

Financial Plan

2025 - 2035



Contents

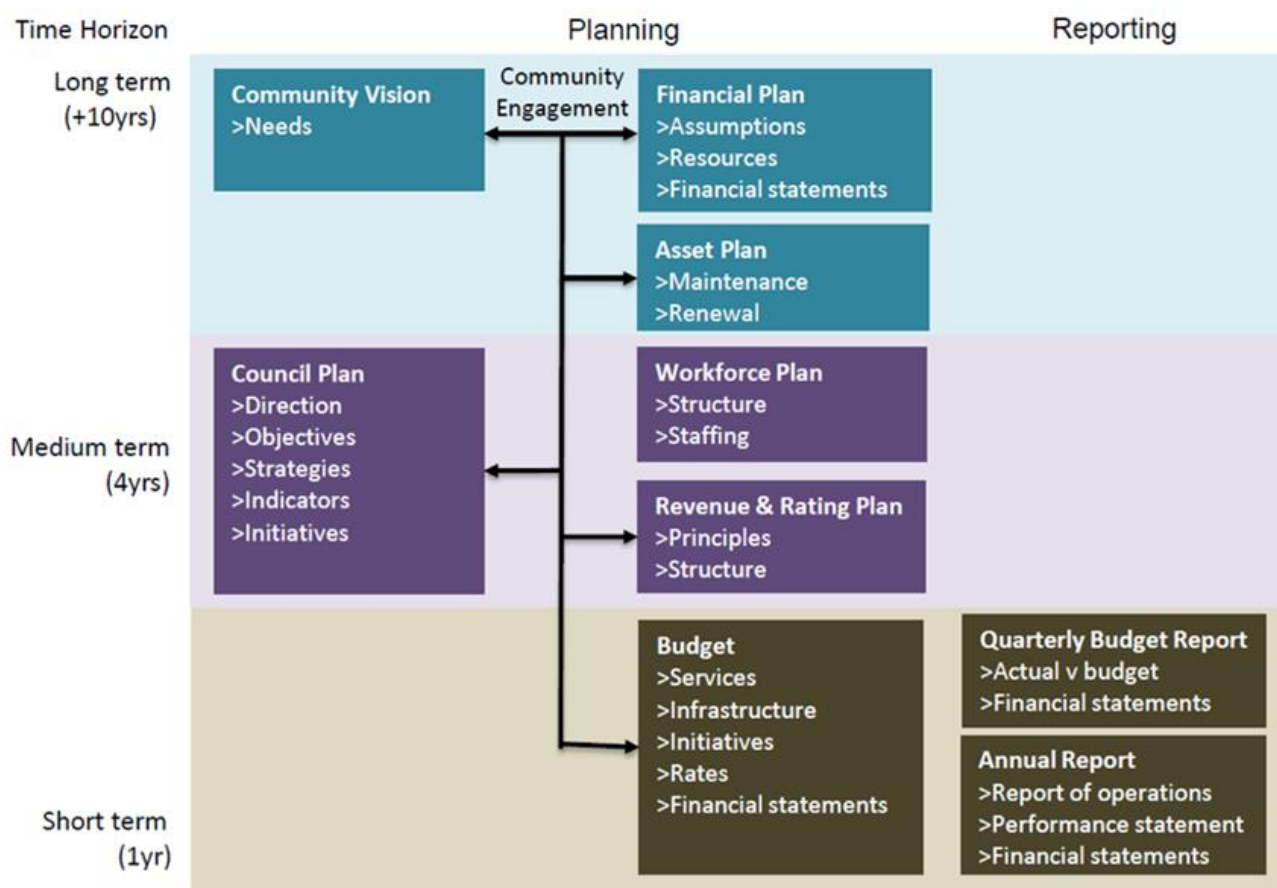
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1. Legislative Requirements

The Financial Plan links to the achievement of the Community Vision and the Council Plan within the Integrated Strategic Planning & Reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Community Vision), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

The following diagram provides an overview of the core legislated elements of an integrated strategic planning and reporting framework and outcomes.

The following figure demonstrates how each element might inform or be informed by other parts of the integrated framework.



1.1 Strategic Planning Principles

The Financial Plan provides a 10 year financially sustainable projection regarding how the actions of the Council Plan may be funded to achieve the Community Vision. The Financial Plan is developed in the context of the following strategic planning principles:

- Council has an integrated approach to planning, monitoring and performance reporting.
- The Financial Plan addresses the Community Vision by funding the aspirations of the Council Plan. The Council Plan aspirations and actions are formulated in the context of the Community Vision.
- The Financial Plan statements articulate the 10-year financial resources necessary to implement the goals and aspirations of the Council Plan to achieve the Community Vision.

- Council's strategic planning principles identify and address the risks to effective implementation of the Financial Plan.

1.2 Financial Management Principles

The Financial Plan demonstrates the following financial management principles:

- Revenue, expenses, assets, liabilities, investments and financial transactions are managed in accordance with Council's financial policies and strategic plans.
- Management of the following financial risks:
 - the financial viability of the Council.
 - the management of current and future liabilities of the Council.
- Financial policies and strategic plans are designed to provide financial stability and predictability to the community.
- Council maintains accounts and records that explain its financial operations and financial position (refer section 3 Financial Statements)

1.3 Engagement Process

Under the Local Government Act 2020, Council is required to prepare the Financial Plan in accordance with its deliberative engagement practices.

Input was gathered through engagement undertaken linked to the development of the Council Plan and Municipal Public Health & Wellbeing Plan. The community feedback received was then analysed by Councillors to identify the priority areas addressed within the plans.

1.4 Service Performance Principles

Council services are designed for purpose, targeted to community needs and value for money. The service performance principles are listed below:

- Services are provided in an equitable manner and are responsive to the diverse needs of the community. The Council Plan is designed to identify the key services and projects to be delivered to the community. The Financial Plan provides the mechanism to demonstrate how the service aspirations within the Council Plan may be funded.
- Services are accessible to the relevant users within the community.
- Council provides quality services that provide value for money to the community. The Local Government Performance Reporting Framework (LGPRF) is designed to communicate Council's performance regarding the provision of quality and efficient services.

1.5 Asset Plan Integration

Integration to the Asset Plan is a key principle of the Council's strategic financial planning principles. The purpose of this integration is designed to ensure that future funding is allocated in a manner that supports service delivery in terms of the plans and the effective management of Council's assets into the future. In accordance with the *Local Government Act 2020* the Asset Plan must also be adopted by the 31 October 2025.

The Asset Plan identifies the operational and strategic practices which will ensure that Council manages assets across their life cycle in a financially sustainable manner. The Asset Plan, and associated asset management policies, provide Council with a sound base to understand the risk associated with managing its assets for the community's benefit.

The Asset Plan is designed to inform the 10-year Financial Plan by identifying the amount of capital renewal and maintenance funding that is required over the life of each asset category. The level of funding will incorporate knowledge of asset condition, the risk assessment issues as well as the impact of reviewing and setting intervention and service levels for each asset class.

In addition to identifying the operational and strategic practices that ensure that Council manages assets across their life cycle in a financially sustainable manner, the Asset Plan quantifies the asset portfolio and the financial implications of those practices. Together the Financial Plan and Asset Plan seek to balance projected investment requirements against projected budgets.

The budget process allocates funding in the order of repayment of borrowings, operational budgets and finally capital works. As capital works is the last to be funded through the budget process, this generally results in a shortfall in available funds to enable assets to be renewed at the ideal level as identified in the Asset Plan or for the allocation of funding for new or upgraded assets without external grant funding. This may result in assets degrading beyond the recommended intervention levels based on condition assessments. Without intervention over the medium to long term this will result in aging assets that fail on a more regular basis, thus impacting Council's ability to meet the service levels expected by the community.

2. Financial Plan Context

This section describes the context and external / internal environment and consideration in determining the 10-year financial projections and assumptions.

2.1 Financial Policy Statements

This section indicates Council's financial sustainability taking into consideration the aspirations of the Community Vision and Council Plan. Council uses the Victorian Auditor General Office financial sustainability indicators as a guide. The colours indicate the risk assessment of the result, it is Councils aim to remain in the green or yellow risk criteria.

Policy Statement	Measure	Target	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Net result - indicates how much of each dollar collected as revenue translates to net result. The higher the % the stronger the result	Net Result / Total Revenue	> -10%	23.01%	7.40%	4.20%	4.18%	3.67%	4.26%	4.25%	3.41%	3.62%	2.86%
Adjusted underlying result - the ability of the organisation to generate a surplus in the ordinary course of business. A surplus indicates a strong operating position	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	> 0	(6.86%)	(7.06%)	(5.64%)	(6.80%)	(6.50%)	(6.21%)	(5.96%)	(5.71%)	(5.48%)	(5.24%)
Liquidity - ability of council to meet its immediate debts. The higher the ratio the greater the ability to meet obligations as they fall due.	Current Assets / Current Liabilities	> 1	2.04	2.36	2.53	2.65	2.84	3.00	3.13	3.07	2.66	2.43
Internal financing - ability to finance capital works using cash generated by its operating cash flow. The higher the % the greater the the ability to finance capital works from its own funds.	Net operating cash flow / Net capital expenditure	> 75%	79.68%	101.65%	116.00%	122.02%	124.82%	111.81%	117.92%	108.14%	75.14%	88.14%
Indebtedness - assesses a councils ability to pay principal and interest on borrowings as they fall due from the funds it generates. The lower the ratio the less revenue the entity is required to use to repay its total debt.	Non-current liabilities / Own-source revenue	< 60%	23.64%	19.15%	19.11%	16.71%	14.84%	16.22%	15.34%	14.22%	15.46%	14.47%
Capital replacement ratio - compares the rate of all capital spending against annual depreciation. Long term indicator, a ratio of less than 1 means the spending on capital works has not kept pace with consumption of assets	Cash outflows for infrastructure, property, plant and equipment / Depreciation	> 1	2.35	1.12	1.00	0.98	0.93	1.04	1.00	1.06	1.56	1.29
Renewal gap ratio - compares the rate of capital expenditure on infrastructure assets with depreciation expense. A ratio of less than 1 means that spending on infrastructure renewal is not keeping pace with consumption of assets.	Renewal & upgrade expenditure / Depreciation	> 0.5	1.11	0.78	0.87	0.81	0.82	0.94	0.85	0.84	0.90	0.81

Council recognises the need to take action to rectify those areas identified as high risk in red above. This primarily relates to the underlying result and capital replacement ratio. Increasing depreciation costs and an expanding asset base ultimately result in a shortfall of funds available to renew infrastructure assets at the same level as depreciation. Significant work remains in identifying the

right balance of infrastructure assets, services and service levels in order to meet community expectations in a sustainable manner.

2.2 Strategic Actions

Following the deliberative engagement process, Council has identified strategic actions that will support the Community Vision and aspirations of the Council Plan.

The Council Plan, reflecting our Community Vision, centres around the following strategic directions:

- **Our Economy – Investment, Jobs, Growth**
- **Our City – Liveable, Sustainable, Connected**
- **Our Community – Healthy, Inclusive, Safe**

supported by

- **Our Organisation – Leadership, Collaboration, Capability**

The Financial Plan has been prepared to allocate the financial resources of Council to support the outcomes of the Community Vision and Council Plan over the next 10 years.

2.3 Assumptions to the Financial Plan statements

This section presents information regarding the assumptions to the Comprehensive Income Statement for the 10 years from 2025/26 to 2034/35. The assumptions comprise the annual escalations / movement for each line item of the Comprehensive Income Statement.

Indexation Assumptions	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
CPI	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rates	1.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rates Growth	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Waste Charges	18.78%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
User Fees & Charges	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Statutory Fees & Fines	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants Operating	8.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Grants Capital	54.35%	(80.24%)	(69.24%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Revenue Excl Investment	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee Costs	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Materials & Consumables	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Expenses	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

2.3.1 Key Assumption Information

The following provides further explanation on how Council's assumptions have been determined. The assumptions have been established on the best information available at the time of developing this plan and are subject to variation by internal and external factors particularly in the outer years. The 25/26 budget incorporates a reduction in operating costs of \$1.5 million across different areas of operating expenditure and is maintained throughout the plan.

Consumer Price Index (CPI) – Council utilises the Victorian State Government Department of Treasury and Finance (DTF) macroeconomic indicators to inform the forecast rate of CPI.

Rates – Council is limited to the Fair Go Rates System rate cap which is set by the Minister each year. Historically the rate cap has been closely aligned with CPI, although the Minister is able to take into consideration other factors including efficiency targets when setting this rate. Council's assumption is that the annual rate cap will continue to be closely aligned to CPI predictions.

Rates Growth – This represents the annual increase in rates revenue associated with an expansion of the rates base and is predominately driven by new subdivisions resulting in additional residential

assessments. Historically Council's growth rate has remained reasonably steady at around 0.5% per annum which equates to approximately 200 new assessments each year. This rate of growth is assumed to continue for the term of the plan.

Waste Charges – Waste charges are calculated on a fee for service basis, with annual costs representing predicted whole of life costs associated with the collection, processing, disposal, and lifetime management and rehabilitation of existing and legacy landfill sites. Council currently employs a three-bin waste system, costs are expected to grow in line with annual CPI predictions. The costs associated with the introduction of a fourth bin (glass) have not been considered as part of this plan and will require future consideration once there is a better understanding of the bin service and the impacts across the combined services. The large increase in 25/26 is representative of the inclusion of the costs to run Council's four transfer stations, these costs were removed from the 24/25 waste charges as Council considered the new ministerial guidelines for Service Rates and Charges. It was determined that in order to maintain the service of transfer stations the recovery of costs needed to be maintained within the waste charges, with the costs recovered through the fee for rubbish collection, and annual domestic waste passes for those outside the collection areas.

User Fees & Charges – User charges are expected to increase in line with CPI predictions and growth. Overall it is anticipated that revenue from services will continue to grow in line with CPI.

Statutory Fees & Fines – Statutory fees and fines are set by legislation; it is expected that these fees will continue to increase in line with CPI predictions.

Grants Operating - Council currently receives grants for tied (specific purpose grants) and un-tied Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGGC). Operating grants have traditionally increased annually at less than the rate of CPI, it is assumed that this will continue, and operating grants are assumed to increase at a rate of CPI less 1%.

Grants Capital – The model assumes the continuation of funding for major multiyear projects including the Regional Car Park Fund, Community Infrastructure projects and Traralgon Flood Recovery Projects. The funding for these projects is received in milestone payments with funding received in full by the end of 28/29. Ongoing funding has been included in the plan for Roads to Recovery, which is assumed to continue in perpetuity, the funding amounts have been confirmed through to 2028/29, with funding assumed to remain at existing levels. Additionally, assumptions have also been made around the inclusion of Blackspot Program funding and Recreation funding on an ongoing annual basis.

Other Revenue – Comprises investment income, interest on overdue rates, property rental and leases, and other sundry income. It is assumed that investment interest will fall over the next 4 years due to decreasing interest rates. Other categories are expected to increase in line with CPI expectations

Employee Costs – Employee costs make up a significant portion of Council's operating expenses annual increases include estimated Enterprise Bargaining Agreement increases, and movements within banding levels. The current EBA expires in 2026/27, it is estimated that future EBA increases will be at an average level of 2%.

Materials and Consumables – Includes contractors, consultants, materials, utilities, insurance, professional services, and other requirements for the running of the organisation and maintenance and repairs of Council's infrastructure (buildings, roads, drains, footpaths, bridges etc.). These costs are traditionally more influenced by market forces than CPI alone. Over the period of the Financial Plan, it is assumed that these costs will be maintained within annual CPI increases.

Other Expenses – Other expenses include administration costs such as community grants, Councillor allowances, levies, leases, audit costs and other costs associated with the day to day running of Council. Increases in these areas are expected to be maintained within CPI increases.

2.4 Other Matters impacting the 10-year financial projections

Current challenges and expected future events likely to impact the Financial Plan projections include:

The expected closure of power stations.

Electricity generation via coal fired power stations is a major contributor to the economy of the region. The generators themselves contribute almost 13% of Council's rate revenue on an annual basis along with the industry directly and indirectly supporting a significant portion of Latrobe City Council's residents.

The closure of Yallourn power station in 2027/28 will result in

- A reduction of approximately \$2 million in rates revenue from 2028/29.
- As generators sit outside the rate cap process, it is assumed that Council will be unable to recover the reduction in revenue.
- In order to prepare for the reduction in revenue, the financial plan includes annual unidentified savings of \$0.4 million per year through to 2027/28. This readies the organisation for the reduced annual revenue, with the savings able to be utilised to assist the economic transition.

The closure of Loy Yang A power station

- Closure of Loy Yang A is anticipated to occur in 3034/35
- The closure will result in a reduction of approximately \$4 million in rates revenue from 35/36
- In preparation for the closure this plan includes annual unidentified savings in expenditure across capital and operating from 30/31 to 34/35 of \$0.75 million per year. This readies the organisation for the reduced annual revenue, with the savings able to be utilised to assist the economic transition.

New renewable energy generation facilities

- Latrobe City Council is identified as an expansion area for renewable energy opportunities, which include both solar and wind generation along with battery storage facilities
- A 450-megawatt solar farm has been proposed within the region, it is expected that this facility will be operational in 2027/28.
- An assumption has been included in the model which allows for \$0.7 million per year of additional revenue associated with new generation and storage facilities.

Development Contribution Plan (DCP)

Developer contribution plans set out the requirements proposed to fund, plan and deliver infrastructure and services to meet the needs of the residents within the area covered by the DCP. While the developers are required to fund the requirements of the developed area it often also requires Council to provide certain shared infrastructure and to fund infrastructure in the interim while waiting for contributions from developers who may be many years from developing.

The timing of contributions is linked to the progression of the development, therefore the amount of funding required, and the timing of funding requirements by Council is not easily identifiable. It is assumed in this plan that any bridging funding requirements by Council will be borrowed from internal cash reserves, the amount borrowed will fluctuate year on year and is estimated to be a maximum requirement of approximately \$20 million. There will also be a requirement to fund over \$14 million of Council funded infrastructure assets which are assumed will be funded through future new borrowings. These borrowings have not been included in this plan as they are estimated to fall outside the term of the plan, with internal

borrowings being utilised in the first instance, with a plan to borrow for unfunded portions of the DCPs at the back end of the developments where they have not been funded through annual budgets.

Estimated cashflows have been included in the Financial Plan, recognising the impact on cash holdings in order to fund contribution shortfalls.

Current DCPs include:

- Morwell North West
- Traralgon North
- Lake Narracan

3. Financial Plan Statements

This section presents information regarding the Financial Plan Statements for the 10 years from 2025/26 to 2034/35.

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works

3.1 Comprehensive Income Statement

	Forecast /											
	Actual	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Assumptions	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income												
Rates and charges	95,374	99,591	102,866	106,683	107,388	110,570	113,834	117,183	120,619	124,143	127,760	
Statutory fees and fines	2,972	3,031	3,107	3,184	3,264	3,346	3,429	3,515	3,603	3,693	3,785	
User fees	12,912	12,336	12,644	12,961	13,285	13,617	13,957	14,306	14,664	15,030	15,406	
Grants - Operating	36,822	40,256	33,022	33,517	34,020	34,530	35,048	35,574	36,108	36,649	37,199	
Grants - Capital	20,540	55,947	11,053	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650	
Contributions - monetary	1,536	320	6,708	4,979	6,800	5,460	6,345	6,053	3,997	4,152	2,164	
Contributions - non-monetary	10,000	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(5,000)	(5,000)	(5,117)	(5,117)	(5,118)	(5,118)	(5,118)	(5,119)	(5,119)	(5,120)	(5,120)	
Other income	10,070	7,037	6,343	6,175	6,009	6,074	6,136	6,199	6,264	6,331	6,399	
Total income	185,226	223,518	180,876	177,539	181,066	184,167	189,596	193,958	196,672	201,712	204,731	
Expenses												
Employee costs	(66,867)	(69,694)	(71,578)	(73,011)	(74,474)	(75,965)	(77,487)	(79,039)	(80,622)	(82,237)	(83,884)	
Materials and services	(56,750)	(57,772)	(51,172)	(51,726)	(52,823)	(54,403)	(56,031)	(57,707)	(59,433)	(61,212)	(63,043)	
Depreciation	(35,441)	(37,100)	(37,842)	(38,599)	(39,371)	(40,161)	(40,965)	(41,784)	(42,620)	(43,472)	(44,341)	
Amortisation - intangible assets	(944)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	
Amortisation - right of use assets	(145)	(141)	(163)	(133)	(139)	(140)	(139)	(139)	(139)	(143)	(142)	
Borrowing costs	(364)	(318)	(330)	(258)	(187)	(120)	(77)	(64)	(52)	(38)	(24)	
Finance Costs - leases	(46)	(44)	(36)	(36)	(47)	(42)	(37)	(32)	(33)	(44)	(37)	
Other expenses	(5,235)	(4,871)	(4,988)	(5,112)	(5,239)	(5,397)	(5,559)	(5,725)	(5,896)	(6,074)	(6,255)	
Total expenses	(165,792)	(170,940)	(167,109)	(169,875)	(173,280)	(177,229)	(181,295)	(185,490)	(189,795)	(194,220)	(198,726)	
Surplus/(deficit) for the year	19,434	52,578	13,767	7,664	7,786	6,938	8,301	8,468	6,877	7,493	6,005	
Other comprehensive income												
Items that will not be reclassified to surplus or deficit in future periods												
Net asset revaluation increment /(decrement)	28,949	31,205	32,916	33,769	34,557	35,348	36,123	36,996	37,862	4,063	5,178	
Total comprehensive result	48,383	83,783	46,683	41,433	42,343	42,287	44,425	45,464	44,739	11,556	11,183	

3.2 Balance Sheet

	Forecast /										
	Actual										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets											
Current assets											
Cash and cash equivalents	10,494	14,939	13,559	12,645	14,329	11,829	12,376	10,438	14,675	13,376	12,195
Trade and other receivables	5,348	5,455	5,291	5,231	5,298	5,341	5,558	5,655	5,717	6,036	5,988
Other financial assets (term deposits)	90,000	65,000	65,000	70,000	75,000	85,000	90,000	100,000	100,000	85,000	80,000
Other assets	5,324	5,484	5,484	5,484	5,484	5,484	5,484	5,484	5,484	5,484	5,484
Total current assets	111,166	90,878	89,334	93,360	100,111	107,654	113,417	121,577	125,876	109,896	103,667
Non-current assets											
Other Financial Assets	2	2	2	2	2	2	2	3	3	3	3
Property, infrastructure, plant & equipment	1,560,221	1,645,796	1,683,757	1,718,477	1,753,383	1,787,512	1,826,610	1,865,518	1,907,676	1,936,057	1,955,205
Right-of-use assets	1,015	911	748	1,145	1,006	866	727	588	1,004	861	719
Landfill rehabilitation intangible asset	448	2,447	1,447	3,447	2,447	1,447	3,447	2,447	1,447	3,447	2,447
Total non-current assets	1,561,686	1,649,156	1,685,954	1,723,072	1,756,839	1,789,827	1,830,786	1,868,555	1,910,130	1,940,368	1,958,374
Total assets	1,672,852	1,740,034	1,775,288	1,816,432	1,856,949	1,897,482	1,944,203	1,990,132	2,036,006	2,050,263	2,062,041
Liabilities											
Current liabilities											
Trade and other payables	11,747	12,217	12,499	12,642	12,942	13,290	13,647	13,976	14,392	14,780	15,178
Trust funds and deposits	6,029	6,150	6,335	6,588	6,851	7,125	7,410	7,707	8,015	8,336	8,669
Unearned income/revenue	25,388	9,388	1,626	1,626	1,626	1,659	1,692	1,726	1,760	1,795	1,831
Provisions	13,411	14,323	14,696	13,483	13,835	15,433	14,653	15,055	16,357	15,920	16,555
Interest-bearing loans and borrowings	5,626	2,368	2,607	2,395	2,462	241	254	267	280	295	310
Lease liabilities	133	148	106	126	131	136	141	106	138	145	151
Total current liabilities	62,334	44,594	37,869	36,860	37,848	37,884	37,797	38,836	40,942	41,271	42,694
Non-current liabilities											
Provisions	16,428	17,571	15,715	18,456	18,237	16,823	19,602	19,402	18,333	21,146	20,780
Interest-bearing loans and borrowings	9,145	9,277	6,504	4,109	1,646	1,405	1,151	885	604	310	-
Lease liabilities	946	810	735	1,109	977	841	700	593	970	825	673
Total non-current liabilities	26,519	27,658	22,954	23,674	20,861	19,069	21,453	20,880	19,908	22,281	21,453
Total liabilities	88,853	72,252	60,823	60,534	58,709	56,954	59,250	59,716	60,850	63,551	64,147
Net assets	1,583,999	1,667,782	1,714,465	1,755,898	1,798,241	1,840,528	1,884,953	1,930,417	1,975,156	1,986,712	1,997,895
Equity											
Accumulated surplus	901,348	953,706	962,724	966,704	970,743	973,039	975,246	980,407	988,502	1,014,235	1,034,033
Reserves	682,651	714,076	751,741	789,194	827,498	867,489	909,708	950,010	986,653	972,477	963,862
Total equity	1,583,999	1,667,782	1,714,465	1,755,898	1,798,241	1,840,528	1,884,953	1,930,417	1,975,156	1,986,712	1,997,895

3.3 Statement of Changes in Equity

	Total \$'000	Accumulate d Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2024/25 Forecast Actual				
Balance at beginning of the financial year	1,535,616	882,908	644,670	8,038
Surplus/(deficit) for the year	19,434	19,434	-	-
Net asset revaluation increment/(decrement)	28,949	-	28,949	-
Transfers (to)/from other reserves	-	(994)	-	994
Balance at end of the financial year	1,583,999	901,348	673,619	9,032
2025/26				
Balance at beginning of the financial year	1,583,999	901,348	673,619	9,032
Surplus/(deficit) for the year	52,578	52,578	-	-
Net asset revaluation increment/(decrement)	31,205	-	31,205	-
Transfers (to)/from other reserves	-	(220)	-	220
Balance at end of the financial year	1,667,782	953,706	704,824	9,252
2026/27				
Balance at beginning of the financial year	1,667,782	953,706	704,824	9,252
Surplus/(deficit) for the year	13,767	13,767	-	-
Net asset revaluation increment/(decrement)	32,916	-	32,916	-
Transfers (to)/from other reserves	-	(4,749)	-	4,749
Balance at end of the financial year	1,714,465	962,724	737,740	14,001
2027/28				
Balance at beginning of the financial year	1,714,465	962,724	737,740	14,001
Surplus/(deficit) for the year	7,664	7,664	-	-
Net asset revaluation increment/(decrement)	33,769	-	33,769	-
Transfers (to)/from other reserves	0	(3,684)	-	3,684
Balance at end of the financial year	1,755,898	966,704	771,509	17,685
2028/29				
Balance at beginning of the financial year	1,755,898	966,704	771,509	17,685
Surplus/(deficit) for the year	7,785	7,785	-	-
Net asset revaluation increment/(decrement)	34,557	-	34,557	-
Transfers (to)/from other reserves	0	(3,747)	-	3,747
Balance at end of the financial year	1,798,241	970,743	806,067	21,432
2029/30				
Balance at beginning of the financial year	1,798,241	970,743	806,067	21,432
Surplus/(deficit) for the year	6,939	6,939	-	-
Net asset revaluation increment/(decrement)	35,348	-	35,348	-
Transfers (to)/from other reserves	0	(4,642)	-	4,642
Balance at end of the financial year	1,840,528	973,039	841,415	26,074

3.3 Statement of Changes in Equity

	Total \$'000	Accumulate d Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2030/31				
Balance at beginning of the financial year	1,840,528	973,039	841,415	26,074
Surplus/(deficit) for the year	8,302	8,302	-	-
Net asset revaluation increment/(decrement)	36,123	-	36,123	-
Transfers (to)/from other reserves	0	(6,095)	-	6,095
	-	-	-	-
Balance at end of the financial year	1,884,953	975,246	877,539	32,169
2031/32				
Balance at beginning of the financial year	1,884,953	975,246	877,539	32,169
Surplus/(deficit) for the year	8,468	8,468	-	-
Net asset revaluation increment/(decrement)	36,996	-	36,996	-
Transfers (to)/from other reserves	(0)	(3,306)	-	3,306
	-	-	-	-
Balance at end of the financial year	1,930,417	980,407	914,534	35,475
2032/33				
Balance at beginning of the financial year	1,930,417	980,407	914,534	35,475
Surplus/(deficit) for the year	6,876	6,876	-	-
Net asset revaluation increment/(decrement)	37,862	-	37,862	-
Transfers (to)/from other reserves	(0)	1,219	-	(1,219)
	-	-	-	-
Balance at end of the financial year	1,975,156	988,502	952,397	34,257
2033/34				
Balance at beginning of the financial year	1,975,156	988,502	952,397	34,257
Surplus/(deficit) for the year	7,493	7,493	-	-
Net asset revaluation increment/(decrement)	4,063	-	4,063	-
Transfers (to)/from other reserves	0	18,239	-	(18,239)
	-	-	-	-
Balance at end of the financial year	1,986,712	1,014,235	956,460	16,017
2034/35				
Balance at beginning of the financial year	1,986,712	1,014,235	956,460	16,017
Surplus/(deficit) for the year	6,005	6,005	-	-
Net asset revaluation increment/(decrement)	5,178	-	5,178	-
Transfers (to)/from other reserves	(0)	13,793	-	(13,793)
	-	-	-	-
Balance at end of the financial year	1,997,895	1,034,033	961,638	2,224

3.4 Statement of Cash Flows

	Forecast / Actual										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflow s (Outflow s)	Inflow s (Outflow s)	Inflow s (Outflow s)	Inflow s (Outflow s)	Inflow s (Outflow s)	Inflow s (Outflow s)	Inflow s (Outflow s)	Inflow s (Outflow s)	Inflow s (Outflow s)	Inflow s (Outflow s)	Inflow s (Outflow s)
Cash flows from operating activities											
Rates and charges	94,911	99,484	98,649	106,556	107,460	110,504	113,767	117,122	120,539	124,071	127,686
Statutory fees and fines	2,972	3,031	3,287	3,499	3,585	3,676	3,768	3,862	3,958	4,057	4,159
User fees	12,912	12,336	13,378	14,239	14,591	14,960	15,334	15,720	16,108	16,513	16,926
Grants - operating	36,822	40,255	34,628	36,697	37,245	37,812	38,379	38,956	39,537	40,132	40,734
Grants - capital	34,826	39,948	10,584	4,738	4,650	4,651	4,651	4,651	4,651	4,651	4,651
Contributions - monetary	1,536	320	6,708	4,979	6,800	5,460	6,345	6,053	3,997	4,152	2,164
Interest received	5,807	4,400	4,050	3,825	3,600	3,605	3,605	3,605	3,605	3,605	3,605
Trust funds and deposits taken	-	121	185	253	264	274	285	296	308	321	333
Other receipts	4,262	2,637	2,170	2,677	2,545	2,787	2,733	2,868	3,033	2,987	3,179
Net GST refund / payment	3,800	3,900	4,063	4,080	4,066	4,042	4,547	4,623	4,975	6,977	6,347
Employee costs	(66,482)	(69,289)	(71,073)	(72,517)	(73,945)	(75,435)	(76,944)	(78,494)	(80,041)	(81,653)	(83,286)
Materials and services	(64,392)	(62,715)	(55,940)	(56,664)	(57,736)	(59,418)	(61,201)	(63,062)	(64,903)	(66,876)	(68,882)
Short-term, low value and variable lease	(165)	(146)	(150)	(153)	(157)	(157)	(157)	(157)	(157)	(157)	(157)
Trust funds and deposits repaid	(279)	-	-	-	-	-	-	-	-	-	-
Other payments	(5,066)	(4,720)	(7,371)	(7,508)	(6,050)	(6,182)	(7,556)	(6,548)	(6,714)	(7,779)	(7,099)
Net cash provided by/(used in) operating activities	61,464	69,562	43,167	44,700	46,916	46,578	47,555	49,495	48,897	50,999	50,357
Cash flows from investing activities											
Payments for property, infrastructure, plant and equipment	(59,709)	(87,306)	(42,466)	(38,533)	(38,450)	(37,317)	(42,532)	(41,974)	(45,218)	(67,874)	(57,135)
Proceeds from sale of property, infrastructure, plant and equipment	1,175	835	937	956	975	994	1,014	1,034	1,055	1,076	1,098
Payments for investments (term deposits)	-	-	(0)	(5,000)	(5,000)	(10,000)	(5,000)	(10,000)	(0)	-	-
Proceeds from sale of investments (term deposits)	5,000	25,000	-	-	-	-	-	-	-	15,000	5,000
Net cash provided by/ (used in) investing activities	(53,534)	(61,471)	(41,529)	(42,577)	(42,476)	(46,323)	(46,518)	(50,940)	(44,163)	(51,798)	(51,037)
Cash flows from financing activities											
Finance costs	(364)	(318)	(330)	(258)	(187)	(120)	(77)	(64)	(52)	(38)	(24)
Proceeds from borrowings	-	2,500	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(2,217)	(5,626)	(2,534)	(2,607)	(2,395)	(2,462)	(241)	(254)	(267)	(280)	(295)
Interest paid - lease liability	(46)	(44)	(36)	(36)	(47)	(42)	(37)	(32)	(33)	(44)	(37)
Repayment of lease liabilities	(148)	(158)	(117)	(136)	(127)	(131)	(136)	(142)	(146)	(138)	(146)
Net cash provided by/(used in) financing activities	(2,775)	(3,646)	(3,017)	(3,036)	(2,756)	(2,755)	(491)	(492)	(497)	(500)	(501)
Net increase/(decrease) in cash & cash equivalents	5,155	4,445	(1,380)	(914)	1,684	(2,500)	546	(1,937)	4,237	(1,299)	(1,181)
Cash and cash equivalents at the beginning of the financial year	5,339	10,494	14,939	13,559	12,645	14,329	11,829	12,376	10,438	14,675	13,376
Cash and cash equivalents at the end of the financial year	10,494	14,939	13,559	12,645	14,329	11,829	12,376	10,438	14,675	13,376	12,195

3.5 Statement of Capital Works

	Forecast / Actual										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property											
Land	390	-	-	-	-	-	-	-	-	-	-
Buildings	11,001	51,675	10,509	3,881	3,978	4,326	4,775	4,587	4,587	4,770	4,684
Heritage buildings	88	-	-	-	-	-	-	-	-	-	-
Total property	11,479	51,675	10,509	3,881	3,978	4,326	4,775	4,587	4,587	4,770	4,684
Plant and equipment											
Heritage plant and equipment	14	14	14	15	15	15	16	17	17	18	19
Plant, machinery and equipment	4,561	3,200	3,280	3,362	3,446	3,532	3,673	3,820	3,973	4,132	4,297
Fixtures, fittings and furniture	82	10	10	11	11	11	11	12	12	13	13
Computers and telecommunications	901	850	871	893	915	938	976	1,015	1,055	1,098	1,142
Total plant and equipment	5,558	4,074	4,176	4,280	4,387	4,497	4,677	4,864	5,058	5,261	5,471
Infrastructure											
Roads	19,466	14,520	14,826	15,798	16,108	16,426	17,972	17,862	18,053	17,574	17,375
Bridges	280	1,777	1,321	1,477	1,915	1,961	2,040	2,122	1,717	1,795	1,886
Footpaths and cycleways	1,487	1,012	1,037	1,063	1,090	1,117	1,162	1,208	1,257	1,307	1,359
Drainage	3,377	1,006	1,032	1,058	1,084	1,112	1,156	1,202	1,250	1,300	1,352
Recreational, leisure and community facilities	2,513	11,161	3,228	1,996	2,015	2,034	2,065	2,098	2,132	2,167	2,203
Waste management	2,092	250	513	3,152	269	552	3,444	298	621	3,874	336
Parks, open space and streetscapes	2,328	1,606	1,024	1,043	1,063	1,083	1,117	1,151	1,187	1,225	1,264
Off street car parks	9,463	225	231	236	242	248	258	269	279	291	302
Other infrastructure *	1,666	-	709	1,045	2,803	568	-	2,497	4,966	22,141	15,707
Total infrastructure	42,672	31,557	23,921	26,869	26,589	25,102	29,214	28,707	31,462	51,673	41,785
Total capital works expenditure	59,709	87,306	38,606	35,030	34,955	33,925	38,665	38,158	41,107	61,704	51,941
Represented by:											
New asset expenditure	17,388	46,095	9,188	1,323	3,082	848	281	2,779	5,250	22,426	15,993
Asset renewal expenditure	26,745	28,878	27,346	32,149	30,291	31,472	36,740	33,694	34,130	37,506	34,130
Asset upgrade expenditure	15,576	12,333	2,072	1,558	1,581	1,605	1,644	1,685	1,728	1,772	1,818
Total capital works expenditure	59,709	87,306	38,606	35,030	34,955	33,925	38,665	38,158	41,107	61,704	51,941
Funding sources represented by:											
Grants	20,540	55,947	11,053	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650
Council cash	39,169	28,859	27,553	30,380	30,305	29,275	34,015	33,508	36,457	57,054	47,291
Borrowings	-	2,500	-	-	-	-	-	-	-	-	-
Total capital works expenditure	59,709	87,306	38,606	35,030	34,955	33,925	38,665	38,158	41,107	61,704	51,941

* Other Infrastructure includes Developer Contribution Plan (DCP) payments for infrastructure assets which will be reallocated to the relevant infrastructure asset class upon receipt.

4. Strategies and Plans

This section describes the strategies and plans that support the 10-year financial projections included to the Financial Plan.

4.1 Borrowing Strategy

Current Debt Position

The total amount borrowed as at 30 June 2025 is \$14.8 million.

Council's current borrowings primarily relate to a range of major infrastructure projects including the construction of the Gippsland Regional Aquatic Centre, Gippsland Performing Arts Centre, Gippsland Regional Indoor Sports Stadium, Stage 2 of the Moe Rail Precinct and upgrade to Kernot Hall in Morwell.

Loans are fixed interest spanning 10 years with all current borrowings due to be repaid by June 2030.

Future Borrowing Requirements

The Financial Plan limits new borrowings to 2025/26, these being associated with the development of Gaskin Park Churchill. Council's Loan Borrowing Policy allows Council to borrow to:

- Fund new assets, borrowings are normally used in conjunction with other government funding opportunities, these opportunities are considered as they become available.
- Fund lump sum funding calls by the Trustee of the Local Authorities Superannuation Fund (LASF) associated with the Defined Benefits Superannuation scheme, or
- Provide bridging finance for Development Contribution Plans (DCP's) where interest costs can be recouped by Council through the DCP scheme.

New borrowings are considered as part of the annual budget process, there are no other identified future borrowings, however the identification of amounts and timing of possible borrowings associated with DCP's has not been identified and may include future borrowings in order to fund Council's contribution towards infrastructure needs.