growth has historically not kept pace with the cost of delivering these services.

Consistent with long-term trends, the LTFP therefore adopts conservative grant growth assumptions to manage ongoing cost-shifting risks. This reinforces the importance of continued advocacy to other levels of government and careful service prioritisation within Council's constrained revenue base.



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 graph illustrates historical trends from 2017–18 and forecasts across the life of this LTFP. It shows that recurrent operating grants, including Victorian Local Government Grants Commission (VLGGC) **Financial Assistance Grant** funding, have experienced only modest growth over time. In contrast, Council's operating expenditure (excluding depreciation and amortisation) has increased at a significantly faster rate.
Overall, the analysis highlights a persistent and widening mismatch between grant funding growth and Council's rising operational cost pressures, with no material change to this trend expected over the life of the LTFP.

The Financial Assistance Grant distributed through the Victorian Local Government Grants Commission remains Council's primary operating grant. However, over time the overall funding pool has not kept pace with growth in Commonwealth revenues or the rising cost of delivering local government services, resulting in declining real funding support for councils. This structural constraint underscores the need for prudent financial planning, careful service design, partnerships and efficient delivery models, as well as continued advocacy for sustainable funding arrangements.

Capital grant funding is included in the LTFP only where funding has been confirmed or is reasonably certain. Beyond committed programs, future capital grants are inherently uncertain and subject to external funding decisions and competitive processes. As a result, the LTFP does not assume ongoing capital grant growth in the later years of the Plan, consistent with a prudent and conservative financial planning approach.

Council undertakes service-by-service reviews of **fees and charges**, guided by accepted pricing principles. Fees are generally set to recover the cost of providing services, unless there is an overriding policy decision to provide a subsidy. In determining fee levels, Council also considers community outcomes, including affordability and encouraging use of services. As a result, fee increases reflect this targeted review approach rather than a blanket indexation.

2.4 Cost pressures, workforce management and enterprise bargaining

Employee costs remain Council's largest operating expense, accounting for just over 50% of total operating costs (excluding depreciation and amortisation). As a service-intensive organisation, Council's long-term financial sustainability is therefore closely linked to effective workforce planning, productivity and cost management.

Council is currently participating in sector-wide **multi-employer enterprise bargaining negotiations**, following employees voting to move to this framework in 2025. At the time of preparing this LTFP, the outcomes of these negotiations are not yet known, including the final quantum, timing and structure of wage increases.

In response to this uncertainty, the LTFP adopts a prudent and conservative forecasting approach by:

- aligning base wage increase assumptions to the rate-cap parameters applied across the Plan; and
- incorporating known cost drivers such as annual banding progression and legislated superannuation increases.

This approach ensures the LTFP remains financially responsible and avoids overstating Council's future capacity, while retaining flexibility to adjust projections as greater certainty emerges.

While enterprise bargaining outcomes may place upward pressure on employee costs, the move to a multi-employer framework also presents longer-term opportunities, including:

- improved consistency of employment conditions across the sector
- enhanced workforce mobility and attraction
- clearer medium-term planning once outcomes are finalised

The LTFP incorporates a modest, explicitly quantified **labour vacancy offset** informed by Council's historical workforce experience. The vacancy offset has been applied selectively, rather than uniformly across the organisation, and is targeted to areas where historical recruitment patterns support its inclusion.

Consistent with this approach, the vacancy offset excludes grant-funded activities, capital delivery roles, fully cost-recovered services, executive and governance functions, and other areas where staffing levels are either externally funded, operationally critical, or managed through separate cost recovery or reconciliation processes. This targeted application improves the accuracy of long-term employee cost projections while preserving service delivery expectations and maintaining a disciplined and responsible approach to workforce and financial planning.

The LTFP also assumes the ongoing delivery of an **annual efficiency dividend** applied to operating expenditure (for the first six years). This reflects Council's expectation that productivity improvements, process optimisation and more efficient ways of working are progressively embedded into business-as-usual operations over time, rather than being achieved through reductions in service levels. Outer year efficiency opportunities will continue to be pursued and captured in future forecasts.

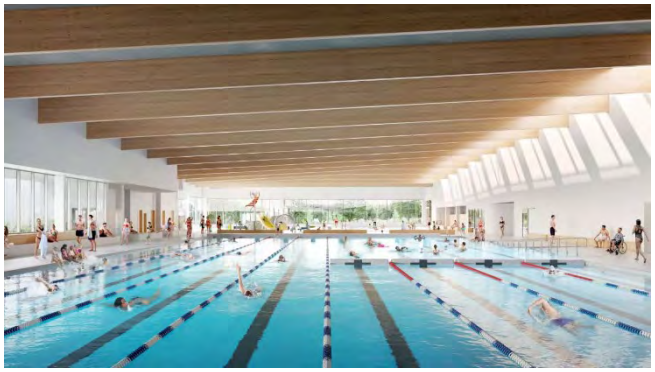
Beyond employee costs, Council continues to experience cost escalation across construction, maintenance, fuel, utilities, insurance and contractor markets. While these pressures are challenging, they reinforce the importance of:

- ongoing service review and prioritisation
- delivery of the efficiency dividend through continuous productivity and efficiency improvements
- disciplined financial management
- targeted investment in systems and technology that support modern, efficient operations.

Together, these assumptions and measures position Council to respond to workforce and broader cost pressures in a measured and strategic manner, while maintaining service quality and protecting long-term financial sustainability.

2.5 Major capital investment and borrowing

The LTFP reflects Council's commitment to delivering significant community infrastructure, most notably the Oasis Aquatics and Wellbeing redevelopment, a transformational investment in community health and wellbeing.



While the overall project budget of $122 million has not changed since the previous LTFP, the timing of expenditure and the drawdown of borrowings has been updated to reflect revised cash flow forecasts from 2025-26.

The project is funded through a combination of Council operating surpluses, internal reserves, grants (via the Priority Community Infrastructure Program) and borrowings. More than $33 million will be funded from Council's operational surplus and reserves, while the majority of funding ($68.9 million) will be sourced from new borrowings.

OASIS AQUATICS AND WELLBEING *(Redevelopment of Dandenong Oasis)*	Actual 2023-24 $'000	Actual 2024-25 $'000	Forecast Actual 2025-26 $'000	Projections 2026-27 $'000	Projections 2027-28 $'000	Remaining Project Total $'000	Project Total $'000
Capital expenditure	**1,862**	**4,548**	**47,500**	**55,000**	**9,666**	**112,166**	**122,150**
Less funding sources:							
Grants	0	(924)	(8,488)	(9,393)	(1,195)	**(19,076)**	**(20,000)**
Council cash	(538)	(1,696)	(990)	(6,521)	0	**(7,511)**	**(10,047)**
Borrowings	0	0	(21,447)	(38,932)	(8,471)	**(68,850)**	**(68,850)**
Reserves	(1,324)	(1,928)	(16,575)	(154)	(0)	**(16,729)**	**(23,253)**
Funding sources	**(1,862)**	**(4,548)**	**(47,500)**	**(55,000)**	**(9,666)**	**(112,166)**	**(122,150)**

Loan funding is an important tool for delivering essential infrastructure; however, the resulting increase in debt significantly impacts Council's financial capacity. The cost of servicing borrowings for this project has the largest impact on Council's ability to fund other capital works over the ten-year LTFP. In total, $68.5 million of capital funding sourced from rates has been redirected over the life of the LTFP to service the $68.9 million debt for this project, reducing funding available for other capital priorities.

As a result, discretionary capital funding becomes increasingly limited, and other projects will need to compete for constrained resources. This increases the challenge for Council to balance major infrastructure delivery with the need to maintain and renew existing assets and limits Council's capacity to progress additional priority capital projects unless alternative funding sources are identified.

While debt servicing costs do reduce short-term capital flexibility, Council's forecast debt ratios:

- remain within prudential limits
- peak in the early years of the plan
- steadily improve over time as borrowings are repaid

The delivery of this major project also positions Council well for future years, allowing focus to shift from delivery to consolidation, optimisation and the gradual rebuilding of capital capacity.

2.6 Asset management and renewal

Council manages an extensive asset base valued at more than $3 billion, which underpins service delivery across the municipality.

Asset renewal forecasts presented in this section and **Appendix L** relate to base renewal requirements and exclude renewal associated with major or grant-funded projects. On this basis, the LTFP demonstrates that base renewal requirements can be funded in most years, with a shortfall identified in 2028-29 without intervention. This provides a strong basis for:

- ongoing prioritisation of renewal investment
- refinement of asset data and modelling
- integration of asset planning and financial planning

The Plan reinforces Council's commitment to funding asset renewal from sustainable sources over time and ensures asset decisions are informed by lifecycle cost, service outcomes and long-term affordability considerations.

In addition to monetary development contributions, Council also receives **non-monetary contributions** in the form of 'gifted' assets from developers as growth occurs. While these assets expand Council's overall asset base and support new communities, they also create ongoing obligations for maintenance, renewal and eventual replacement.

Over time, this contributes to higher depreciation expense and increases long-term funding requirements within the capital and asset renewal program, reinforcing the need for disciplined lifecycle asset planning.

2.7 Climate change, resilience and opportunity

Climate change presents both risk and opportunity for Council's long-term financial outlook. More frequent and severe heatwaves, extreme weather events and changing climate conditions are already affecting communities across Australia and are expected to intensify over time. These impacts increase demands on Council infrastructure, service delivery and community support, while also creating material financial risks that must be actively managed through long-term planning and investment decisions.

Council recognises that both the community and the essential services and infrastructure Council delivers are increasingly vulnerable to climate-related hazards. As outlined in Council's *Our Bright Green Future Strategy 2026–36*, Council has declared a climate emergency and is committed to urgent and coordinated action on climate change, including a target of net zero emissions by 2035. Council has already reduced its operational emissions by almost 80% since 2019, reflecting a long-standing commitment to sustainability leadership. The Strategy provides the overarching policy framework that guides Council's approach to climate mitigation, adaptation and resilience, which is reflected and supported through this LTFP.

Climate change also has disproportionate impacts on community health and wellbeing, particularly for vulnerable residents. People living in poor-quality housing or with limited access to cool and safe spaces are at heightened risk during extreme weather events. Strengthening community resilience therefore requires collaboration with residents, businesses, service providers, emergency agencies and Traditional Custodians, consistent with the objectives and actions set out in the *Our Bright Green Future Strategy 2026–36*.

Historical assumptions about climate conditions are not always reliable, requiring climate risks to be embedded into asset planning, design, maintenance and renewal decisions. This is particularly critical for high-risk assets such as drainage networks, community facilities and other infrastructure exposed to flooding, heat and extreme weather. Across the local government sector, councils are facing increasing costs to maintain and renew ageing infrastructure, with climate change adding further complexity and cost pressures.

In response, Council requires asset and infrastructure business cases to assess social, environmental and economic outcomes and to support sustainable asset management and long-term service continuity. Proactive investment in climate-resilient, energy-efficient and low-emission assets creates opportunities to reduce long-term operating costs, protect asset condition, support community resilience and align financial sustainability with Council's climate commitments.

While integrating climate mitigation and adaptation into Council planning and operations has financial implications, the cost of inaction is forecasted to be significantly higher over time. Embedding climate considerations into capital and asset planning strengthens Council's capacity to deliver reliable services, manage financial risk and support long-term sustainability in a changing environment.

2.8 Technology investment and digital capability

A key investment reflected in the LTFP is Council's Core System Replacement (CSR) program, with approximately $8 million budgeted in 2026-27, primarily funded by internal reserves.

This investment represents a significant but necessary commitment to modernising Council's core corporate systems, which are at end-of-life and are increasingly costly and difficult to support. Reliable, secure and well-integrated systems underpin Council's ability to:

- deliver services efficiently to the community
- meet governance, reporting and compliance obligations
- support staff productivity and workplace efficiency
- manage financial, asset and customer information with confidence.

From an operational perspective, the CSR program is expected to deliver long-term benefits, including improved productivity, improved data quality, system integration, streamlined processes and enhanced decision-making capability. These benefits are critical to sustaining service delivery and enabling continuous improvement across the organisation.

This overdue investment is largely funded from reserves avoiding the need for additional borrowings.

2.9 Economic environment, volatility and financial assumptions

The LTFP has been prepared using the best information available at the time, based on economic forecasts, policy settings and known commitments when the Plan parameters and assumptions were established.

Council notes the broader economic environment has become more volatile in recent months, influenced by factors such as:

- global economic uncertainty and geopolitical conditions
- fluctuating inflation and interest rate expectations
- ongoing supply chain pressures
- cost escalation across construction, fuel, energy, insurance and contracted services

These conditions have the potential to materially impact Council's operating costs, capital delivery costs, investment returns and borrowing assumptions.

While this volatility is significant, it is also recognised that:

- the duration and extent of current economic pressures remains uncertain
- conditions continue to evolve over time
- resetting long-term assumptions too frequently or prematurely can reduce the stability and usefulness of the LTFP as a strategic planning tool

For this reason, Council has adopted a prudent and measured approach. The LTFP has been selectively updated to reflect higher CPI and fuel cost assumptions in the first three years of the Plan, in response to current economic conditions (refer **Appendix P**).

In contrast, income assumptions – including rates and fees and charges – have been intentionally retained at earlier CPI estimates of 2.75%, consistent with the rate cap applying in 2026–27. This reflects the CPI forecast used by the Minister for Local Government when setting the rate cap for 2026-27 in December 2025 and provides a conservative estimate of future revenue under the Victorian Government's Fair Go Rates System.

By updating cost assumptions where pressures are most evident, while holding income assumptions to the rate-capped CPI estimate, the LTFP maintains a cautious and responsible outlook and avoids overstating Council's long-term financial capacity.

Council is actively monitoring economic conditions and financial performance, including:

- movements in inflation, interest rates, fuel prices and broader market conditions
- delivery costs for major capital projects
- employee and contractor cost pressures
- investment returns and liquidity impacts

The LTFP is reviewed annually, and more frequently if required. Should it become clear that there has been a sustained and material change to Council's financial outlook, assumptions will be re-forecast at the next appropriate opportunity, including through the annual budget or formal updates to the LTFP.
This approach ensures that Council:

- maintains a stable and credible long-term financial planning framework
- avoids reactive or short-term decision-making
- preserves transparency with Councillors and the community
- remains well-positioned to respond as conditions become clearer

Overall, Council's financial position remains sound, and the LTFP continues to provide a robust framework for navigating both the challenges and opportunities presented by the current economic environment.

2.10 Looking ahead – managing challenge and opportunity

The LTFP demonstrates that Council enters the ten-year planning period from a position of financial stability, supported by sound governance, adequate liquidity and manageable debt levels. Council has also shown a strong capacity to plan for and deliver major projects and to make deliberate, evidence-based financial decisions in a constrained environment.

At the same time, the outlook highlights a set of well understood and interrelated pressures that will shape decision making over the coming decade. These include constrained revenue growth under rate capping, rising and uncertain cost pressures, major capital and technology investments, and increasing demands to sustain services and renew assets that support a growing and diverse community. With recent updates to cost assumptions, these pressures are more evident in the early years of the Plan, while revenue growth remains conservatively constrained. While these pressures do not represent an immediate financial risk, they signal a gradual tightening of financial capacity and reinforce the importance of immediate action, clear prioritisation and ongoing review.

Maintaining long-term financial sustainability will require Council to regularly review the affordability of existing service levels within the constraints of rate capping. The LTFP quantifies the cost of delivering current services and the associated long-term cash flow implications, providing a clear basis for assessing what level of services can be sustained for a given maximum rate increase. This supports informed decision-making about service priorities over time, including the balance between existing commitments, emerging service demands and the community's capacity and willingness to pay. The LTFP assumes retention of service provision at present levels for 2026-27, noting that service levels may change in future years.

Looking ahead, Council has opportunities to strengthen financial sustainability through:

- improving service efficiency and productivity
- refining service levels and delivery models in response to community needs and affordability
- embedding lifecycle cost and climate resilience considerations into asset and capital decisions
- leveraging technology investment to modernise operations, improve workforce productivity, and most importantly improve customer outcomes
- advocating for fair and sustainable funding arrangements from other levels of government

The LTFP does not lock Council into fixed outcomes. Rather, it provides a robust and flexible framework to guide future budgets and decisions as conditions evolve. By actively monitoring financial performance, economic conditions and emerging risks, Council can responsibly manage financial challenges while continuing to invest in the services, infrastructure and organisational capability needed to deliver positive outcomes for the Greater Dandenong community over the long term.

3. 10-Year Financial Outlook

This section summarises the 10-year outlook presented in the LTFP, including the key assumptions underpinning the forecasts and a high-level view of Council's projected income, expenditure and cash position. The LTFP has been prepared using the best information available at the time and is reviewed and updated through Council's annual budget cycle.

3.1 Key Assumptions

The LTFP projections are underpinned by a consistent set of financial and economic assumptions that have been applied at a detailed account level. These assumptions provide a structured and transparent basis for projecting Council's financial position over the ten-year period.

The full schedule of assumptions is provided in **Appendix P**. This section highlights the key high-level assumptions that most significantly influence the LTFP outcomes.

At a summary level, the LTFP is based on the following assumptions.

Revenue assumptions

Rate cap	Modelled in line with the Victorian Government rate cap of 2.75% for 2026-27. A conservative 2.5% increase is assumed in future years, subject to annual rate cap determinations.
Supplementary rates	$1 million per year based on expected development activity, recognising that timing and scale may vary year to year.
Waste service charges	For 2026-27, the annual residential waste charge for the standard Option A service is $547, representing an increase of $31 (approximately 6%) from 2025-26. This increase reflects: • higher waste management contract costs, including gate fees • an increase in the State Government waste levy, assumed at $177.21 per tonne, equating to around $106 per year per household (up from $99 in 2025-26). The charge covers the ongoing collection of general waste, a fortnightly kerbside recycling and garden waste service, and an annual hard waste collection. At this stage, Council is not fully aligned with all elements of the *Minister's Good Practice Guidelines for Service Rates and Charges*, as immediate implementation would adversely impact long-term financial sustainability. Council will continue to assess opportunities to move toward greater alignment with the Guidelines over time where this is financially prudent and achievable. Capital investment in waste services is also reflected in the Budget, including $3.6 million for the glass bin rollout to support the four-bin system. This investment is funded from reserves in 2026-27 and will be recovered progressively through the waste charge over the life of the bins (eight years).

Fees and charges	Generally indexed at 2.75% in 2026-27 and 2.5% thereafter, based on service-by-service reviews rather than blanket increases. Indexation is closely aligned to employee cost assumptions, reflecting the significant labour component of many Council services.
Statutory fees	Set externally by legislation. Assumed to increase modestly (around 2%) to reflect activity levels, noting these fees are not directly controlled or automatically indexed by Council.
Operating grants	Forecast conservatively, with Victorian Local Government Financial Assistance Grants assumed to increase by 1% and other recurrent grants by around 2%, reflecting historical experience and ongoing cost-shifting risks.
Capital grants	Included only where funding is confirmed or reasonably certain, with the most significant being the Priority Community Infrastructure Program grant supporting the Oasis Aquatics and Wellbeing project.
Interest income	Estimated an average of $4 million per annum across the ten year period, recognising sensitivity to interest rate movements and broader economic conditions.

Operating expenditure assumptions

Employee costs	Employee costs are assumed to increase in line with the rate cap, reflecting uncertainty arising from multi-employer enterprise bargaining. Additional provision is included for annual band progression (approximately 0.5%) and legislated superannuation (12%). A targeted labour vacancy allowance (2.5%, $2.05 million in 2026-27) has been applied to selected areas to improve the accuracy of long-term workforce projections, based on Council's historical staffing experience. In addition, the LTFP assumes the ongoing delivery of an efficiency dividend of 2%, $1.64 million in 2026-27), reflecting expected productivity improvements and more efficient ways of working over time rather than reductions in service levels.
Materials and services	Includes a diverse range of costs associated with service delivery, asset maintenance, utilities and contracted services. Consistent with the updated economic assumptions outlined in **Appendix P**, CPI-based escalation assumptions for materials and services have been increased in the first three years of the LTFP to reflect heightened inflationary pressures and current market conditions. These higher short-term assumptions recognise recent cost escalation across a range of operating inputs. Beyond the initial three-year period, more moderate CPI escalation is assumed, reflecting an expectation that inflation will gradually ease over the longer term. This approach balances responsiveness to current conditions with the need to maintain stable and credible long-term projections.

Materials and services *(continued)*	Utilities (electricity and gas) have experienced heightened volatility in recent years. In line with the assumptions outlined in **Appendix P**, short-term cost escalation assumptions have been updated for the next three years to reflect CPI estimates in the current economic environment, with moderation assumed over the longer term. Council will continue to monitor utility price movements and procurement outcomes through future budget reviews. Insurance costs are assumed to increase above CPI in the short term, reflecting sector-wide premium escalation linked to claims experience and tighter insurance markets. A 15% increase has been applied in 2026-27, consistent with recent pricing trends, with lower increases assumed beyond this period. Fuel expenditure is subject to global supply conditions and market volatility. In line with **Appendix P**, fuel cost assumptions have been updated over the next three years to reflect current conditions, with a return to more moderate escalation assumptions beyond this period. Given ongoing uncertainty, fuel costs will continue to be closely monitored and reassessed through future budget and LTFP reviews. All materials and services costs will continue to be monitored and reviewed annually through Council's budget process and future updates to the LTFP.

Borrowings and interest assumptions

New borrowings	Loan proceeds of $68.9 million for the Oasis Aquatics and Wellbeing project, including $38.9 million in 2026-27. Debt servicing costs of approximately $68.5 million over the ten-year period are associated with these borrowings and are financed through a reduction in capital works funded by rates. No additional borrowings beyond currently committed projects are assumed in the LTFP.
Interest rate	Future borrowings have been modelled using a conservative estimate at current levels and will be monitored

Capital, reserves and financing assumptions

Capital expenditure	Reflects committed projects, approved budgets and reasonable forward estimates, with the highest levels occurring in the early years of the LTFP due to major projects.
Funding sources	Capital programs are assumed to be funded through a mix of operating cash flows, grants, reserves and borrowings, subject to annual budget decisions.
Reserves	Reserve balances decline in the short term due to funding for major capital projects and the Core System Replacement program, before stabilising over the longer term.

The LTFP has been prepared during a period of heightened economic uncertainty. Inflation, fuel and other cost escalation assumptions have been updated in the early years of the Plan to reflect current conditions, while revenue assumptions have been intentionally retained at conservative, rate-capped levels.

The financial model is prepared at a detailed general ledger level, with manual adjustments applied where required. Outcomes should therefore not be interpreted as simple percentage increases on prior-year budgets.

All assumptions will continue to be reviewed annually through Council's budget process. Where sustained and material changes in economic conditions or Council's financial position emerge, assumptions will be updated in future revisions of the LTFP.

3.2 Income, Expenditure and Cash Position

This section summarises the projected income, expenditure and cash position over the ten-year LTFP period. Detailed financial statements, schedules and supporting information are provided in the appendices listed below and should be read in conjunction with this narrative.

Income outlook

Council's projected income over the life of the LTFP is primarily derived from rates and charges, supplemented by fees and charges, operating grants, capital grants and other income streams.

Detailed income projections are presented in the Comprehensive Income Statement (**Appendix A**) and supported by:

- operating grant income schedules (**Appendix N**), which distinguish between recurrent and non-recurrent funding
- capital grant income schedules (**Appendix O**), which include only confirmed or reasonably certain funding
- the Adjusted Underlying Result (**Appendix Q**), which removes non-recurrent and capital items to provide a clearer view of operating sustainability

The projections reflect:

- steady but constrained growth in own-source revenue under rate capping
- modest growth in fees and charges, balanced against affordability considerations
- continued reliance on grant funding, which does not keep pace with service cost growth

Overall, income growth is forecast to be lower than underlying cost growth, contributing to emerging medium-term pressures.

Expenditure outlook

Operating expenditure is driven primarily by employee costs, materials and services, depreciation and borrowing costs.

The projected expenditure profile is outlined in the Comprehensive Income Statement (**Appendix A**) and supported by workforce schedules which detail workforce expenditure and staff numbers over the ten-year period (**Appendices G** and **H**). Employee costs represent Council's largest area of expenditure and are forecast using conservative assumptions to reflect ongoing uncertainty associated with multi-employer enterprise bargaining, workforce growth and service demands.

Materials and services expenditure incorporates differentiated escalation assumptions for key cost categories that do not align with standard CPI movements, as outlined in **Appendix P** (Parameters). Consistent with the revised economic outlook, CPI-based assumptions for applicable materials and services have been increased in the first three years of the LTFP to reflect current inflationary conditions, with moderation assumed over the longer term.

Borrowing costs increase in the early years of the LTFP, reflecting committed borrowings for major capital projects. Details of existing and planned borrowings, repayments and interest costs are provided in the Schedule of Borrowings (**Appendix J**).

Operating result and cash position

While Council maintains a balanced budget position in the short term, the LTFP identifies emerging medium-term pressures, including:

- underlying operating deficits
- a minor forecast cash deficit in one year (2028-29) without intervention
- declining unrestricted cash balances as reserves are drawn down to fund major capital projects and technology investment

The accounting operating result is presented in the Comprehensive Income Statement (**Appendix A**), while transparency of Council's cash position is demonstrated through the Conversion to Cash Result (**Appendix B**) and the Statement of Cash Flows (**Appendix E**).

Council's forecast liquidity and working capital position is presented in the Balance Sheet (**Appendix C**), with movements in equity detailed in the Statement of Changes in Equity (**Appendix D**).

While liquidity and working capital ratios remain above minimum benchmarks across the LTFP, these results are partly dependent on the timing of reserve drawdowns, and will require ongoing monitoring as significant reserves are progressively applied to fund capital projects and technology improvements.

These projections highlight the growing distinction between accounting surpluses and available cash, reinforcing the importance of cash flow management, prioritisation and disciplined capital decision-making over the life of the LTFP.

Capital expenditure, reserves and financial capacity

The LTFP reflects a period of elevated capital expenditure in the early years, followed by reduced discretionary capacity as debt servicing requirements increase and operating surpluses are constrained.

The projected ten-year capital program is outlined in the Statement of Capital Works (**Appendix F**) and is supported by:

- Capital works funded from operational surplus (**Appendix M**)
- Asset renewal requirements and funding adequacy (**Appendix L**)

Council's reserve position, including movements in discretionary and restricted reserves, is detailed in **Appendix I(a)** and **I(b)**.

Together, these projections demonstrate that while Council retains the capacity to meet committed obligations and maintain short-term stability, its ability to fund additional capital projects, respond to emerging needs or absorb new pressures is increasingly limited without either new funding sources, service reprioritisation or improved operating performance.

Overall outlook

Taken together, the financial statements and supporting appendices show that Council remains financially stable in the short term, with adequate liquidity and manageable debt levels. However, the medium- to long-term outlook is characterised by structural pressures arising from constrained revenue growth, rising operating costs, major capital commitments and asset renewal funding gaps.

The LTFP provides transparency about these trends and establishes a sound framework for ongoing monitoring, prioritisation and decision-making through future Budgets and formal LTFP updates.

Importantly, the LTFP also identifies opportunities to strengthen financial resilience over time. These include ongoing service review and prioritisation, improved cost recovery and pricing discipline, productivity and efficiency improvements, stronger integration of asset and financial planning, targeted use of technology to modernise operations, and continued advocacy for fair and sustainable funding from other levels of government.

The LTFP does not assume a return to "business as usual". Rather, it provides a clear and flexible framework for navigating both risks and opportunities, enabling informed decision-making and positioning Council to sustain essential services, manage assets responsibly and adapt to changing economic and community conditions over the life of the Plan.

4. Financial Sustainability Indicators

4.1 Purpose and approach

Council monitors its long-term financial sustainability using indicators prescribed under the Local Government Performance Reporting Framework (**Appendix K(a)**), together with additional sustainability indicators used by the Victorian Auditor-General's Office (**Appendix K(b)**).

These indicators measure Council's ability to fund services, manage assets, meet obligations and respond to financial risk over time. The detailed calculations and trend data are provided in **Appendix K** and should be read in conjunction with the strategic interpretation set out in this section.

No single indicator should be considered in isolation. The indicators are most meaningful when assessed collectively, over time, and in the context of Council's service profile, scale and capital program.

4.2 Overall financial position

The indicators show that Council remains in a stable financial position in the short term, supported by:

- liquidity and working capital ratios that remain above minimum benchmarks
- debt levels that are within prudential limits, despite peaking in the early years of the LTFP
- continued capacity to service borrowings associated with major capital projects

These results reflect disciplined financial management and provide Council with a stable base from which to manage future pressures.

4.3 Emerging medium to long-term pressures

While short-term financial stability is maintained, the indicators highlight a number of structural pressures that emerge across the life of the LTFP, including:

- Adjusted underlying operating results remaining in deficit for most years, indicating that recurrent operating expenditure exceeds recurrent revenue.
- Increasing reliance on rate revenue, constrained growth in grants and other income sources.
- Declining unrestricted cash balances in the early to middle years, driven by major capital investment and reserve drawdowns.
- Asset renewal indicators below 1.0 in later years, signalling that renewal investment does not fully keep pace with asset consumption.

These results do not represent an immediate financial risk, but they clearly indicate a gradual tightening of financial capacity if current settings persist.

4.4 Debt and capital-related indicators

Borrowing indicators show a deliberate and time-limited increase in debt, driven by the Oasis Aquatics and Wellbeing project.

Key observations include:

- indebtedness and loan repayment ratios peak in the early years of the LTFP.
- all debt indicators remain within prudential limits.
- ratios improve steadily as debt is repaid, reducing long-term debt reliance.

While debt servicing reduces short-term capital flexibility, the indicators confirm that Council retains the capacity to manage its debt obligations, provided underlying operating performance improves over time.

4.5 What this means for financial resilience

The financial sustainability indicators confirm that Council remains financially stable in the short term, supported by adequate liquidity, manageable debt levels and sound financial governance. However, they also highlight medium to long-term pressures that will require active management to maintain service delivery and asset condition over time.

Key challenges identified include ongoing adjusted underlying operating deficits, constrained revenue growth under rate capping, reduced financial flexibility following major capital and technology investment, and asset renewal indicators below desired levels in later years of the LTFP. These trends do not indicate immediate financial risk, but rather signal the need for early and deliberate action.

At the same time, the indicators point to important opportunities to strengthen financial resilience. Debt ratios peak early and improve steadily as borrowings are repaid, liquidity remains above minimum benchmarks, and internal financing capacity improves in later years. Strong rate collection performance and a broad rate base continue to support revenue stability.

Maintaining long-term sustainability will require continued service prioritisation, efficiency and productivity improvements, disciplined capital decision-making, stronger integration of asset and financial planning, and ongoing review of cost recovery and funding models. The indicators reinforce that while a business-as-usual approach will not be sufficient, Council retains the capacity to respond proactively through informed choices and ongoing monitoring via future Budgets and LTFP updates.

5. Financial Strategies

Council's financial strategies are designed to balance affordability, risk and long-term sustainability while enabling delivery of essential services and infrastructure. These strategies respond directly to the structural pressures identified in the LTFP, including constrained revenue growth, rising operating costs, major capital commitments and reduced discretionary capacity.

5.1 Capital works strategy

The capital works strategy prioritises delivery of committed projects and critical asset investment within Council's available financial capacity. The projected ten-year capital program is set out in the Statement of Capital Works (**Appendix F**) and reflects a period of elevated capital expenditure in the early years of the LTFP, followed by a reduction in discretionary capacity as debt servicing costs increase and operating surpluses are constrained.

Capital works are funded through a mix of operating cash flows, grants, reserves and borrowings, with the funding mix varying year-to-year based on affordability and timing. Over the life of the LTFP, approximately **$68.5 million** will be directed to service debt and new operating costs associated with major infrastructure delivery, materially reducing discretionary capital capacity.

	Budget	Projections			
Capital expenditure funding sources	**2026-27 $'000**	**2027-28 $'000**	**2028-29 $'000**	**2029-30 $'000**	**2030-31 $'000**
Capital grants	14,248	3,230	1,418	-	-
Capital contributions	318	912	-	-	-
Transfer from reserves	13,137	9,298	4,000	4,000	4,000
Loan proceeds	38,932	8,471	-	-	-
Funded from operational surplus	38,894	39,127	39,397	42,794	44,219
Total capital works funding	**105,529**	**61,038**	**44,815**	**46,794**	**48,219**

As illustrated in **Appendix M**, funding available from Council's operating result declines in real terms across the LTFP, resulting in a cumulative gap of around **$185 million** compared to capital funding levels that would have been achievable had funding grown in line with rate increases. This significantly constrains Council's capacity to progress additional major projects beyond those already committed, unless alternative funding sources are identified or existing programs are reprioritised.

Capital works associated with Development Contribution Plans (DCPs) have been excluded from **Appendix F**. The timing of DCP-funded projects depends on the availability of contributions, which are transferred to reserves annually, and the infrastructure program is currently under review.

Overall, the LTFP provides funding for asset renewal averaging $39.9 million per year, which is sufficient to meet current renewal requirements in most years, except 2028-29. Asset management modelling is still being refined, and renewal requirements may change as additional data and improved asset information becomes available.

Asset renewal forecasts presented in this section and **Appendix L** relate to base renewal requirements and exclude renewal associated with major or grant-funded projects. On this basis, the LTFP demonstrates that base renewal requirements can be funded in most years, with a shortfall identified in 2028-29.

The ten-year capital program included in the LTFP is indicative only and will be reviewed and resolved through Council's annual Budget process.

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 Oasis Aquatics and Wellbeing 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.

5.2 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.

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 2026.

	Actual Balance 30 June 2023 $'000	Actual Balance 30 June 2024 $'000	Actual Balance 30 June 2025 $'000	Forecast Balance 30 June 2026 $'000
Interest bearing loans and borrowings	49,779	47,182	48,363	65,545

Council uses borrowing selectively to fund major community infrastructure that delivers long-term benefit and supports intergenerational equity. The LTFP includes new borrowings of $68.9 million to part-fund the Oasis Aquatics and Wellbeing project.

Council has accessed debt funding to complete a range of major infrastructure projects.

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**

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.

Debt prudential limits

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 5%.
- Total indebtedness as a percentage of rate revenue – in general this ratio should not exceed 60% 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.

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

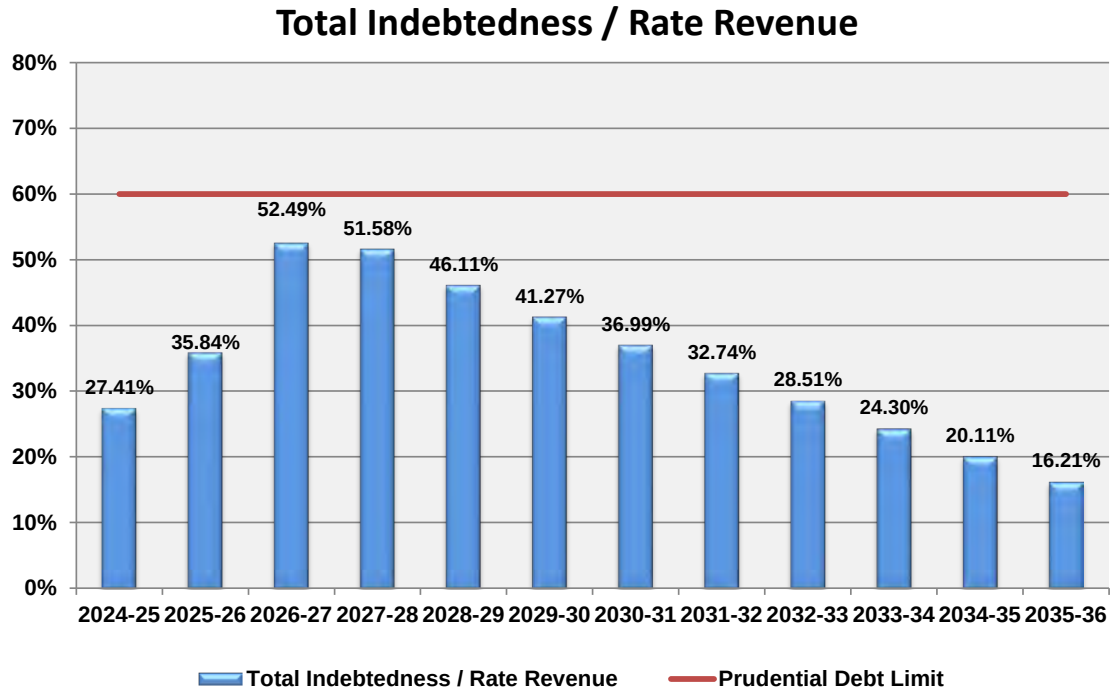
- Interest cover ratio – earnings before interest, depreciation/amortisation and non-cash contributions compared to interest expense (on borrowings and leases). The ratio result is not to be less than 2:1.
- Financial indebtedness ratio – total interest-bearing loans and borrowings including leases over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

As shown in the table below, Council's debt ratios under both the Local Government Performance Reporting Framework (LGPRF) and the Treasury Corporation of Victoria (TCV) remain within prudential limits over the ten-year period. The temporary increase in the debt servicing ratio in 2025-26, which places the result in the medium-risk range, is attributable to the refinancing of two existing loans totalling $8.7 million to provide interest rate certainty. This outcome is a one-off timing impact and not indicative of an ongoing trend. Further detail on the calculation of the ratios below is provided in **Appendix J**.

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
2026	30,172	12,997	2,740	65,545	181%	35.8%	5.4%	19.3	29.7%
2027	**38,932**	**5,282**	**4,086**	**99,196**	165%	52.5%	3.2%	12.2	43.7%
2028	8,471	7,099	6,288	100,568	161%	51.6%	4.7%	8.5	43.0%
2029	-	7,866	6,378	92,702	160%	46.1%	4.9%	8.2	38.8%
2030	-	7,170	5,932	85,532	157%	41.3%	4.4%	9.0	34.8%
2031	-	6,496	5,504	79,036	154%	37.0%	4.0%	10.0	31.4%
2032	-	6,939	5,078	72,097	154%	32.7%	3.9%	11.1	27.9%
2033	-	7,401	4,616	64,695	153%	28.5%	3.8%	12.3	24.4%
2034	-	7,897	4,126	56,799	154%	24.3%	3.7%	14.5	20.9%
2035	-	8,365	3,604	48,434	157%	20.1%	3.6%	16.9	17.3%
2036	-	8,214	3,062	40,219	163%	16.2%	3.3%	20.3	14.1%

					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%	Above 2	Below 60%

Council has previously relied on a strategy of ensuring its 'Indebtedness to Rate Revenue' ratio is ideally around the 40% 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 the Oasis Aquatics and Wellbeing major project.



Once the 'Indebtedness to Rate Revenue' ratio drops to below 40%, Council will once again be able to consider future borrowings from that point. 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.

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 follows a principle of setting a target of 40% 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%.

   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 to ensure financial sustainability.

5.3 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.

Refer to **Appendix I** for the financial projections of Council's reserves over the next ten years.

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
Digital technology	Discretionary fund	No

Nature and purpose of current reserves

- *Major projects reserve* - holds proceeds from the sale of Council's property assets or surplus Council funds and will be utilised for investing in other properties or funding future major projects. Can be used as a source of contingent funding.

- *Open space - planning, development and improvements* - Funds will be utilised exclusively for allocation towards enhancing the City's open space via planning, development and improvements.

- *Open space – acquisitions* - funds set aside in this reserve will be utilised exclusively for open space land acquisitions.

- *Development Contribution Plan – Council funded* - For Council funded development contribution plans holds funds in respect of Council's contribution to the two major developments in Dandenong South (C87) and Keysborough (C36).

- *Keysborough Maintenance Levy* - this reserve has been established to ensure full accountability of the levies received for the Keysborough and Somerfield Estates reflecting costs of maintaining an additional 15% open space beyond that of traditional estates.
- *Self-insurance* - this fund has been created to meet large and unexpected policy excesses on multiple insurance claims.

- *Spring Valley Landfill reserve* - to rehabilitate the Spring Valley landfill site at Clarke Road, Springvale South.

- *Springvale Activity Precinct parking and development reserve* - to fund development in the Springvale Activity Centre.

- *Dandenong Activity Precinct parking and development reserve* - to fund development in the Dandenong Activity Centre.

- *General reserve (Community Services)* - relates to financial impacts of future aged care sector reforms and community service programs.

- *Future maintenance reserve (LXRA)* - holds contribution funds for future works to address level crossing removal authority defects and asset maintenance obligations.

- *Native revegetation reserves* - These funds are to meet native re-vegetation requirements on Council's reserves.

- *Digital Technology reserve* – Funds for investment in critical digital systems and technology initiatives that support efficient service delivery, cybersecurity, data management and long-term organisational capability.

Reserve funding over LTFP

Council's total reserves are forecast to decrease significantly over the LTFP, reducing from $99.4 million at the end of 2025-26 to $73.9 million by 2029-30. This reflects the planned use of cash reserves to support key capital projects, major programs and short-term funding pressures where no alternative funding source is available.

Reserves	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000
Opening balance	105,004	99,403	80,584	74,709	74,318
Transfer to reserve	22,372	5,700	5,700	5,700	5,700
Transfer from reserve	(27,973)	(24,519)	(11,575)	(6,091)	(6,137)
Closing balance	**99,403**	**80,584**	**74,709**	**74,318**	**73,881**

The key items being funded by Council reserves over this LTFP include:

Purpose	Reserve funding ($ million)	Term	Timing
Dandenong New Art	$8.3	2 years	2026-27 & 2027-28
Core System Replacement program	$7.3	1 year	2026-27
Glass Bin Rollout (to be recovered via the waste charge in the following 8 years).	$3.6	1 year	2026-27
5 Year Open Space Plan	$3.0	Ongoing	All years
Keysborough South Development	$1.4	Ongoing	All years
Dandenong Stadium flooring	$1.2	1 year	2026-27
To offset part of cash deficit	$1.0	1 year	2026-27

A significant contributor to the overall reduction in reserves is the Major Projects Reserve, which declines from $47.5 million in 2025-26 to $30.6 million by 2027-28, before stabilising across the remainder of the LTFP. This decrease primarily reflects funding for Oasis Aquatics and Wellbeing ($17 million), Dandenong New Art ($6 million), together with the Core System Replacement program ($7 million).

Reserves	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000
Major projects reserve	47,490	35,872	30,574	30,574	30,574

The Major Projects Reserve plays a critical role in Council's financial resilience. While planned drawdowns are aligned with endorsed projects and strategic priorities, this reduction limits Council's capacity to respond to future unforeseen events, emerging infrastructure needs, or additional technology and compliance requirements. Where major funding needs arise and no external funding options are available, Council may be required to rely further on remaining cash reserves.

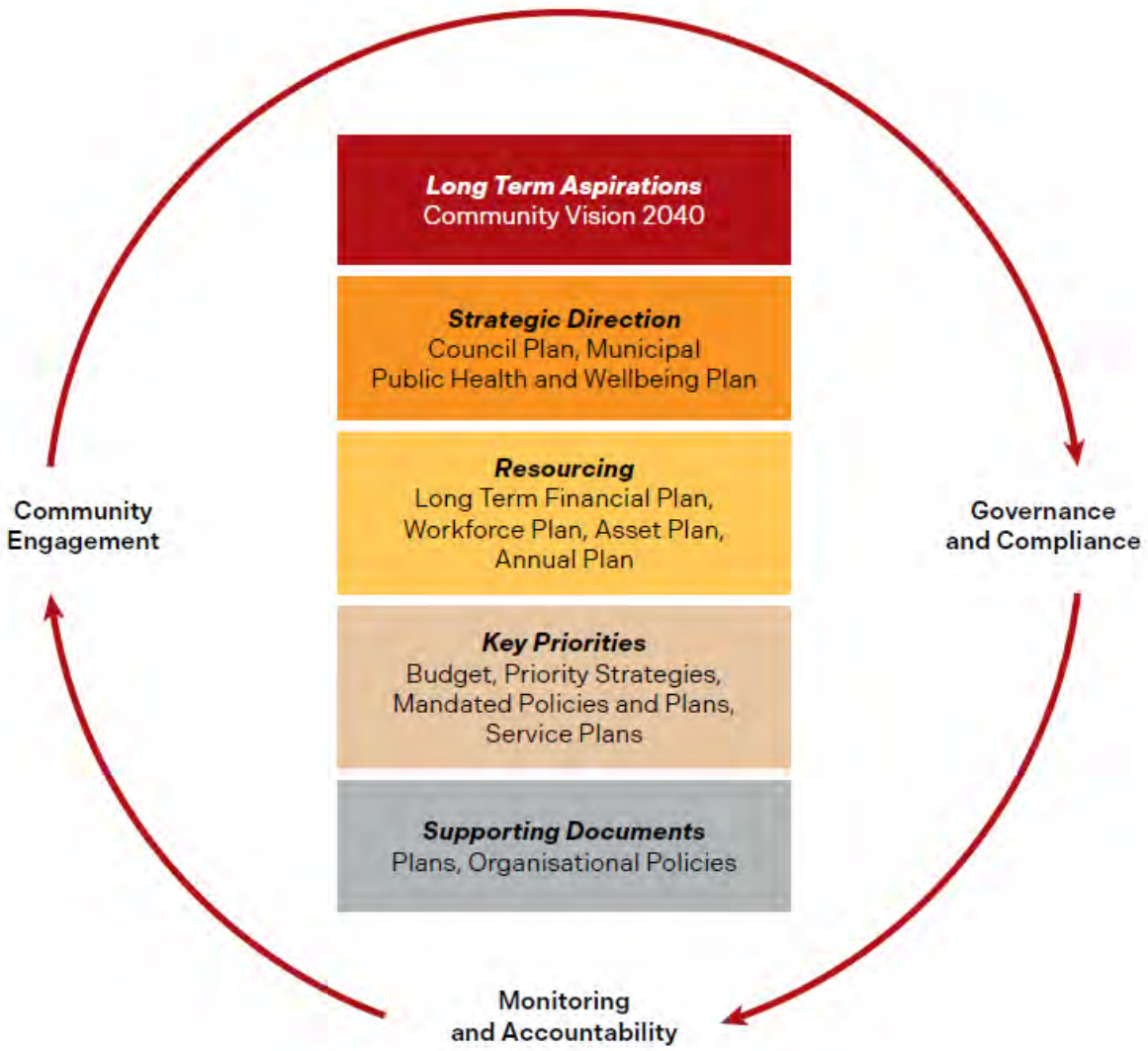
6. Integrated Planning and Reporting Alignment

The Long-Term Financial Plan (LTFP) is a core component of Council's Integrated Strategic Planning and Reporting Framework. It translates Council's long-term aspirations and strategic priorities into a financially sustainable ten-year outlook and informs future budgets and resourcing decisions.

In accordance with the *Local Government Act 2020*, Council is required to prepare a 10-year Financial Plan following each Council election. The LTFP is reviewed annually to ensure it remains aligned with Council's strategic direction, financial capacity and emerging risks.

6.1 Alignment with Council's Planning Framework

The LTFP connects Council's long-term vision with medium-term strategies and short-term delivery by showing how priorities can be funded over time.



In summary, the LTFP:

- supports delivery of the Community Vision 2040 and Council Plan
- aligns financial capacity with strategic priorities and service expectations
- informs annual budgets, capital works programs, and service planning
- provides transparency about financial constraints, trade-offs and long-term impacts.

6.2 Asset Planning Integration

Council is required to adopt an Asset Plan following each Council election. The Asset Plan identifies how Council will manage its assets across their lifecycle to support service delivery in a financially sustainable way.

The Asset Plan informs the LTFP by:

- identifying asset renewal, maintenance and capital investment requirements
- highlighting future asset risks and funding pressures
- improving understanding of lifecycle costs and long-term affordability

In turn, the LTFP:

- determines the funding capacity available for asset renewal and new investment
- balances asset needs against revenue constraints and competing priorities
- identifies years where asset renewal funding is constrained and requires review

Together, the Asset Plan and LTFP support evidence-based decisions about:

- prioritising asset renewal
- managing asset backlogs
- aligning service levels with what Council can sustainably afford

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 Section 5.1 Capital works strategy.

6.3 Revenue and Rating Plan Integration

Council is also required to adopt a Revenue and Rating Plan following each Council election. This Plan sets out how Council raises revenue in a fair, transparent and affordable way to fund services and infrastructure.

The Revenue and Rating Plan informs the LTFP by:

- confirming rating structures and assumptions
- guiding decisions on fees, charges and cost recovery
- establishing principles for balancing affordability and financial sustainability

The LTFP then tests whether these revenue settings are sufficient to fund:

- existing service levels
- asset renewal requirements
- major capital projects
- over the ten-year planning horizon.

7. Statutory and Governance Compliance

7.1 Legislative Requirements

Under the *Local Government Act 2020*, Council must prepare and maintain a publicly available Financial Plan that covers at least ten financial years. Part 2 of the *Local Government (Planning and Reporting) Regulations 2020* (the regulations) prescribe the information to be included in a Financial Plan. The LTFP:

- covers a ten-year financial period
- is aligned with Council's deliberative engagement practices
- is reviewed annually
- forms part of Council's Integrated Strategic Planning and Reporting Framework

The LTFP includes all prescribed information required under the Act and Regulations, including:

- ten-year financial statements
- capital works and asset investment information
- workforce expenditure and staffing levels
- key assumptions and decision drivers

Detailed financial statements and schedules are provided in the appendices.

Waste Charges

Council has utilised the *Minister's Good Practice Guidelines for Service Rates and Charges* in setting assumptions for waste service charges within the LTFP. Council acknowledges that, under current financial settings, full alignment with all elements of the Guidelines is not currently feasible without creating adverse impacts on overall financial sustainability, service affordability or Council's capacity to fund other essential services.

Council will continue to progressively work toward greater alignment with the Guidelines over time, considering opportunities through future Budgets and LTFP updates where this is financially prudent and achievable.

7.2 Financial Management Principles

The LTFP supports Council's compliance with the financial management principles set out in the Act by ensuring that:

- financial decisions are aligned with Council's strategic plans
- financial risks are identified, monitored and managed prudently
- revenue and expenditure decisions consider affordability and long-term sustainability
- accurate and transparent financial records support accountability and reporting

These principles underpin Council's approach to long-term planning, budgeting, asset management and borrowing decisions.

7.3 Purpose of the Long-Term Financial Plan

The primary purpose of the LTFP is to:

- provide a financially sustainable framework for delivering Council's strategic objectives
- support informed decision-making by Councillors and management
- identify emerging financial pressures early
- improve transparency about trade-offs and long-term impacts of decisions

The LTFP does not lock Council into fixed outcomes. Instead, it provides a framework within which future budgets and service decisions can be made.

A glossary of key financial terms used throughout this document is provided at **Appendix R** to support accessibility and transparency for readers.

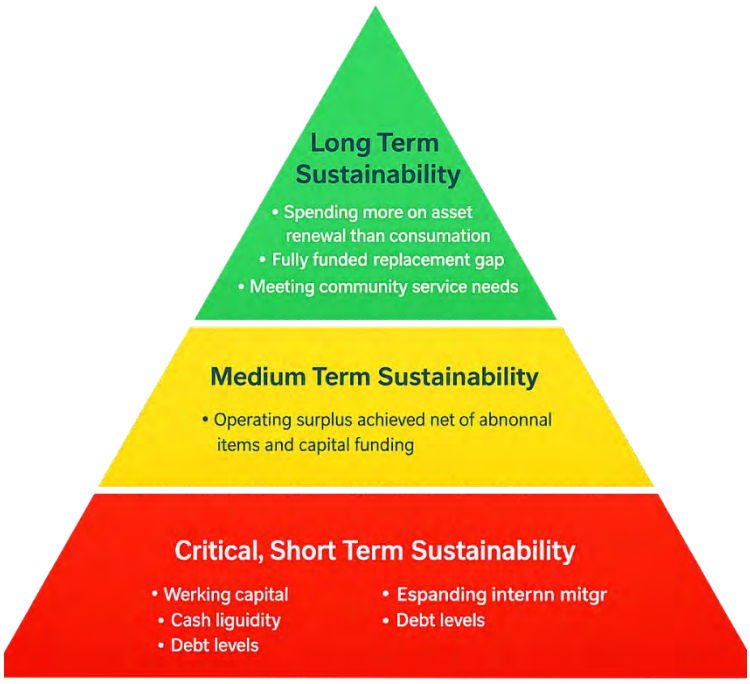
7.4 Strategic Role of the LTFP

The Long-Term Financial Plan (LTFP) plays a critical role in supporting informed, evidence-based decision-making by showing the long-term financial implications of current service levels, asset investment and strategic choices.

Specifically, the LTFP:

- shows the cost of delivering current services over time
- identifies financial capacity constraints arising from rate capping, cost escalation and major capital investments
- highlights years where funding for asset renewal or capital investment is constrained
- supports service prioritisation and reviews where affordability pressures emerge

The LTFP provides a macro-level view of Council's financial position over ten years, enabling Councillors and management to understand trade-offs between service levels, capital investment, affordability and long-term sustainability.



As per the diagram to the left, financial sustainability is defined across three related horizons.

The LTFP does not lock Council into fixed outcomes. Instead, it provides a robust and flexible framework to guide future budgets, capital programs and service decisions, recognising that economic conditions, community expectations and funding environments will continue to evolve.

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 Oasis Aquatics and Wellbeing, resulting in a reduction of the capital program to fund debt servicing commitments. With underlying operating deficits forecast, there is considerable work needed to recognise surpluses again and to reinvest in capital projects. 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 follows the principle that ongoing asset renewal requirements must be funded from ongoing operational funding sources and that non-renewable funding sources such as asset sales, reserve funds or loan funds not be used to address these needs.
Capital works strategy and Asset Management	1. That Council note the forecast level of capital expenditure over the ten-year period of the LTFP noting the reduction in capital works funded from rate revenue of $68.5 million in order fund debt servicing and operating costs for new infrastructure over the life of the LTFP. 2. That Council follow a principle of allocating funds to meet asset renewal and maintenance requirements as a priority in the development of annual Capital Improvement Program and recurrent programs.

LTFP Section	*Strategic Directions Outcomes:*
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 follow a principle of setting a target of 40% 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%. ***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 to ensure financial sustainability.***

7.5 Community Engagement and Transparency

The LTFP is prepared and reviewed in accordance with Council's Community Engagement Policy.

Following each Council election, Council undertakes deliberative engagement to inform:

- the Council Plan
- the Asset Plan
- the Long-Term Financial Plan

Community feedback, including input from the Greater Dandenong People's Panel, has helped shape priorities reflected in the LTFP and related plans.

The LTFP is publicly available and supports transparency by clearly explaining:

- Council's financial position
- long-term risks and pressures
- the financial impact of major decisions

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

8. Appendices and Supporting Financial Schedules

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 R	Glossary of Key Financial Terms

Appendix A – Comprehensive Income Statement

	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
Income											
Rates and charges	184,700	190,774	196,758	202,831	209,057	215,440	221,982	228,689	235,565	242,613	249,838
Statutory fees and fines	11,987	13,598	13,256	13,419	13,764	14,039	14,241	14,526	14,898	15,196	15,415
User fees	9,848	10,841	13,003	13,934	14,273	14,621	14,987	15,361	15,745	16,139	16,542
Grants - operating	32,503	39,463	38,294	38,699	38,831	39,270	39,903	40,549	41,205	41,873	42,553
Grants - capital	20,880	14,248	3,230	1,418	-	-	-	-	-	-	-
Contributions - monetary	6,519	2,318	2,912	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	1,722	520	520	520	520	520	520	520	520	520	520
Other income	14,893	13,268	12,138	10,615	10,730	9,829	10,004	10,123	10,327	10,454	10,667
Total income	**290,552**	**292,530**	**287,611**	**290,936**	**296,675**	**303,219**	**311,137**	**319,268**	**327,760**	**336,295**	**345,035**
Expenses											
Employee costs	113,167	113,930	112,777	115,645	118,509	121,936	125,482	129,104	132,857	136,732	140,686
Materials and services	100,691	104,886	98,695	100,016	102,070	104,246	106,831	109,516	111,887	114,612	117,510
Depreciation	53,229	54,294	55,380	56,487	57,617	58,769	59,945	61,144	62,366	63,614	64,886
Depreciation - right of use assets	715	715	715	715	715	715	715	715	715	715	715
Allowance for impairment losses	1,615	1,577	2,311	2,426	2,547	2,675	2,809	2,949	3,096	3,251	3,414
Borrowing costs	2,740	4,086	6,288	6,378	5,932	5,504	5,078	4,616	4,126	3,604	3,062
Finance costs - leases	57	58	61	62	64	66	67	69	71	72	74
Other expenses	5,833	5,977	5,103	6,032	5,253	5,325	5,398	6,372	5,547	5,625	5,705
Total expenses	**278,047**	**285,523**	**281,330**	**287,761**	**292,707**	**299,236**	**306,325**	**314,485**	**320,665**	**328,225**	**336,052**
Surplus for the year	**12,505**	**7,007**	**6,281**	**3,175**	**3,968**	**3,983**	**4,812**	**4,783**	**7,095**	**8,070**	**8,983**
Other comprehensive income											
Items that will not be reclassified to surplus or deficit in future periods:											
Other	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive result	**12,505**	**7,007**	**6,281**	**3,175**	**3,968**	**3,983**	**4,812**	**4,783**	**7,095**	**8,070**	**8,983**

Appendix B – Conversion to Cash Result

Description	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
Net operating result	**12,505**	**7,007**	**6,281**	**3,175**	**3,968**	**3,983**	**4,812**	**4,783**	**7,095**	**8,070**	**8,983**
Less cash costs not included in operating result											
Capital expenditure	115,485	105,529	61,038	44,815	46,794	48,219	46,429	46,703	48,190	48,219	48,082
Loan repayments	12,997	5,282	7,099	7,866	7,170	6,496	6,939	7,401	7,897	8,365	8,214
Loan proceeds	(30,172)	(38,932)	(8,471)	-	-	-	-	-	-	-	-
Repayment of lease liabilities	680	680	680	680	680	680	680	680	680	680	680
Transfer from reserves	(27,973)	(24,519)	(11,575)	(6,091)	(6,137)	(6,074)	(2,936)	(2,961)	(3,006)	(3,032)	(3,080)
Transfer to reserves	22,372	5,700	5,700	5,700	5,700	5,600	5,500	5,400	5,400	5,400	5,400
Sub total	**93,389**	**53,740**	**54,471**	**52,970**	**54,207**	**54,921**	**56,612**	**57,223**	**59,161**	**59,632**	**59,296**
Plus non-cash costs included in operating result											
Depreciation	53,229	54,294	55,380	56,487	57,617	58,769	59,945	61,144	62,366	63,614	64,886
Depreciation - right of use assets	715	715	715	715	715	715	715	715	715	715	715
Written down value of assets sold	125	45	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	**46,569**	**47,554**	**48,640**	**49,747**	**50,877**	**52,029**	**53,205**	**54,404**	**55,626**	**56,874**	**58,146**
Cash surplus (deficit) for the year	**(34,315)**	**821**	**450**	**(48)**	**638**	**1,091**	**1,405**	**1,964**	**3,560**	**5,312**	**7,833**
Accumulated surplus brought forward	**37,838**	**3,523**	**4,344**	**4,794**	**4,746**	**5,384**	**6,475**	**7,880**	**9,844**	**13,404**	**18,716**
Accumulated surplus brought forward	**3,523**	**4,344**	**4,794**	**4,746**	**5,384**	**6,475**	**7,880**	**9,844**	**13,404**	**18,716**	**26,549**

Appendix C – Balance Sheet

	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
Assets											
Current assets											
Cash and cash equivalents	32,044	28,011	32,739	34,304	40,602	42,208	46,668	49,867	53,736	57,096	61,898
Trade and other receivables	32,584	33,422	34,256	35,105	35,972	36,860	37,768	38,696	39,647	40,619	41,614
Other financial assets	155,000	137,000	119,000	115,000	110,000	110,000	110,000	112,000	115,000	120,000	126,000
Prepayments	2,000	2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166	2,187
Other assets	3,503	3,515	3,527	3,539	3,552	3,564	3,577	3,590	3,602	3,615	3,629
Total current assets	**225,131**	**203,948**	**191,542**	**189,988**	**192,187**	**194,713**	**200,115**	**206,276**	**214,129**	**223,496**	**235,328**
Non-current assets											
Trade and other receivables	183	183	183	183	183	183	183	183	183	183	183
Property, infrastructure, plant & equip	3,096,467	3,155,157	3,168,270	3,164,053	3,160,685	3,157,590	3,151,529	3,144,543	3,137,822	3,129,882	3,120,533
Investment property	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865
Right of use assets	664	649	634	619	604	589	574	559	544	529	514
Total non-current assets	**3,104,179**	**3,162,854**	**3,175,952**	**3,171,720**	**3,168,337**	**3,165,227**	**3,159,151**	**3,152,150**	**3,145,414**	**3,137,459**	**3,128,095**
Total assets	**3,329,310**	**3,366,802**	**3,367,494**	**3,361,708**	**3,360,524**	**3,359,940**	**3,359,266**	**3,358,426**	**3,359,543**	**3,360,955**	**3,363,423**
Liabilities											
Current liabilities											
Trade and other payables	39,128	34,718	26,356	23,897	24,563	25,157	25,288	25,776	26,413	26,867	27,323
Trust funds and deposits	3,300	3,350	3,400	3,450	3,500	3,550	3,600	3,650	3,700	3,750	3,800
Contract and other liabilities	54,354	55,024	55,644	56,214	56,734	57,204	57,624	57,994	58,314	58,584	58,804
Provisions	22,112	22,586	23,281	23,977	24,711	25,452	26,237	27,026	27,859	28,701	29,587
Interest-bearing liabilities	5,282	7,099	7,866	7,170	6,496	6,939	7,401	7,897	8,365	8,214	7,530
Lease liabilities	507	521	534	548	561	574	588	601	614	628	641
Total current liabilities	**124,683**	**123,298**	**117,081**	**115,256**	**116,565**	**118,876**	**120,738**	**122,944**	**125,265**	**126,744**	**127,685**
Non-current liabilities											
Trust funds and deposits	3,052	3,151	3,246	3,343	3,443	3,547	3,653	3,763	3,876	3,992	4,112
Provisions	1,718	1,649	1,570	1,501	1,429	1,379	1,320	1,272	1,217	1,172	1,120
Interest-bearing liabilities	60,263	92,097	92,702	85,532	79,036	72,097	64,696	56,798	48,434	40,220	32,689
Lease liabilities	251	257	264	270	277	284	290	297	304	310	317
Total non-current liabilities	**65,284**	**97,154**	**97,782**	**90,646**	**84,185**	**77,307**	**69,959**	**62,130**	**53,831**	**45,694**	**38,238**
Total liabilities	**189,967**	**220,452**	**214,863**	**205,902**	**200,750**	**196,183**	**190,697**	**185,074**	**179,096**	**172,438**	**165,923**
Net assets	**3,139,343**	**3,146,350**	**3,152,631**	**3,155,806**	**3,159,774**	**3,163,757**	**3,168,569**	**3,173,352**	**3,180,447**	**3,188,517**	**3,197,500**
Equity											
Accumulated surplus	1,011,974	1,037,800	1,049,956	1,053,522	1,057,927	1,062,384	1,064,632	1,066,976	1,071,677	1,077,379	1,084,042
Asset revaluation reserve	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966
Reserves	99,403	80,584	74,709	74,318	73,881	73,407	75,971	78,410	80,804	83,172	85,492
Total equity	**3,139,343**	**3,146,350**	**3,152,631**	**3,155,806**	**3,159,774**	**3,163,757**	**3,168,569**	**3,173,352**	**3,180,447**	**3,188,517**	**3,197,500**

Appendix D – Statement of Changes in Equity

	Forecast	Budget	Financial Plan Projections								
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated surplus											
Balance at beginning of the financial year	993,868	1,011,974	1,037,800	1,049,956	1,053,522	1,057,927	1,062,384	1,064,632	1,066,976	1,071,677	1,077,379
Surplus/(deficit) for the year	12,505	7,007	6,281	3,175	3,968	3,983	4,812	4,783	7,095	8,070	8,983
Transfers to other reserves	(22,372)	(5,700)	(5,700)	(5,700)	(5,700)	(5,600)	(5,500)	(5,400)	(5,400)	(5,400)	(5,400)
Transfers from other reserves	27,973	24,519	11,575	6,091	6,137	6,074	2,936	2,961	3,006	3,032	3,080
Total Accumulated surplus	**1,011,974**	**1,037,800**	**1,049,956**	**1,053,522**	**1,057,927**	**1,062,384**	**1,064,632**	**1,066,976**	**1,071,677**	**1,077,379**	**1,084,042**
Revaluation reserve											
Balance at beginning of the financial year	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966	2,027,966
Net asset revaluation gain/(loss)	-	-	-	-	-	-	-	-	-	-	-
Total Revaluation reserve	**2,027,966**	**2,027,966**	**2,027,966**	**2,027,966**	**2,027,966**	**2,027,966**	**2,027,966**	**2,027,966**	**2,027,966**	**2,027,966**	**2,027,966**
Other reserves											
Balance at beginning of the financial year	105,004	99,403	80,584	74,709	74,318	73,881	73,407	75,971	78,410	80,804	83,172
Transfers to other reserves	22,372	5,700	5,700	5,700	5,700	5,600	5,500	5,400	5,400	5,400	5,400
Transfers from other reserves	(27,973)	(24,519)	(11,575)	(6,091)	(6,137)	(6,074)	(2,936)	(2,961)	(3,006)	(3,032)	(3,080)
Total Other reserves	**99,403**	**80,584**	**74,709**	**74,318**	**73,881**	**73,407**	**75,971**	**78,410**	**80,804**	**83,172**	**85,492**
Total Equity											
Balance at beginning of the financial year	3,126,838	3,139,343	3,146,350	3,152,631	3,155,806	3,159,774	3,163,757	3,168,569	3,173,352	3,180,447	3,188,517
Surplus/(deficit) for the year	12,505	7,007	6,281	3,175	3,968	3,983	4,812	4,783	7,095	8,070	8,983
Total Equity	**3,139,343**	**3,146,350**	**3,152,631**	**3,155,806**	**3,159,774**	**3,163,757**	**3,168,569**	**3,173,352**	**3,180,447**	**3,188,517**	**3,197,500**

Appendix E – Statement of Cash Flows

	Forecast	Budget	Financial Plan Projections								
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash flows from operating activities											
Rates and charges	184,868	190,209	196,202	202,266	208,478	214,846	221,374	228,065	234,925	241,958	249,166
Statutory fees and fines	9,830	11,813	10,733	10,776	10,997	11,139	11,202	11,343	11,563	11,701	11,752
User fees	10,974	11,868	14,245	15,268	15,639	16,022	16,423	16,834	17,256	17,687	18,128
Grants - operating	34,541	41,854	40,553	40,984	41,114	41,582	42,264	42,959	43,665	44,384	45,116
Grants - capital	20,860	14,248	3,230	1,418	-	-	-	-	-	-	-
Contributions - monetary	7,319	3,068	3,612	2,650	2,600	2,550	2,500	2,450	2,400	2,350	2,300
Interest received	7,879	7,200	5,000	4,000	4,000	3,000	3,000	3,000	3,000	3,000	3,000
Trust funds and deposits taken	32,195	62,000	62,050	62,100	62,150	62,200	62,250	62,300	62,350	62,400	62,450
Other receipts	7,593	6,732	7,909	7,334	7,460	7,569	7,761	7,892	8,117	8,256	8,491
Net GST refund	17,852	17,469	12,122	10,658	10,939	11,234	11,217	11,512	11,706	11,887	12,057
Employee costs	(112,697)	(113,245)	(112,071)	(114,918)	(117,759)	(121,154)	(124,675)	(128,274)	(132,001)	(135,850)	(139,777)
Materials and services	(108,289)	(130,405)	(123,119)	(117,047)	(116,379)	(118,986)	(122,115)	(124,740)	(127,346)	(130,531)	(133,703)
Short-term, low value and variable lease payments	(861)	(802)	(746)	(768)	(787)	(806)	(826)	(847)	(868)	(890)	(912)
Trust funds and deposits repaid	(31,954)	(61,851)	(61,905)	(61,953)	(62,000)	(62,047)	(62,094)	(62,140)	(62,187)	(62,234)	(62,280)
Other payments	(5,656)	(6,053)	(4,957)	(5,967)	(5,079)	(5,143)	(5,193)	(6,251)	(5,312)	(5,383)	(5,439)
Net cash provided by operating activities	**74,454**	**54,105**	**52,858**	**56,801**	**61,373**	**62,006**	**63,088**	**64,103**	**67,268**	**68,735**	**70,349**
Cash flow from investing activities											
Payments for property, infrastructure, plant and equipment (PIPE)	(115,485)	(105,529)	(61,038)	(44,815)	(46,794)	(48,219)	(46,429)	(46,703)	(48,190)	(48,219)	(48,082)
Proceeds from sale of PIPE	1,847	565	565	565	565	565	565	565	565	565	565
Proceeds from investments	274,708	268,000	268,000	254,000	255,000	250,000	250,000	248,000	247,000	245,000	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 used in investing activities	**(88,930)**	**(86,964)**	**(42,473)**	**(40,250)**	**(41,229)**	**(47,654)**	**(45,864)**	**(48,138)**	**(50,625)**	**(52,654)**	**(53,517)**
Cash flow from financing activities											
Finance costs	(2,740)	(4,086)	(6,288)	(6,378)	(5,932)	(5,504)	(5,078)	(4,616)	(4,126)	(3,604)	(3,062)
Proceeds from borrowings	30,172	38,932	8,471	-	-	-	-	-	-	-	-
Repayment of borrowings	(12,997)	(5,282)	(7,099)	(7,866)	(7,170)	(6,496)	(6,939)	(7,401)	(7,897)	(8,365)	(8,214)
Interest paid - lease liability	(57)	(58)	(61)	(62)	(64)	(66)	(67)	(69)	(71)	(72)	(74)
Repayment of lease liabilities	(680)	(680)	(680)	(680)	(680)	(680)	(680)	(680)	(680)	(680)	(680)
Net cash provided by (used in) financing activities	**13,698**	**28,826**	**(5,657)**	**(14,986)**	**(13,846)**	**(12,746)**	**(12,764)**	**(12,766)**	**(12,774)**	**(12,721)**	**(12,030)**
Net movement	(778)	(4,033)	4,728	1,565	6,298	1,606	4,460	3,199	3,869	3,360	4,802
Opening cash and cash equivalents	32,822	32,044	28,011	32,739	34,304	40,602	42,208	46,668	49,867	53,736	57,096
Closing cash and cash equivalents	**32,044**	**28,011**	**32,739**	**34,304**	**40,602**	**42,208**	**46,668**	**49,867**	**53,736**	**57,096**	**61,898**

Note: The Statement of Cash Flows is derived from cash-based income and expenditure, adjusted for working capital movements, and reported inclusive of GST.

Appendix F – Statement of Capital Works

	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
Property											
Buildings	63,838	70,904	21,590	7,258	10,704	11,415	11,753	11,542	11,605	11,663	11,283
Leasehold improvements	10	80	-	-	-	-	-	-	-	-	-
Total buildings	**63,848**	**70,984**	**21,590**	**7,258**	**10,704**	**11,415**	**11,753**	**11,542**	**11,605**	**11,663**	**11,283**
Total property	**63,848**	**70,984**	**21,590**	**7,258**	**10,704**	**11,415**	**11,753**	**11,542**	**11,605**	**11,663**	**11,283**
Plant and equipment											
Plant, machinery and equipment	5,759	2,500	2,590	2,509	2,985	3,087	3,179	3,253	3,355	3,449	3,537
Fixtures, fittings and furniture	1,365	329	245	237	468	353	363	353	367	372	367
Computers and telecommunications	3,361	-	50	49	111	126	130	113	120	117	105
Library resources	866	1,179	1,056	1,023	1,195	1,231	1,268	1,306	1,345	1,385	1,426
Total plant and equipment	**11,351**	**4,008**	**3,941**	**3,818**	**4,759**	**4,797**	**4,940**	**5,025**	**5,187**	**5,323**	**5,435**
Infrastructure											
Roads	28,052	11,010	21,012	22,000	17,045	17,141	17,655	17,764	19,102	18,794	19,048
Bridges	262	400	2,739	112	130	134	138	142	146	151	155
Footpaths and cycleways	1,627	1,352	2,136	2,461	2,471	2,557	2,634	3,192	2,776	2,853	2,923
Drainage	1,726	710	2,335	2,344	3,206	3,279	3,269	3,312	3,427	3,478	3,473
Recreational, leisure and community facilities	2,966	8,424	2,713	2,316	2,936	3,095	1,642	1,501	1,578	1,569	1,476
Parks, open space and streetscapes	4,959	4,987	4,451	4,389	5,352	5,592	4,183	4,025	4,158	4,178	4,088
Off street car parks	694	52	121	117	191	209	215	200	211	210	201
Waste management	-	3,602	-	-	-	-	-	-	-	-	-
Total infrastructure	**40,286**	**30,537**	**35,507**	**33,739**	**31,331**	**32,007**	**29,736**	**30,136**	**31,398**	**31,233**	**31,364**
Total capital expenditure	**115,485**	**105,529**	**61,038**	**44,815**	**46,794**	**48,219**	**46,429**	**46,703**	**48,190**	**48,219**	**48,082**
Represented by:											
New asset expenditure	20,234	11,227	1,500	1,500	4,929	5,852	4,482	3,276	3,603	3,318	2,430
Asset renewal expenditure	47,291	35,025	42,074	40,815	37,411	37,387	38,393	40,560	41,535	42,009	43,268
Asset upgrade expenditure	43,028	59,277	17,464	2,500	4,454	4,980	3,554	2,867	3,052	2,892	2,384
Asset expansion expenditure	4,932	-	-	-	-	-	-	-	-	-	-
Total capital works expenditure	**115,485**	**105,529**	**61,038**	**44,815**	**46,794**	**48,219**	**46,429**	**46,703**	**48,190**	**48,219**	**48,082**
Funding sources represented by:											
Grants	20,880	14,248	3,230	1,418	-	-	-	-	-	-	-
Contributions	4,297	318	912	-	-	-	-	-	-	-	-
Council cash	45,495	38,894	39,127	39,397	42,794	44,219	45,429	45,703	47,190	47,219	47,082
Borrowings	21,447	38,932	8,471	-	-	-	-	-	-	-	-
Reserves	23,366	13,137	9,298	4,000	4,000	4,000	1,000	1,000	1,000	1,000	1,000
Total capital works expenditure	**115,485**	**105,529**	**61,038**	**44,815**	**46,794**	**48,219**	**46,429**	**46,703**	**48,190**	**48,219**	**48,082**

Appendix G – Statement of Human Resources ($)

	Budget	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	2035-36 $'000
CEO Services										
Permanent - Full time										
- Women	676	698	719	740	763	785	809	833	858	884
Total Chief Executive	**676**	**698**	**719**	**740**	**763**	**785**	**809**	**833**	**858**	**884**
City Futures										
Permanent - Full time										
- Women	12,493	12,549	12,895	13,197	13,593	14,001	14,421	14,853	15,299	15,758
- Men	24,357	24,467	25,140	25,730	26,501	27,296	28,115	28,959	29,828	30,722
- Positions pending hire	4,896	4,918	5,053	5,172	5,327	5,487	5,651	5,821	5,996	6,176
Permanent - Part time										
- Women	1,289	1,295	1,331	1,362	1,403	1,445	1,488	1,533	1,579	1,626
- Men	1,304	1,310	1,346	1,378	1,419	1,462	1,505	1,551	1,597	1,645
- Positions pending hire	416	418	429	440	453	466	480	495	510	525
Total City Futures	**44,755**	**44,957**	**46,194**	**47,279**	**48,696**	**50,157**	**51,660**	**53,212**	**54,809**	**56,452**
Community Strengthening										
Permanent - Full time										
- Women	17,386	17,934	18,470	19,024	19,588	20,176	20,782	21,406	22,048	22,704
- Men	5,247	5,411	5,573	5,740	5,912	6,089	6,272	6,460	6,653	6,852
- Positions pending hire	1,657	1,709	1,760	1,813	1,867	1,923	1,981	2,040	2,101	2,164
Permanent - Part time										
- Women	14,395	14,842	15,286	15,747	16,219	16,704	17,204	17,720	18,252	18,796
- Men	2,282	2,353	2,424	2,496	2,571	2,651	2,727	2,809	2,893	2,980
- Persons of self-described gender	62	64	66	68	70	72	74	76	79	81
- Positions pending hire	2,214	2,283	2,352	2,422	2,494	2,569	2,646	2,726	2,807	2,891
Total Community Strengthening	**43,243**	**44,596**	**45,932**	**47,311**	**48,721**	**50,184**	**51,686**	**53,238**	**54,834**	**56,468**

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

	Budget	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	2035-36 $'000
Customer & Information Office										
Permanent - Full time										
- Women	2,211	2,340	2,365	2,435	2,510	2,584	2,662	2,742	2,823	2,910
- Men	2,648	2,804	2,833	2,918	3,006	3,096	3,189	3,284	3,383	3,484
- Positions pending hire	483	512	517	533	549	565	582	600	618	636
Permanent - Part time										
- Women	782	577	583	599	617	635	656	675	695	717
- Men	204	150	152	156	161	166	171	176	181	187
- Positions pending hire	104	76	77	79	82	84	87	89	92	95
Total Customer & Information Office	**6,431**	**6,459**	**6,526**	**6,720**	**6,925**	**7,130**	**7,346**	**7,565**	**7,792**	**8,028**
Strategy & Corporate Services										
Permanent - Full time										
- Women	5,235	5,056	5,122	5,275	5,435	5,597	5,765	5,938	6,115	6,301
- Men	2,947	2,847	2,884	2,970	3,059	3,151	3,246	3,343	3,443	3,547
- Positions pending hire	649	627	635	654	674	694	715	736	758	781
Permanent - Part time										
- Women	1,102	1,066	1,080	1,111	1,144	1,178	1,215	1,251	1,288	1,328
- Men	70	68	69	71	73	75	77	79	82	84
- Positions pending hire	38	37	37	38	39	41	42	43	44	46
Total Strategy & Corporate Services	**10,041**	**9,701**	**9,826**	**10,119**	**10,424**	**10,736**	**11,059**	**11,389**	**11,730**	**12,086**
Chief Financial Office										
Permanent - Full time										
- Women	2,387	2,453	2,527	2,602	2,682	2,762	2,844	2,930	3,017	3,109
- Men	1,554	1,598	1,646	1,695	1,746	1,798	1,852	1,908	1,965	2,024
- Positions pending hire	93	96	98	101	104	108	111	114	118	121
Permanent - Part time										
- Women	336	347	357	367	378	388	402	413	425	439
Total Chief Financial Office	**4,370**	**4,494**	**4,627**	**4,765**	**4,910**	**5,056**	**5,208**	**5,364**	**5,525**	**5,692**

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

	Budget	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	2035-36 $'000
Casuals and other										
- Women	372	416	427	440	453	467	481	495	510	525
- Men	252	281	290	301	308	316	325	335	346	356
- Positions pending hire	30	33	34	35	37	38	39	40	41	42
Other employee related costs	4,018	4,939	4,980	4,826	4,847	4,885	4,891	4,918	4,956	4,961
Core System Replacement program (CSR)	3,428	-	-	-	-	-	-	-	-	-
Labour vacancy rate & Efficiency dividend	(3,685)	(3,796)	(3,910)	(4,027)	(4,148)	(4,272)	(4,401)	(4,533)	(4,669)	(4,809)
Total casuals and other	**4,415**	**1,872**	**1,821**	**1,575**	**1,497**	**1,433**	**1,335**	**1,255**	**1,185**	**1,076**
Total staff expenditure	**113,930**	**112,777**	**115,645**	**118,509**	**121,936**	**125,482**	**129,104**	**132,857**	**136,732**	**140,686**

Notes

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.

The Long-Term Financial Plan (LTFP) reflects the introduction of a modest *labour vacancy allowance*, informed by Council's historical experience with staff turnover, recruitment lead times and natural vacancies. A vacancy factor of 2.5% has been applied to eligible employee costs and is assumed to continue across all years of the LTFP, incrementing in line with underlying employee cost growth. This equates to $2.05 million in 2026-27. The vacancy allowance has been applied conservatively and selectively, with exclusions where service delivery requirements, funding arrangements or cost recovery principles mean vacancies are not appropriate or achievable. This approach improves the realism of long-term workforce cost projections while maintaining a clear focus on service continuity.

In addition, the LTFP includes an *efficiency dividend* factor of 2%, equivalent to $1.64 million in 2026-27, to reflect Council's ongoing commitment to improving productivity and value for money. This allowance recognises that, over time, Council is expected to realise efficiencies through service review and prioritisation, process improvement, organisational redesign, and increased use of technology and digital solutions. The efficiency factor does not assume reductions to services but reflects a prudent, high-level allowance for continuous improvement in the way services are delivered. Both the vacancy allowance and efficiency factor will be monitored and reviewed through annual budget processes to ensure they remain appropriate and do not compromise service delivery outcomes.

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

	Budget	Financial Plan Projections								
	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	2035-36 FTE
CEO Services										
Permanent - Full time										
- Women	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total Chief Executive	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
City Futures										
Permanent - Full time										
- Women	94.0	94.0	94.0	94.0	94.0	94.0	94.0	94.0	94.0	94.0
- Men	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0
- Positions pending hire	43.0	43.0	43.0	43.0	43.0	43.0	43.0	43.0	43.0	43.0
Permanent - Part time										
- Women	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9
- Men	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
- Positions pending hire	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Total City Futures	**346.0**	**346.0**	**346.0**	**346.0**	**346.0**	**346.0**	**346.0**	**346.0**	**346.0**	**346.0**
Community Strengthening										
Permanent - Full time										
- Women	128.0	128.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0
- Men	42.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0
- Positions pending hire	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Permanent - Part time										
- Women	122.7	122.7	122.7	122.7	122.7	122.7	122.7	122.7	122.7	122.7
- Men	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2
- 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	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7
Total Community Strengthening	**355.2**	**354.2**	**353.2**	**353.2**	**353.2**	**353.2**	**353.2**	**353.2**	**353.2**	**353.2**

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

	Budget	Financial Plan Projections								
	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	2035-36 FTE
Customer & Information Office										
Permanent - Full time										
- Women	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
- Men	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
- Positions pending hire	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Permanent - Part time										
- Women	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6
- Men	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
- Positions pending hire	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Total Customer & Information Office	**49**	**49**	**49**	**49**	**49**	**49**	**49**	**49**	**49**	**49**
Strategy & Corporate Services										
Permanent - Full time										
- Women	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0
- Men	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
- Positions pending hire	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Permanent - Part time										
- Women	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
- Men	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
- Positions pending hire	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Strategy & Corporate Services	**64**	**64**	**64**	**64**	**64**	**64**	**64**	**64**	**64**	**64**
Chief Financial Office										
Permanent - Full time										
- Women	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
- Men	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
- Positions pending hire	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Permanent - Part time										
- Women	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Total Chief Financial Office	**30**	**30**	**30**	**30**	**30**	**30**	**30**	**30**	**30**	**30**
Casuals										
- Women	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
- Men	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
- 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	**5.9**	**5.9**	**5.9**	**5.9**	**5.9**	**5.9**	**5.9**	**5.9**	**5.9**	**5.9**
Core System Replacement program (CSR)	19.0	-	-	-	-	-	-	-	-	-
Core System Replacement program (CSR)	**19.1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total staff numbers	**871.8**	**851.8**	**850.8**	**850.8**	**850.8**	**850.8**	**850.8**	**850.8**	**850.8**	**850.8**

Appendix I(a) – Schedule of reserves

Reserves	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
Major Projects											
Opening balance	49,266	47,490	35,872	30,574	30,574	30,574	30,574	30,574	30,574	30,574	30,574
Transfer to reserve	15,500	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(17,276)	(11,618)	(5,298)	0	0	0	0	0	0	0	0
Closing balance	**47,490**	**35,872**	**30,574**	**30,574**	**30,574**	**30,574**	**30,574**	**30,574**	**30,574**	**30,574**	**30,574**
Open space - planning, developments and improvements											
Opening balance	6,726	8,493	7,585	6,585	5,585	4,585	3,585	5,585	7,585	9,585	11,585
Transfer to reserve	2,161	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer from reserve	(393)	(2,909)	(3,000)	(3,000)	(3,000)	(3,000)	0	0	0	0	0
Closing balance	**8,493**	**7,585**	**6,585**	**5,585**	**4,585**	**3,585**	**5,585**	**7,585**	**9,585**	**11,585**	**13,585**
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	77	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(77)	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	17,428	13,558	14,065	14,933	15,802	16,670	17,437	18,104	18,671	19,237	19,803
Transfer to reserve	1,150	900	900	900	900	800	700	600	600	600	600
Transfer from reserve	(5,020)	(393)	(31)	(32)	(32)	(32)	(33)	(33)	(34)	(34)	(35)
Closing balance	**13,558**	**14,065**	**14,933**	**15,802**	**16,670**	**17,437**	**18,104**	**18,671**	**19,237**	**19,803**	**20,368**
Keysborough maintenance levy											
Opening balance	3,682	3,451	3,811	4,162	4,488	4,790	5,066	5,317	5,542	5,740	5,910
Transfer to reserve	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Transfer from reserve	(2,031)	(1,439)	(1,450)	(1,474)	(1,498)	(1,523)	(1,549)	(1,575)	(1,602)	(1,630)	(1,658)
Closing balance	**3,451**	**3,811**	**4,162**	**4,488**	**4,790**	**5,066**	**5,317**	**5,542**	**5,740**	**5,910**	**6,052**
Self insurance reserve											
Opening balance	715	1,179	949	702	448	186	10	10	10	10	10
Transfer to reserve	685	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(221)	(230)	(247)	(254)	(262)	(176)	0	0	0	0	0
Closing balance	**1,179**	**949**	**702**	**448**	**186**	**10**	**10**	**10**	**10**	**10**	**10**

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

Reserves	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
Spring Valley landfill assurance fund											
Opening balance	5,454	5,134	1,471	1,213	1,152	1,082	1,021	956	901	836	781
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(320)	(3,663)	(258)	(60)	(71)	(60)	(65)	(55)	(65)	(55)	(65)
Closing balance	**5,134**	**1,471**	**1,213**	**1,152**	**1,082**	**1,021**	**956**	**901**	**836**	**781**	**716**
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	4,013	3,768	939	939	939	939	939	939	939	939	939
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	(1,244)	(3,829)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Closing balance	**3,768**	**939**	**939**	**939**	**939**	**939**	**939**	**939**	**939**	**939**	**939**
General Reserve (Aged and Community Services)											
Opening balance	6,436	6,386	6,236	6,236	6,236	6,236	6,236	6,236	6,236	6,236	6,236
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(50)	(150)	0	0	0	0	0	0	0	0	0
Closing balance	**6,386**	**6,236**	**6,236**	**6,236**	**6,236**	**6,236**	**6,236**	**6,236**	**6,236**	**6,236**	**6,236**
Future Maintenance Reserve (LXRA)											
Opening balance	3,792	3,359	3,105	2,845	2,578	2,304	2,022	1,733	1,436	1,131	817
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(432)	(254)	(260)	(267)	(274)	(282)	(289)	(297)	(305)	(313)	(322)
Closing balance	**3,359**	**3,105**	**2,845**	**2,578**	**2,304**	**2,022**	**1,733**	**1,436**	**1,131**	**817**	**496**
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**

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

Reserves	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
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	10	1	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	(8)	(1)	0	0	0	0	0	0	0	0	0
Closing balance	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Native revegetation - Logis											
Opening balance	97	67	36	4	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(30)	(31)	(32)	(4)	0	0	0	0	0	0	0
Closing balance	**67**	**36**	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Digital Technology											
Opening balance	1,088	218	218	218	218	218	218	218	218	218	218
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(870)	0	0	0	0	0	0	0	0	0	0
Closing balance	**218**	**218**	**218**	**218**	**218**	**218**	**218**	**218**	**218**	**218**	**218**
Reserve summary											
Opening balance	105,004	99,403	80,584	74,709	74,318	73,881	73,407	75,971	78,410	80,804	83,172
Transfer to reserve	22,372	5,700	5,700	5,700	5,700	5,600	5,500	5,400	5,400	5,400	5,400
Transfer from reserve	(27,973)	(24,519)	(11,575)	(6,091)	(6,137)	(6,074)	(2,936)	(2,961)	(3,006)	(3,032)	(3,080)
Closing balance	**99,403**	**80,584**	**74,709**	**74,318**	**73,881**	**73,407**	**75,971**	**78,410**	**80,804**	**83,172**	**85,492**

Appendix I(b) – Discretionary and restricted reserves

	Forecast	Budget	Financial Plan Projections								
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
Reserves	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Major projects reserve	47,490	35,872	30,574	30,574	30,574	30,574	30,574	30,574	30,574	30,574	30,574
Open space - planning, development and improvements	8,493	7,585	6,585	5,585	4,585	3,585	5,585	7,585	9,585	11,585	13,585
Open space - acquisitions	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	13,558	14,065	14,933	15,802	16,670	17,437	18,104	18,671	19,237	19,803	20,368
Keysborough maintenance levy	3,451	3,811	4,162	4,488	4,790	5,066	5,317	5,542	5,740	5,910	6,052
Self insurance reserve	1,179	949	702	448	186	10	10	10	10	10	10
Spring Valley landfill assurance fund	5,134	1,471	1,213	1,152	1,082	1,021	956	901	836	781	716
Springvale Activity Precinct parking and development	236	236	236	236	236	236	236	236	236	236	236
Dandenong Activity Precinct parking and development	3,768	939	939	939	939	939	939	939	939	939	939
General reserve (Aged and Community Services)	6,386	6,236	6,236	6,236	6,236	6,236	6,236	6,236	6,236	6,236	6,236
Future maintenance reserve (LXRA)	3,359	3,105	2,845	2,578	2,303	2,022	1,733	1,435	1,131	818	496
Digital technology	218	218	218	218	218	218	218	218	218	218	218
Native revegetation reserves	131	99	67	63	63	63	63	63	63	63	63
Sub-total restricted	**34,992**	**34,664**	**34,591**	**34,515**	**34,410**	**34,173**	**36,802**	**39,296**	**41,756**	**44,179**	**46,564**
Sub-total discretionary	**64,411**	**45,920**	**40,117**	**39,803**	**39,470**	**39,234**	**39,168**	**39,113**	**39,048**	**38,993**	**38,928**
Total reserves	**99,403**	**80,584**	**74,709**	**74,318**	**73,881**	**73,407**	**75,971**	**78,410**	**80,804**	**83,172**	**85,492**

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								
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ALL BORROWINGS											
Opening balance	48,371	65,545	99,196	100,568	92,702	85,532	79,036	72,097	64,695	56,799	48,434
New loan proceeds	30,172	38,932	8,471	-	-	-	-	-	-	-	-
Less principal repayments	(12,997)	(5,282)	(7,099)	(7,866)	(7,170)	(6,496)	(6,939)	(7,401)	(7,897)	(8,365)	(8,214)
Closing balance of borrowings	**65,545**	**99,196**	**100,568**	**92,702**	**85,532**	**79,036**	**72,097**	**64,695**	**56,799**	**48,434**	**40,219**
Interest expense	**2,740**	**4,086**	**6,288**	**6,378**	**5,932**	**5,504**	**5,078**	**4,616**	**4,126**	**3,604**	**3,062**
Principal repayments	**12,997**	**5,282**	**7,099**	**7,866**	**7,170**	**6,496**	**6,939**	**7,401**	**7,897**	**8,365**	**8,214**

Debt 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	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Trend
Liquidity ratio	181%	165%	164%	165%	165%	164%	166%	168%	171%	176%	184%	+
Loans and borrowings compared to rates (debt	35.8%	52.5%	51.6%	46.1%	41.3%	37.0%	32.7%	28.5%	24.3%	20.1%	16.2%	+
Loans and borrowings repayments compared to rates	8.6%	5.0%	6.9%	7.1%	6.3%	5.6%	5.5%	5.3%	5.1%	5.0%	4.5%	o
Non-current liabilities compared to own source	29%	42%	41%	38%	34%	30%	27%	23%	19%	16%	13%	+
Debt servicing ratio	5.4%	3.2%	4.7%	4.9%	4.4%	4.0%	3.9%	3.8%	3.7%	3.6%	3.3%	o
TCV Interest Cover ratio	19.3	12.4	8.9	8.6	9.5	10.5	11.7	13.0	15.2	17.8	21.4	+
TCV Financial Indebtedness	29.7%	43.7%	43.0%	38.8%	34.8%	31.4%	27.9%	24.4%	20.8%	17.3%	14.1%	+

					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%	Above 2	Below 60%

Note re Debt Servicing Ratio - The 2025-26 ratio result reflects a one-off refinancing of $8.7 million of existing debt to achieve interest rate certainty. This temporary impact does not indicate an ongoing trend, with the ratio improving from 2026-27 onwards.

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.

Domain / *indicator* / measure	Notes	Actual 2024-25	Forecast 2025-26	Budget 2026-27	Projections 2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Trend +/o/-
Financial management														
Liquidity *(sufficient working capital and cash is available to cover expenses)*														
Cash compared to current liabilities Cash / current liabilities	1	30.03%	25.70%	22.72%	27.96%	29.76%	34.83%	35.51%	38.65%	40.56%	42.90%	45.05%	48.48%	o
Operating position (an adjusted underlying surplus is generated in the ordinary course of business)														
Adjusted underlying surplus (or deficit) Adjusted underlying surplus (deficit) / Adjusted underlying revenue	2	3.76%	(8.02%)	(5.59%)	(1.59%)	(2.25%)	(1.93%)	(1.88%)	(1.55%)	(1.52%)	(0.76%)	(0.44%)	(0.15%)	-
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	3	0.26%	0.26%	0.27%	0.27%	0.27%	0.27%	0.28%	0.28%	0.28%	0.29%	0.29%	0.29%	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)

Domain / *indicator* / measure	Notes	Actual 2024-25	Forecast 2025-26	Budget 2026-27	Projections 2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Trend +/o/-
Financial management														
Expenditure and 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	4	$2,053.24	$2,204.10	$2,267.41	$2,328.17	$2,390.03	$2,453.07	$2,517.31	$2,582.78	$2,649.50	$2,717.52	$2,786.82	$2,857.48	+
Rates collection (rates and charges are being responsibly collected)														
Rates and charges debt Unpaid rates and charges / all rates and charges	5	7.24%	6.99%	6.83%	6.69%	6.55%	6.42%	6.29%	6.16%	6.04%	5.92%	5.80%	5.69%	+
Financial forecasting														
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	22.64%	29.26%	42.43%	41.49%	37.56%	33.90%	30.38%	26.73%	23.08%	19.43%	16.04%	13.05%	+

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)

Domain / *indicator* / measure	Notes	Actual 2024-25	Forecast 2025-26	Budget 2026-27	Projections 2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Trend +/o/-
Financial forecasting														
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 own-source revenue Interest bearing loans and borrowings / own-source revenue	7	22.30%	29.37%	43.32%	42.67%	38.41%	34.44%	31.06%	27.55%	24.03%	20.50%	17.00%	13.73%	+
Loans and borrowings repayments compared to own-source revenue Interest and principal repayments on interest bearing loans and borrowings / own-source revenue	8	3.02%	7.05%	4.09%	5.68%	5.90%	5.28%	4.72%	4.59%	4.46%	4.34%	4.20%	3.85%	+
Population (population is a key driver of a Council's ability to fund the delivery of services to the community)														
Expenses per head of population Total expenses / Population	9	$1,540.13	$1,660.91	$1,703.87	$1,677.17	$1,713.79	$1,741.51	$1,778.58	$1,818.89	$1,865.48	$1,900.24	$1,943.09	$1,987.44	-
Infrastructure per head of population Value of infrastructure / Population	10	$9,670.62	$9,691.96	$9,711.33	$9,730.73	$9,750.17	$9,769.65	$9,789.17	$9,808.73	$9,828.33	$9,847.97	$9,867.64	$9,887.36	+

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)

Domain / *indicator* / measure	Notes	Actual 2024-25	Forecast 2025-26	Budget 2026-27	Projections 2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Trend +/o/-
Financial forecasting														
Revenue and grants (revenue is generated from a range of sources to fund the delivery of services to the community)														
Own-source revenue per head of population Own-source revenue / Population	11	$1,296.28	$1,332.99	$1,366.57	$1,404.99	$1,437.20	$1,477.56	$1,512.37	$1,554.12	$1,596.97	$1,641.81	$1,686.74	$1,732.72	+
Recurrent grants per head of population Recurrent grants / Population	12	$294.15	$199.81	$246.45	$240.42	$238.92	$231.03	$233.41	$236.94	$240.53	$244.18	$247.89	$251.66	o
Financial management														
Liquidity *(sufficient working capital and cash is available to cover expenses)* Current assets compared to current liabilities Current assets / current liabilities	13	229.35%	180.56%	165.41%	163.60%	164.84%	164.88%	163.80%	165.74%	167.78%	170.94%	176.34%	184.30%	o
Financial forecasting														
Asset renewal and upgrade *(renewal and upgrade of assets is planned and delivered)* Asset renewal and upgrade compared to depreciation Asset renewal and upgrade expenses / Asset depreciation	14	66.99%	169.68%	173.69%	107.51%	76.68%	72.66%	72.09%	69.98%	71.02%	71.49%	70.58%	70.36%	-

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)

Domain / *indicator* / measure	Notes	Actual 2024-25	Forecast 2025-26	Budget 2026-27	Projections 2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Trend +/o/-
Financial management														
Rates concentration *(revenue is generated from a range of sources)*														
Rates compared to adjusted underlying revenue Rate revenue / adjusted underlying revenue	15	65.90%	71.06%	69.89%	70.40%	71.43%	72.17%	72.74%	73.00%	73.24%	73.45%	73.69%	73.92%	o
Expenditure and revenue level *(resources are used efficiently in the delivery of services)* Expenses per property assessment Total expenses / no. of property assessments	16	$3,712.00	$4,005.69	$4,089.83	$4,006.81	$4,075.18	$4,121.88	$4,190.22	$4,265.59	$4,354.96	$4,416.08	$4,495.43	$4,577.55	-

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

1. Cash liquidity ratio – This ratio measures Council's immediate cash coverage of short-term obligations. The 2024-25 result was 30.03%. The forecast steady trend reflects deliberate use of cash for capital investment, increasing the importance of active cash management.
2. Adjusted underlying result – Council's adjusted underlying result is forecast to remain in deficit across most years of the LTFP, improving gradually toward the end of the period. Persistent deficits indicate that recurrent revenue is not sufficient to fully fund recurrent expenditure, placing pressure on cash reserves and limiting flexibility to respond to future service and asset needs.
3. Rates effort - This ratio measures rate revenue relative to total property values (CIV). The 2024-25 result was 0.26%. The gradual forecast increase indicates a slightly higher rate burden over time, though still within reasonable affordability limits.
4. Average rate per property assessment - This ratio measures the average rates paid per assessment. The 2024-25 result was $2,053.24 per assessment. The steady forecast increase reflects assumed rate-cap parameters.
5. Rates and charges debt - This ratio measures overdue rates and charges as a proportion of total levies. The 2024-25 actual result is 7.24% and forecast results are expected to improve further over time, indicating strong collection performance.
6. Non-current liabilities compared to own-source revenue - This ratio measures the long-term debt burden relative to Council-controlled revenue. The 2024-25 actual result was moderate at 22.64%. An increase in 2025-26 to 2027-28 reflects new borrowings to part fund the Oasis Aquatics and Wellbeing major capital project, followed by a declining trend as debt stabilises.
7. Loans and borrowings compared to own-source revenue - This ratio measures interest-bearing debt relative to own-source revenue. Debt levels were relatively low in 2024-25 at 22.30%. In future years, due to the Oasis Aquatics and Wellbeing borrowings the ratio result is expected to peak and then decline. These results are within prudential limits, however, it does reduce short-term budget flexibility. Long range forecasts show an improved trend.
8. Loan repayments compared to own-source revenue - This ratio measures the affordability of debt servicing costs. The 2024-25 burden was low at 3.02%. Higher future ratios reflect increased borrowings for Oasis Aquatics and Wellbeing, placing pressure on operating budgets and limiting discretionary expenditure. Long range forecasts show an improved trend.
9. Expenses per head of population - This ratio measures the average cost of services per resident. The 2024-25 actual result was $1,540.13 expenses per resident. The increasing trend reflects both population growth and cost escalation, signalling the need for productivity gains to maintain affordability.
10. Infrastructure per head of population - This ratio measures the value of infrastructure assets available per resident. The 2024-25 result was $9,670.62 per member of population, with a steady upward trend reflecting ongoing capital investment. While positive for service capacity, it also increases future maintenance obligations.

11. Own-source revenue per head of population - This ratio measures Council-controlled revenue generated per resident. The 2024-25 result was $1,296.28 per resident. The improving trend reflects rate and fee growth but does not fully offset rising cost pressures.

12. Recurrent grants per head of population - This ratio measures recurrent grant funding relative to population. The 2024-25 result was $294.15 which was higher than 2025-26 Forecast due to the timing of Financial Assistance grant allocations from the Victoria Local Government Grants Commission. The declining trend highlights ongoing cost-shifting and increased reliance on Council-generated revenue.

13. Liquidity (current assets compared to current liabilities) - This ratio measures Council's ability to meet short-term obligations from available assets. The 2024-25 actual result demonstrates very strong liquidity at 229.35%, well above minimum benchmarks. The gradual decline over the forecast period reflects the planned and responsible use of cash and reserves to fund major capital projects, rather than any deterioration in financial capacity. Importantly, Council's working capital position remains consistently strong, with the liquidity ratio staying above 160% across all years of the forecast. While liquidity tightens modestly in the medium term, it remains stable in later years and continues to support Council's capacity to meet short-term obligations.

14. Asset renewal and upgrade compared to depreciation - This ratio measures whether Council is investing in asset renewal at least at the rate assets are wearing out. The 2024-25 result of 66.99% is below the 100% benchmark, indicating a renewal lag and reflecting pressure on Council's capacity to fully reinvest in existing assets. Results improve significantly in 2025-26 and 2026-27, driven largely by the major capital investment in the Oasis Aquatics and Wellbeing project. However, the ratio is expected to decline again in later years of the LTFP, highlighting emerging renewal funding gaps once this one-off investment subsides.

Prolonged renewal gaps can lead to a growing backlog of ageing assets, increased maintenance and operating costs, higher service risks, and reduced asset reliability over time. If unaddressed, this can place pressure on future budgets and limit Council's flexibility to respond to service demand and community expectations.

To address this trend, Council has a number of options to consider through future budgets and strategic reviews. These include progressively increasing funding to base asset renewal programs, reviewing service levels and asset standards, improving prioritisation based on asset condition and risk, leveraging alternative funding sources such as grants and contributions, and strengthening lifecycle and whole-of-life cost planning. Ongoing integration between asset management planning and financial planning will be critical to ensuring renewal investment remains affordable and sustainable over the life of the LTFP.

15. Rates concentration - This ratio measures the share of total operating revenue derived from rates. The 2024-25 result already shows a moderate reliance on rates at 65.90%. The upward trend reflects constrained growth in other revenue sources, reducing financial flexibility over time.

16. Expenses per property assessment - This ratio measures operating costs per rateable property. The 2024-25 result was $3,712 per property assessment. Continued growth in future targets reflects wage and contract inflation, reinforcing the need for service prioritisation and efficiency improvements.

Appendix K(b) – Financial Sustainability Indicators

Indicator	Forecast 2025-26	Budget 2026-27	Financial Plan Projections 2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Trend +/o/-
Net result margin (%)	4%	2%	2%	1%	1%	1%	2%	1%	2%	2%	3%	o
Adjusted underlying result (%)	(8%)	(6%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(1%)	(0%)	(0%)	-
Liquidity (ratio)	1.81	1.65	1.64	1.65	1.65	1.64	1.66	1.68	1.71	1.76	1.84	o
Internal financing (%)	64%	51%	87%	127%	131%	129%	136%	137%	140%	143%	146%	+
Indebtedness (%)	29%	42%	41%	38%	34%	30%	27%	23%	19%	16%	13%	+
Capital replacement (ratio)	2.17	1.94	1.10	0.79	0.81	0.82	0.77	0.76	0.77	0.76	0.74	-
Renewal gap (ratio)	1.70	1.74	1.08	0.77	0.73	0.72	0.70	0.71	0.71	0.71	0.70	-

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 sustainability indicators have been sourced from the Victorian Auditor-General's Office (VAGO). These indicators are used by VAGO to assess the financial sustainability risk of councils and are most meaningful when considered collectively and over time rather than in isolation.

Overall, the results indicate that Council remains in a stable financial position across the life of the LTFP, with adequate liquidity and manageable debt levels, but with emerging medium-term pressures. In particular, ongoing underlying operating deficits and tightening capacity to fund asset renewal highlight the need for continued focus on service affordability, efficiency improvements, cost containment and long-term financial decision-making to support Council's future sustainability.

- The net result margin declines in the early years of the LTFP before stabilising at a low but consistent level (around 2%). This reflects the combined impact of rate capping, rising operating costs and increased depreciation, partially offset by ongoing financial management actions.
- Council is forecasting an adjusted underlying deficit in all years of the LTFP. This indicates that recurrent operating expenditure continues to exceed recurrent revenue, reinforcing the need for ongoing service and cost reviews to improve long-term sustainability.
- The liquidity ratio remains around 1.6 across the LTFP and improves slightly in later years. This indicates Council continues to maintain sufficient liquid assets to meet short-term liabilities as they fall due, notwithstanding planned use of cash for capital projects.
- The internal financing ratio is below 100% in the early years of the LTFP due to significant investment in major capital projects. From the mid-point of the LTFP onward, the ratio exceeds 100%, indicating an improving capacity to fund capital works from internally generated cash flows.

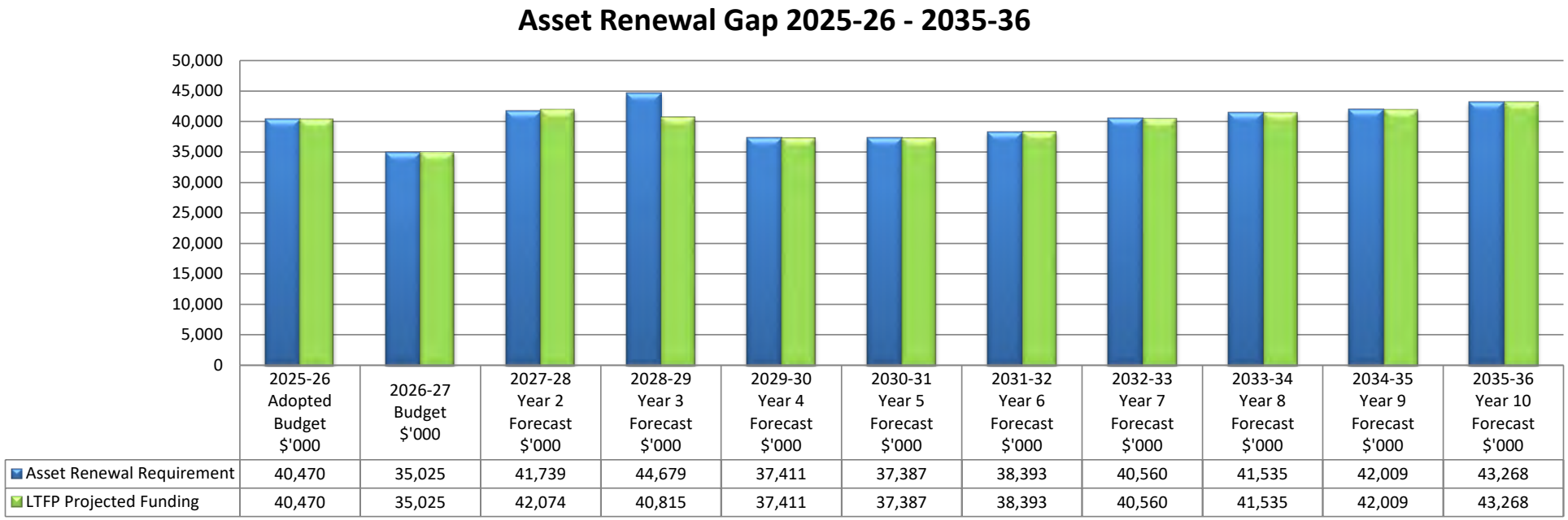
- The indebtedness ratio peaks in the early years of the LTFP due to borrowings to fund Oasis Aquatics and Wellbeing. The ratio then steadily declines over the remainder of the LTFP as debt is repaid, indicating reducing reliance on debt over time.
- The capital replacement ratio is elevated in the first two years of the LTFP due to delivery of major capital projects. In subsequent years, the ratio averages below 1.0, indicating that capital expenditure does not fully keep pace with asset consumption.
- On average, the renewal gap ratio across the LTFP is slightly below 1.0. This indicates that asset renewal expenditure is below depreciation and highlights a key long-term challenge in maintaining asset condition without additional funding.

Appendix L – Asset Renewal

Table L1 – Base Renewal Requirements (excludes major projects)

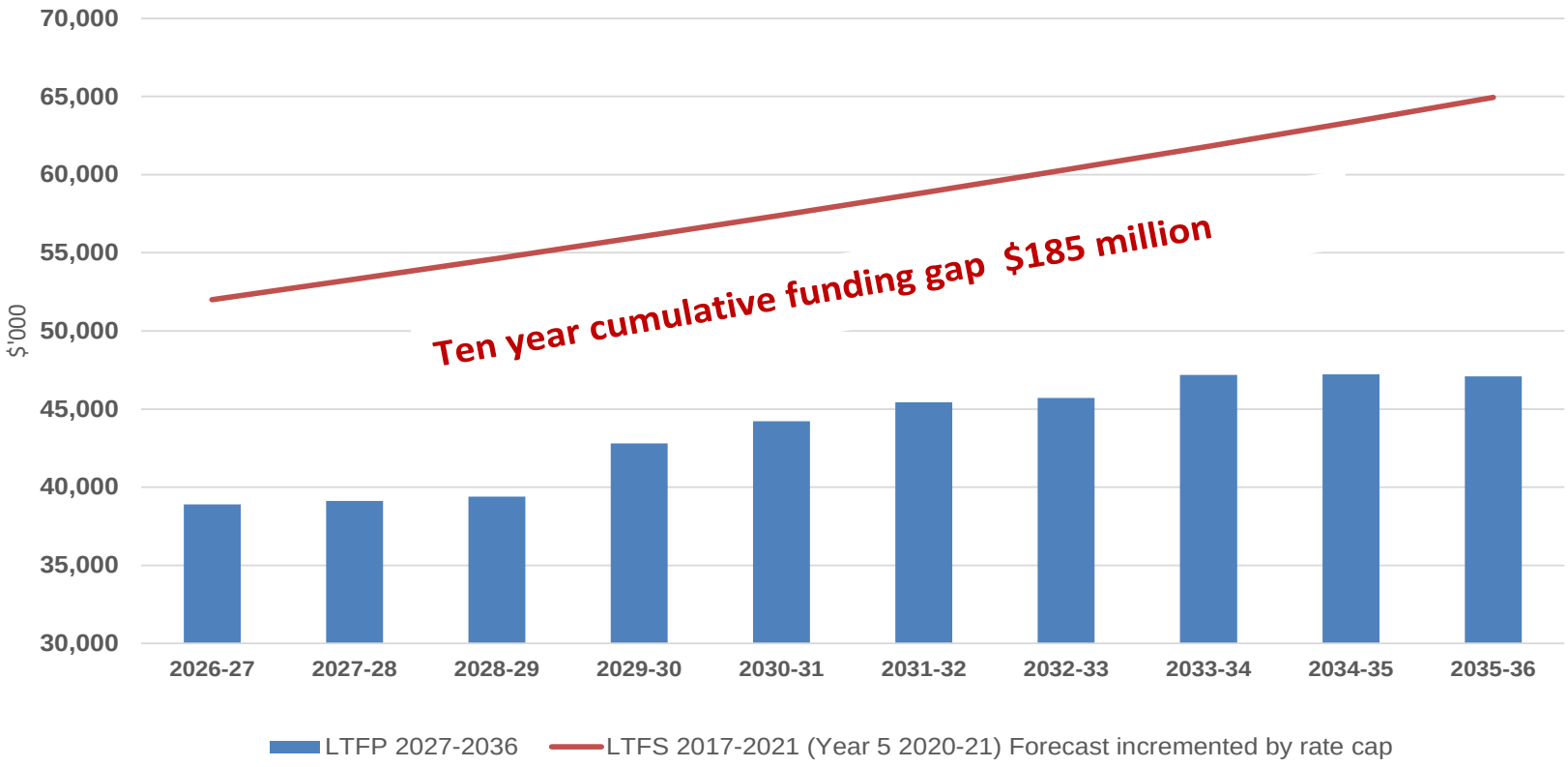
ASSET GROUP	2025-26 Adopted Budget $'000	2026-27 Budget $'000	2027-28 Year 2 Forecast $'000	2028-29 Year 3 Forecast $'000	2029-30 Year 4 Forecast $'000	2030-31 Year 5 Forecast $'000	2031-32 Year 6 Forecast $'000	2032-33 Year 7 Forecast $'000	2033-34 Year 8 Forecast $'000	2034-35 Year 9 Forecast $'000	2035-36 Year 10 Forecast $'000	2036-37 to 2046-47 Years 11-20 Forecast $'000
Property	13,344	15,308	7,068	8,231	8,174	8,203	8,445	9,124	8,949	9,214	9,490	93,416
Plant and equipment	7,658	3,914	4,204	4,330	4,596	4,593	4,730	4,871	5,017	5,167	5,322	45,938
Infrastructure	19,468	15,803	30,467	32,118	24,641	24,591	25,218	26,565	27,569	27,628	28,456	187,288
Total renewal	**40,470**	**35,025**	**41,739**	**44,679**	**37,411**	**37,387**	**38,393**	**40,560**	**41,535**	**42,009**	**43,268**	**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 exception is in 2028-29. 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



This graph shows the funding Council has available each year from its day-to-day operations to reinvest in capital works such as roads, buildings and community facilities. The **blue** bars show the funding forecast under the 2027-2036 Long Term Financial Plan, while the **red** line illustrates what funding levels may have been if capital funding had continued to grow broadly in line with rate increases since rate capping was introduced.

Over the ten-year period, the cumulative gap between these two positions is around $185 million. This reflects funding no longer available for capital works due to factors that have occurred since 2017, such as rate capping restraining revenue growth, the ongoing operating costs of new facilities, pandemic impacts, and higher debt servicing costs associated with major projects including the Oasis Aquatics and Wellbeing redevelopment. In practical terms, this reduces Council's capacity to reinvest in asset renewal and upgrades from operating income, increasing the need to prioritise projects, consider trade-offs, or identify alternative funding sources.

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

	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
Recurrent											
Commonwealth Government											
Financial Assistance Grant	7,119	14,556	14,703	14,848	14,997	15,147	15,298	15,451	15,609	15,765	15,920
Home and Community Care	7,278	8,253	8,131	8,141	8,151	8,161	8,324	8,490	8,660	8,834	9,010
Family Day Care	6,530	6,800	7,177	7,321	7,469	7,619	7,769	7,927	8,083	8,244	8,411
Libraries	235	137	0	0	0	0	0	0	0	0	0
Community Health	12	12	12	13	13	13	14	14	14	14	15
Social Inclusion	85	175	0	0	0	0	0	0	0	0	0
Community Safety	8	10	10	10	10	10	10	10	10	10	11
State Government											
Maternal and Child Health	3,443	2,571	2,700	2,754	2,809	2,865	2,922	2,981	3,040	3,101	3,163
Family and Children Services	3,817	3,595	2,484	2,513	2,562	2,612	2,664	2,717	2,772	2,827	2,884
Libraries	1,116	1,077	1,077	1,077	1,077	1,077	1,099	1,121	1,143	1,166	1,189
Home and Community Care	971	975	973	981	989	998	1,018	1,038	1,059	1,080	1,102
School Crossings	569	568	579	591	602	614	627	639	652	665	678
Education and Employment	300	300	300	300	0	0	0	0	0	0	0
Community Health	264	262	108	110	112	114	117	119	121	124	126
Emergency Management	40	40	40	40	40	40	41	42	42	43	44
Total recurrent operating grants	**31,787**	**39,331**	**38,294**	**38,699**	**38,831**	**39,270**	**39,903**	**40,549**	**41,205**	**41,873**	**42,553**

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

	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
(a) Operating grants											
Non recurrent											
Commonwealth Government											
Libraries	1	0	0	0	0	0	0	0	0	0	0
State Government											
Community Health	18	0	0	0	0	0	0	0	0	0	0
Family and Children Services	8	0	0	0	0	0	0	0	0	0	0
Community Safety	114	0	0	0	0	0	0	0	0	0	0
Libraries	18	20	0	0	0	0	0	0	0	0	0
Social Inclusion	30	19	0	0	0	0	0	0	0	0	0
Information Management and Digitisation	131	0	0	0	0	0	0	0	0	0	0
Level Crossing Removal Program	179	0	0	0	0	0	0	0	0	0	0
Environment	67	93	0	0	0	0	0	0	0	0	0
Housing	150	0	0	0	0	0	0	0	0	0	0
Total non-recurrent operating grants	**716**	**132**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total operating grants	**32,503**	**39,463**	**38,294**	**38,699**	**38,831**	**39,270**	**39,903**	**40,549**	**41,205**	**41,873**	**42,553**

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

	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
(b) Capital grants											
Recurrent											
Commonwealth Government											
Roads to Recovery	1,688	1,935	2,036	1,418	0	0	0	0	0	0	0
Total recurrent capital grants	**1,688**	**1,935**	**2,036**	**1,418**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non recurrent											
Commonwealth Government											
Black Spot Program	4,377	0	0	0	0	0	0	0	0	0	0
Recreational, Leisure and Community Facilities	0	846	0	0	0	0	0	0	0	0	0
Parks, Open Space and Streetscapes	0	1,755	0	0	0	0	0	0	0	0	0
Oasis Aquatics and Wellbeing - Priority Community Infrastructure Program	8,488	9,393	1,194	0	0	0	0	0	0	0	0
Buildings	0	319	0	0	0	0	0	0	0	0	0
State Government											
Buildings	693	0	0	0	0	0	0	0	0	0	0
Level Crossing Removal Program	1,200	0	0	0	0	0	0	0	0	0	0
Roads	3,475	0	0	0	0	0	0	0	0	0	0
Recreational, Leisure and Community Facilities	290	0	0	0	0	0	0	0	0	0	0
Parks, Open Space and Streetscapes	469	0	0	0	0	0	0	0	0	0	0
Intangibles	200	0	0	0	0	0	0	0	0	0	0
Total non-recurrent capital grants	**19,192**	**12,313**	**1,194**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total capital grants	**20,880**	**14,248**	**3,230**	**1,418**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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)

		Projections								
Description	Budget 2026-27	Year 2 2027-28	Year 3 2028-29	Year 4 2029-30	Year 5 2030-31	Year 6 2031-32	Year 7 2032-33	Year 8 2033-34	Year 9 2034-35	Year 10 2035-36
CPI forecast	5.00%	4.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate revenue cap	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and charges - Council	2.75%	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)	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs (incremental costs)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Materials and services (general)	5.00%	4.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Electricity	5.00%	4.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Water	5.00%	4.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Gas	10.00%	10.00%	10.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Fuel	20.00%	10.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
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	5.00%	4.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

This Appendix sets out the key parameters and modelling assumptions used to prepare the ten-year financial statements that underpin the Long-Term Financial Plan (LTFP). The assumptions in this appendix are reviewed annually as part of Council's budget and LTFP update processes and may be refined where sustained and material changes in economic conditions or Council's financial position occur.

Interpretation of the financial impacts arising from these assumptions is provided in the body of the LTFP, particularly in **Sections 3** and **4**.

Appendix Q – Adjusted underlying result

	Forecast 2025-26 $'000	Budget 2026-27 $'000	Financial Plan Projections 2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000	2032-33 $'000	2033-34 $'000	2034-35 $'000	2035-36 $'000
Operating											
Total income	290,552	292,530	287,611	290,936	296,675	303,219	311,137	319,268	327,760	336,295	345,035
Total expenses	(278,047)	(285,523)	(281,330)	(287,761)	(292,707)	(299,236)	(306,325)	(314,485)	(320,665)	(328,225)	(336,052)
Surplus for the year	**12,505**	**7,007**	**6,281**	**3,175**	**3,968**	**3,983**	**4,812**	**4,783**	**7,095**	**8,070**	**8,983**
Less non-operating income and expenditure											
Grants - capital (non-recurrent)	(19,192)	(12,314)	(1,195)	-	-	-	-	-	-	-	-
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	(6,519)	(2,318)	(2,912)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Adjusted underlying surplus (deficit)	**(20,706)**	**(15,125)**	**(5,326)**	**(6,325)**	**(5,532)**	**(5,517)**	**(4,688)**	**(4,717)**	**(2,405)**	**(1,430)**	**(517)**

Appendix R – Glossary of Key Financial Terms

This glossary is provided to assist readers in interpreting the Appendices and financial indicators included in the LTFP. Definitions are simplified for readability and should be read in conjunction with the detailed financial statements.

Term	Explanation
Accumulated surplus	The total equity of Council accumulated over time after accounting for operating results, excluding amounts held in specific reserves. It reflects Council's net financial position built up from past years.
Adjusted underlying result	A measure of operating performance that removes one-off, non-recurrent and capital-related items to show whether ongoing revenues are sufficient to fund ongoing operating costs.
Allowance for impairment losses	An estimate of amounts unlikely to be collected, primarily relating to fines and other receivables. This reduces reported income to reflect realistic collection outcomes.
Capital replacement ratio	Compares capital expenditure on asset renewal and upgrade to depreciation. A ratio below 1.0 indicates assets are being renewed more slowly than they are being consumed.
Cash and cash equivalents	Cash held by Council and short-term deposits that are readily available to meet operational and financial obligations.
Cash liquidity ratio	Measures Council's immediate ability to meet short-term obligations using available cash and cash equivalents.
Contract and other liabilities	Income received but not yet earned because performance obligations are incomplete at year end. Mainly relates to Development Contribution Plan (DCP) liabilities and operating or capital grants received in advance.
Contributions – monetary	Cash contributions received from developers to fund infrastructure required for new developments. These statutory contributions are held in restricted reserves and can only be used for their specified purpose.
Contributions – non-monetary	Infrastructure assets gifted to Council by developers as developments progress, typically under Development Contribution Plans (DCPs). These assets increase Council's asset base but also create ongoing maintenance and renewal obligations.
Conversion to Cash Result	Converts the accounting operating result to a cash basis by excluding non-cash items such as depreciation and including movements in working capital.
Depreciation	The accounting recognition of asset consumption over time. Depreciation is not a cash cost but reflects future asset replacement requirements.
Depreciation – right-of-use assets	Depreciation of leased assets recognised under AASB 16, including leased property, fleet, IT and office equipment.

Term	Explanation
Discretionary reserves	Reserve balances that Council may use for any purpose, subject to Council decision, regardless of the reserve title.
Employee entitlement provisions	Provisions for staff entitlements including annual leave, long service leave and rostered day off (RDO) balances, recognised in accordance with accounting standards.
Finance costs – leases	The interest component of lease liabilities recognised under accounting standards, representing the financing cost of leased assets.
Internal financing ratio	Measures the extent to which Council can fund capital works from internally generated operating cash rather than external funding such as borrowings.
Investment property	Land or buildings held primarily to generate long-term rental income. These assets are not depreciated, and changes in fair value are recognised in the Comprehensive Income Statement.
Liquidity (working capital) ratio	Current assets divided by current liabilities, indicating Council's capacity to meet short-term financial obligations as they fall due.
Local Government Performance Reporting Framework (LGPRF)	A state-mandated framework prescribing standard financial performance and sustainability indicators for Victorian councils.
Materials and services	Operating costs associated with service delivery, including waste management, asset maintenance, utilities, contracted services, materials and professional services.
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	The difference between sale proceeds and the written-down value of an asset. Gains or losses mainly arise from land sales and the planned replacement of plant and equipment.
Net result margin	The accounting surplus or deficit expressed as a percentage of total revenue, indicating overall operating performance.
Operating surplus (or deficit)	The accounting result after operating revenues and expenses, including depreciation. An operating deficit indicates expenses exceed revenue for the year.
Other assets	Assets that do not fall into other categories, mainly comprising accrued income and prepayments.
Other expenses	Operating expenses not classified elsewhere, including Councillor allowances, election costs, grants and sponsorships, audit costs and statutory levies.
Other financial assets	Cash invested in term deposits with a maturity of greater than 90 days at reporting date.
Other income (including interest)	Income from sources other than rates, fees and grants, including interest on investments, recoveries and rental income from Council facilities.

Term	Explanation
Own-source revenue	Revenue controlled directly by Council, such as rates, fees and charges, fines and statutory charges, excluding grants.
Property, infrastructure, plant and equipment	Council's tangible fixed assets such as roads, drainage, buildings, plant and equipment, recorded at depreciated values.
Provisions	Liabilities of uncertain timing or amount, primarily comprising employee entitlement provisions and landfill restoration provisions.
Rate effort	Measures rate revenue relative to total property values, indicating the relative burden of rates on the community.
Restricted reserves	Funds that Council is legally or contractually required to use for a specific purpose and cannot be applied at Council's discretion.
Right-of-use assets	Leased assets recognised under accounting standards, including property, fleet, IT and office equipment.
Statement of Cash Flows	Summarises cash inflows and outflows from operating, investing and financing activities, adjusted for movements in working capital and presented inclusive of GST.
Trade and other payables	Amounts owed by Council at year end for goods and services received, reflecting timing of payments, volumes and price movements.
Trade and other receivables	Amounts owed to Council, including rates, infringements, service charges and development contributions. Non-current items include refundable deposits and landfill contributions.
Trust funds and deposits	Monies such as tender deposits, bonds and retention amounts held on behalf of others and recognised as trust funds until refunded or forfeited.
Underlying operating result	A measure of ongoing operating sustainability that excludes capital income and non-recurrent items.
Working capital	The difference between current assets and current liabilities. While positive working capital indicates short-term capacity, some balances may be restricted for specific purposes.