

SOUTH GIPPSLAND SHIRE COUNCIL

# Financial Plan 2022/23 – 2031/32



*Managing South Gippsland's  
10-year Financial Plan,*  
South Gippsland Shire Council

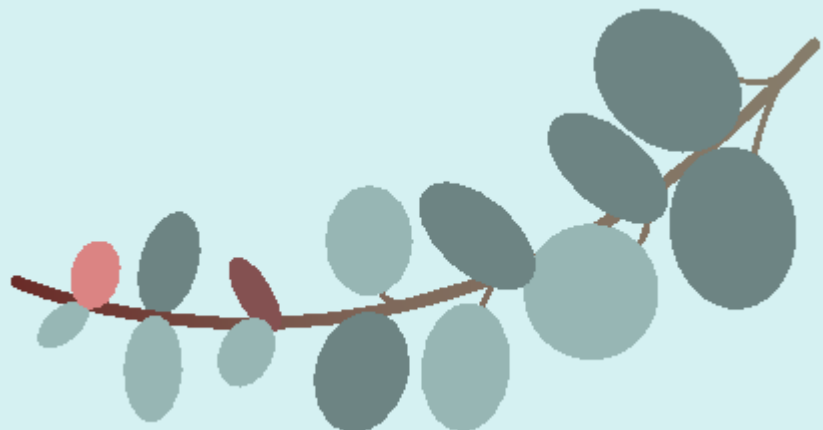


*South Gippsland  
Shire Council*

Council Meeting No. 472 - 29 June 2022

## *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*.



Duck Point

## Contents

Acknowledgement to Country	<b>2</b>
Purpose of this document	<b>3</b>
<hr/>	
About this Plan	<b>4</b>
Financial Policies and Performance Indicators	<b>7</b>
Strategic Actions	<b>17</b>
Financial Plan Statements	<b>18</b>
Comprehensive Income Statement	
Balance Sheet	
Statement of Changes in Equity	
Statement of Cash Flows	
Statement of Capital Works	
Statement of Human Resources	
Planned Human Resources Expenditure	
Assumptions to the Financial Plan Statement	
Other Matters impacting the 10-year Financial Projections	
Borrowing Strategy	
Reserves Strategy	
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# About this Plan

# 1

This Plan defines the broad financial boundaries for Council over the next 10 years. The Plan is broken up into three main sections:

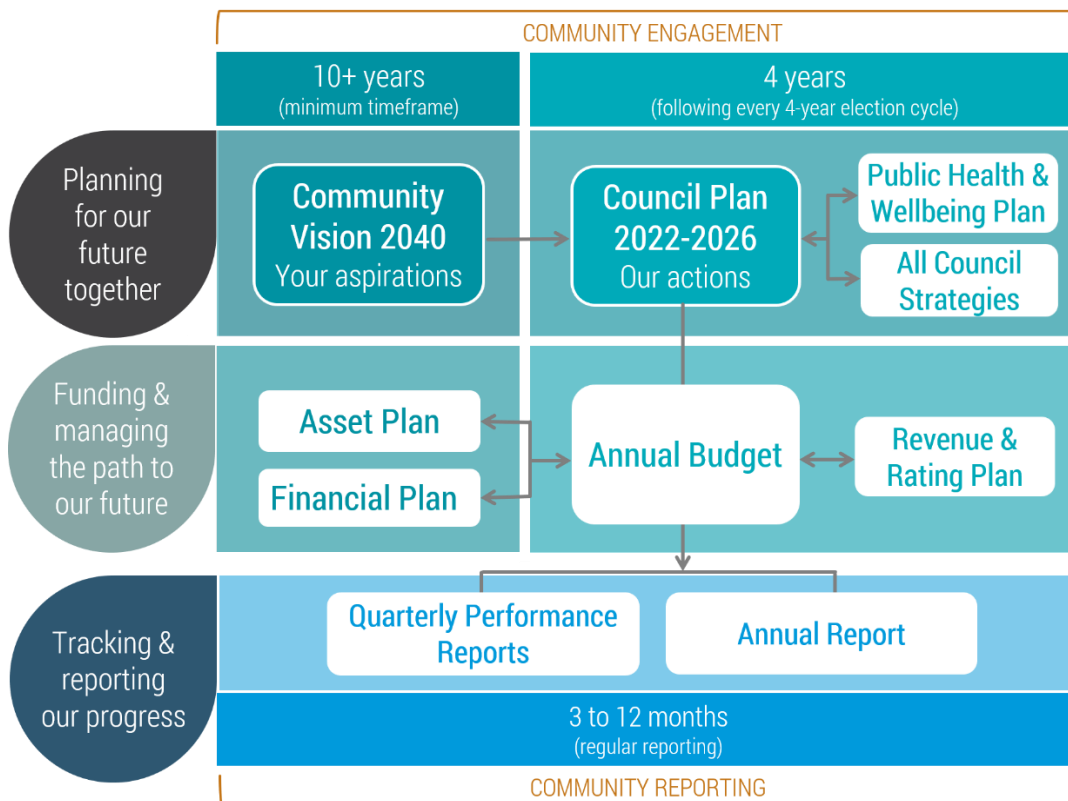
- **Financial Policies and Performance Indicators** that set out the financial targets that ensure Council remains financially sustainable;
- **Strategic Actions** identify the approach Council intends to take to achieve the financial policies; and
- **Financial Plan Statements** apply the strategic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

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 Department Plans and Budget. Council holds itself accountable through 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* 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										
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Consistent underlying surplus results	Adjusted underlying result (%) Adjusted underlying result / Adjusted underlying revenue to be maintained greater than 0%	>0%	4.7%	-11.7%	5.5%	6.1%	7.8%	8.6%	10.0%	10.2%	11.9%	15.9%	14.9%
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	2.54	1.97	1.51	1.26	1.39	1.35	1.21	1.13	1.29	1.11	1.15
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%	36.1%	24.3%	32.5%	25.7%	25.9%	24.4%	24.6%	24.2%	25.1%	25.5%	26.0%
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%	21.0%	25.7%	25.7%	30.1%	26.2%	22.7%	19.2%	16.0%	13.2%	10.7%	8.4%
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%	15.9%	22.1%	22.1%	28.3%	24.2%	20.3%	16.6%	13.1%	9.8%	7.0%	4.5%
Council maintains debt service costs in line with rate income and growth of the municipality	Loans and borrowings payments (%) Repayments on loans (P+) / Rate revenue to be maintained below 10%	<10%	1.2%	2.0%	2.5%	3.1%	3.5%	3.4%	3.3%	3.2%	3.1%	2.6%	2.3%

## 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
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	+o/-
<b>Operating position</b>													
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	4.7%	-11.7%	5.5%	6.1%	7.8%	8.6%	10.0%	10.2%	11.9%	15.9%	14.9%	+
<b>Liquidity</b>													
Working Capital	Current assets / current liabilities	253.9%	196.8%	151.0%	125.6%	138.6%	135.5%	120.7%	112.5%	128.9%	111.5%	115.1%	-
Unrestricted cash	Unrestricted cash / current liabilities	102.6%	28.3%	25.4%	4.1%	14.4%	9.0%	7.7%	-2.7%	9.6%	-11.8%	-11.2%	-
<b>Obligations</b>													
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	15.9%	22.1%	22.1%	28.3%	24.2%	20.3%	16.6%	13.1%	9.8%	7.0%	4.5%	+
Loans and borrowings repayments	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	1.2%	2.0%	2.5%	3.1%	3.5%	3.4%	3.3%	3.2%	3.1%	2.6%	2.3%	o
Indebtedness	Non-current liabilities / own source revenue	21.0%	25.7%	25.7%	30.1%	26.2%	22.7%	19.2%	16.0%	13.2%	10.7%	8.4%	+
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	257.9%	223.9%	283.7%	213.8%	138.3%	160.8%	196.6%	187.7%	163.2%	299.8%	217.8%	o
<b>Stability</b>													
Rates concentration	Rate revenue / adjusted underlying revenue	60.6%	77.5%	69.2%	69.3%	69.7%	70.1%	70.2%	70.5%	70.6%	70.4%	70.3%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	o
<b>Efficiency</b>													
Expenditure level	Total expenses/ no. of property assessments	\$3,616	\$3,377	\$3,275	\$3,330	\$3,333	\$3,365	\$3,379	\$3,433	\$3,435	\$3,352	\$3,460	o
Revenue level	Total rate revenue / no. of property assessments	\$2,310	\$2,364	\$2,421	\$2,480	\$2,540	\$2,599	\$2,657	\$2,715	\$2,774	\$2,827	\$2,879	+

### Key to Forecast Trend:

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

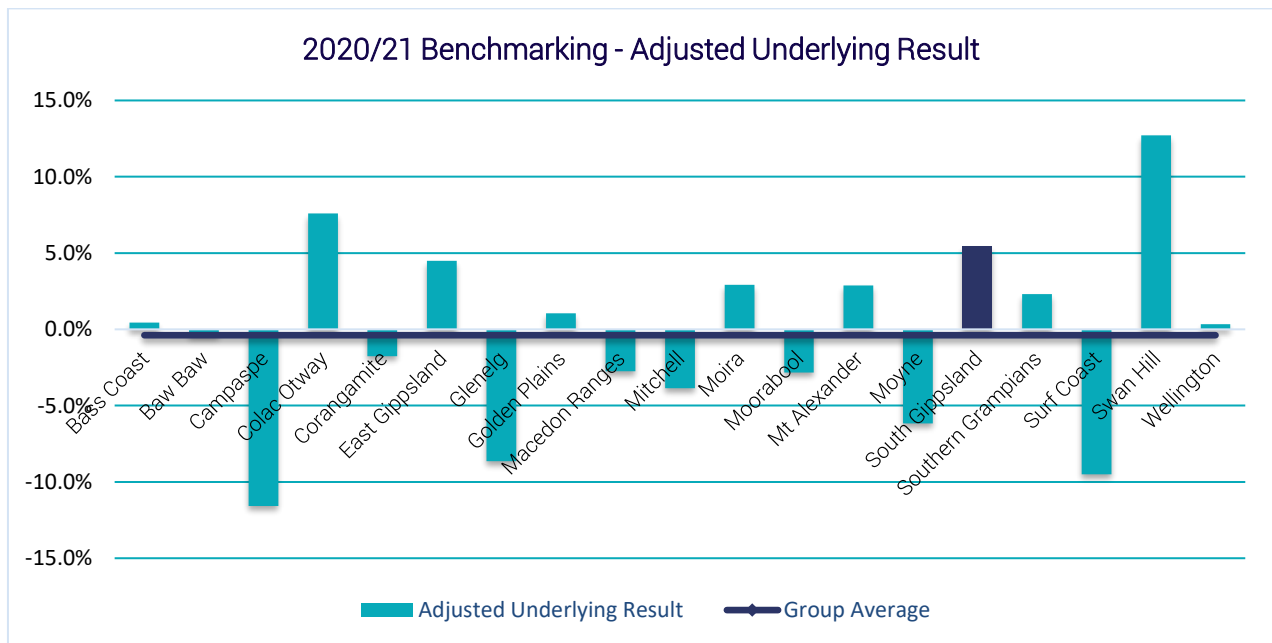
o Forecasts that Council's financial performance/financial position indicator will be steady

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

The graphs below contain benchmarking data for South Gippsland Shire Council's 2020/21 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.

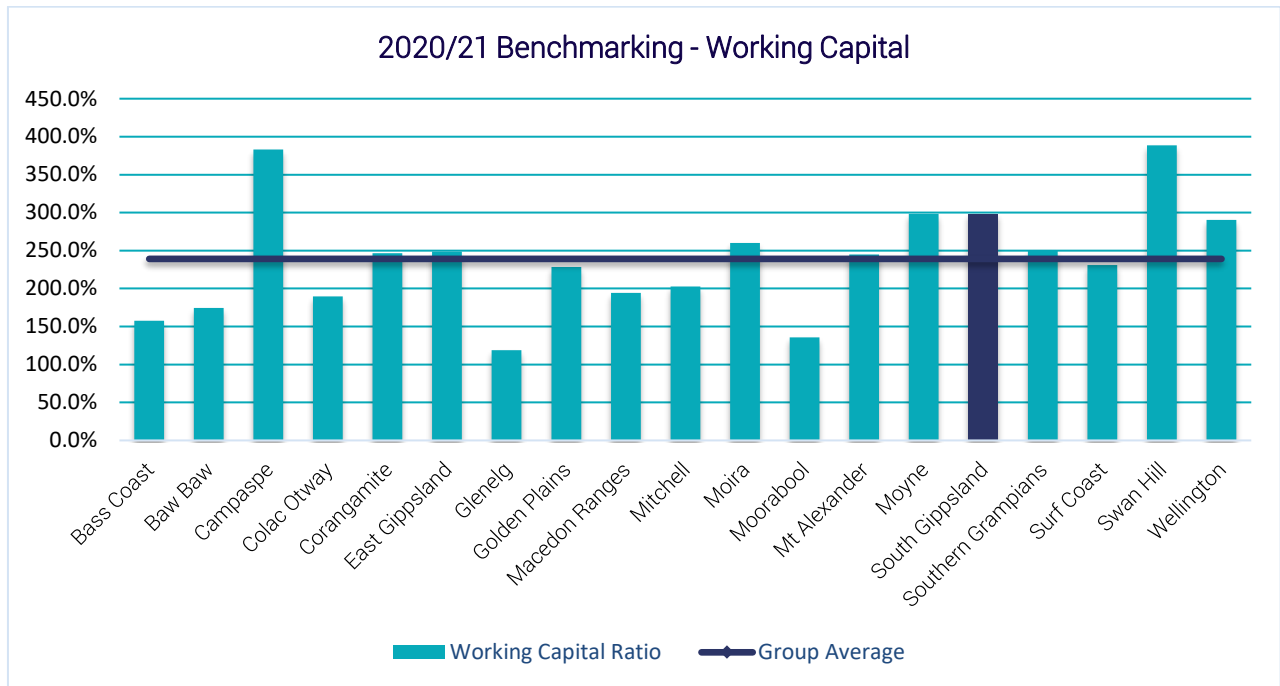
### Adjusted Underlying Result

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.



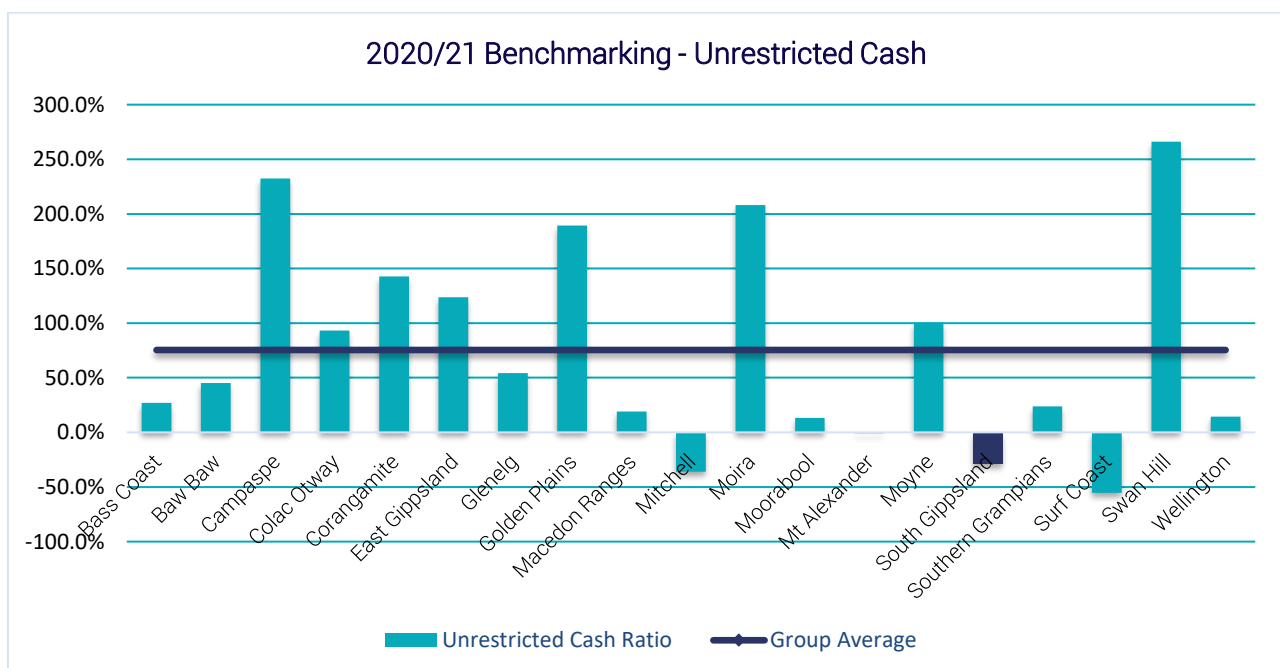
### Working Capital

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 are held to fund specific activities.

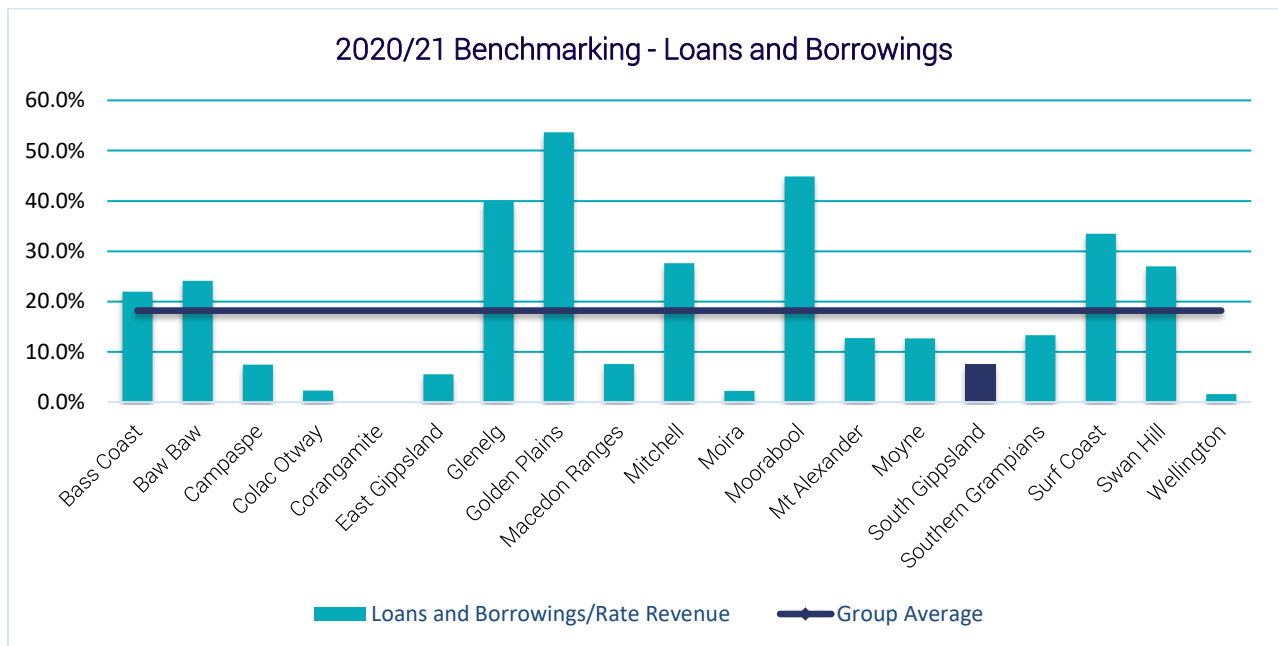


Unrestricted cash decreased in 2020/21 due to a lower amount of capital works carried forward at year end as compared to the prior year. It is important to note that unrestricted cash refers only to cash balances with investments with a maturity of less than 90 days. Council's investments with maturity over 90 days increased by \$2.3 million as compared to 2019/20.

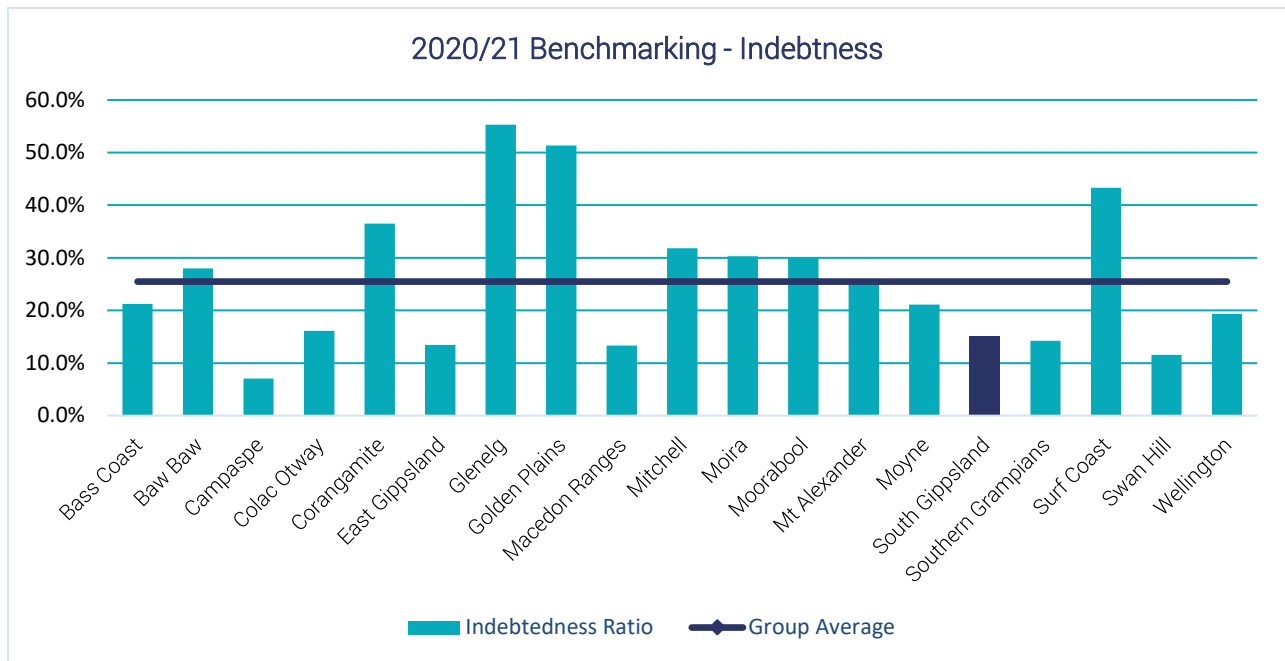
**Loans and Borrowings**

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. This ratio increases in the following two years based on two additional low interest subsidised loans of \$5 million each through the Community Infrastructure Loan Scheme Program for the Korumburra Community Hub and the Korumburra Streetscape projects. The ratio then falls in the later years as the loans are being repaid.

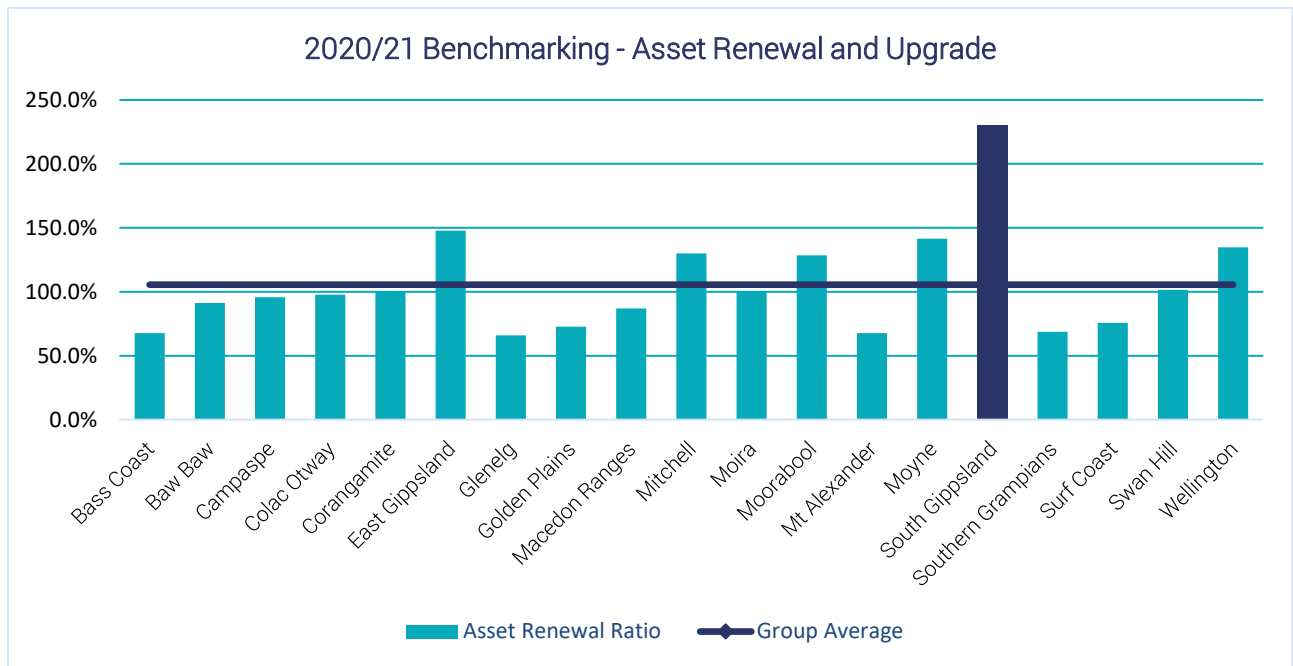


Indebtedness



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.

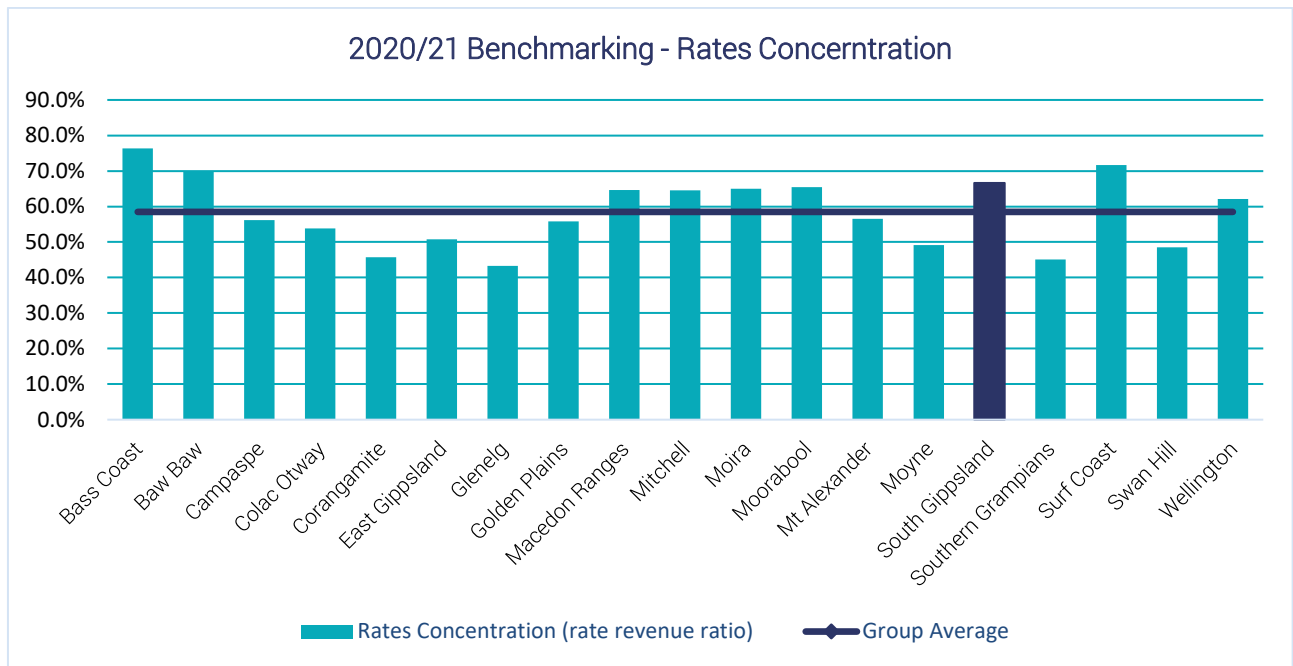
Asset Renewal and Upgrade



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 2020/21 primarily as a result of carrying forward \$10 million of works from the previous year. The ratio remains high in the following three 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 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 Actions

# 3

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* will set the foundation for all Council plans and strategies to ensure actions undertaken by Council are guided by community aspirations now and into the future.

Following a series of community engagement activities, Council has identified the following strategic actions that will support the aspirations of the Community Vision and direction of the Council Plan.

The strategic actions are included in the 10-year Financial Plan and, where appropriate, referenced in the commentary associated with the 10-year Comprehensive Income Statement and the 10-year Statement of Capital Works.

# Financial Plan Statements

# 4

This section presents information regarding the Financial Plan Statements for the 10 years from 2022/23 to 2031/32.

- 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 2021/22 \$'000	2022/23 \$'000	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
<b>Income</b>											
Rates and charges	46,727	48,108	49,808	51,649	53,480	55,313	57,170	59,072	61,026	63,445	65,809
Statutory fees and fines	1,144	1,138	1,153	1,157	1,220	1,265	1,255	1,276	1,359	1,375	1,383
User fees	4,653	4,025	4,109	4,203	4,308	4,416	4,527	4,640	4,756	4,875	4,996
Grants - Operating	19,900	3,689	12,627	12,935	13,163	13,488	13,822	14,164	14,514	14,874	15,242
Grants - Capital	12,624	10,553	9,521	3,063	3,503	2,385	2,595	2,385	2,385	2,385	2,385
Contributions - monetary	997	1,438	875	1,343	888	647	630	657	674	593	708
Contributions - non-monetary	903	422	431	441	452	464	475	487	499	512	525
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	456	763	(278)	(9)	0	(136)	32	(10)	(0)	33	(0)
Other income	1,167	1,185	1,212	1,232	1,256	1,277	1,302	1,323	1,369	1,372	1,410
<b>Total income</b>	<b>88,570</b>	<b>71,320</b>	<b>79,458</b>	<b>76,013</b>	<b>78,270</b>	<b>79,118</b>	<b>81,807</b>	<b>83,992</b>	<b>86,580</b>	<b>89,463</b>	<b>92,457</b>
<b>Expenses</b>											
Employee costs	30,258	28,544	29,065	30,059	30,988	31,829	32,693	33,547	34,458	35,519	36,484
Materials and services	27,248	23,769	22,866	23,888	23,801	24,503	25,229	26,352	26,494	27,081	27,888
Depreciation	11,752	12,817	11,878	11,707	11,563	11,394	10,846	10,781	10,536	7,846	9,281
Amortisation - intangible assets	240	54	-	-	-	-	-	-	-	-	-
Amortisation - right of use assets	86	-	-	-	-	-	-	-	-	-	-
Borrowing costs	35	73	92	139	172	152	133	113	93	73	53
Other expenses	3,233	3,195	3,207	3,281	3,363	3,446	3,532	3,615	3,703	3,795	3,890
<b>Total expenses</b>	<b>72,852</b>	<b>68,451</b>	<b>67,109</b>	<b>69,075</b>	<b>69,886</b>	<b>71,326</b>	<b>72,433</b>	<b>74,408</b>	<b>75,284</b>	<b>74,314</b>	<b>77,597</b>
<b>Surplus/(deficit) for the year</b>	<b>15,718</b>	<b>2,869</b>	<b>12,349</b>	<b>6,938</b>	<b>8,383</b>	<b>7,793</b>	<b>9,374</b>	<b>9,585</b>	<b>11,296</b>	<b>15,149</b>	<b>14,860</b>
<b>Other comprehensive income</b>											
Total other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive result</b>	<b>15,718</b>	<b>2,869</b>	<b>12,349</b>	<b>6,938</b>	<b>8,383</b>	<b>7,793</b>	<b>9,374</b>	<b>9,585</b>	<b>11,296</b>	<b>15,149</b>	<b>14,860</b>

## 4.2 Balance Sheet

	Forecast / Actual 2021/22 \$'000	2022/23 \$'000	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
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	20,309	10,550	7,473	4,078	6,423	5,864	6,163	4,708	7,440	4,120	4,861
Trade and other receivables	5,963	5,265	6,197	5,688	5,707	5,731	5,746	5,760	5,778	5,785	5,807
Other financial assets	17,000	17,000	11,000	11,000	11,000	11,000	8,000	8,000	8,000	8,000	8,000
Inventories	210	210	210	210	210	210	210	210	210	210	210
Non-current assets classified as held for sale	1,691	1,691	1,691	1,691	1,691	1,691	1,691	1,691	1,691	1,691	1,691
Other assets	240	240	240	240	240	240	240	240	240	240	240
<b>Total current assets</b>	<b>45,413</b>	<b>34,956</b>	<b>26,811</b>	<b>22,907</b>	<b>25,271</b>	<b>24,736</b>	<b>22,050</b>	<b>20,608</b>	<b>23,359</b>	<b>20,046</b>	<b>20,809</b>
<b>Non-current assets</b>											
Property, infrastructure, plant & equipment	613,967	630,015	650,729	665,161	669,479	676,125	686,465	695,783	702,575	719,477	732,224
Investment property	615	615	615	615	615	615	615	615	615	615	615
Intangible assets	54	-	-	-	-	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>614,636</b>	<b>630,630</b>	<b>651,344</b>	<b>665,776</b>	<b>670,094</b>	<b>676,740</b>	<b>687,080</b>	<b>696,398</b>	<b>703,190</b>	<b>720,092</b>	<b>732,839</b>
<b>Total assets</b>	<b>660,049</b>	<b>665,586</b>	<b>678,155</b>	<b>688,683</b>	<b>695,365</b>	<b>701,476</b>	<b>709,130</b>	<b>717,006</b>	<b>726,549</b>	<b>740,138</b>	<b>753,648</b>
<b>Liabilities</b>											
<b>Current liabilities</b>											
Trade and other payables	4,160	5,649	5,490	5,508	5,479	5,489	5,480	5,503	5,502	5,498	5,572
Trust funds and deposits	6,478	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527
Provisions	6,534	6,534	6,534	6,534	6,534	6,534	6,534	6,534	6,534	6,534	6,534
Interest-bearing liabilities	713	1,049	1,202	1,673	1,692	1,711	1,731	1,751	1,557	1,423	1,443
<b>Total current liabilities</b>	<b>17,885</b>	<b>17,759</b>	<b>17,752</b>	<b>18,242</b>	<b>18,232</b>	<b>18,262</b>	<b>18,273</b>	<b>18,315</b>	<b>18,120</b>	<b>17,983</b>	<b>18,076</b>
<b>Non-current liabilities</b>											
Provisions	4,728	4,728	4,728	4,728	4,728	4,728	4,728	4,728	4,728	4,728	4,728
Interest-bearing liabilities	6,653	9,447	9,674	12,775	11,083	9,371	7,640	5,889	4,332	2,909	1,466
<b>Total non-current liabilities</b>	<b>11,381</b>	<b>14,175</b>	<b>14,402</b>	<b>17,503</b>	<b>15,811</b>	<b>14,099</b>	<b>12,368</b>	<b>10,617</b>	<b>9,060</b>	<b>7,637</b>	<b>6,194</b>
<b>Total liabilities</b>	<b>29,266</b>	<b>31,934</b>	<b>32,154</b>	<b>35,744</b>	<b>34,042</b>	<b>32,361</b>	<b>30,641</b>	<b>28,932</b>	<b>27,179</b>	<b>25,619</b>	<b>24,269</b>
<b>Net assets</b>	<b>630,782</b>	<b>633,652</b>	<b>646,001</b>	<b>652,939</b>	<b>661,322</b>	<b>669,115</b>	<b>678,489</b>	<b>688,074</b>	<b>699,370</b>	<b>714,519</b>	<b>729,378</b>

	Forecast / Actual 2021/22 \$'000	2022/23 \$'000	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
<b>Equity</b>											
Accumulated surplus	258,629	260,925	272,839	279,417	287,323	294,689	303,534	312,667	323,476	338,087	352,299
Reserves	372,153	372,727	373,161	373,522	373,999	374,426	374,955	375,407	375,893	376,432	377,079
<b>Total equity</b>	<b>630,782</b>	<b>633,652</b>	<b>646,001</b>	<b>652,939</b>	<b>661,322</b>	<b>669,115</b>	<b>678,489</b>	<b>688,074</b>	<b>699,370</b>	<b>714,519</b>	<b>729,378</b>

## 4.3 Statement of Changes in Equity

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2022 Forecast Actual</b>				
Balance at beginning of the financial year	615,064	243,339	371,182	543
Surplus/(deficit) for the year	15,718	15,718	-	-
Transfers to other reserves	-	(428)	-	-
Transfers from other reserves	-	-	-	428
<b>Balance at end of the financial year</b>	<b>630,782</b>	<b>258,629</b>	<b>371,182</b>	<b>971</b>
<b>2023</b>				
Balance at beginning of the financial year	630,782	258,629	371,182	971
Surplus/(deficit) for the year	2,869	2,869	-	-
Transfers to other reserves	-	(574)	-	-
Transfers from other reserves	-	-	-	574
<b>Balance at end of the financial year</b>	<b>633,652</b>	<b>260,925</b>	<b>371,182</b>	<b>1,545</b>
<b>2024</b>				
Balance at beginning of the financial year	633,652	260,925	371,182	1,545
Surplus/(deficit) for the year	12,349	12,349	-	-
Transfers to other reserves	-	(434)	-	-
Transfers from other reserves	-	-	-	434
<b>Balance at end of the financial year</b>	<b>646,001</b>	<b>272,839</b>	<b>371,182</b>	<b>1,979</b>
<b>2025</b>				
Balance at beginning of the financial year	646,001	272,839	371,182	1,979
Surplus/(deficit) for the year	6,938	6,938	-	-
Transfers to other reserves	-	(360)	-	-
Transfers from other reserves	-	-	-	360
<b>Balance at end of the financial year</b>	<b>652,939</b>	<b>279,417</b>	<b>371,182</b>	<b>2,340</b>

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2026</b>				
Balance at beginning of the financial year	652,939	279,417	371,182	2,340
Surplus/(deficit) for the year	8,383	8,383	-	-
Transfers to other reserves	-	(477)	-	-
Transfers from other reserves	-	-	-	477
<b>Balance at end of the financial year</b>	<b>661,322</b>	<b>287,323</b>	<b>371,182</b>	<b>2,817</b>
<b>2027</b>				
Balance at beginning of the financial year	661,322	287,323	371,182	2,817
Surplus/(deficit) for the year	7,793	7,793	-	-
Transfers to other reserves	-	(427)	-	-
Transfers from other reserves	-	-	-	427
<b>Balance at end of the financial year</b>	<b>669,115</b>	<b>294,689</b>	<b>371,182</b>	<b>3,244</b>
<b>2028</b>				
Balance at beginning of the financial year	669,115	294,689	371,182	3,244
Surplus/(deficit) for the year	9,374	9,374	-	-
Transfers to other reserves	-	(529)	-	-
Transfers from other reserves	-	-	-	529
<b>Balance at end of the financial year</b>	<b>678,489</b>	<b>303,534</b>	<b>371,182</b>	<b>3,773</b>
<b>2029</b>				
Balance at beginning of the financial year	678,489	303,534	371,182	3,773
Surplus/(deficit) for the year	9,585	9,585	-	-
Transfers to other reserves	-	(452)	-	-
Transfers from other reserves	-	-	-	452
<b>Balance at end of the financial year</b>	<b>688,074</b>	<b>312,667</b>	<b>371,182</b>	<b>4,225</b>

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2030</b>				
Balance at beginning of the financial year	688,074	312,667	371,182	4,225
Surplus/(deficit) for the year	11,296	11,296	-	-
Transfers to other reserves	-	(487)	-	-
Transfers from other reserves	-	-	-	487
<b>Balance at end of the financial year</b>	<b>699,370</b>	<b>323,476</b>	<b>371,182</b>	<b>4,711</b>
<b>2031</b>				
Balance at beginning of the financial year	699,370	323,476	371,182	4,711
Surplus/(deficit) for the year	15,149	15,149	-	-
Transfers to other reserves	-	(539)	-	-
Transfers from other reserves	-	-	-	539
<b>Balance at end of the financial year</b>	<b>714,519</b>	<b>338,087</b>	<b>371,182</b>	<b>5,250</b>
<b>2032</b>				
Balance at beginning of the financial year	714,519	338,087	371,182	5,250
Surplus/(deficit) for the year	14,860	14,860	-	-
Transfers to other reserves	-	(647)	-	-
Transfers from other reserves	-	-	-	647
<b>Balance at end of the financial year</b>	<b>729,378</b>	<b>352,299</b>	<b>371,182</b>	<b>5,897</b>



## 4.4 Statement of Cash Flows

	Forecast / Actual 2021/22 \$'000	2022/23 \$'000	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
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>											
Rates and charges	46,500	47,061	49,335	51,456	53,241	55,003	56,939	58,819	60,780	63,183	65,544
Statutory fees and fines	1,143	1,117	1,148	1,159	1,218	1,262	1,258	1,276	1,355	1,376	1,385
User fees	4,649	3,953	4,090	4,208	4,309	4,411	4,528	4,640	4,756	4,877	4,998
Grants - operating	19,882	3,623	11,916	12,948	13,171	13,472	13,826	14,164	14,517	14,880	15,247
Grants - capital	12,612	10,364	9,569	3,577	3,476	2,468	2,585	2,404	2,389	2,389	2,389
Contributions - monetary	997	1,438	875	1,343	888	647	630	657	674	593	708
Interest received	150	150	160	165	170	175	180	185	190	195	200
Other receipts	1,200	1,176	1,279	1,234	1,325	1,327	1,338	1,357	1,402	1,416	1,440
Employee costs	(29,652)	(27,778)	(29,076)	(30,060)	(30,961)	(31,826)	(32,701)	(33,556)	(34,433)	(35,510)	(36,448)
Materials and services	(26,702)	(23,132)	(23,009)	(23,865)	(23,858)	(24,496)	(25,229)	(26,319)	(26,523)	(27,093)	(27,855)
Other payments	(3,168)	(3,109)	(3,213)	(3,285)	(3,362)	(3,447)	(3,534)	(3,616)	(3,701)	(3,796)	(3,886)
<b>Net cash provided by/(used in) operating activities</b>	<b>27,610</b>	<b>14,864</b>	<b>23,076</b>	<b>18,881</b>	<b>19,617</b>	<b>18,998</b>	<b>19,821</b>	<b>20,011</b>	<b>21,407</b>	<b>22,511</b>	<b>23,721</b>
<b>Cash flows from investing activities</b>											
Payments for property, infrastructure, plant and equipment	(37,934)	(31,467)	(33,899)	(26,356)	(16,157)	(18,492)	(21,499)	(20,419)	(17,638)	(25,063)	(22,352)
Proceeds from sale of property, infrastructure, plant and equipment	947	3,787	1,460	649	729	779	820	798	808	861	849
Proceeds from sale of investments	15,279	-	6,000	-	-	-	3,000	-	-	-	-
<b>Net cash provided by/ (used in) investing activities</b>	<b>(21,708)</b>	<b>(27,680)</b>	<b>(26,440)</b>	<b>(25,707)</b>	<b>(15,428)</b>	<b>(17,713)</b>	<b>(17,679)</b>	<b>(19,621)</b>	<b>(16,830)</b>	<b>(24,202)</b>	<b>(21,504)</b>

	Forecast / Actual 2021/22 \$'000	2022/23 \$'000	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
<b>Cash flows from financing activities</b>											
Finance costs	(35)	(73)	(92)	(139)	(172)	(152)	(133)	(113)	(93)	(73)	(53)
Proceeds from borrowings	4,500	4,000	1,500	5,000	-	-	-	-	-	-	-
Repayment of borrowings	(532)	(870)	(1,121)	(1,429)	(1,673)	(1,692)	(1,711)	(1,731)	(1,751)	(1,557)	(1,423)
Repayment of lease liabilities	(94)	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>3,839</b>	<b>3,058</b>	<b>287</b>	<b>3,432</b>	<b>(1,844)</b>	<b>(1,844)</b>	<b>(1,844)</b>	<b>(1,844)</b>	<b>(1,844)</b>	<b>(1,630)</b>	<b>(1,476)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>9,742</b>	<b>(9,758)</b>	<b>(3,077)</b>	<b>(3,395)</b>	<b>2,345</b>	<b>(559)</b>	<b>298</b>	<b>(1,455)</b>	<b>2,732</b>	<b>(3,320)</b>	<b>741</b>
Cash and cash equivalents at the beginning of the financial year	10,567	20,309	10,550	7,473	4,078	6,423	5,864	6,163	4,708	7,440	4,120
<b>Cash and cash equivalents at the end of the financial year</b>	<b>20,309</b>	<b>10,550</b>	<b>7,473</b>	<b>4,078</b>	<b>6,423</b>	<b>5,864</b>	<b>6,163</b>	<b>4,708</b>	<b>7,440</b>	<b>4,120</b>	<b>4,861</b>

## 4.5 Statement of Capital Works

	Forecast / Actual 2021/22 \$'000	2022/23 \$'000	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
<b>Property</b>											
Land	-	-	-	-	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-	-	-	-	-
<b>Total land</b>	-	-	-	-	-	-	-	-	-	-	-
Buildings	13,040	8,399	6,222	10,195	2,260	4,357	2,890	3,384	1,494	5,896	2,718
Heritage buildings	275	106	110	265	119	124	129	134	140	145	151
Building improvements	101	-	-	-	-	-	-	-	-	-	-
<b>Total buildings</b>	<b>13,416</b>	<b>8,505</b>	<b>6,332</b>	<b>10,460</b>	<b>2,379</b>	<b>4,482</b>	<b>3,019</b>	<b>3,518</b>	<b>1,633</b>	<b>6,041</b>	<b>2,869</b>
<b>Total property</b>	<b>13,416</b>	<b>8,505</b>	<b>6,332</b>	<b>10,460</b>	<b>2,379</b>	<b>4,482</b>	<b>3,019</b>	<b>3,518</b>	<b>1,633</b>	<b>6,041</b>	<b>2,869</b>
<b>Plant and equipment</b>											
Plant, machinery and equipment	2,275	2,367	3,536	2,815	2,531	2,682	2,776	2,719	2,739	2,970	2,878
Fixtures, fittings and furniture	26	-	-	-	-	-	-	-	-	-	-
Computers and telecommunications	1,628	467	985	754	773	792	812	833	853	875	897
<b>Total plant and equipment</b>	<b>3,929</b>	<b>2,834</b>	<b>4,521</b>	<b>3,570</b>	<b>3,304</b>	<b>3,474</b>	<b>3,588</b>	<b>3,552</b>	<b>3,592</b>	<b>3,845</b>	<b>3,774</b>
<b>Infrastructure</b>											
Roads	8,271	12,484	11,943	8,567	8,608	8,510	9,635	9,924	10,092	10,827	11,309
Bridges	156	320	523	708	765	348	715	468	604	385	517
Footpaths and cycleways	3,338	1,522	512	531	277	572	594	616	640	1,319	1,285
Drainage	569	-	427	144	150	155	161	167	174	786	1,384
Recreational, leisure and community facilities	1,047	1,621	859	851	674	851	770	862	902	744	55
Waste management	544	528	2,686	1,161	-	99	3,017	1,310	-	1,115	1,158
Parks, open space and streetscapes	2,427	3,652	6,097	364	-	-	-	-	-	-	-
Off street car parks	2,108	-	-	-	-	-	-	-	-	-	-
Other infrastructure	2,129	-	-	-	-	-	-	-	-	-	-
<b>Total infrastructure</b>	<b>20,589</b>	<b>20,128</b>	<b>23,046</b>	<b>12,327</b>	<b>10,474</b>	<b>10,536</b>	<b>14,891</b>	<b>13,349</b>	<b>12,412</b>	<b>15,177</b>	<b>15,709</b>
<b>Total capital works expenditure</b>	<b>37,934</b>	<b>31,467</b>	<b>33,899</b>	<b>26,356</b>	<b>16,157</b>	<b>18,492</b>	<b>21,499</b>	<b>20,419</b>	<b>17,638</b>	<b>25,063</b>	<b>22,352</b>

	Forecast / Actual 2021/22 \$'000	2022/23 \$'000	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
<b>Represented by:</b>											
Asset renewal expenditure	27,792	24,530	26,560	23,723	15,845	18,068	18,145	18,759	17,026	21,876	18,547
Asset expansion expenditure	7,624	2,769	201	1,329	163	169	176	182	438	1,539	2,138
Asset upgrade expenditure	2,518	4,168	7,138	1,305	150	255	3,178	1,478	174	1,648	1,667
<b>Total capital works expenditure</b>	<b>37,934</b>	<b>31,467</b>	<b>33,899</b>	<b>26,356</b>	<b>16,157</b>	<b>18,492</b>	<b>21,499</b>	<b>20,419</b>	<b>17,638</b>	<b>25,063</b>	<b>22,352</b>
<b>Funding sources represented by:</b>											
Grants	12,624	8,602	9,521	3,063	3,503	2,385	2,595	2,385	2,385	2,385	2,385
Contributions	464	1,169	601	1,063	601	353	328	348	357	268	375
Council cash	20,347	17,697	22,278	17,231	12,054	15,754	18,575	17,687	14,897	22,411	19,593
Borrowings	4,500	4,000	1,500	5,000	-	-	-	-	-	-	-
<b>Total capital works expenditure</b>	<b>37,934</b>	<b>31,467</b>	<b>33,899</b>	<b>26,356</b>	<b>16,157</b>	<b>18,492</b>	<b>21,499</b>	<b>20,419</b>	<b>17,638</b>	<b>25,063</b>	<b>22,352</b>

## 4.6 Statement of Human Resources

Staff expenditure	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Staff expenditure</b>											
Employee costs - operating	30,258	28,544	29,065	30,059	30,988	31,829	32,693	33,547	34,458	35,519	36,484
Employee costs - capital	1,376	1,376	1,423	1,469	1,515	1,556	1,598	1,640	1,685	1,732	1,779
<b>Total staff expenditure</b>	<b>31,634</b>	<b>29,920</b>	<b>30,488</b>	<b>31,528</b>	<b>32,503</b>	<b>33,385</b>	<b>34,291</b>	<b>35,187</b>	<b>36,143</b>	<b>37,251</b>	<b>38,263</b>

Staff numbers	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
<b>Staff numbers</b>											
Employees	279.5	268.3	265.0	266.0	265.8	265.8	265.8	265.8	265.8	266.7	266.7
<b>Total staff numbers</b>	<b>279.5</b>	<b>268.3</b>	<b>265.0</b>	<b>266.0</b>	<b>265.8</b>	<b>265.8</b>	<b>265.8</b>	<b>265.8</b>	<b>265.8</b>	<b>266.7</b>	<b>266.7</b>

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

Department	Total	Comprises		
		Permanent	Casual / Temporary	
			Full Time	Part Time
\$'000	\$'000	\$'000	\$'000	\$'000
Performance & Innovation	6,567	6,259	251	57
Economy & Community	8,433	6,136	1,449	848
Chief Executive Office	475	475	-	-
Sustainable Infrastructure	12,390	11,759	600	31
Total permanent staff expenditure	27,866	24,629	2,301	936
Other employee related expenditure	678			
Capitalised labour costs	1,376			
<b>Total staff expenditure</b>	<b>29,920</b>			

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	55.8	52.7	2.5	0.6
Economy & Community	72.5	50.8	13.7	8.0
Chief Executive Office	2.0	2.0	-	-
Sustainable Infrastructure	138.1	131.0	6.8	0.3
<b>Total staff</b>	<b>268.3</b>	<b>236.5</b>	<b>22.9</b>	<b>8.9</b>

*\*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.*

Staff expenditure	2021/22 \$'000	2022/23 \$'000	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
<b>Staff expenditure</b>											
Employee costs - operating	30,258	28,544	29,065	30,059	30,988	31,829	32,693	33,547	34,458	35,519	36,484
Employee costs - capital	1,376	1,376	1,423	1,469	1,515	1,556	1,598	1,640	1,685	1,732	1,779
<b>Total staff expenditure</b>	<b>31,634</b>	<b>29,920</b>	<b>30,488</b>	<b>31,528</b>	<b>32,503</b>	<b>33,385</b>	<b>34,291</b>	<b>35,187</b>	<b>36,143</b>	<b>37,251</b>	<b>38,263</b>

Staff numbers	2021/22 FTE	2022/23 FTE	2023/24 FTE	2024/25 FTE	2025/26 FTE	2026/27 FTE	2027/28 FTE	2028/29 FTE	2029/30 FTE	2030/31 FTE	2031/32 FTE
<b>Staff numbers</b>											
Employees	279.5	268.3	265.0	266.0	265.8	265.8	265.8	265.8	265.8	266.7	266.7
<b>Total staff numbers</b>	<b>279.5</b>	<b>268.3</b>	<b>265.0</b>	<b>266.0</b>	<b>265.8</b>	<b>265.8</b>	<b>265.8</b>	<b>265.8</b>	<b>265.8</b>	<b>266.7</b>	<b>266.7</b>

## 4.7 Planned Human Resources Expenditure

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Performance &amp; Innovation</b>										
Permanent - Full time	6,259	6,449	6,653	6,865	7,054	7,248	7,440	7,644	7,863	8,079
Women	3,873	3,988	4,114	4,246	4,363	4,483	4,601	4,728	4,863	4,996
Men	2,386	2,460	2,538	2,620	2,692	2,766	2,839	2,917	3,000	3,083
Permanent - Part time	251	258	285	275	283	290	298	306	315	324
Women	136	140	162	149	153	157	161	166	170	175
Men	115	119	123	127	130	134	137	141	145	149
<b>Total Performance &amp; Innovation</b>	<b>6,510</b>	<b>6,707</b>	<b>6,937</b>	<b>7,141</b>	<b>7,337</b>	<b>7,539</b>	<b>7,738</b>	<b>7,951</b>	<b>8,178</b>	<b>8,403</b>
<b>Economy &amp; Community</b>										
Permanent - Full time	6,136	6,321	6,520	6,728	6,912	7,102	7,289	7,489	7,702	7,913
Women	4,124	4,250	4,383	4,523	4,647	4,774	4,899	5,033	5,176	5,318
Men	2,012	2,071	2,137	2,205	2,266	2,328	2,390	2,455	2,525	2,595
Permanent - Part time	1,449	1,493	1,540	1,589	1,633	1,678	1,722	1,769	1,820	1,870
Women	1,314	1,353	1,396	1,441	1,480	1,521	1,561	1,604	1,650	1,695
Men	136	140	144	149	153	157	161	165	170	175
<b>Total Economy &amp; Community</b>	<b>7,585</b>	<b>7,814</b>	<b>8,060</b>	<b>8,317</b>	<b>8,545</b>	<b>8,779</b>	<b>9,011</b>	<b>9,258</b>	<b>9,521</b>	<b>9,782</b>
<b>Chief Executive Office</b>										
Permanent - Full time	475	489	505	521	535	550	565	580	597	613
Women	475	489	505	521	535	550	565	580	597	613
<b>Total Chief Executive Office</b>	<b>475</b>	<b>489</b>	<b>505</b>	<b>521</b>	<b>535</b>	<b>550</b>	<b>565</b>	<b>580</b>	<b>597</b>	<b>613</b>
<b>Sustainable Infrastructure</b>										
Permanent - Full time	11,759	12,127	12,601	13,000	13,354	13,717	14,075	14,458	14,964	15,371
Women	2,058	2,119	2,186	2,255	2,317	2,380	2,442	2,509	2,579	2,650
Men	9,701	10,008	10,415	10,745	11,037	11,337	11,633	11,950	12,385	12,722
Permanent - Part time	600	618	638	658	676	694	713	733	754	774
Women	281	290	299	309	317	325	334	343	353	363
Men	318	329	339	349	359	369	379	389	400	411
<b>Total Sustainable Infrastructure</b>	<b>12,359</b>	<b>12,745</b>	<b>13,239</b>	<b>13,658</b>	<b>14,029</b>	<b>14,411</b>	<b>14,788</b>	<b>15,191</b>	<b>15,718</b>	<b>16,145</b>

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Casuals, temporary and other expenditure	936	621	617	637	654	672	690	709	721	741
Other employee related expenditure	678	689	702	714	728	742	756	770	785	800
Capitalised labour costs	1,376	1,423	1,469	1,515	1,556	1,598	1,640	1,685	1,732	1,779
<b>Total staff expenditure</b>	<b>29,920</b>	<b>30,488</b>	<b>31,528</b>	<b>32,503</b>	<b>33,385</b>	<b>34,291</b>	<b>35,187</b>	<b>36,143</b>	<b>37,251</b>	<b>38,263</b>



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
<b>Performance &amp; Innovation</b>										
Permanent - Full time	52.7	52.7	52.7	52.7	52.7	52.7	52.7	52.7	52.7	52.7
Women	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7
Men	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Permanent - Part time	2.5	2.5	2.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Women	1.5	1.5	1.7	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Men	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total Performance &amp; Innovation</b>	<b>55.2</b>	<b>55.2</b>	<b>55.4</b>	<b>55.2</b>	<b>55.2</b>	<b>55.2</b>	<b>55.2</b>	<b>55.2</b>	<b>55.2</b>	<b>55.2</b>
<b>Economy &amp; Community</b>										
Permanent - Full time	50.8	50.8	50.8	50.8	50.8	50.8	50.8	50.8	50.8	50.8
Women	34.8	34.8	34.8	34.8	34.8	34.8	34.8	34.8	34.8	34.8
Men	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Permanent - Part time	13.7	13.7	13.7	13.7	13.7	13.7	13.7	13.7	13.7	13.7
Women	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Men	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
<b>Total Economy &amp; Community</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>
<b>Chief Executive Office</b>										
Permanent - Full time	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Women	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Total Chief Executive Office</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<b>Sustainable Infrastructure</b>										
Permanent - Full time	116.9	116.9	117.9	117.9	117.9	117.9	117.9	117.9	118.9	118.9
Women	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Men	97.8	97.8	98.8	98.8	98.8	98.8	98.8	98.8	99.8	99.8
Permanent - Part time	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Women	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Men	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
<b>Total Sustainable Infrastructure</b>	<b>123.7</b>	<b>123.7</b>	<b>124.7</b>	<b>124.7</b>	<b>124.7</b>	<b>124.7</b>	<b>124.7</b>	<b>124.7</b>	<b>125.7</b>	<b>125.7</b>
<b>Casuals and temporary staff</b>	<b>8.9</b>	<b>5.6</b>	<b>5.4</b>	<b>5.4</b>	<b>5.4</b>	<b>5.4</b>	<b>5.4</b>	<b>5.4</b>	<b>5.3</b>	<b>5.3</b>
<b>Capitalised labour</b>	<b>14.1</b>	<b>14.1</b>	<b>14.1</b>	<b>14.1</b>	<b>14.1</b>	<b>14.1</b>	<b>14.1</b>	<b>14.1</b>	<b>14.1</b>	<b>14.1</b>
<b>Total staff numbers</b>	<b>268.3</b>	<b>265.0</b>	<b>266.0</b>	<b>265.8</b>	<b>265.8</b>	<b>265.8</b>	<b>265.8</b>	<b>265.8</b>	<b>266.7</b>	<b>266.7</b>

## 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 2022/23 to 2031/32. The assumptions comprise the annual escalations / movement for each line item of the Comprehensive Income Statement.

Escalation Factors % movement	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
CPI	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate revenue cap	1.75%	2.75%	3.00%	2.90%	2.80%	2.75%	2.75%	2.75%	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	1.75%	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	2.50%	2.50%	2.50%	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 Rates and Charges

Base rate revenue will increase by 1.75 per cent for the 2022/23 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.

### 4.8.2 Statutory Fees and Fines

The Financial Plan indexes statutory fees, set by legislation, according on the estimated annual rate of CPI. This is often a best-case scenario given some fees are outside of the control of Council and therefore may be subject to increases less than CPI.

### 4.8.3 User Fees

Most user fees are budgeted to increase by 1.75 per cent for the 2022/23 year. Details of user fees for the 2022/23 budget year can be found in Council's schedule of Fees and Charges that is adopted in conjunction with the budget.

Revenue increases for the ensuing years are based on a conservative annual rate of increase of 2.50% to reflect, as a minimum, annual increases in line with CPI.

#### 4.8.4 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.

#### 4.8.5 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.

#### 4.8.6 Employee Costs

Enterprise Bargaining Agreement 2019 will expire on 30 June 2022. This Financial Plan has been developed based on conservative increases with an additional uplift to allow for banding increments. Superannuation guarantee charge increases were announced as part of the 2014 Federal Budget and this Financial Plan assumes that superannuation will increase progressively from 10 per cent in 2021/22 to 12 per cent by 2025/26.

#### 4.8.7 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. These costs are kept to within CPI levels year-on-year.

General material and services including utility costs are expected to increase by 2.5 per cent in line with CPI.

#### 4.8.8 Depreciation & Amortisation

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

#### 4.8.9 Borrowing Costs

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

#### 4.8.10 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 are planned through the Community Infrastructure Loan Scheme Program for the Korumburra Community Hub and the Korumburra Streetscape projects. An additional amount of \$5 million is projected to be borrowed in 2024/25 for the construction of the Korumburra Pool.

The total amount borrowed as at 30 June 2022 is \$7.36 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 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>	3,398	7,366	10,497	10,876	14,447	12,775	11,083	9,371	7,640	5,889	4,332
Plus New loans	4,500	4,000	1,500	5,000	0	0	0	0	0	0	0
Less Principal repayment	(532)	(870)	(1,121)	(1,429)	(1,673)	(1,692)	(1,711)	(1,731)	(1,751)	(1,557)	(1,423)
<b>Closing balance</b>	<b>7,366</b>	<b>10,497</b>	<b>10,876</b>	<b>14,447</b>	<b>12,775</b>	<b>11,083</b>	<b>9,371</b>	<b>7,640</b>	<b>5,889</b>	<b>4,332</b>	<b>2,909</b>
Interest payment	(35)	(73)	(92)	(139)	(172)	(152)	(133)	(113)	(93)	(73)	(53)

### 4.9.3 Performance Indicators

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

		Forecast /Actual 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Target	%	%	%	%	%	%	%	%	%	%	%
Total borrowings / Rate revenue	Below 60%	15.9%	22.1%	22.1%	28.3%	24.2%	20.3%	16.6%	13.1%	9.8%	7.0%	4.5%
Debt servicing (interest) / Rate revenue	Below 5%	0.1%	0.2%	0.2%	0.3%	0.4%	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%
Debt commitment (interest and principal) / Rate revenue	Below 10%	1.2%	2.0%	2.5%	3.1%	3.5%	3.4%	3.3%	3.2%	3.1%	2.6%	2.3%
Indebtedness / Own source revenue	Below 40%	21.0%	25.7%	25.7%	30.1%	26.2%	22.7%	19.2%	16.0%	13.2%	10.7%	8.4%

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

## 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	2021/22 \$000's	2022/23 \$000's	2023/24 \$000's	2024/25 \$000's	2025/26 \$000's	2026/27 \$000's	2027/28 \$000's	2028/29 \$000's	2029/30 \$000's	2030/31 \$000's	2031/32 \$000's
Public Open Space Reserve	Restricted											
Opening balance			803	932	1,018	1,043	1,165	1,240	1,440	1,544	1,674	1,945
Transfer to reserve			264	269	275	282	289	297	304	312	319	327
Transfer from reserve			(135)	(183)	(251)	(160)	(215)	(96)	(200)	(181)	(48)	(55)
Closing balance		803	932	1,018	1,043	1,165	1,240	1,440	1,544	1,674	1,945	2,217

Development Contributions Reserve	Restricted											
Opening balance			0	445	793	1,129	1,484	1,837	2,165	2,513	2,869	3,137
Transfer to reserve			1,149	601	823	601	353	328	348	357	268	375
Transfer from reserve			(704)	(253)	(487)	(246)	0	0	0	0	0	0
Closing balance		0	445	793	1,129	1,484	1,837	2,165	2,513	2,869	3,137	3,512

Reserves Summary	Total Restricted											
Opening balance			803	1,377	1,811	2,172	2,649	3,076	3,605	4,057	4,543	5,082
Transfer to reserve			1,413	870	1,098	883	642	625	652	668	587	702
Transfer from reserve			(839)	(436)	(738)	(406)	(215)	(96)	(200)	(181)	(48)	(55)
Closing balance		803	1,377	1,811	2,172	2,649	3,076	3,605	4,057	4,543	5,082	5,729

Corner Inlet Reserve	Discretionary											
Opening balance			18	18	18	18	18	18	18	18	18	18
Transfer to reserve												
Transfer from reserve												
Closing balance		18	18	18	18	18	18	18	18	18	18	18

Reserves	Restricted / Discretionary	2021/22 \$000's	2022/23 \$000's	2023/24 \$000's	2024/25 \$000's	2025/26 \$000's	2026/27 \$000's	2027/28 \$000's	2028/29 \$000's	2029/30 \$000's	2030/31 \$000's	2031/32 \$000's
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	150

Reserves Summary	Total Discretionary											
Opening balance			168	168	168	168	168	168	168	168	168	168
Transfer to reserve			0	0	0	0	0	0	0	0	0	0
Transfer from reserve			0	0	0	0	0	0	0	0	0	0
Closing balance		168	168	168	168	168	168	168	168	168	168	168

Reserves Summary	Restricted & Discretionary											
Opening balance		971	1,545	1,979	2,340	2,817	3,244	3,773	4,225	4,711	5,250	
Transfer to reserve			1,413	870	1,098	883	642	625	652	668	587	702
Transfer from reserve			(839)	(436)	(738)	(406)	(215)	(96)	(200)	(181)	(48)	(55)
Closing balance		971	1,545	1,979	2,340	2,817	3,244	3,773	4,225	4,711	5,250	5,897





## SOUTH GIPPSLAND SHIRE COUNCIL

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South Gippsland Shire Council



*South Gippsland*  
Shire Council

Council Meeting No. 472 - 29 June 2022