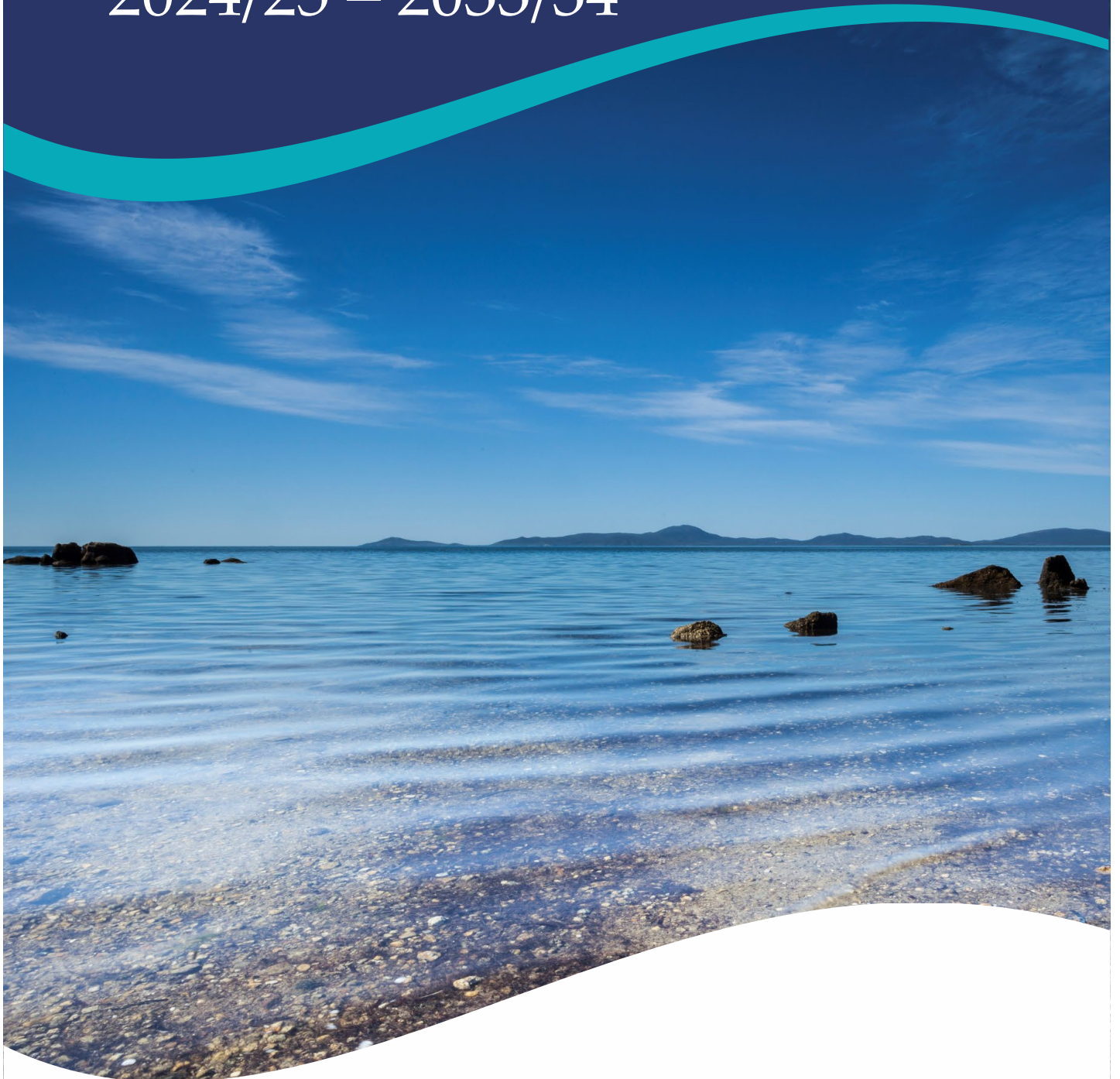


SOUTH GIPPSLAND SHIRE COUNCIL

Proposed Financial Plan 2024/25 – 2033/34



*Managing South Gippsland's
long-term financial sustainability.*



South Gippsland
Shire Council

Acknowledgment of Country

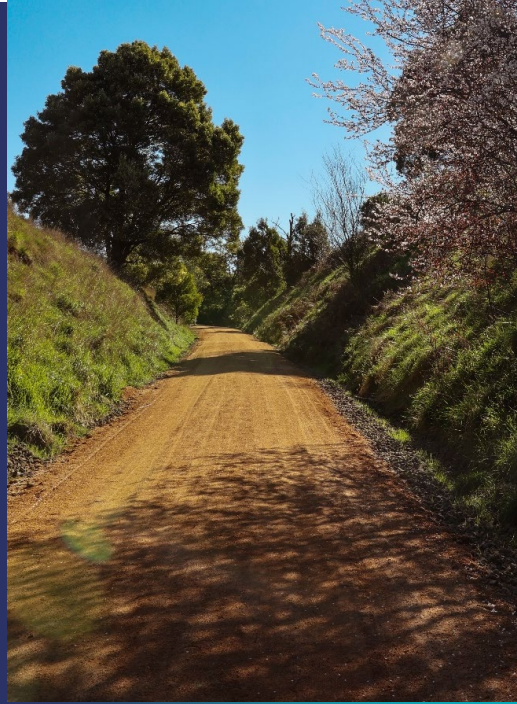
We acknowledge the Bunurong and Gunaikurnai people as the Traditional Custodians of South Gippsland and pay respect to their Elders, past, present, and future, for they hold the memories, traditions, culture, and hopes of Aboriginal and Torres Strait Islander people of Australia.



eucalyptus, (genus Eucalyptus)

Purpose of this document

The purpose of the Financial Plan (this Plan) is to provide a 10-year financially sustainable projection regarding how the Strategic Objectives and the actions of the Council Plan and other Integrated Plans may be funded to achieve Council's *Community Vision 2040*.



Great Southern Rail Trail (GSRT)

Front Page Photo: Duck Point

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About this Plan

1

This Plan outlines the broad financial parameters for Council's financial sustainability over the next ten years. The Plan is broken up into three main sections:

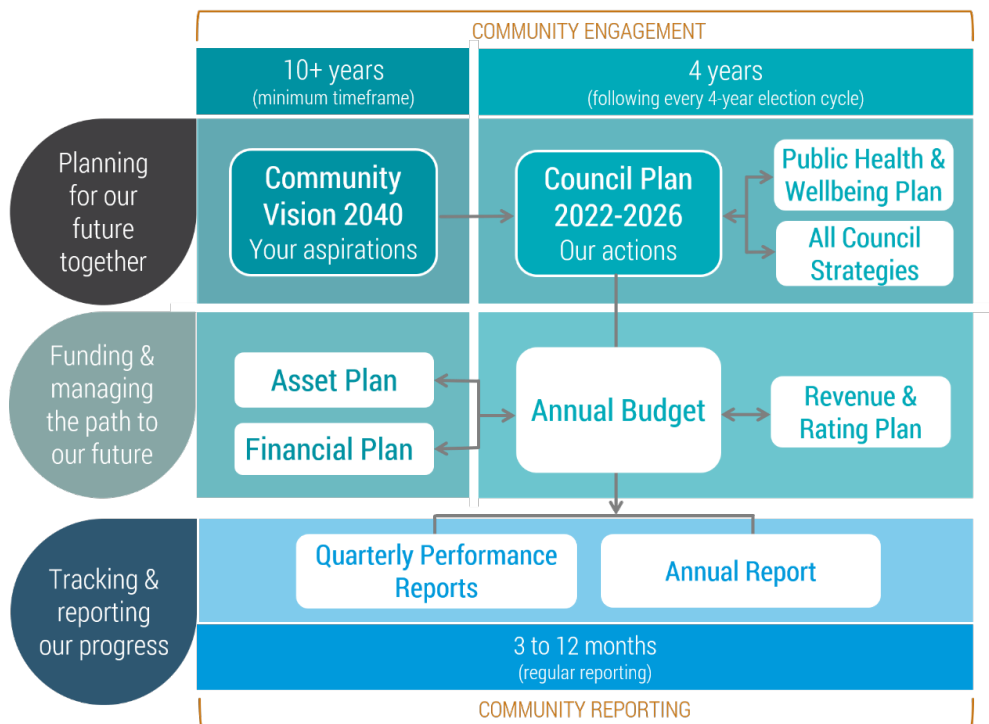
- **Financial Policies and Performance Indicators** that set out the financial targets that ensure Council remains financially sustainable;
- **Strategic Actions** identify the approach Council intends to take to achieve the financial policies; and
- **Financial Plan Statements** apply the strategic actions to a 10-year financial model to ensure Council meets our Financial Policy targets.

1.1 Background

The *Local Government Act 2020* (the Act) requires councils to prepare a 10-year Financial Plan in the year following a general election that links to the achievement of the Community Vision and the Council Plan within the Integrated Planning and Reporting Framework. Council updates the ten year financial plan annually to ensure it remains current and provides guidance for the ensuing ten year period

This framework guides the Council in identifying community needs and aspirations over the long-term through the Community Vision and Financial Plan, the medium-term through the Council Plan, Workforce Plan, and Revenue and Rating Plan, and short-term through the Annual Initiatives and the Budget. Council holds itself accountable through reporting publicly to the community in the Organisational and Financial Performance Reports and the Annual Report.

Figure 1: Council's Strategic Planning & Reporting Framework



1.2 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.

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, backlog 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.

1.3 Strategic Planning Principles

This 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 Plan is developed in the context of the following strategic planning principles:

- Council has an integrated approach to planning, monitoring and performance reporting.
- Council's 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.
- The Financial Plan provides for the strategic planning principles of progress monitoring and reviews to identify and adapt to changing circumstances.

1.4 Financial Management Principles

The 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 (refer to Section 2.1 Financial Policies).
 - The management of current and future liabilities of the Council. The estimated 10-year liabilities are disclosed in Section 4.2 Balance Sheet projections.
 - The beneficial enterprises of Council (where appropriate).
- 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 to Section 4 Financial Plan Statements).

1.5 Community Engagement

The *Local Government Act 2020* prescribes that deliberative community engagement be undertaken in accordance with Council's *Community Engagement Strategy 2020-2024* and *Community Engagement Policy (C06)* for the Financial Plan.

Financial Policies and Performance Indicators

2

2.1 Financial Policies

South Gippsland Shire Council's *Financial Management Policy (C86)* outlines how Council meets its responsibility of sound financial management in order to remain financially sustainable and comply with statutory obligations. Council is committed to remaining in a strong financial position, and utilises the Victorian Auditor General's Office (VAGO) financial sustainability indicators when making assessments regarding financial risks and forward planning. Council's Financial Plan contains the parameters in which Council budgets and considers what level of risk is acceptable. The following policy statements and measures are used to demonstrate Council's financial sustainability in order to fund the aspirations of the Community Vision and the Council Plan.

Policy Statement	Measure	Target	Justification
Consistent underlying surplus results	Adjusted underlying result (%) Adjusted underlying result / Adjusted underlying revenue	>0%	This measures an entity's ability to generate surplus in the ordinary course of business - excluding non-recurrent capital grants, non-monetary asset contributions, and other contributions to fund capital expenditure from net result. A surplus or increasing surplus suggests an improvement in the operating position.
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due	Working capital (ratio) Current Assets / Current Liabilities	>1.25	This indicator measure Council's ability to pay existing liabilities in the next 12 months. A ratio of one or more means that an entity has more cash and liquid assets than short-term liabilities.
Ensure Council maintains the ability to finance planned investments from its own resources	Self-financing (%) Net operating cash flow / Adjusted underlying revenue	>20%	This measures Council's ability to finance capital and other investments from its own resources, excluding income from non-recurrent capital grants, non-monetary asset contributions, and other contributions to fund capital expenditure from net result.
Ensures that Council could repay long term obligations from the income it generates internally	Indebtedness (%) Non-current liabilities / own-sourced revenue	<40%	This assesses an entity's ability to pay the principal and interest on its borrowings when they are due from the funds it generates. The lower the ratio, the less revenue the entity is required to use to repay its total debt. Own-sourced revenue is used, rather than total revenue, because it does not include grants or contributions.

Policy Statement	Measure	Target	Justification
That Council maintains total borrowings in line with rate income and growth of the municipality	Loans and borrowings (%) Total borrowings / Rate revenue	<60%	This measures Council's total debt as a percentage of rate revenue.
Council maintains debt service costs in line with rate income and growth of the municipality	Loans and borrowings payments (%) Repayments on loans (P+I) / Rate revenue	<10%	This measures Council's ability to pay existing liabilities in the next 12 months using cash reserves that are not restricted like trust funds and statutory reserves. It assesses the ability that Council has to pay its bills on time without utilising cash that are held to fund specific activities.

Below are the ten-year projections of these measures, also used as the key measures to ensure Council is financially sustainable in to the future.

Policy Statement	Measure	Target	Forecast										
			/ Actual										
			2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Consistent underlying surplus results	Adjusted underlying result (%) Adjusted underlying result / Adjusted underlying revenue to be maintained greater than 0%	>0%	*-16.4%	6.2%	6.5%	6.4%	6.7%	6.5%	7.1%	8.0%	8.0%	7.2%	7.8%
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due	Working capital (ratio) Current Assets / Current Liabilities to be maintained above 1.25	>1.25	1.66	1.70	1.74	1.76	1.80	1.82	1.87	1.78	1.85	1.92	1.97
Ensure Council maintains the ability to finance planned investments from its own resources	Self-financing (%) Net operating cash flow / Adjusted underlying revenue to be maintained above 20%	>20%	19.4%	39.8%	27.5%	24.7%	24.3%	23.7%	24.4%	24.6%	25.0%	24.1%	24.7%
Ensures that Council could repay long term obligations from the income it generates internally	Indebtedness (%) Non-current liabilities / own-sourced revenue to be maintained below 40%	<40%	20.8%	23.4%	20.5%	17.8%	15.2%	12.7%	10.6%	8.7%	7.5%	6.9%	6.4%
That Council maintains total borrowings in line with rate income and growth of the municipality	Loans and borrowings (%) Total borrowings / Rate revenue to be maintained below 60%	<60%	16.5%	20.0%	17.0%	14.1%	11.3%	8.6%	6.0%	3.9%	2.1%	1.0%	0.4%
Council maintains debt service costs in line with rate income and growth of the municipality	Loans and borrowings payments (%) Repayments on loans (P+I) / Rate revenue to be maintained below 10%	<10%	2.3%	2.4%	2.8%	2.7%	2.7%	2.6%	2.5%	2.1%	1.8%	1.1%	0.5%

* The negative result for 2023/24 reflects that the Federal Government has not indicated at this stage a commitment to pay the 24/25 financial assistance grants early in June 24 as has been the case in previous years.

2.2 Financial Performance Indicators

In addition to these policy statements, Council's financial performance is also measured against the Victorian Auditor General Office (VAGO) and Local Government Performance Reporting Framework (LGPRF) indicators. These indicators provide an analysis of Council's 10-year financial projections and should be interpreted in the context of the organisation's objectives and financial management principles.

Indicator	Measure	Forecast / Actual											Trend +/-
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2023/24	
<i>Operating position</i>													
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	-16.4%	6.2%	6.5%	6.4%	6.7%	6.5%	7.1%	8.0%	8.0%	7.2%	7.8%	+
<i>Liquidity</i>													
Working Capital	Current assets / current liabilities	165.5%	169.5%	173.9%	176.3%	179.7%	181.5%	187.0%	177.6%	184.8%	192.1%	197.4%	o
Unrestricted cash	Unrestricted cash / current liabilities	20.3%	3.6%	12.0%	12.3%	13.1%	13.5%	14.4%	0.5%	1.2%	2.4%	4.1%	-
<i>Obligations</i>													
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	16.5%	20.0%	17.0%	14.1%	11.3%	8.6%	6.0%	3.9%	2.1%	1.0%	0.4%	+
Loans and borrowings repayments	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	2.3%	2.4%	2.8%	2.7%	2.7%	2.6%	2.5%	2.1%	1.8%	1.1%	0.5%	+
Indebtedness	Non-current liabilities / own source revenue	20.8%	23.4%	20.5%	17.8%	15.2%	12.7%	10.6%	8.7%	7.5%	6.9%	6.4%	+
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	283.8%	284.9%	140.2%	136.4%	132.3%	133.9%	135.4%	152.6%	131.0%	141.7%	146.5%	-
<i>Stability</i>													
Rates concentration	Rate revenue / adjusted underlying revenue	76.1%	66.7%	67.0%	67.4%	67.5%	67.7%	67.8%	67.6%	67.5%	68.5%	68.6%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	o
<i>Efficiency</i>													
Expenditure level	Total expenses/ no. of property assessments	\$3,748	\$3,562	\$3,617	\$3,685	\$3,759	\$3,840	\$3,898	\$3,965	\$4,064	\$4,141	\$4,204	-
Revenue level	General rates and municipal charges / no. of property assessments	\$2,478	\$2,543	\$2,603	\$2,665	\$2,728	\$2,793	\$2,859	\$2,953	\$3,043	\$3,067	\$3,140	-

Key to Forecast Trend:

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

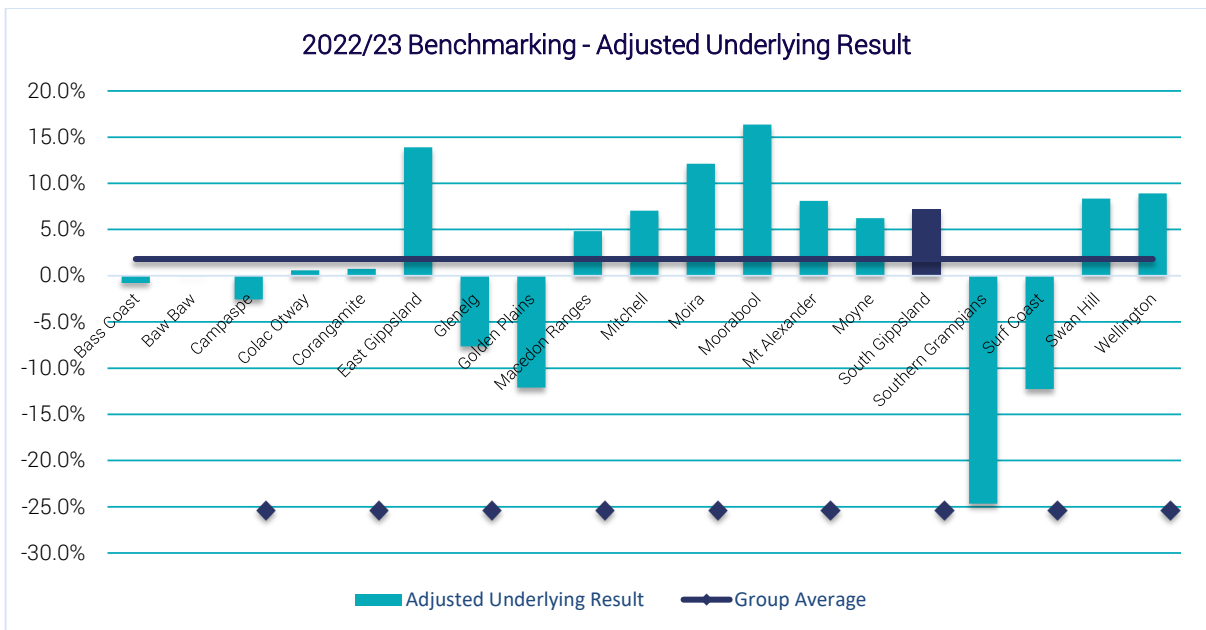
o Forecasts that Council's financial performance/financial position indicator will be steady

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

The graphs below contain benchmarking data for South Gippsland Shire Council's 2022/23 actual results as compared to other large rural councils in Victoria. Benchmarking allows councils to compare their performance against similar organisations and identify areas of improvement. It also encourages the sector to share ideas and resources to improve service delivery and address any systemic issues together.

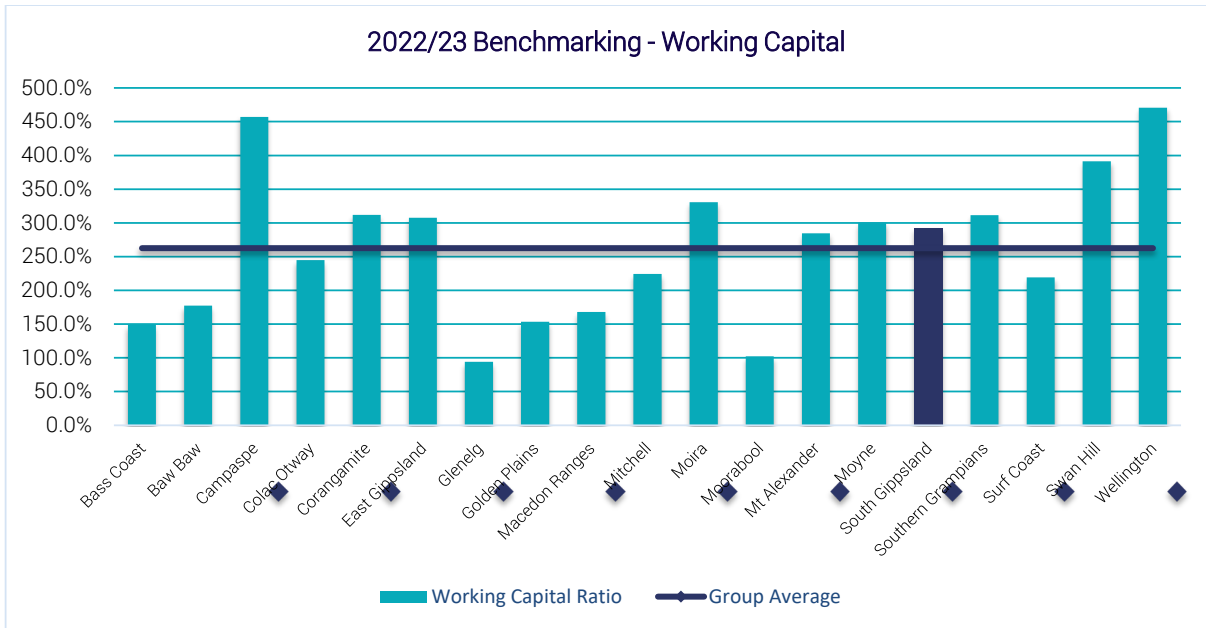
Adjusted Underlying Result

This measures an entity's ability to generate surplus in the ordinary course of business - excluding non-recurrent capital grants, non-monetary asset contributions, and other contributions to fund capital expenditure from net result.



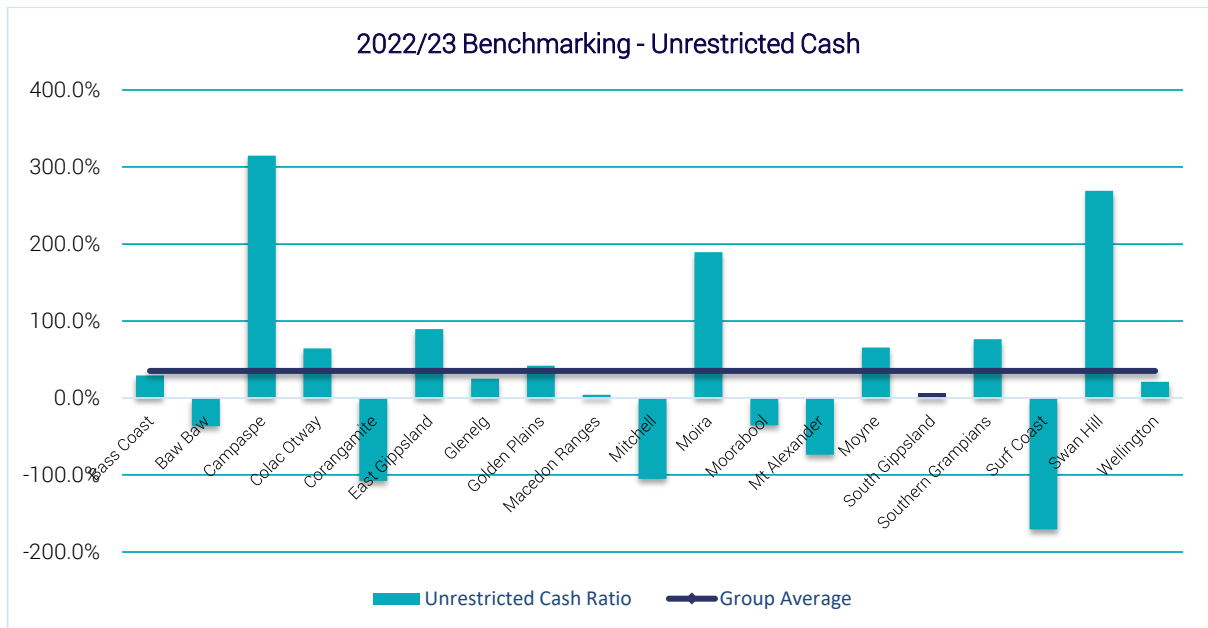
Working Capital

This indicator measures Council’s ability to pay existing liabilities in the next 12 months and can be a volatile ratio due to the classification of assets and liabilities being current or non-current year-on-year. Council remains at the high end of the expected range for this measure which is a reflection of the strong financial health of the organisation.



Unrestricted Cash

This measures Council’s ability to pay existing liabilities in the next 12 months using cash reserves that are not restricted, like trust funds and statutory reserves. It assesses the ability that Council has to pay its bills on time without utilising cash that is held to fund specific activities.

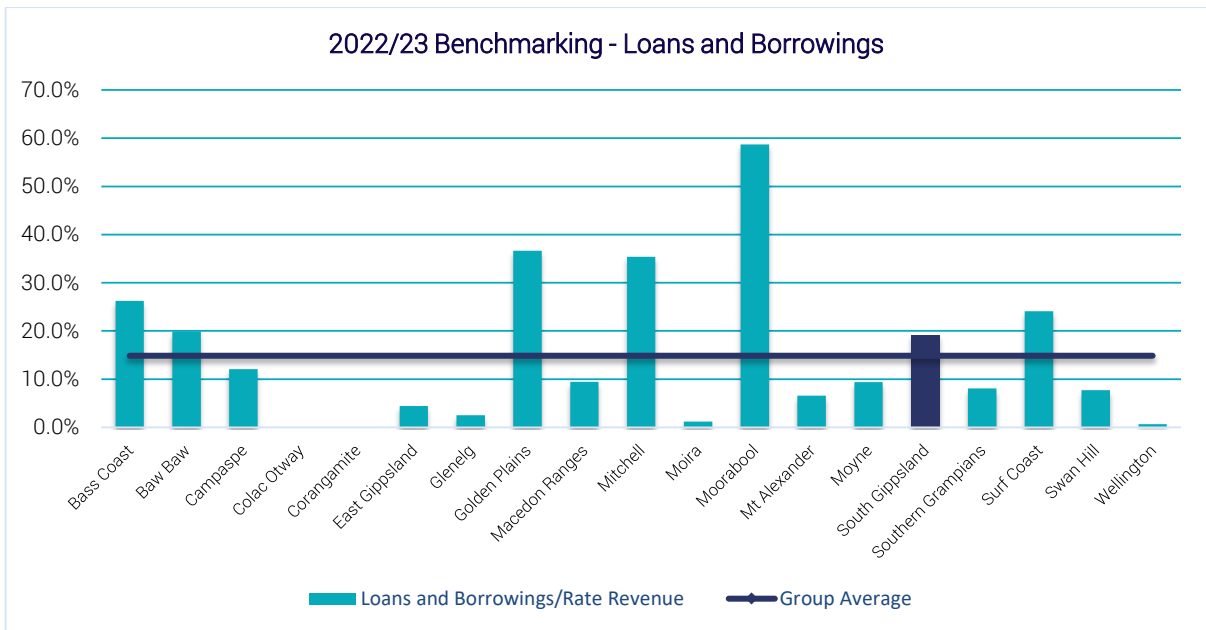


It is important to note that unrestricted cash refers only to cash balances with investments with a maturity of less than 90 days. Council's investments with maturity over 90 days was \$31.27 million as at 30 June 2023.

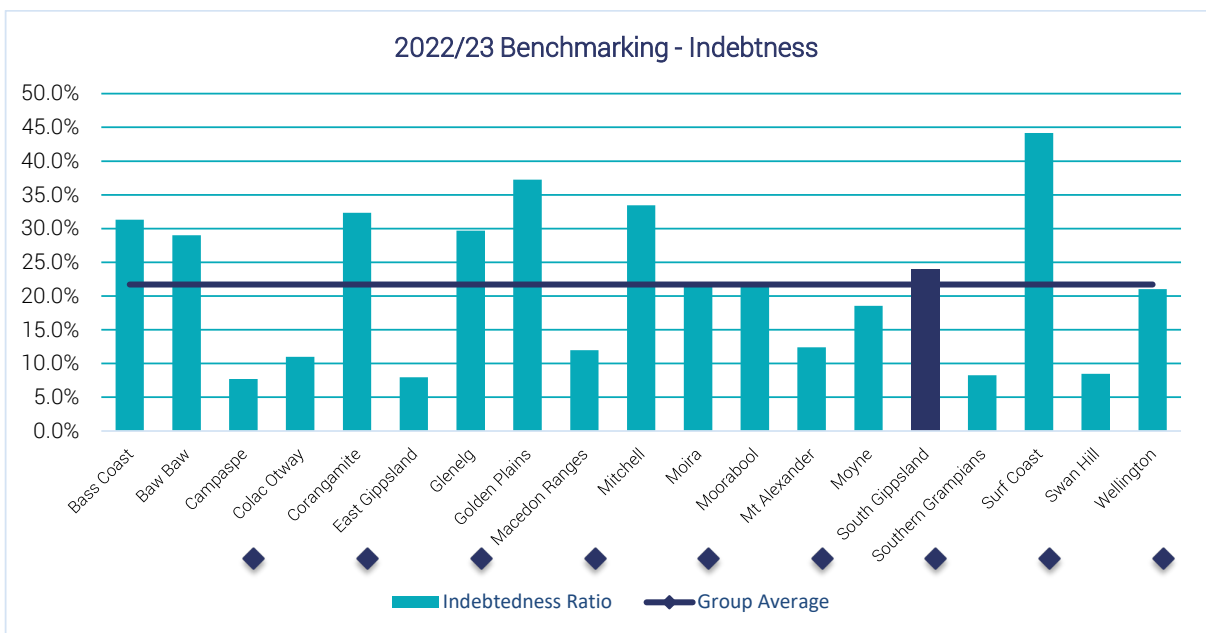
Loans and Borrowings

This measures Council's ability to pay its interest-bearing loan obligations with the rate revenue it generates. Being well below the maximum target of 60 per cent, Council has the ability to borrow to fund major capital works projects in the future.

Borrowings in 2020/21 include an amount of \$3.6 million taken up at the completion of the Mirboo North Pool Refurbishment project works through the Sports and Recreation loan scheme. This ratio increases in the following two years based on two additional low interest subsidised loans of \$5 million each for the Korumburra Community Hub (\$1.2M borrowed in 2021/22) and Korumburra Streetscape (\$0.7M borrowed in 2021/22) through the Community Infrastructure Loan Scheme. 2022/23 will see additional funds drawn against the Korumburra Community Hub \$3.8M with the final \$3.15M being drawn in 2024/25 for the Korumburra Streetscape Project. The ratio then falls in the later years as the loans are being repaid.

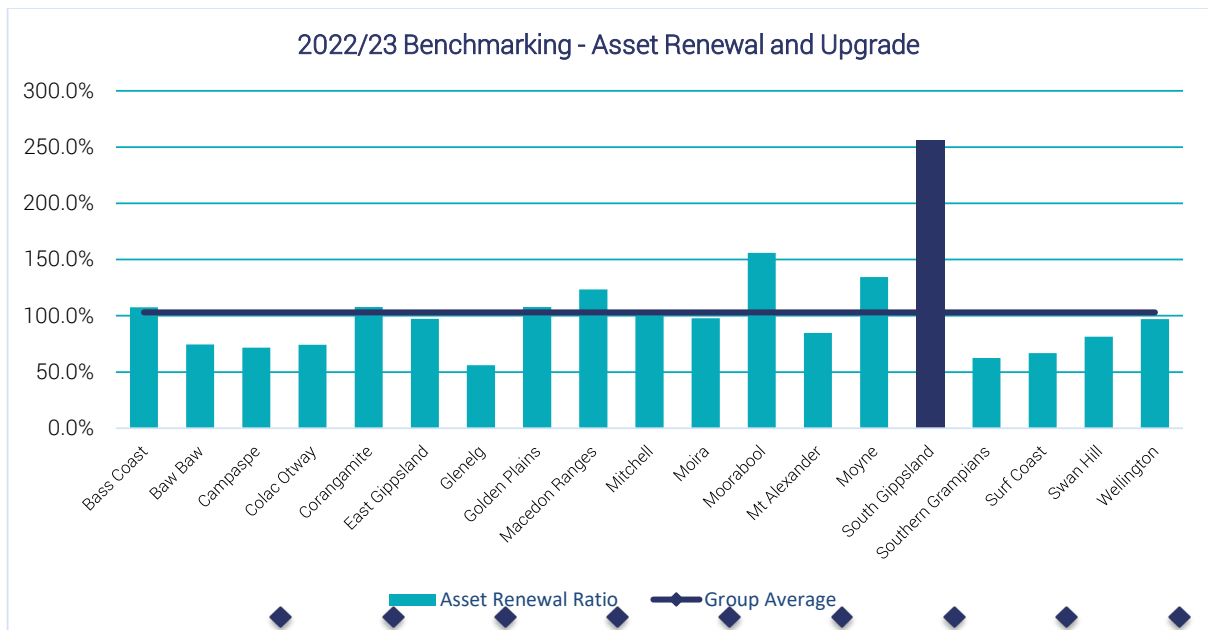


Indebtedness



This measures Council’s ability to pay its long-term obligations with the revenue it generates internally (i.e. excludes external grants and contributions). Being well below the maximum target of 40 per cent means Council’s level of long-term obligations can easily be met without relying on external funding sources.

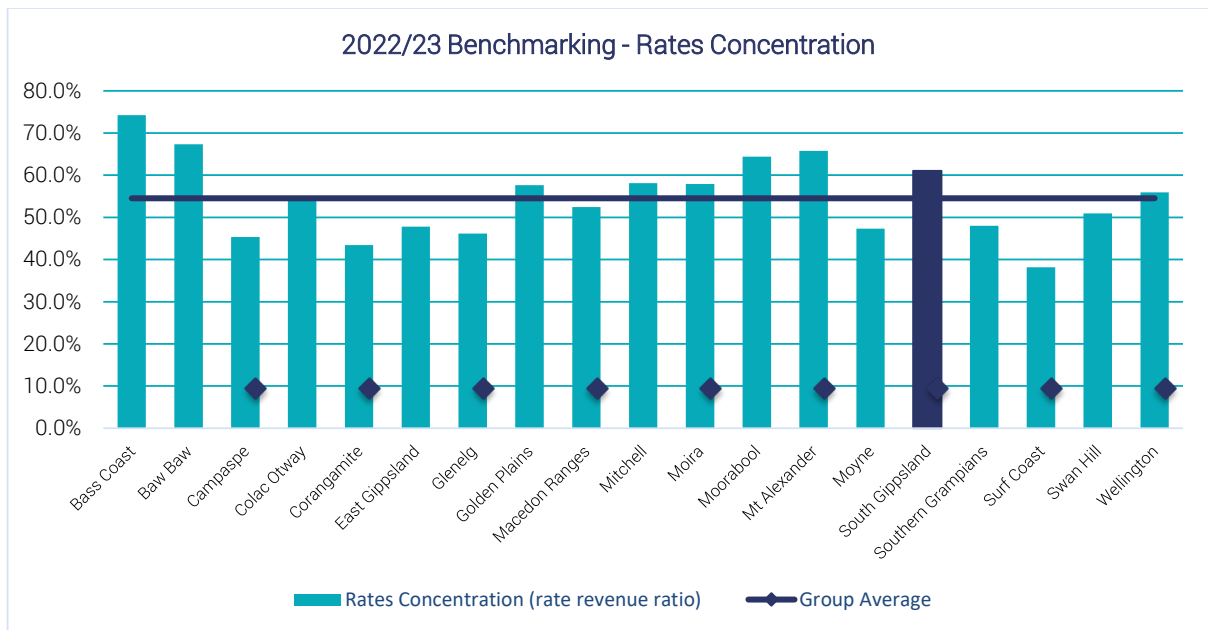
Asset Renewal and Upgrade



This measures the renewal and upgrade expenditure that Council incurs on its existing asset base compared to depreciation expense. This assesses whether Council's assets are being renewed or upgraded as planned and compares the rate of spending on existing assets through renewing, restoring, replacing or upgrading existing assets with depreciation expense. A measure above 100 per cent indicates that there is less risk of insufficient spending on Council's existing asset base. Council's spending on renewal is based on its asset renewal and Asset Plan.

This is a volatile measure as the level of asset renewal and upgrade expenditure that Council incurs each year can vary widely. The ratio is quite high in 2022/23 primarily as a result of carrying forward works from the previous year. The ratio remains high in the following two forecast years due to loan funded works planned in Korumburra. These include a Korumburra Community Hub and the Korumburra Streetscape Projects. Following those years, the ratio falls to a more normal level where there are no loan funded works and Council expects to have minimal carry forward of works from one year to the next.

Rates Concentration



This indicator assesses whether Council can generate sufficient revenue from a range of sources, excluding grants and contributions received for capital works, to fund services and activities. A low percentage indicates that Council is not entirely reliant on rate income to fund services.

Strategic Objectives

3

In 2021/22, Council invited community members to shape the future of South Gippsland by developing the Community Vision for 2040. Community members were asked to outline what is important to them for the future of the region while exploring potential challenges and opportunities that could emerge. The *Community Vision 2040* which was adopted at the 29 June 2022 Council Meeting, sets the foundation for all Council plans and strategies to ensure actions undertaken by Council are guided by community aspirations now and into the future.

Council has identified the strategic objectives that will support the aspirations of the Community Vision 2040 and direction of the Council Plan. Refer to the 2024/25 Budget document on Council's website for further details on the strategic objectives related to the Council Plan.

Financial Plan Statements

4

This section presents information regarding the Financial Plan Statements for the 10 years from 2024/25 to 2033/34.

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

4.1 Comprehensive Income Statement

	Forecast / Actual										
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income / Revenue											
Rates and charges	50,461	52,218	53,462	55,049	56,679	58,357	60,084	62,414	64,695	65,566	67,498
Statutory fees and fines	983	1,015	1,050	1,090	1,076	1,092	1,171	1,182	1,186	1,222	1,270
User fees	4,134	4,293	4,400	4,510	4,623	4,739	4,857	4,979	5,103	5,231	5,361
Grants - Operating	3,711	13,868	14,068	14,408	14,733	15,090	15,455	15,830	16,215	16,608	17,011
Grants - Capital	13,137	19,134	4,653	3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535
Contributions - monetary	307	1,146	919	932	691	634	661	678	597	712	704
Contributions - non-monetary	431	441	452	464	475	487	499	512	525	538	551
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	933	83	-	(191)	27	(7)	-	33	-	-	72
Other income	2,682	2,165	2,597	2,623	2,653	2,736	2,770	2,799	2,832	2,866	2,901
Total income / revenue	76,779	94,363	81,601	82,419	84,492	86,663	89,032	91,961	94,688	96,277	98,903
Expenses											
Employee costs	30,777	31,127	32,099	32,976	33,868	34,750	35,691	36,791	37,789	38,504	39,549
Materials and services	29,044	25,380	25,107	25,832	26,384	27,613	27,680	28,457	29,074	30,431	30,498
Depreciation	12,878	12,699	13,534	13,730	14,289	14,272	14,893	14,839	15,731	15,720	16,396
Depreciation - right of use assets	90	93	93	85	-	-	-	-	-	-	-
Borrowing costs	157	164	212	187	161	135	107	80	52	28	14
Finance Costs - leases	5	4	2	1	-	-	-	-	-	-	-
Other expenses	3,371	3,252	3,227	3,307	3,389	3,473	3,560	3,648	3,739	3,832	3,927
Total expenses	76,322	72,718	74,275	76,118	78,091	80,243	81,931	83,815	86,385	88,515	90,384
Surplus/(deficit) for the year	457	21,644	7,327	6,301	6,401	6,420	7,100	8,147	8,303	7,762	8,519

4.2 Balance Sheet

	Forecast /											
	Actual	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	
	2023/24	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Assets												
Current assets												
Cash and cash equivalents	6,775	3,878	5,855	6,338	7,066	7,598	8,230	6,303	6,965	7,845	8,621	
Trade and other receivables	6,386	8,218	7,166	7,248	7,381	7,580	7,773	8,010	8,215	8,366	8,574	
Other financial assets	18,104	18,104	18,104	18,104	18,104	18,104	18,104	18,104	18,104	18,104	18,104	
Inventories	159	159	159	159	159	159	159	159	159	159	159	
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	
Total current assets	31,425	30,359	31,284	31,849	32,711	33,441	34,267	32,577	33,443	34,473	35,458	
Non-current assets												
Property, infrastructure, plant & equipment	788,101	811,512	816,673	821,225	825,530	830,043	835,009	843,796	850,290	856,519	863,801	
Right-of-use assets	271	178	85	-	-	-	-	-	-	-	-	
Investment property	820	820	820	820	820	820	820	820	820	820	820	
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	
Total non-current assets	789,192	812,510	817,578	822,045	826,350	830,863	835,829	844,616	851,110	857,339	864,621	
Total assets	820,616	842,869	848,863	853,895	859,061	864,305	870,096	877,193	884,553	891,812	900,080	
Liabilities												
Current liabilities												
Trade and other payables	6,291	4,912	4,967	5,105	5,216	5,411	5,501	5,663	5,787	5,981	6,080	
Trust funds and deposits	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	
Unearned income/revenue	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	
Provisions	6,583	6,583	6,583	6,583	6,583	6,583	6,583	6,583	6,583	6,583	6,583	
Interest-bearing liabilities	1,001	1,294	1,319	1,345	1,372	1,399	1,211	1,067	697	351	270	
Lease liabilities	90	94	88	-	-	-	-	-	-	-	-	
Total current liabilities	18,993	17,911	17,985	18,062	18,199	18,421	18,323	18,340	18,095	17,943	17,961	

	Forecast / Actual										
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current liabilities											
Provisions	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Interest-bearing liabilities	7,244	9,032	7,712	6,367	4,995	3,596	2,385	1,319	622	270	-
Lease liabilities	185	88	-	-	-	-	-	-	-	-	-
Total non-current liabilities	12,379	14,070	12,662	11,317	9,945	8,546	7,335	6,269	5,572	5,220	4,950
Total liabilities	31,372	31,981	30,648	29,379	28,145	26,968	25,659	24,609	23,667	23,163	22,911
Net assets	789,244	810,888	818,215	824,516	830,917	837,337	844,437	852,584	860,887	868,649	877,168
Equity											
Accumulated surplus	272,399	293,729	300,598	306,469	312,316	318,304	324,927	332,446	340,208	347,310	355,350
Reserves	516,845	517,159	517,617	518,047	518,601	519,033	519,510	520,138	520,678	521,339	521,819
Total equity	789,244	810,888	818,215	824,516	830,917	837,337	844,437	852,584	860,887	868,649	877,168

4.3 Statement of Changes in Equity

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2024 Forecast Actual				
Balance at beginning of the financial year	788,787	271,382	516,509	896
Surplus/(deficit) for the year	457	457	-	-
Net asset revaluation increment/(decrement)	(896)	-	(896)	-
Transfers (to)/ from reserves	896	560	-	336
Balance at end of the financial year	789,244	272,399	515,613	1,232
2025				
Balance at beginning of the financial year	789,244	272,399	515,613	1,232
Surplus/(deficit) for the year	21,644	21,644	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	(0)	(314)	-	314
Balance at end of the financial year	810,888	293,729	515,613	1,546
2026				
Balance at beginning of the financial year	810,888	293,729	515,613	1,546
Surplus/(deficit) for the year	7,327	7,327	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	(0)	(458)	-	458
Balance at end of the financial year	818,215	300,598	515,613	2,004
2027				
Balance at beginning of the financial year	818,215	300,598	515,613	2,004
Surplus/(deficit) for the year	6,301	6,301	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	0	(430)	-	430
Balance at end of the financial year	824,516	306,469	515,613	2,434

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2028				
Balance at beginning of the financial year	824,516	306,469	515,613	2,434
Surplus/(deficit) for the year	6,401	6,401	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	0	(554)	-	554
Balance at end of the financial year	830,917	312,316	515,613	2,988
2029				
Balance at beginning of the financial year	830,917	312,316	515,613	2,988
Surplus/(deficit) for the year	6,420	6,420	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	0	(432)	-	432
Balance at end of the financial year	837,337	318,304	515,613	3,420
2030				
Balance at beginning of the financial year	837,337	318,304	515,613	3,420
Surplus/(deficit) for the year	7,100	7,100	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	(0)	(478)	-	478
Balance at end of the financial year	844,437	324,927	515,613	3,897
2031				
Balance at beginning of the financial year	844,437	324,927	515,613	3,897
Surplus/(deficit) for the year	8,147	8,147	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	0	(627)	-	627
Balance at end of the financial year	852,584	332,446	515,613	4,525

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2032				
Balance at beginning of the financial year	852,584	332,446	515,613	4,525
Surplus/(deficit) for the year	8,303	8,303	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	(0)	(540)	-	540
Balance at end of the financial year	860,887	340,208	515,613	5,065
2033				
Balance at beginning of the financial year	860,887	340,208	515,613	5,065
Surplus/(deficit) for the year	7,762	7,762	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	(0)	(661)	-	661
Balance at end of the financial year	868,649	347,310	515,613	5,726
2034				
Balance at beginning of the financial year	868,649	347,310	515,613	5,726
Surplus/(deficit) for the year	8,519	8,519	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	(0)	(479)	-	479
Balance at end of the financial year	877,168	355,350	515,613	6,206

4.4 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	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities												
Rates and charges	50,630	51,188	53,639	55,230	56,877	58,535	60,280	62,569	64,878	65,845	67,714	
Statutory fees and fines	986	995	1,047	1,087	1,077	1,090	1,165	1,181	1,186	1,219	1,266	
User fees	4,148	4,208	4,391	4,501	4,615	4,728	4,847	4,969	5,094	5,219	5,350	
Grants - operating	3,723	13,594	14,052	14,380	14,710	15,057	15,425	15,799	16,187	16,572	16,978	
Grants - capital	13,181	18,757	5,843	3,626	3,535	3,534	3,535	3,535	3,535	3,534	3,535	
Contributions - monetary	307	1,146	919	932	691	634	661	678	597	712	704	
Interest received	1,350	1,000	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	
Trust funds and deposits taken	-	-	-	-	-	-	-	-	-	-	-	
Other receipts	1,337	1,119	1,209	1,208	1,251	1,305	1,328	1,349	1,381	1,388	1,424	
Net GST refund / payment	607											
Employee costs	(30,946)	(31,846)	(32,019)	(32,904)	(33,802)	(34,670)	(35,614)	(36,701)	(37,715)	(38,437)	(39,463)	
Materials and services	(29,203)	(25,966)	(25,129)	(25,772)	(26,345)	(27,506)	(27,674)	(28,393)	(29,030)	(30,313)	(30,492)	
Short-term, low value and variable lease payments	-	-	-	-	-	-	-	-	-	-	-	
Trust funds and deposits repaid	-	-	-	-	-	-	-	-	-	-	-	
Other payments	(3,389)	(3,327)	(3,229)	(3,300)	(3,383)	(3,465)	(3,553)	(3,641)	(3,732)	(3,824)	(3,919)	
Net cash provided by/(used in) operating activities	12,731	30,869	21,823	20,087	20,327	20,343	21,499	22,445	23,480	23,015	24,196	
Cash flows from investing activities												
Payments for property, infrastructure, plant and equipment	(38,714)	(36,327)	(18,972)	(18,733)	(18,907)	(19,106)	(20,168)	(23,942)	(22,549)	(22,281)	(24,019)	
Proceeds from sale of property, infrastructure, plant and equipment	3,044	741	729	724	815	801	808	861	849	870	964	
Proceeds from sale of investments	13,167	-	-	-	-	-	-	-	-	-	-	
Net cash provided by/ (used in) investing activities	(22,503)	(35,586)	(18,243)	(18,009)	(18,092)	(18,305)	(19,360)	(23,081)	(21,700)	(21,411)	(23,055)	

	Forecast / Actual										
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from financing activities											
Finance costs	(157)	(164)	(212)	(187)	(161)	(135)	(107)	(80)	(52)	(28)	(14)
Proceeds from borrowings	-	3,150	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(984)	(1,069)	(1,294)	(1,319)	(1,345)	(1,372)	(1,399)	(1,211)	(1,067)	(697)	(351)
Interest paid - lease liability	(5)	(4)	(2)	(1)	-	-	-	-	-	-	-
Repayment of lease liabilities	(89)	(93)	(94)	(88)	-	-	-	-	-	-	-
Net cash provided by/(used in) financing activities	(1,235)	1,821	(1,603)	(1,595)	(1,506)	(1,506)	(1,506)	(1,291)	(1,119)	(725)	(365)
Net increase/(decrease) in cash & cash equivalents	(11,007)	(2,897)	1,976	483	728	532	632	(1,927)	662	879	776
Cash and cash equivalents at the beginning of the financial year	17,782	6,775	3,878	5,855	6,338	7,066	7,598	8,230	6,303	6,965	7,845
Cash and cash equivalents at the end of the financial year	6,775	3,878	5,855	6,338	7,066	7,598	8,230	6,303	6,965	7,845	8,621

4.5 Statement of Capital Works

	Forecast / Actual										
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property											
Land	-	-	-	-	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-	-	-	-	-
Total land	-	-	-	-	-	-	-	-	-	-	-
Buildings	7,872	2,706	925	3,756	3,147	3,647	1,184	5,578	2,392	4,372	282
Heritage buildings	194	20	119	124	129	134	140	145	151	157	-
Building improvements	-	-	3,000	3,000	3,000	2,000	4,500	-	3,000	2,500	7,500
Total buildings	8,066	2,726	4,045	6,880	6,276	5,782	5,823	5,724	5,543	7,029	7,782
Total property	8,066	2,726	4,045	6,880	6,276	5,782	5,823	5,724	5,543	7,029	7,782
Plant and equipment											
Plant, machinery and equipment	4,452	3,123	2,531	2,492	2,651	2,777	2,739	2,970	2,878	2,950	3,199
Computers and telecommunications	981	702	630	401	396	484	1,417	875	897	919	942
Total plant and equipment	5,433	3,825	3,161	2,892	3,047	3,261	4,156	3,845	3,774	3,869	4,141
Infrastructure											
Roads	12,555	20,191	7,803	7,695	8,849	9,165	9,297	10,003	10,481	10,398	10,793
Bridges	499	1,135	391	405	210	231	125	188	489	507	526
Footpaths and cycleways	1,158	767	162	168	174	181	188	850	798	210	218
Drainage	321	450	150	155	161	167	174	786	1,384	194	202
Recreational, leisure and community facilities	606	915	1,444	537	190	223	247	357	79	74	248
Waste management	4,299	919	1,817	-	-	97	158	2,190	-	-	110
Parks, open space and streetscapes	3,247	5,150	-	-	-	-	-	-	-	-	-
Off street car parks	402	130	-	-	-	-	-	-	-	-	-
Other infrastructure	2,129	120	-	-	-	-	-	-	-	-	-
Total infrastructure	25,215	29,776	11,766	8,960	9,584	10,063	10,189	14,374	13,231	11,383	12,097
Total capital works expenditure	38,714	36,327	18,972	18,733	18,907	19,106	20,168	23,942	22,549	22,281	24,019

	Forecast / Actual										
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Represented by:											
New asset expenditure	513	-	-	-	-	-	-	-	-	-	-
Asset renewal expenditure	26,328	31,076	14,005	15,578	15,746	16,841	15,336	19,923	17,105	19,587	16,208
Asset expansion expenditure	1,647	146	-	-	-	-	-	1,296	1,934	-	-
Asset upgrade expenditure	10,226	5,106	4,967	3,155	3,161	2,264	4,832	2,722	3,509	2,694	7,812
Total capital works expenditure	38,714	36,327	18,972	18,733	18,907	19,106	20,168	23,942	22,549	22,281	24,019
Funding sources represented by:											
Grants	13,137	19,134	4,653	3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535
Contributions	-	829	595	601	353	328	348	357	268	375	358
Council cash	25,577	13,214	13,724	14,598	15,019	15,243	16,286	20,051	18,746	18,372	20,127
Borrowings	-	3,150	-	-	-	-	-	-	-	-	-
Total capital works expenditure	38,714	36,327	18,972	18,733	18,907	19,106	20,168	23,942	22,549	22,281	24,019

4.6 Statement of Human Resources.

Staff expenditure	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure											
Employee costs - operating	30,777	31,127	32,099	32,976	33,868	34,750	35,691	36,791	37,789	38,504	39,549
Employee costs - capital	864	892	922	947	972	998	1,025	1,054	1,083	1,112	1,143
Total staff expenditure	31,641	32,020	33,021	33,923	34,841	35,748	36,716	37,845	38,872	39,616	40,692

Staff numbers	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Staff numbers											
Employees	275.1	269.8	268.1	268.1	268.1	268.1	268.1	269.1	269.1	269.1	269.1
Total staff numbers	275.1	269.8	268.1	268.1	268.1	268.1	268.1	269.1	269.1	269.1	269.1

A summary of human resources expenditure categorised according to the organisational structure of South Gippsland Shire is included below:

Department	Total \$'000	Comprises			
		Permanent Full Time \$'000	Part Time \$'000	Casual \$'000	Temporary \$'000
Performance & Innovation	5,995	5,995	-	-	-
Future Communities	8,759	6,785	1,515	324	135
CEO	1,680	1,554	59	-	67
Sustainable Infrastructure	14,123	13,620	470	33	-
Total permanent staff expenditure	30,557	27,954	2,044	357	203
Other employee related expenditure	570				
Total operating expenditure	31,127				
Capitalised labour costs	892				
Total employee expenditure	32,020				

A summary of the number of full time equivalent (FTE) Council staff in relation to the above expenditure is included below:

Department	Total	Comprises			
		Permanent Full Time	Part Time	Casual	Temporary
Performance & Innovation	47.0	47.0	-	-	-
Future Communities	72.4	53.6	14.1	3.1	1.6
CEO	11.2	10.0	0.6	-	0.6
Sustainable Infrastructure	132.2	126.9	5.0	0.3	
Total permanent staff	262.7	237.5	19.6	3.4	2.2
Capitalised labour	7.1				
Total staff	269.8				

**Please note these tables includes employee costs and FTE that are capital in nature, and therefore represents higher totals than that shown in the Comprehensive Income Statement.*

4.7 Planned Human Resources Expenditure

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Performance & Innovation										
Permanent - Full time	5,995	6,347	6,522	6,701	6,878	7,068	7,269	7,469	7,675	7,886
Women	3,721	3,924	4,033	4,143	4,253	4,370	4,494	4,618	4,745	4,876
Men	2,056	2,199	2,259	2,321	2,382	2,448	2,517	2,587	2,658	2,731
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Vacant	218	225	231	237	243	250	257	264	272	279
Permanent - Part time	0	0	0	0	0	0	0	0	0	0
Women	0	0	0	0	0	0	0	0	0	0
Men	0	0	0	0	0	0	0	0	0	0
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Vacant	0	0	0	0	0	0	0	0	0	0
Total Performance & Innovation	5,995	6,347	6,522	6,701	6,878	7,068	7,269	7,469	7,675	7,886
Future Communities										
Permanent - Full time	6,785	6,993	7,184	7,380	7,574	7,782	8,003	8,222	8,448	8,679
Women	4,305	4,434	4,555	4,680	4,803	4,935	5,076	5,215	5,358	5,505
Men	2,033	2,098	2,155	2,214	2,272	2,334	2,400	2,465	2,533	2,602
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Vacant	447	461	473	486	499	513	527	542	557	572
Permanent - Part time	1,515	1,529	1,571	1,615	1,657	1,703	1,751	1,800	1,849	1,900
Women	1,307	1,315	1,351	1,389	1,425	1,464	1,506	1,548	1,590	1,634
Men	193	199	205	210	216	222	228	234	241	248
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Vacant	14	15	15	16	16	16	17	17	18	18
Total Future Communities	8,300	8,523	8,755	8,995	9,232	9,485	9,755	10,022	10,297	10,579

	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
CEO										
Permanent - Full time	1,554	1,611	1,660	1,705	1,750	1,798	1,850	1,901	1,953	2,007
Women	1,186	1,232	1,270	1,305	1,340	1,377	1,416	1,455	1,495	1,536
Men	368	379	389	400	411	422	434	446	458	471
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Vacant	0	0	0	0	0	0	0	0	0	0
Permanent - Part time	59	61	62	64	66	67	69	71	73	75
Women	59	61	62	64	66	67	69	71	73	75
Men	0	0	0	0	0	0	0	0	0	0
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Vacant	0	0	0	0	0	0	0	0	0	0
Total CEO	1,613	1,672	1,722	1,769	1,816	1,866	1,919	1,972	2,026	2,082
Sustainable Infrastructure										
Permanent - Full time	13,619	14,054	14,436	14,827	15,211	15,622	16,158	16,594	17,043	17,505
Women	2,100	2,175	2,232	2,293	2,354	2,418	2,487	2,554	2,624	2,696
Men	10,819	11,156	11,462	11,772	12,077	12,403	12,751	13,096	13,450	13,813
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Vacant	701	722	741	762	781	802	920	945	970	996
Permanent - Part time	470	484	498	511	525	539	555	570	586	602
Women	213	219	225	232	238	244	251	258	265	272
Men	257	265	272	279	287	295	304	312	321	329
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Vacant	0	0	0	0	0	0	0	0	0	0
Total Sustainable Infrastructure	14,090	14,538	14,934	15,338	15,736	16,162	16,713	17,164	17,629	18,107
Casuals, temporary and other expenditure	1,130	1,020	1,043	1,064	1,088	1,111	1,136	1,161	877	896
Total operating expenditure	31,127	32,099	32,976	33,868	34,750	35,691	36,791	37,789	38,504	39,549
Capitalised labour costs	892	922	947	972	998	1,025	1,054	1,083	1,112	1,143
Total employee expenditure	32,020	33,021	33,923	34,841	35,748	36,716	37,845	38,872	39,616	40,692

	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
Performance & Innovation										
Permanent - Full time	47.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0
Women	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Men	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Permanent - Part time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Women	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Men	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Performance & Innovation	47.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0
Future Communities										
Permanent - Full time	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6
Women	34.6	34.6	34.6	34.6	34.6	34.6	34.6	34.6	34.6	34.6
Men	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Permanent - Part time	14.1	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
Women	11.8	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Men	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total Future Communities	67.7	67.4	67.4	67.4	67.4	67.4	67.4	67.4	67.4	67.4

	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
CEO										
Permanent - Full time	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Women	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Men	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent - Part time	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Women	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Men	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total CEO	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6
Sustainable Infrastructure										
Permanent - Full time	126.9	126.9	126.9	126.9	126.9	126.9	127.9	127.9	127.9	127.9
Women	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7
Men	103.3	103.3	103.3	103.3	103.3	103.3	103.3	103.3	103.3	103.3
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0
Permanent - Part time	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Women	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Men	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vacant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sustainable Infrastructure	131.9	131.9	131.9	131.9	131.9	131.9	132.9	132.9	132.9	132.9
Casuals and temporary staff	5.5	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Capitalised Labour	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Total staff numbers	269.8	268.1	268.1	268.1	268.1	268.1	269.1	269.1	269.1	269.1

4.8 Assumptions to the Financial Plan Statements

This section presents information regarding the assumptions to the Comprehensive Income Statement for the 10 years from 2024/25 to 2033/34. The assumptions comprise the annual escalations / movement for each line item of the Comprehensive Income Statement.

Escalation Factors % movement	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
CPI	2.50%	2.50%	2.50%	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%
Statutory fees and fines	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User fees	4.90%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Operating	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants – Capital	as per estimates provided on specific capital projects									
Other Income	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs	2.40%	2.60%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Materials and services	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Depreciation and Amortisation	based on projected capital spending									
Other expenses	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

4.8.1 Consumer Price Index (CPI)

The Financial Plan assumes a conservative increase of 2.50 per cent year on year. This in effect builds in a strategy for cost containment and encourages efficiencies as current economic indicators reflect a greater increase in prices for various consumer goods.

4.8.2 Rates and Charges

Base rate revenue will increase by 2.75 per cent for the 2024/25 year, based on the State Government rate cap, with estimated future annual increases as set out in the table for the ensuing years of the long-term Financial Plan.

4.8.3 Statutory Fees and Fines

The Financial Plan applies a conservative indexation of 2.50 per cent for future years' statutory fees as they are outside of the control of Council.

4.8.4 User Fees

Most user fees are budgeted to increase by 4.90 per cent for the 2024/25 in line with CPI. Details of user fees for the 2024/25 Budget year can be found in Council's schedule of Fees and Charges that is included in the Budget document.

Revenue increases for the ensuing years are based on a conservative annual rate of increase of 2.50 per cent.

4.8.5 Grants

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 are expected to increase on an annual basis by approximately 2.5 per cent.

Capital grants include all monies received from state and federal sources for the purpose of funding the capital works program. The amount of capital grant funding received each year can vary significantly depending on the types of works included in the capital works program each year. For the purpose of this Financial Plan, forecast is as per estimates provided on specific capital projects.

4.8.6 Other Income

Revenue from other income mainly comprises investment income plus the recovery income from a variety of sources and rental income received from the lease and hire of Council buildings.

4.8.7 Employee Costs

A new Enterprise Agreement for South Gippsland Shire Council employees was registered in December 2022, and provides for employee remuneration increases through until the expiry of the agreement in 2026. This Plan has been developed based on the increases provided in the Enterprise Agreement, with an additional uplift to allow for banding increments. Superannuation guarantee charge increases were announced as part of the 2014 Federal Budget and this Plan assumes that superannuation will increase progressively from 10 per cent in 2021/22 to 12 per cent by 2025/26.

4.8.8 Materials and Services

Material costs include items required for the maintenance and repair of Council buildings, roads, drains and footpaths which are more governed by market forces based on availability than CPI. Other associated costs included under this category are utilities, materials for the supply of meals on wheels and consumable items for a range of services. Council also utilises external expertise on a range of matters, including legal services and audit. This Plan assumes a conservative rise of 2.50 per cent year-on-year in order to maintain costs.

4.8.9 Depreciation & Amortisation

Depreciation estimates have been based on the projected capital spending contained within this Plan.

4.8.10 Borrowing Costs

Borrowing costs comprise the interest expense to service Council's loan portfolio that is described in Section 4.9 Borrowing Strategy.

4.8.11 Other Expenses

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

4.9 Borrowing Strategy

4.9.1 Current Debt Position

Council's adopted *Treasury Management Policy (C24)* outlines the situations in which Council may use borrowings as a funding source. The Policy recognises the inter-generational equity funding principles and stipulates that borrowings should be for specific purposes, such as capital works of a strategic significance that could not otherwise be funded in the timeframe they are required. It goes on to state that future borrowings must be within the capacity of the Financial Plan to fund debt servicing costs for the life of the loan.

Council has accessed debt funding to complete a range of major infrastructure projects including the completion of the Mirboo North Pool Refurbishment project works. Additional low interest subsidised loans have been secured through the Community Infrastructure Loan Scheme Program for the Korumburra Community Hub and the Korumburra Streetscape Projects.

The total amount borrowed as at 30 June 2025 is \$10.33 million.

4.9.2 Future Borrowing Requirements

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

	Forecast / Actual										
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	9,229	8,245	10,326	9,032	7,712	6,367	4,995	3,596	2,385	1,319	622
Plus New loans	0	3,150	0	0	0	0	0	0	0	0	0
Less Principal repayment	(984)	(1,069)	(1,294)	(1,319)	(1,345)	(1,372)	(1,399)	(1,211)	(1,067)	(697)	(351)
Closing balance	8,245	10,326	9,032	7,712	6,367	4,995	3,596	2,385	1,319	622	270
Interest payment	(157)	(164)	(212)	(187)	(161)	(135)	(107)	(80)	(52)	(28)	(14)

4.9.3 Performance Indicators

The following table highlights Council's projected performance across a range of debt management performance indicators.

	Target	Forecast /Actual 2023/24 %	2024/25 %	2025/26 %	2026/27 %	2027/28 %	2028/29 %	2029/30 %	2030/31 %	2031/32 %	2032/33 %	2033/34 %
Total borrowings / Rate revenue	Below 60%	16.5%	20.0%	17.0%	14.1%	11.3%	8.6%	6.0%	3.9%	2.1%	1.0%	0.4%
Debt servicing (interest) / Total Income	Below 5%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%
Debt commitment (interest and principal) / Rate revenue	Below 10%	2.3%	2.4%	2.8%	2.7%	2.7%	2.6%	2.5%	2.1%	1.8%	1.1%	0.5%
Indebtedness / Own source revenue	Below 40%	20.8%	23.4%	20.5%	17.8%	15.2%	12.7%	10.6%	8.7%	7.5%	6.9%	6.4%

Council maintains its loan borrowing within prudent and management limits as demonstrated by the following performance indicators.

Total Borrowings / Rate revenue

This measures Council's ability to pay its interest-bearing loan obligations with the rate revenue it generates. Being well below the target of 60 per cent, Council has the ability to borrow to fund major capital works projects in the future.

Debt Servicing / Rate revenue

This measures Council's ability to pay its debt obligations with the rate revenue it generates.

Being well below the target of 5 per cent, means Council can pay its loan interest from rates instead of looking at alternative funding streams.

Debt Commitment / Rate Revenue

This measures Council's ability to pay its debt obligations with the rate revenue it generates.

Being well below the target of 10 per cent, means Council can pay its loan principal repayments and interest from rates instead of looking at alternative funding streams.

Indebtedness / Own Source Revenue

This measures Council's ability to pay its long-term obligations with the revenue it generates internally (i.e. excludes external grants and contributions).

Being well below the target of 40 per cent means Council's level of long-term obligations can easily be met without relying on external funding sources.

4.10 Reserves Strategy

4.10.1 Current Reserves

Public Open Space Reserve

- Purpose - The Open Space Reserve holds funds contributed by developers for works associated with developing and improved public open space and recreational facilities within Council. Funds are contributed in accordance with Section 18 of the *Subdivision Act* and transfers are restricted to the purpose of creating open space such as parks, playgrounds, pavilions and other such items where it is deemed that these works should occur at a later point than the initial development.
- Movements - transfers to the reserve (inflows) comprise contribution income from subdividers in lieu of the 5 per cent Public Open Space requirement. Transfers from the reserve (outflows) are applied to fund Open Space capital projects on an annual basis.

Development Contributions Reserve

- Purpose – This reserve retains funds received from developers for infrastructure provision related to Council’s Development Contributions Plans.
- Movements – Transfers from this reserve will be for nominated capital works for Development Infrastructure projects and Community Infrastructure projects. These funds are tied directly to the income received or cash funds refunded to developers for capital works completed directly by the developer.

Venus Bay Surf Life Saving Club Reserve

- Purpose – This reserve was created in 2017/18 for the development of a new clubhouse design by the Venus Bay Surf Life Saving Club Reserve committee. Ongoing issues have resulted in the funds needing to be carried forward until planning issues can be sorted. Once this occurs, the reserve funds will be transferred to the committee.
- Movements – Nil

Digital and Technology Projects Reserve

- Purpose – This reserve was created in 2023/24 for funding of digital transformation projects including the capability to upgrade existing ICT legacy systems.
- Movements – transfers to this reserve (inflows) comprise unspent Digital and Technology capital works budgets. Transfers from this reserve will be for nominated digital transformation projects.

4.10.2 Reserve Usage Projections

The table below discloses the balance and projected annual movement for each reserve over the 10-year life of the Financial Plan. Total amount of reserves, for each year, aligns with the Statement of Changes in Equity, excluding the Asset Revaluation Reserve.

Reserves	Restricted / Discretionary	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Public Open Space Reserve	Restricted											
Opening balance			651	616	739	813	1,014	1,118	1,248	1,519	1,791	2,077
Transfer to reserve			275	282	289	297	304	312	319	327	335	344
Transfer from reserve			(310)	(160)	(215)	(96)	(200)	(181)	(48)	(55)	(49)	(223)
Closing balance			651	616	739	813	1,014	1,118	1,248	1,519	1,791	2,199
Development Contributions Reserve	Restricted											
Opening balance			0	348	685	1,040	1,393	1,721	2,069	2,425	2,693	3,068
Transfer to reserve			829	595	601	353	328	348	357	268	375	358
Transfer from reserve			(480)	(259)	(246)	-	-	-	-	-	-	0
Closing balance			0	348	685	1,040	1,393	1,721	2,069	2,425	2,693	3,426
Reserves Summary	Total Restricted											
Opening balance			651	965	1,423	1,853	2,407	2,839	3,316	3,944	4,484	5,145
Transfer to reserve			1,104	877	890	650	632	659	676	595	710	702
Transfer from reserve			(790)	(419)	(461)	(96)	(200)	(181)	(48)	(55)	(49)	(223)
Closing balance			651	965	1,423	1,853	2,407	2,839	3,316	3,944	4,484	5,145

Reserves	Restricted / Discretionary	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Corner Inlet Reserve												
	Discretionary											
Opening balance			11	11	11	11	11	11	11	11	11	11
Transfer to reserve			-	-	-	-	-	-	-	-	-	-
Transfer from reserve			-	-	-	-	-	-	-	-	-	-
Closing balance			11	11	11	11	11	11	11	11	11	11
Venus Bay Surf Life Saving Club Reserve												
	Discretionary											
Opening balance			150	150	150	150	150	150	150	150	150	150
Transfer to reserve			-	-	-	-	-	-	-	-	-	-
Transfer from reserve			-	-	-	-	-	-	-	-	-	-
Closing balance			150	150	150	150	150	150	150	150	150	150
Digital and Technology Projects Reserve												
	Discretionary											
Opening balance			420	420	420	420	420	420	420	420	420	420
Transfer to reserve			-	-	-	-	-	-	-	-	-	-
Transfer from reserve			-	-	-	-	-	-	-	-	-	-
Closing balance			420	420	420	420	420	420	420	420	420	420
Reserves Summary												
	Total Discretionary											
Opening balance			581	581	581	581	581	581	581	581	581	581
Transfer to reserve			-	-	-	-	-	-	-	-	-	0
Transfer from reserve			-	-	-	-	-	-	-	-	-	0
Closing balance			581	581	581	581	581	581	581	581	581	581

Reserves	Restricted / Discretionary	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Reserves Summary	Restricted & Discretionary											
Opening balance			1,232	1,546	2,004	2,434	2,988	3,420	3,897	4,525	5,065	5,726
Transfer to reserve			1,104	877	890	650	632	659	676	595	710	702
Transfer from reserve			(790)	(419)	(461)	(96)	(200)	(181)	(48)	(55)	(49)	(223)
Closing balance			1,232	1,546	2,004	2,434	2,988	3,420	3,897	4,525	5,065	5,726

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