

SOUTH GIPPSLAND SHIRE COUNCIL

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Financial Plan 2022/23 – 2031/32



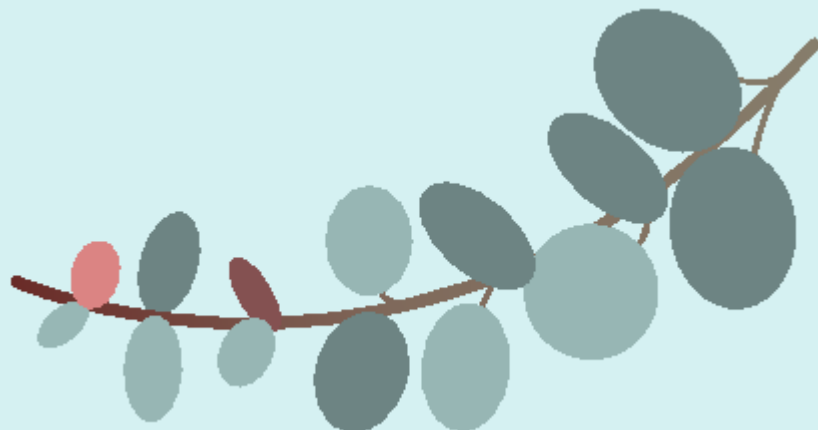
*Managing South Gippsland's
ten-year Financial Plan.*



South Gippsland
Council Meeting No. 469 - 20 April 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 ten-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

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About this Plan

1

This Plan defines the broad financial boundaries for Council over the next ten years.

The Plan is broken up into three main sections:

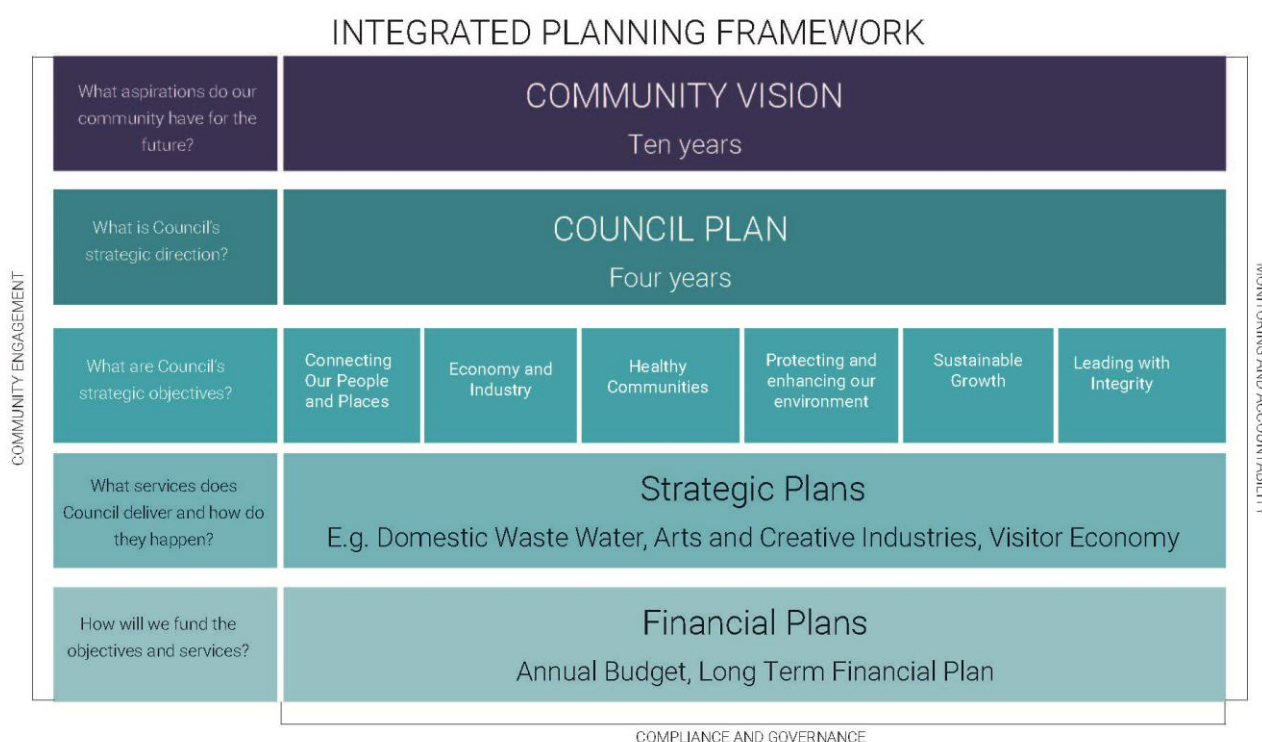
- **Financial Policies and Performance Indicators** that set out the financial targets that ensure Council remains financially sustainable;
- **Strategic Actions** identify the approach Council intends to take to achieve the financial policies; and
- **Financial Plan Statements** apply the strategic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

1.1 Background

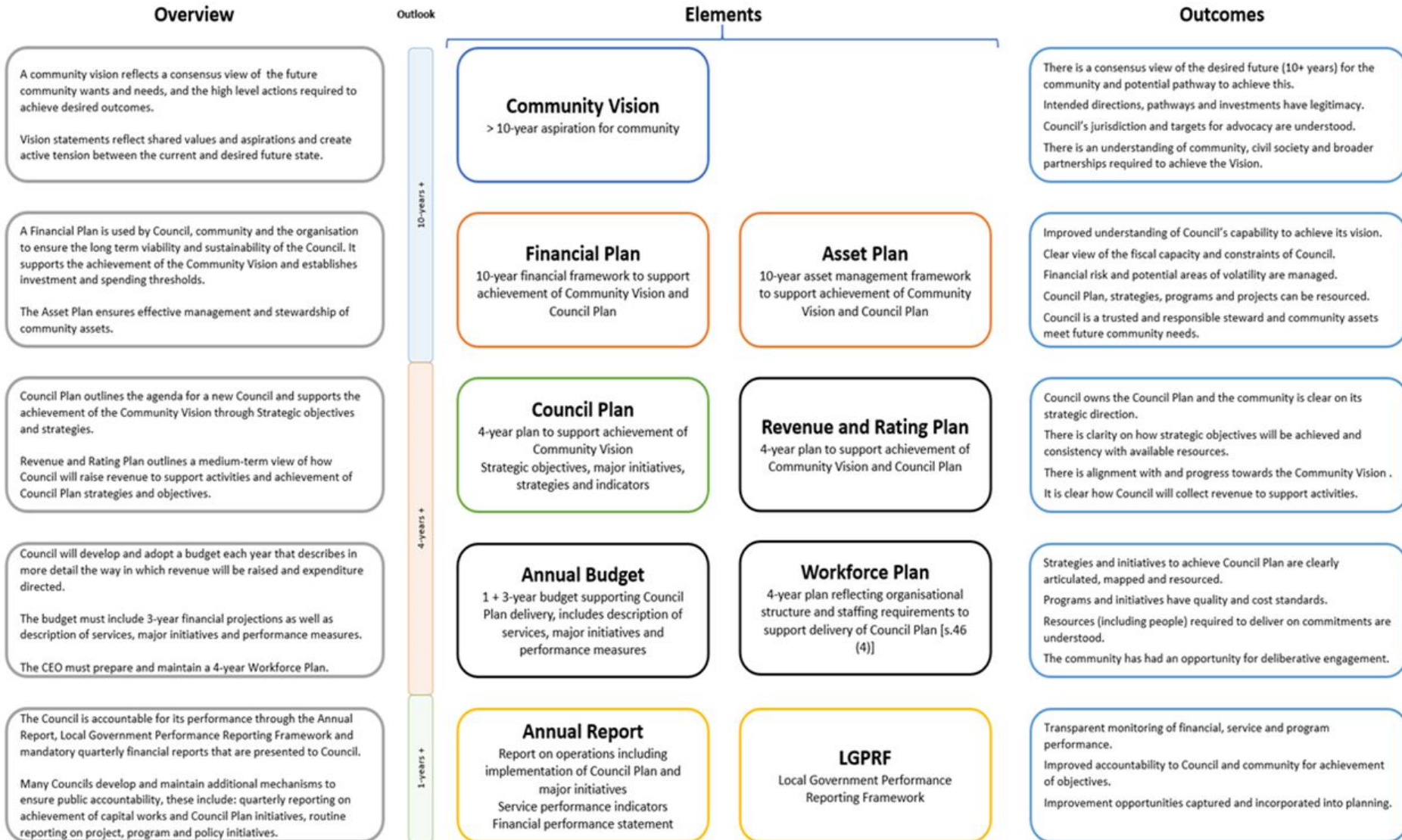
The *Local Government Act 2020* (the Act) requires councils to prepare a ten-year *Financial Plan* in the year following a general election that links to the achievement of the *Community Vision* and the *Council Plan* within the *Integrated Planning and Reporting Framework*.

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



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



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 ten-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 ten-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:

- a) Council has an integrated approach to planning, monitoring and performance reporting.
- b) 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*.
- c) The *Financial Plan* statements articulate the ten-year financial resources necessary to implement the goals and aspirations of the *Council Plan* to achieve the *Community Vision*.
- d) Council's strategic planning principles identify and address the risks to effective implementation of the *Financial Plan*. The financial risks are included at section 1.4 below.
- e) 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 ten-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 *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

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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 measures 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 is 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%	0.4%	-6.0%	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	2.36	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%	33.6%	27.4%	32.8%	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 ten-year financial projections and should be interpreted in the context of the organisation's objectives and financial management principles.

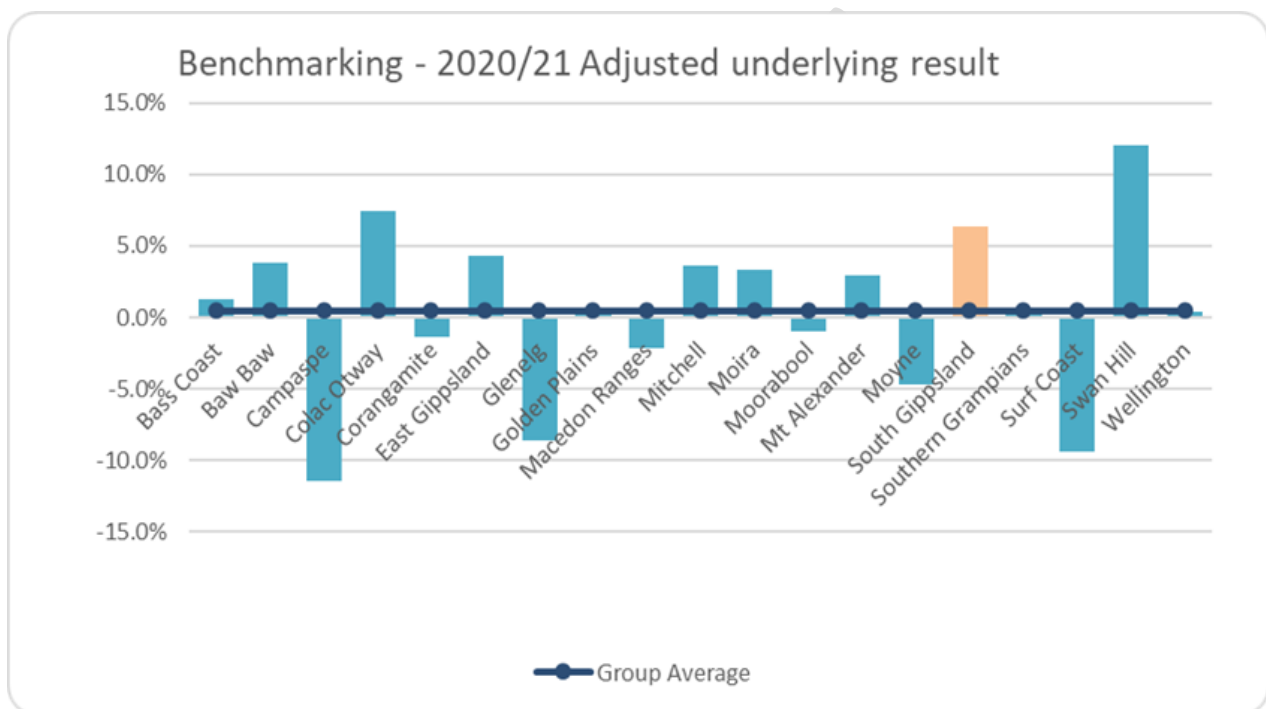
Indicator	Measure	Forecast Actual 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Trend +/-
Operating position													
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	0.4%	-6.0%	5.5%	6.1%	7.8%	8.6%	10.0%	10.2%	11.9%	15.9%	14.9%	+
Liquidity													
Working Capital	Current assets / current liabilities	235.6%	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	85.6%	26.9%	25.4%	4.1%	14.4%	9.0%	7.7%	-2.7%	9.6%	-11.8%	-11.2%	-
Obligations													
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	236.5%	191.4%	223.6%	202.6%	137.0%	160.8%	196.6%	187.7%	163.2%	299.8%	217.8%	o
Stability													
Rates concentration	Rate revenue / adjusted underlying revenue	63.3%	73.5%	69.2%	69.3%	69.7%	70.1%	70.2%	70.5%	70.6%	70.4%	70.3%	+
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
Efficiency													
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	\$2,096	\$2,137	\$2,190	\$2,248	\$2,306	\$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.

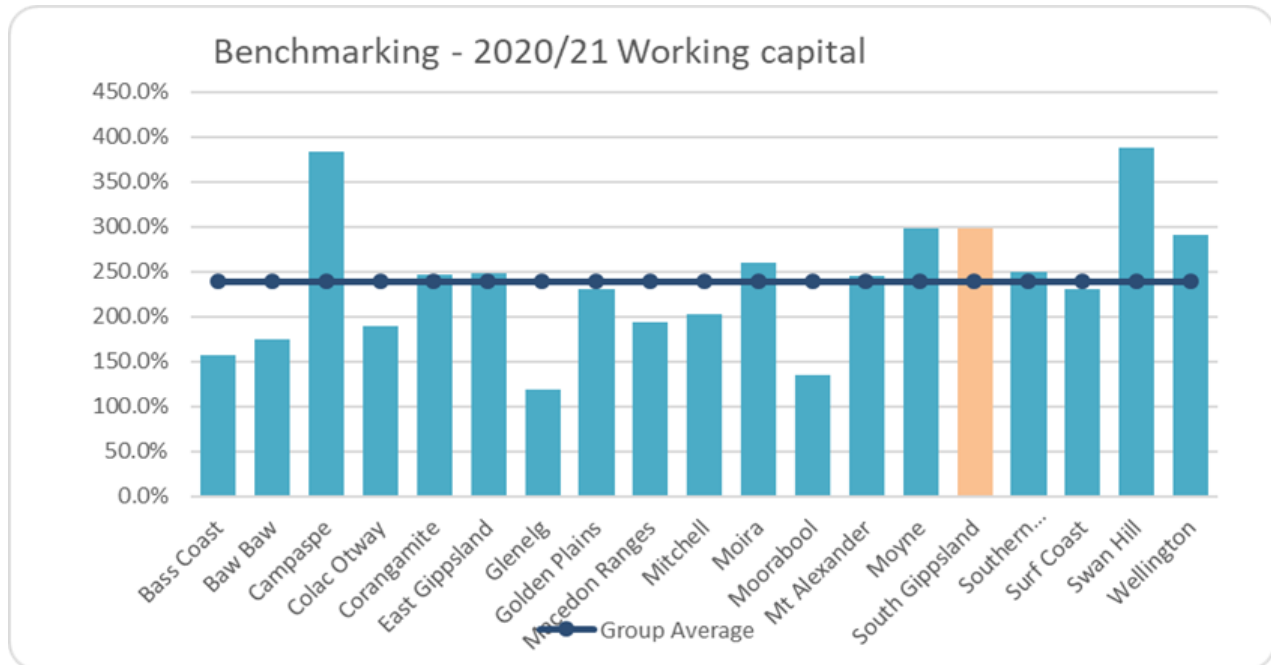
1. Adjusted Underlying Result

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.



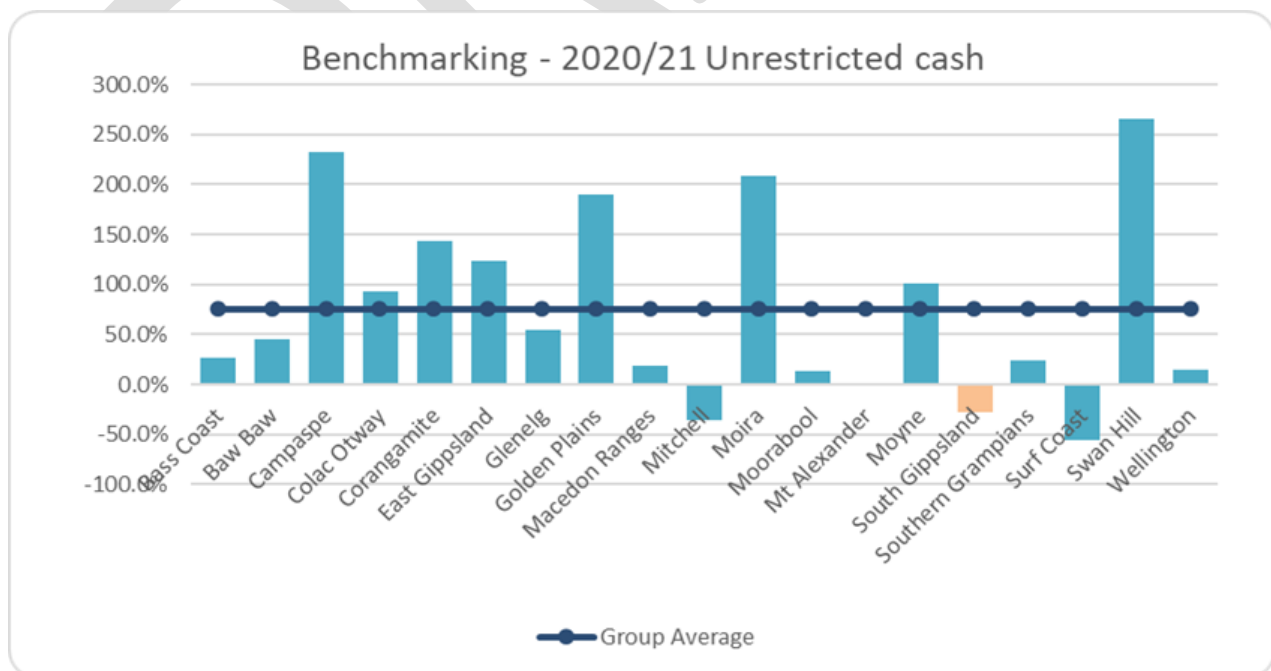
2. Working Capital

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.



3. 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.

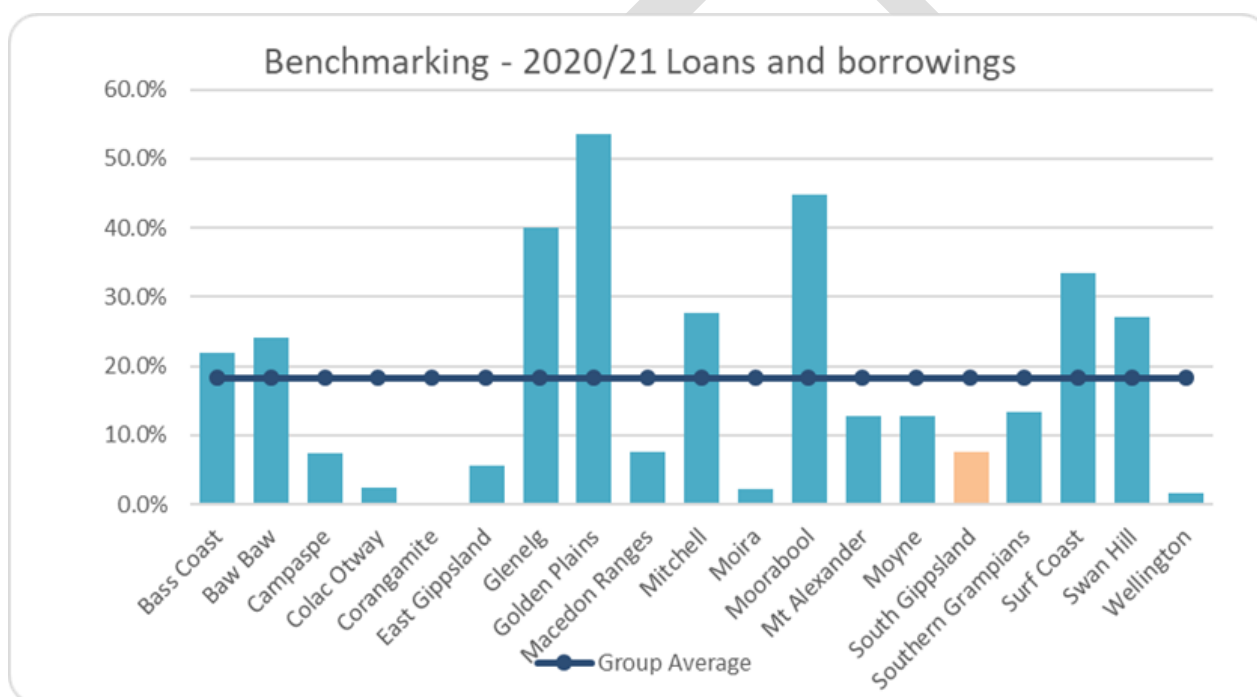


Unrestricted cash decreased in 2020/21 due to a lower amount of capital works carried forward at year end as compared to the prior year. It is important to note that unrestricted cash refers only to cash balances with investments with a maturity of less than 90 days. Council's investments with maturity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

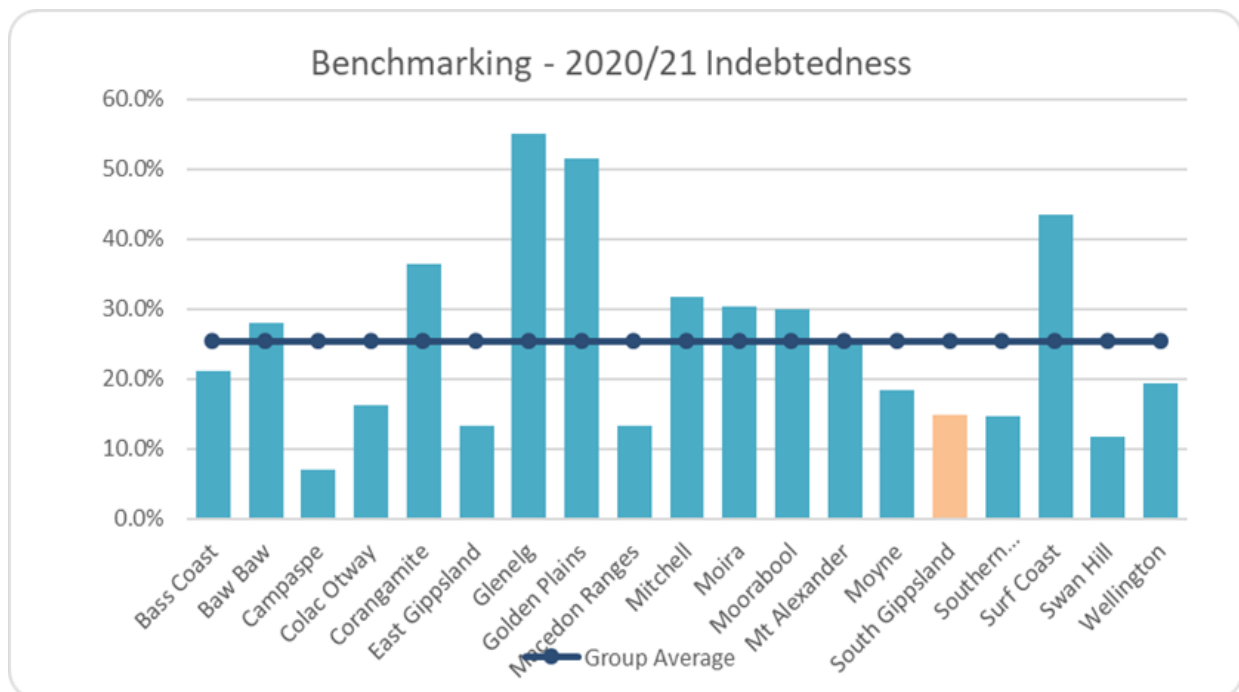
4. Loans and Borrowings

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%, 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.

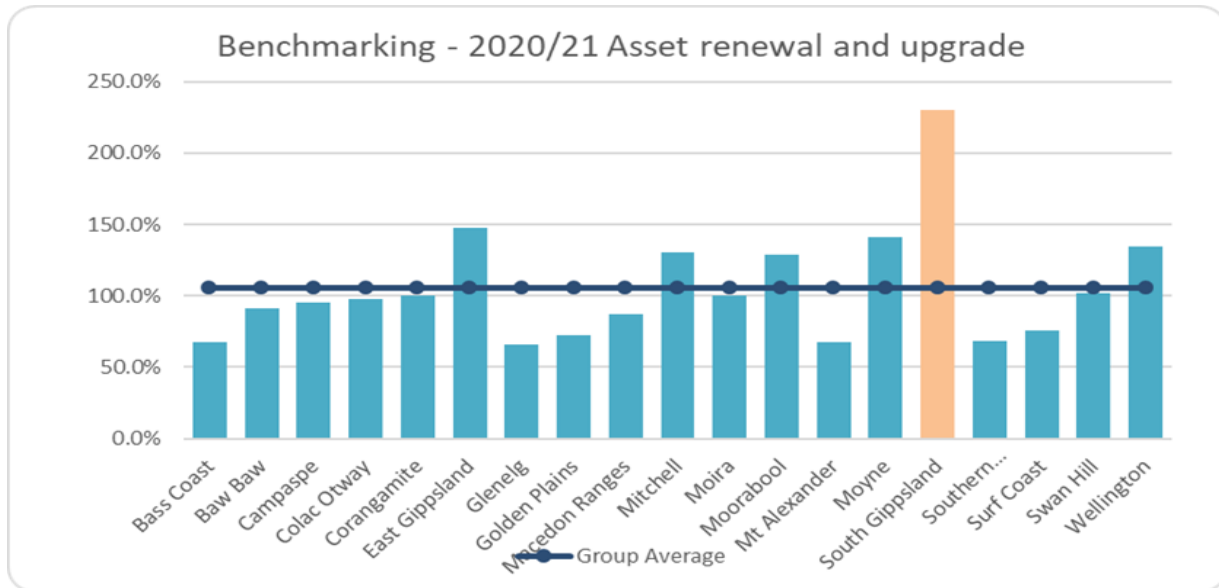


5. Indebtedness



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% means Council's level of long-term obligations can easily be met without relying on external funding sources.

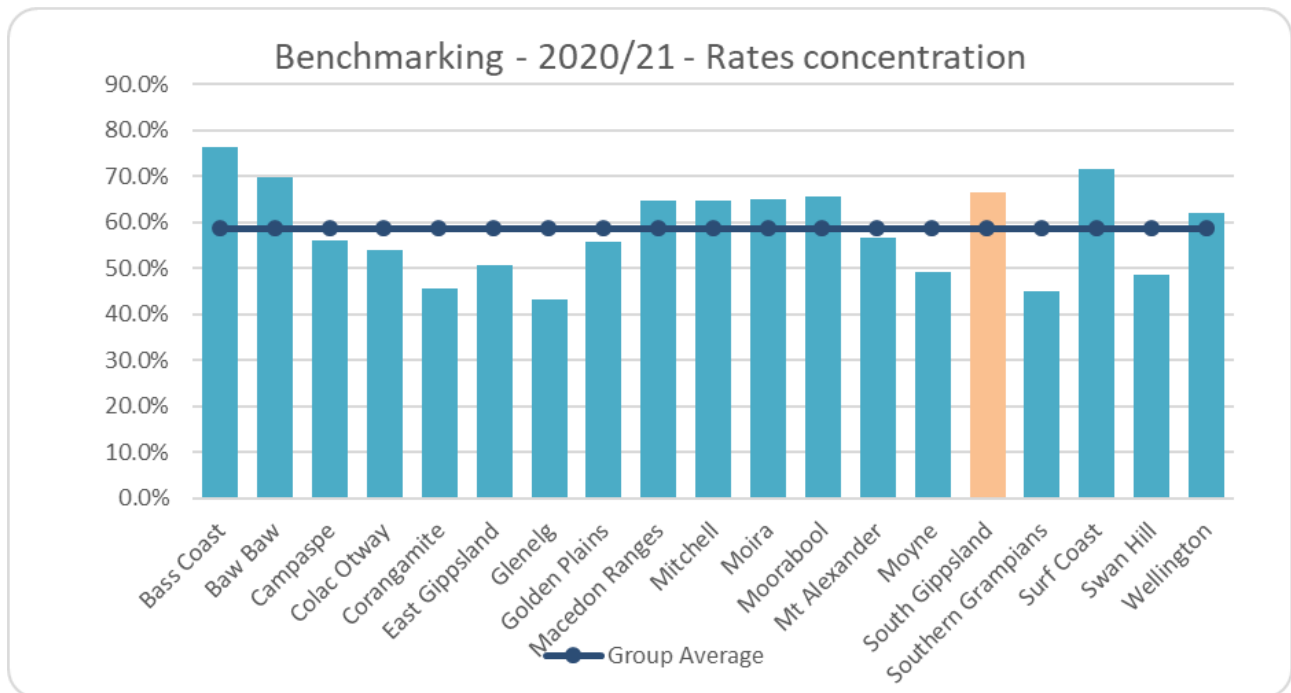
6. Asset Renewal and Upgrade



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% 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.

7. 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.

Council's *Revenue and Rating Plan* will assist in highlighting options for additional funding sources and reduce the reliance on rate income.

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 ten-year *Financial Plan* and, where appropriate, referenced in the commentary associated with the ten-year Comprehensive Income Statement and the ten-year Statement of Capital Works.

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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

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4.1 Comprehensive Income Statement

	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
Income											
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	16,627	6,962	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
Total income	85,297	74,593	79,458	76,013	78,270	79,118	81,807	83,992	86,580	89,463	92,457
Expenses											
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
Total expenses	72,852	68,451	67,109	69,075	69,886	71,326	72,433	74,408	75,284	74,314	77,597
Surplus/(deficit) for the year	12,445	6,142	12,349	6,938	8,383	7,793	9,374	9,585	11,296	15,149	14,860
Other comprehensive income											
Total other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive result	12,445	6,142	12,349	6,938	8,383	7,793	9,374	9,585	11,296	15,149	14,860

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
Assets											
Current assets											
Cash and cash equivalents	17,260	10,304	7,473	4,078	6,423	5,864	6,163	4,708	7,440	4,120	4,861
Trade and other receivables	5,739	5,511	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
Total current assets	42,140	34,956	26,811	22,907	25,271	24,736	22,050	20,608	23,359	20,046	20,809
Non-current assets											
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	-	-	-	-	-	-	-	-	-	-
Total non-current assets	614,636	630,630	651,344	665,776	670,094	676,740	687,080	696,398	703,190	720,092	732,839
Total assets	656,776	665,586	678,155	688,683	695,365	701,476	709,130	717,006	726,549	740,138	753,648
Liabilities											
Current liabilities											
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
Total current liabilities	17,885	17,759	17,752	18,242	18,232	18,262	18,273	18,315	18,120	17,983	18,076
Non-current liabilities											
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
Total non-current liabilities	11,381	14,175	14,402	17,503	15,811	14,099	12,368	10,617	9,060	7,637	6,194
Total liabilities	29,266	31,934	32,154	35,744	34,042	32,361	30,641	28,932	27,179	25,619	24,269
Net assets	627,509	633,652	646,001	652,939	661,322	669,115	678,489	688,074	699,370	714,519	729,378
Equity											
Accumulated surplus	255,356	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
Total equity	627,509	633,652	646,001	652,939	661,322	669,115	678,489	688,074	699,370	714,519	729,378

4.3 Statement of Changes in Equity

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2022 Forecast Actual				
Balance at beginning of the financial year	615,064	243,339	371,182	543
Surplus/(deficit) for the year	12,445	12,445	-	-
Transfers to other reserves	-	(428)	-	-
Transfers from other reserves	-	-	-	428
Balance at end of the financial year	627,509	255,356	371,182	971
2023				
Balance at beginning of the financial year	627,509	255,356	371,182	971
Surplus/(deficit) for the year	6,142	6,142	-	-
Transfers to other reserves	-	(574)	-	-
Transfers from other reserves	-	-	-	574
Balance at end of the financial year	633,652	260,925	371,182	1,545
2024				
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
Balance at end of the financial year	646,001	272,839	371,182	1,979
2025				
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
Balance at end of the financial year	652,939	279,417	371,182	2,340

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2026				
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
Balance at end of the financial year	661,322	287,323	371,182	2,817
2027				
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
Balance at end of the financial year	669,115	294,689	371,182	3,244
2028				
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
Balance at end of the financial year	678,489	303,534	371,182	3,773
2029				
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
Balance at end of the financial year	688,074	312,667	371,182	4,225
2030				
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
Balance at end of the financial year	699,370	323,476	371,182	4,711

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2031				
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
Balance at end of the financial year	714,519	338,087	371,182	5,250
2032				
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
Balance at end of the financial year	729,378	352,299	371,182	5,897

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)
Cash flows from operating activities											
Rates and charges	46,623	46,792	49,335	51,456	53,241	55,003	56,939	58,819	60,780	63,183	65,544
Statutory fees and fines	1,146	1,111	1,148	1,160	1,218	1,262	1,258	1,276	1,355	1,376	1,385
User fees	4,661	3,931	4,090	4,208	4,309	4,411	4,528	4,640	4,756	4,877	4,998
Grants - operating	16,656	6,798	12,162	12,948	13,171	13,472	13,826	14,164	14,517	14,880	15,247
Grants - capital	12,646	10,304	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	1,206	1,162	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)
Net cash provided by/(used in) operating activities	24,562	17,666	23,322	18,881	19,617	18,998	19,821	20,011	21,407	22,511	23,721
Cash flows from investing activities											
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	-	-	-	-
Net cash provided by/ (used in) investing activities	(21,708)	(27,680)	(26,440)	(25,707)	(15,428)	(17,713)	(17,679)	(19,621)	(16,830)	(24,202)	(21,504)
Cash flows from financing activities											
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)	-	-	-	-	-	-	-	-	-	-
Net cash provided by/(used in) financing activities	3,839	3,058	287	3,432	(1,844)	(1,844)	(1,844)	(1,844)	(1,844)	(1,630)	(1,476)
Net increase/(decrease) in cash & cash equivalents	6,693	(6,956)	(2,831)	(3,394)	2,345	(559)	298	(1,455)	2,732	(3,320)	741
Cash and cash equivalents at the beginning of the financial year	10,567	17,260	10,304	7,473	4,078	6,423	5,864	6,163	4,708	7,440	4,120
Cash and cash equivalents at the end of the financial year	17,260	10,304	7,473	4,078	6,423	5,864	6,163	4,708	7,440	4,120	4,861

4.5 Statement of Capital Works

	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	
Property												
Land	-	-	-	-	-	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-	-	-	-	-	-
Total land	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	
Total buildings	13,416	8,505	6,332	10,460	2,379	4,482	3,019	3,518	1,633	6,041	2,869	
Total property	13,416	8,505	6,332	10,460	2,379	4,482	3,019	3,518	1,633	6,041	2,869	
Plant and equipment												
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	
Total plant and equipment	3,929	2,834	4,521	3,570	3,304	3,474	3,588	3,552	3,592	3,845	3,774	
Infrastructure												
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	-	-	-	-	-	-	-	-	-	-	
Total infrastructure	20,589	20,128	23,046	12,327	10,474	10,536	14,891	13,349	12,412	15,177	15,709	
Total capital works expenditure	37,934	31,467	33,899	26,356	16,157	18,492	21,499	20,419	17,638	25,063	22,352	

	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
Represented by:											
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
Total capital works expenditure	37,934	31,467	33,899	26,356	16,157	18,492	21,499	20,419	17,638	25,063	22,352
Funding sources represented by:											
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	-	-	-	-	-	-	-
Total capital works expenditure	37,934	31,467	33,899	26,356	16,157	18,492	21,499	20,419	17,638	25,063	22,352

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4.6 Statement of Human Resources

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
Staff expenditure											
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
Total staff expenditure	31,634	29,920	30,488	31,528	32,503	33,385	34,291	35,187	36,143	37,251	38,263

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
Staff numbers											
Employees	279.5	268.3	265.0	266.0	265.8	265.8	265.8	265.8	265.8	266.7	266.7
Total staff numbers	279.5	268.3	265.0	266.0	265.8	265.8	265.8	265.8	265.8	266.7	266.7

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

Department	Total \$'000	Comprises		Casual / Temporary \$'000
		Permanent Full Time \$'000	Part Time \$'000	
Performance and Innovation	6,567	6,259	251	57
Economy and 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			
Total staff expenditure	29,920			

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 and Innovation	55.8	52.7	2.5	0.6
Economy and 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
Total staff	268.3	236.5	22.9	8.9

**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.*

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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
Performance & Innovation										
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
Total Performance & Innovation	6,510	6,707	6,937	7,141	7,337	7,539	7,738	7,951	8,178	8,403
Economy & Community										
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
Total Economy & Community	7,585	7,814	8,060	8,317	8,545	8,779	9,011	9,258	9,521	9,782
Chief Executive Office										
Permanent - Full time	475	489	505	521	535	550	565	580	597	613
Women	475	489	505	521	535	550	565	580	597	613
Total Chief Executive Office	475	489	505	521	535	550	565	580	597	613
Sustainable Infrastructure										
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
Total Sustainable Infrastructure	12,359	12,745	13,239	13,658	14,029	14,411	14,788	15,191	15,718	16,145
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
Total staff expenditure	29,920	30,488	31,528	32,503	33,385	34,291	35,187	36,143	37,251	38,263

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	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
Performance & Innovation										
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
Total Performance & Innovation	55.2	55.2	55.4	55.2	55.2	55.2	55.2	55.2	55.2	55.2
Economy & Community										
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
Total Economy & Community	64.5	64.5	64.5	64.5	64.5	64.5	64.5	64.5	64.5	64.5
Chief Executive Office										
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
Total Chief Executive Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Sustainable Infrastructure										
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
Total Sustainable Infrastructure	123.7	123.7	124.7	124.7	124.7	124.7	124.7	124.7	125.7	125.7
Casuals and temporary staff	8.9	5.6	5.4	5.4	5.4	5.4	5.4	5.4	5.3	5.3
Capitalised labour	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1
Total staff numbers	268.3	265.0	266.0	265.8	265.8	265.8	265.8	265.8	266.7	266.7

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% 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% 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%.

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% in 2021-2022 to 12% 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% 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 principals 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 ten-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
Opening balance	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)
Closing balance	7,366	10,497	10,876	14,447	12,775	11,083	9,371	7,640	5,889	4,332	2,909
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%, 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%, 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%, 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% 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 5.0% 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 ten-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
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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

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
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

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

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Council Meeting No. 469 - 20 April 2022