

SOUTH GIPPSLAND SHIRE COUNCIL

# Financial Plan 2025/26 – 2034/35



*Managing South Gippsland Shire Council's  
long-term financial sustainability*



**South Gippsland**  
Shire Council

## *Acknowledgement 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.*



# Purpose of this document

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



Community Hub, Korumburra

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# Legislative Requirements

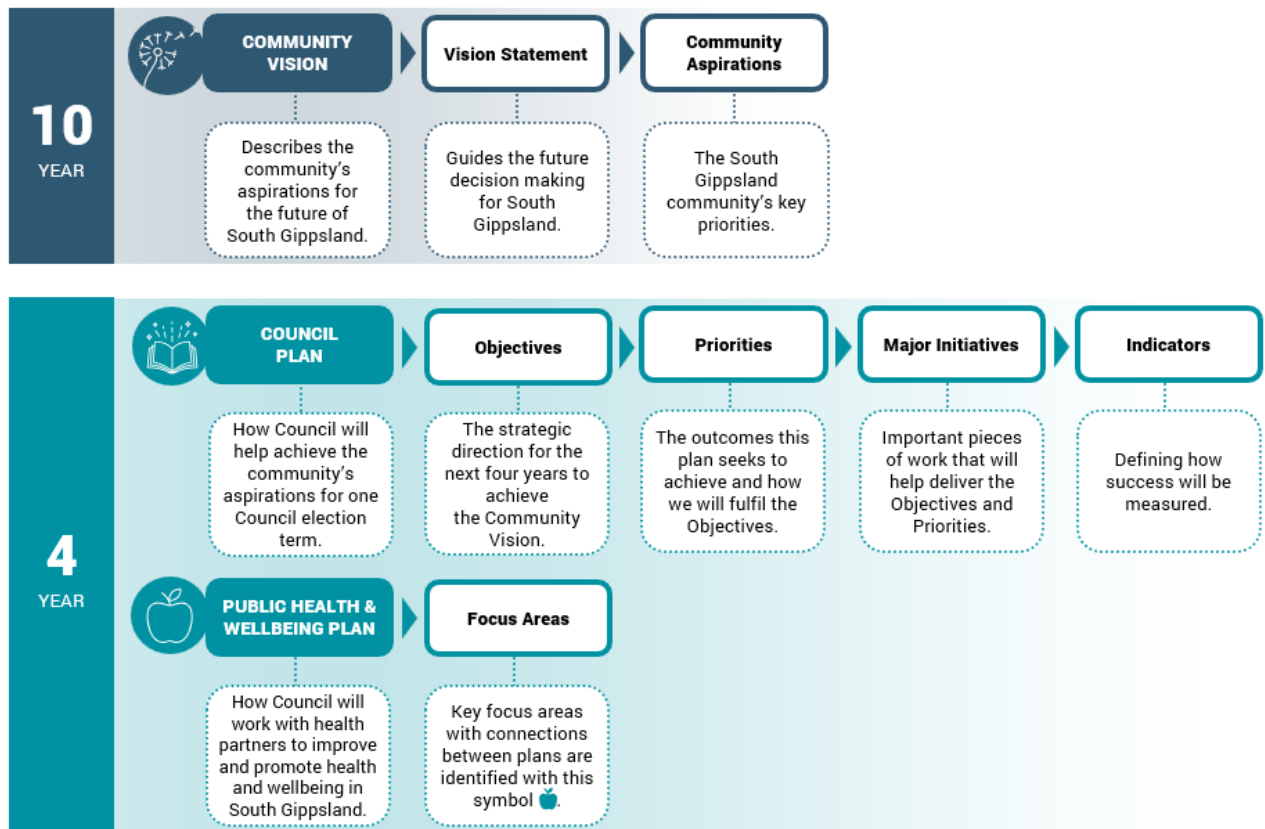
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The *Local Government Act 2020* (the Act) requires councils to prepare a 10-year Financial Plan in the year following a general election. The Integrated Planning and Reporting Framework guides Council in identifying community needs and aspirations 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
- The 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



## 1.1 Asset Plan Integration

Integration with the Asset Plan is a key principle of the Council's strategic financial planning. The purpose of this integration is designed to ensure that future funding is allocated in a manner that supports service delivery 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.

## 1.2 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.

## 1.3 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 Policy Statement*).
  - The management of current and future liabilities of the Council. The estimated 10-year liabilities are disclosed in *Section 3.2 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 3 Financial Plan Statements*).

## 1.4 Community Engagement

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

To inform the development of Council's Integrated Planning documents and assist in the review of the *Community Vision 2040*, Council undertook a significant community engagement campaign across the municipality, Shaping South Gippsland. This engagement campaign was held from late January 2025 to the end of February 2025, through a series of events including Councillor Pop-Ups and a stakeholder workshop.

This included 22 engagement events across 17 townships with 688 people providing feedback at these events and 946 survey responses were received. Over 1,100 suggestions were provided for Councillor consideration.

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

## 2.1 Financial Policy Statement

This section defines the measures that demonstrate Council's financial sustainability in order to fund the aspirations of the Community Vision and the Council Plan.

Policy Statement	Measure	Target	Forecast										
			2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Consistent underlying surplus results	Adjusted underlying result (%) Adjusted underlying result / Adjusted underlying revenue to be maintained greater than 0%	>0%	0.7%	8.5%	10.2%	10.5%	10.1%	10.4%	11.0%	10.7%	9.7%	10.0%	9.7%
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due	Working capital (ratio) Current Assets / Current Liabilities to be maintained above 1.25	>1.25	1.46	1.58	1.64	1.94	2.12	2.46	2.38	2.64	2.86	3.32	3.73
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%	43.3%	29.6%	30.5%	28.3%	26.8%	27.3%	27.3%	27.5%	26.4%	26.8%	26.2%
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%	27.0%	23.5%	20.9%	18.3%	15.8%	13.6%	11.7%	10.4%	9.8%	9.2%	9.0%
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%	20.1%	16.9%	14.1%	11.3%	8.7%	6.1%	3.9%	2.1%	1.0%	0.4%	0.0%
Council maintains debt service costs in line with rate income and growth of the municipality	Loans and borrowings payments (%) Repayments on loans (P+I) / Rate revenue to be maintained below 10%	<10%	2.4%	2.8%	2.8%	2.7%	2.6%	2.6%	2.1%	1.8%	1.1%	0.6%	0.4%



## 2.2 Strategic Actions

The *Shaping South Gippsland Community Vision 2040* sets the foundation for all Council plans and strategies to ensure actions undertaken by Council are guided by community aspirations now and into the future. Five priorities were developed in the Community Vision:

- A healthy, connected and engaged community
- Sustainability and climate change
- Shaping our future
- Enhanced natural environment and cultural heritage
- A destination to live, visit and enjoy

In the *Council Plan 2025 - 2029*, there are three themes:

- Leading with Integrity
- Developing a Sustainable Future
- Empowering Communities

To ensure Council has a capacity to work towards achievement of the Community Vision and the Council Plan, a Financial Plan has been prepared to guide the financial resources of Council over the next 10 years.

## 2.3 Assumptions to the Financial Plan Statements

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

Escalation Factors % movement	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
CPI	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate revenue cap	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
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	3.00%	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	2.60%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Materials and services	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Depreciation & Amortisation	based on projected capital spending									
Other expenses	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

### 2.3.1 Consumer Price Index (CPI)

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

### 2.3.2 Rates and Charges

Base rate revenue will increase by 3.0 per cent for the 2025/26 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.

### 2.3.3 Statutory Fees and Fines

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

### 2.3.4 User Fees

Most user fees are budgeted to increase by 3.0 per cent for the 2025/26 in line with CPI. Details of user fees for the 2025/26 Budget year can be found in Council's Schedule of Fees and Charges that is included in the Budget document.

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

### **2.3.5 Grants**

Council currently receives grants for tied (specific purpose grants) and un-tied Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGGC). Operating grants are expected to increase on an annual basis by approximately 2.5 per cent.

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

### **2.3.6 Other Income**

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

### **2.3.7 Employee Costs**

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

### **2.3.8 Materials and Services**

Material costs include items required for the maintenance and repair of Council buildings, roads, drains and footpaths which are more governed by market forces based on availability than CPI. Other associated costs included under this category are utilities, materials for the supply of meals on wheels and consumable items for a range of services. Council also utilises external expertise on a range of matters, including legal services and audit. This Plan allowed for no increase for 2025/26, and then a conservative rise of 2.50 per cent year-on-year in order to maintain costs.

### **2.3.9 Depreciation & Amortisation**

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

### **2.3.10 Borrowing Costs**

Borrowing costs comprise the interest expense to service Council's loan portfolio that is described in [Section 5.1 Borrowing Strategy](#).

### **2.3.11 Other Expenses**

Other expenses include administration costs such as Councilor 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.

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

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

### 3.1 Comprehensive Income Statement

	Forecast										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income / Revenue</b>											
Rates and charges	52,510	54,453	55,875	57,327	58,816	60,339	62,455	64,510	65,142	66,820	68,543
Statutory fees and fines	1,074	1,056	1,105	1,091	1,107	1,186	1,198	1,202	1,239	1,287	1,318
User fees	4,301	5,555	5,693	5,836	5,982	6,131	6,284	6,442	6,603	6,768	6,937
Grants - Operating	14,241	14,056	14,471	14,800	15,158	15,525	15,902	16,287	16,683	17,088	17,503
Grants - Capital	19,095	6,980	6,792	5,376	4,769	4,769	4,769	4,769	4,769	4,769	4,769
Contributions - monetary	1,246	919	932	691	634	661	678	597	712	704	354
Contributions - non-monetary	441	452	464	475	487	499	512	525	538	551	565
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	83	-	(191)	27	(7)	-	33	-	-	72	-
Other income	2,044	2,161	2,181	2,193	2,263	2,279	2,293	2,308	2,325	2,342	2,368
<b>Total income / revenue</b>	<b>95,035</b>	<b>85,632</b>	<b>87,322</b>	<b>87,816</b>	<b>89,209</b>	<b>91,389</b>	<b>94,124</b>	<b>96,640</b>	<b>98,011</b>	<b>100,401</b>	<b>102,357</b>
<b>Expenses</b>											
Employee costs	31,102	32,311	33,151	34,056	34,943	35,890	36,995	37,999	38,721	39,773	40,852
Materials and services	28,836	25,093	24,956	25,430	26,637	26,679	27,433	28,025	29,357	29,397	30,248
Depreciation	13,769	13,557	13,753	14,312	14,295	14,916	14,862	15,754	15,743	16,419	16,829
Depreciation - right of use assets	92	92	85	-	-	-	-	-	-	-	-
Borrowing costs	167	220	194	168	140	112	84	55	30	15	4
Finance Costs - leases	4	2	1	-	-	-	-	-	-	-	-
Other expenses	3,219	3,212	3,291	3,372	3,459	3,544	3,631	3,722	3,815	3,909	4,008
<b>Total expenses</b>	<b>77,189</b>	<b>74,487</b>	<b>75,431</b>	<b>77,338</b>	<b>79,474</b>	<b>81,141</b>	<b>83,005</b>	<b>85,555</b>	<b>87,666</b>	<b>89,513</b>	<b>91,941</b>
<b>Surplus/(deficit) for the year</b>	<b>17,846</b>	<b>11,145</b>	<b>11,891</b>	<b>10,478</b>	<b>9,735</b>	<b>10,248</b>	<b>11,119</b>	<b>11,085</b>	<b>10,345</b>	<b>10,888</b>	<b>10,416</b>
<b>Total comprehensive result</b>	<b>17,846</b>	<b>11,145</b>	<b>11,891</b>	<b>10,478</b>	<b>9,735</b>	<b>10,248</b>	<b>11,119</b>	<b>11,085</b>	<b>10,345</b>	<b>10,888</b>	<b>10,416</b>



## 3.2 Balance Sheet

	Forecast										
	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	3,585	5,165	5,308	8,119	8,539	8,615	5,643	7,934	6,493	7,171	7,294
Trade and other receivables	5,528	5,764	5,899	5,995	6,147	6,294	6,484	6,644	6,740	6,896	7,027
Other financial assets	16,326	16,326	17,142	19,714	22,671	28,338	29,755	31,243	35,930	43,115	49,583
Inventories	296	296	296	296	296	296	296	296	296	296	296
<b>Total current assets</b>	<b>25,735</b>	<b>27,551</b>	<b>28,645</b>	<b>34,124</b>	<b>37,653</b>	<b>43,543</b>	<b>42,178</b>	<b>46,117</b>	<b>49,459</b>	<b>57,478</b>	<b>64,200</b>
<b>Non-current assets</b>											
Property, infrastructure, plant & equipment	870,507	878,329	887,865	891,619	896,642	899,681	911,108	917,303	923,796	926,412	930,002
Right-of-use assets	177	85	-	-	-	-	-	-	-	-	-
Investment property	857	857	857	857	857	857	857	857	857	857	857
<b>Total non-current assets</b>	<b>871,541</b>	<b>879,271</b>	<b>888,722</b>	<b>892,476</b>	<b>897,499</b>	<b>900,538</b>	<b>911,965</b>	<b>918,160</b>	<b>924,653</b>	<b>927,269</b>	<b>930,859</b>
<b>Total assets</b>	<b>897,276</b>	<b>906,822</b>	<b>917,367</b>	<b>926,600</b>	<b>935,152</b>	<b>944,081</b>	<b>954,143</b>	<b>964,277</b>	<b>974,112</b>	<b>984,747</b>	<b>995,059</b>
<b>Liabilities</b>											
<b>Current liabilities</b>											
Trade and other payables	5,191	4,983	5,047	5,153	5,346	5,433	5,593	5,718	5,908	6,006	6,172
Trust funds and deposits	2,434	2,434	2,434	2,434	2,434	2,434	2,434	2,434	2,434	2,434	2,434
Unearned income/revenue	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709
Provisions	6,887	6,887	6,887	6,887	6,887	6,887	6,887	6,887	6,887	6,887	6,887
Interest-bearing liabilities	1,296	1,323	1,350	1,377	1,405	1,218	1,074	702	350	270	-
Lease liabilities	94	87	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>17,611</b>	<b>17,423</b>	<b>17,427</b>	<b>17,560</b>	<b>17,781</b>	<b>17,681</b>	<b>17,697</b>	<b>17,450</b>	<b>17,288</b>	<b>17,306</b>	<b>17,202</b>

	Forecast										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>											
Provisions	7,178	7,178	7,178	7,178	7,178	7,178	7,178	7,178	7,178	7,178	7,178
Interest-bearing liabilities	9,071	7,747	6,397	5,019	3,614	2,396	1,322	619	270	-	-
Lease liabilities	87	-	-	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>16,336</b>	<b>14,925</b>	<b>13,575</b>	<b>12,197</b>	<b>10,792</b>	<b>9,574</b>	<b>8,500</b>	<b>7,797</b>	<b>7,448</b>	<b>7,178</b>	<b>7,178</b>
<b>Total liabilities</b>	<b>33,947</b>	<b>32,348</b>	<b>31,002</b>	<b>29,757</b>	<b>28,573</b>	<b>27,255</b>	<b>26,197</b>	<b>25,247</b>	<b>24,736</b>	<b>24,484</b>	<b>24,380</b>
<b>Net assets</b>	<b>863,329</b>	<b>874,474</b>	<b>886,365</b>	<b>896,843</b>	<b>906,579</b>	<b>916,826</b>	<b>927,946</b>	<b>939,030</b>	<b>949,376</b>	<b>960,263</b>	<b>970,679</b>
<b>Equity</b>											
Accumulated surplus	275,076	284,197	295,308	305,128	314,327	323,990	334,375	344,812	354,388	364,689	374,871
Reserves	588,253	590,277	591,057	591,715	592,252	592,836	593,571	594,218	594,988	595,574	595,808
<b>Total equity</b>	<b>863,329</b>	<b>874,474</b>	<b>886,365</b>	<b>896,843</b>	<b>906,579</b>	<b>916,826</b>	<b>927,946</b>	<b>939,030</b>	<b>949,376</b>	<b>960,263</b>	<b>970,679</b>

### 3.3 Statement of Changes in Equity

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2025 Forecast</b>				
Balance at beginning of the financial year	845,484	261,785	582,144	1,555
Surplus/(deficit) for the year	17,846	17,846	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	(1)	(4,555)	-	4,554
<b>Balance at end of the financial year</b>	<b>863,329</b>	<b>275,076</b>	<b>582,144</b>	<b>6,109</b>
<b>2026</b>				
Balance at beginning of the financial year	863,329	275,076	582,144	6,109
Surplus/(deficit) for the year	11,145	11,145	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	-	(2,024)	-	2,024
<b>Balance at end of the financial year</b>	<b>874,474</b>	<b>284,197</b>	<b>582,144</b>	<b>8,133</b>
<b>2027</b>				
Balance at beginning of the financial year	874,474	284,197	582,144	8,133
Surplus/(deficit) for the year	11,891	11,891	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	-	(779)	-	779
<b>Balance at end of the financial year</b>	<b>886,365</b>	<b>295,309</b>	<b>582,144</b>	<b>8,912</b>
<b>2028</b>				
Balance at beginning of the financial year	886,365	295,308	582,144	8,913
Surplus/(deficit) for the year	10,478	10,478	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	-	(659)	-	659
<b>Balance at end of the financial year</b>	<b>896,843</b>	<b>305,127</b>	<b>582,144</b>	<b>9,572</b>
<b>2029</b>				
Balance at beginning of the financial year	896,843	305,128	582,144	9,571
Surplus/(deficit) for the year	9,735	9,735	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	-	(537)	-	537
<b>Balance at end of the financial year</b>	<b>906,578</b>	<b>314,326</b>	<b>582,144</b>	<b>10,108</b>

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2030</b>				
Balance at beginning of the financial year	906,578	314,327	582,144	10,108
Surplus/(deficit) for the year	10,248	10,248	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	-	(585)	-	585
<b>Balance at end of the financial year</b>	<b>916,826</b>	<b>323,990</b>	<b>582,144</b>	<b>10,693</b>
<b>2031</b>				
Balance at beginning of the financial year	916,826	323,990	582,144	10,692
Surplus/(deficit) for the year	11,119	11,119	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	-	(734)	-	734
<b>Balance at end of the financial year</b>	<b>927,945</b>	<b>334,375</b>	<b>582,144</b>	<b>11,426</b>
<b>2032</b>				
Balance at beginning of the financial year	927,946	334,375	582,144	11,427
Surplus/(deficit) for the year	11,085	11,085	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	-	(647)	-	647
<b>Balance at end of the financial year</b>	<b>939,031</b>	<b>344,813</b>	<b>582,144</b>	<b>12,074</b>
<b>2033</b>				
Balance at beginning of the financial year	939,030	344,812	582,144	12,074
Surplus/(deficit) for the year	10,345	10,345	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	-	(769)	-	769
<b>Balance at end of the financial year</b>	<b>949,375</b>	<b>354,388</b>	<b>582,144</b>	<b>12,843</b>
<b>2034</b>				
Balance at beginning of the financial year	949,375	354,388	582,144	12,844
Surplus/(deficit) for the year	10,888	10,888	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	-	(587)	-	587
<b>Balance at end of the financial year</b>	<b>960,263</b>	<b>364,689</b>	<b>582,144</b>	<b>13,431</b>
<b>2035</b>				
Balance at beginning of the financial year	960,263	364,689	582,144	13,430
Surplus/(deficit) for the year	10,416	10,416	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers (to)/ from reserves	-	(233)	-	233
<b>Balance at end of the financial year</b>	<b>970,679</b>	<b>374,872</b>	<b>582,144</b>	<b>13,663</b>

### 3.4 Statement of Cash flows

	Forecast										
	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'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	54,582	53,945	55,444	56,899	58,350	59,876	61,935	64,000	64,711	66,310	68,019
Statutory fees and fines	1,122	1,052	1,101	1,092	1,105	1,180	1,197	1,202	1,236	1,283	1,315
User fees	4,495	5,534	5,682	5,826	5,969	6,119	6,271	6,430	6,588	6,754	6,923
Grants - operating	14,241	14,056	14,471	14,800	15,158	15,525	15,902	16,287	16,683	17,088	17,503
Grants - capital	19,095	6,980	6,792	5,376	4,769	4,769	4,769	4,769	4,769	4,769	4,769
Contributions - monetary	1,246	919	932	691	634	661	678	597	712	704	354
Interest received	1,000	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Other receipts	1,445	1,358	1,393	1,434	1,492	1,514	1,537	1,569	1,578	1,614	1,677
Employee costs	(31,315)	(32,422)	(33,082)	(33,989)	(34,862)	(35,812)	(36,904)	(37,925)	(38,653)	(39,687)	(40,763)
Materials and services	(29,033)	(25,179)	(24,967)	(25,397)	(26,532)	(26,676)	(27,371)	(27,983)	(29,241)	(29,394)	(30,178)
Other payments	(3,240)	(3,223)	(3,287)	(3,367)	(3,451)	(3,539)	(3,624)	(3,714)	(3,808)	(3,900)	(4,000)
<b>Net cash provided by/(used in) operating activities</b>	<b>33,638</b>	<b>24,120</b>	<b>25,579</b>	<b>24,465</b>	<b>23,732</b>	<b>24,717</b>	<b>25,490</b>	<b>26,332</b>	<b>25,675</b>	<b>26,641</b>	<b>26,719</b>
<b>Cash flows from investing activities</b>											
Payments for property, infrastructure, plant and equipment	(41,279)	(21,656)	(23,739)	(18,380)	(19,639)	(18,264)	(26,604)	(22,273)	(22,568)	(19,376)	(20,769)
Proceeds from sale of property, infrastructure, plant and equipment	741	729	724	815	801	808	861	849	870	964	914
Payments for investments	-	-	(816)	(2,571)	(2,957)	(5,668)	(1,417)	(1,488)	(4,686)	(7,186)	(6,467)
<b>Net cash provided by/ (used in) investing activities</b>	<b>(40,538)</b>	<b>(20,927)</b>	<b>(23,831)</b>	<b>(20,136)</b>	<b>(21,795)</b>	<b>(23,124)</b>	<b>(27,160)</b>	<b>(22,912)</b>	<b>(26,384)</b>	<b>(25,598)</b>	<b>(26,322)</b>



	Forecast										
	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'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 financing activities</b>											
Finance costs	(167)	(220)	(194)	(168)	(140)	(112)	(84)	(55)	(30)	(15)	(4)
Proceeds from borrowings	3,150	-	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(1,073)	(1,297)	(1,323)	(1,350)	(1,377)	(1,405)	(1,218)	(1,074)	(702)	(350)	(270)
Interest paid - lease liability	(4)	(2)	(1)	-	-	-	-	-	-	-	-
Repayment of lease liabilities	(92)	(94)	(87)	-	-	-	-	-	-	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>1,814</b>	<b>(1,613)</b>	<b>(1,605)</b>	<b>(1,518)</b>	<b>(1,517)</b>	<b>(1,517)</b>	<b>(1,302)</b>	<b>(1,129)</b>	<b>(732)</b>	<b>(365)</b>	<b>(274)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(5,086)</b>	<b>1,580</b>	<b>143</b>	<b>2,811</b>	<b>420</b>	<b>76</b>	<b>(2,972)</b>	<b>2,291</b>	<b>(1,441)</b>	<b>678</b>	<b>123</b>
Cash and cash equivalents at the beginning of the financial year	8,671	3,585	5,165	5,308	8,119	8,539	8,615	5,643	7,934	6,493	7,171
<b>Cash and cash equivalents at the end of the financial year</b>	<b>3,585</b>	<b>5,165</b>	<b>5,308</b>	<b>8,119</b>	<b>8,539</b>	<b>8,615</b>	<b>5,643</b>	<b>7,934</b>	<b>6,493</b>	<b>7,171</b>	<b>7,294</b>

### 3.5 Statement of Capital Works

	Forecast										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>											
Buildings	3,880	2,038	3,756	3,147	3,647	1,184	5,578	2,392	4,372	282	1,338
Heritage buildings	68	153	124	129	134	140	145	151	157	-	-
<b>Total buildings</b>	<b>3,948</b>	<b>2,191</b>	<b>3,880</b>	<b>3,276</b>	<b>3,781</b>	<b>1,324</b>	<b>5,723</b>	<b>2,543</b>	<b>4,529</b>	<b>282</b>	<b>1,338</b>
<b>Total property</b>	<b>3,948</b>	<b>2,191</b>	<b>3,880</b>	<b>3,276</b>	<b>3,781</b>	<b>1,324</b>	<b>5,723</b>	<b>2,543</b>	<b>4,529</b>	<b>282</b>	<b>1,338</b>
<b>Plant and equipment</b>											
Plant, machinery and equipment	3,662	2,448	2,492	2,651	2,777	2,739	2,970	2,878	2,950	3,199	3,099
Computers and telecommunications	702	760	401	396	484	1,417	875	897	919	942	965
<b>Total plant and equipment</b>	<b>4,364</b>	<b>3,208</b>	<b>2,893</b>	<b>3,047</b>	<b>3,261</b>	<b>4,156</b>	<b>3,845</b>	<b>3,775</b>	<b>3,869</b>	<b>4,141</b>	<b>4,064</b>
<b>Infrastructure</b>											
Roads	20,028	11,962	11,517	11,232	11,608	11,802	12,575	13,115	13,095	13,559	14,041
Bridges	435	2,202	2,832	210	231	125	188	489	507	526	546
Footpaths and cycleways	914	81	168	174	181	188	850	798	210	218	226
Drainage	450	250	155	161	167	174	786	1,384	194	202	209
Recreational, leisure and community facilities	1,230	1,522	537	190	223	247	357	79	74	248	255
Waste management	2,458	240	1,757	90	187	248	2,280	90	90	200	90
Parks, open space and streetscapes	6,263	-	-	-	-	-	-	-	-	-	-
Off street car parks	980	-	-	-	-	-	-	-	-	-	-
Other infrastructure	209	-	-	-	-	-	-	-	-	-	-
<b>Total infrastructure</b>	<b>32,967</b>	<b>16,257</b>	<b>16,966</b>	<b>12,057</b>	<b>12,597</b>	<b>12,784</b>	<b>17,036</b>	<b>15,955</b>	<b>14,170</b>	<b>14,953</b>	<b>15,367</b>
<b>Total capital works expenditure</b>	<b>41,279</b>	<b>21,656</b>	<b>23,739</b>	<b>18,380</b>	<b>19,639</b>	<b>18,264</b>	<b>26,604</b>	<b>22,273</b>	<b>22,568</b>	<b>19,376</b>	<b>20,769</b>

	Forecast										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Represented by:</b>											
New asset expenditure	-	-	-	-	-	-	-	-	-	-	-
Asset renewal expenditure	33,562	19,826	20,417	18,219	19,375	17,932	22,586	19,830	22,374	19,064	20,560
Asset expansion expenditure	564	-	-	-	-	-	1,296	1,934	-	-	-
Asset upgrade expenditure	7,153	1,830	3,322	161	264	332	2,722	509	194	312	209
<b>Total capital works expenditure</b>	<b>41,279</b>	<b>21,656</b>	<b>23,739</b>	<b>18,380</b>	<b>19,639</b>	<b>18,264</b>	<b>26,604</b>	<b>22,273</b>	<b>22,568</b>	<b>19,376</b>	<b>20,769</b>
<b>Funding sources represented by:</b>											
Grants	19,095	6,980	6,792	5,376	4,769	4,769	4,769	4,769	4,769	4,769	4,769
Contributions	839	595	601	353	328	348	357	268	375	358	-
Council cash	21,345	14,081	16,346	12,651	14,542	13,147	21,478	17,236	17,424	14,249	16,000
Borrowings	-	-	-	-	-	-	-	-	-	-	-
<b>Total capital works expenditure</b>	<b>41,279</b>	<b>21,656</b>	<b>23,739</b>	<b>18,380</b>	<b>19,639</b>	<b>18,264</b>	<b>26,604</b>	<b>22,273</b>	<b>22,568</b>	<b>19,376</b>	<b>20,769</b>

### 3.6 Statement of Human Resources

Staff expenditure	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
<b>Staff expenditure</b>											
Employee costs - operating	31,102	32,311	33,151	34,056	34,943	35,890	36,995	37,999	38,721	39,773	40,852
Employee costs - capital	1,048	1,150	1,187	1,220	1,252	1,286	1,322	1,358	1,395	1,433	1,472
<b>Total staff expenditure</b>	<b>32,150</b>	<b>33,461</b>	<b>34,338</b>	<b>35,276</b>	<b>36,195</b>	<b>37,176</b>	<b>38,317</b>	<b>39,357</b>	<b>40,116</b>	<b>41,206</b>	<b>42,324</b>

Staff numbers	2024/25 FTE	2025/26 FTE	2026/27 FTE	2027/28 FTE	2028/29 FTE	2029/30 FTE	2030/31 FTE	2031/32 FTE	2032/33 FTE	2033/34 FTE	2034/35 FTE
<b>Staff numbers</b>											
Employees	271.0	271.6	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0
<b>Total staff numbers</b>	<b>271.0</b>	<b>271.6</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>

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

Department	Total \$'000	Comprises Permanent			
		Full Time \$'000	Part Time \$'000	Casual \$'000	Temporary \$'000
Performance & Innovation	6,703	6,703	-	-	-
Future Communities	9,109	6,684	2,081	344	-
CEO Director	1,769	1,615	154	-	-
Sustainable Infrastructure	14,202	13,658	544	-	-
<b>Total permanent staff expenditure</b>	<b>31,783</b>	<b>28,660</b>	<b>2,779</b>	<b>344</b>	<b>-</b>
Other employee related expenditure	528				
<b>Total operating expenditure</b>	<b>32,311</b>				
Capitalised labour costs	1,150				
<b>Total employee expenditure</b>	<b>33,461</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	49.0	49.0	-	-	-
Future Communities	71.9	51.0	18.2	2.7	-
CEO Director	11.4	10.0	1.4	-	-
Sustainable Infrastructure	129.5	94.5	35.0	-	-
<b>Total permanent staff</b>	<b>261.7</b>	<b>204.5</b>	<b>54.5</b>	<b>2.7</b>	<b>-</b>
Capitalised labour	9.9				
<b>Total staff</b>	<b>271.6</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.*



### 3.7 Planned Human Resources Expenditure

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Performance &amp; Innovation</b>										
Permanent - Full time	6,703	6,875	7,064	7,250	7,450	7,663	7,873	8,089	8,313	8,541
Women	4,224	4,329	4,448	4,565	4,691	4,825	4,957	5,094	5,234	5,378
Men	2,173	2,232	2,293	2,354	2,419	2,488	2,556	2,626	2,699	2,773
Persons of self-described gender										
Vacant	306	314	323	331	340	350	360	369	380	390
Permanent - Part time										
Women										
Men										
Persons of self-described gender										
Vacant										
<b>Total Performance &amp; Innovation</b>	6,703	6,875	7,064	7,250	7,450	7,663	7,873	8,089	8,313	8,541
<b>Future Communities</b>										
Permanent - Full time	6,684	6,865	7,053	7,239	7,437	7,649	7,769	8,074	8,295	8,523
Women	4,710	4,838	4,970	5,101	5,240	5,389	5,537	5,688	5,844	6,004
Men	1,974	2,027	2,083	2,138	2,197	2,260	2,232	2,386	2,451	2,519
Persons of self-described gender										
Vacant										
Permanent - Part time	2,081	2,112	2,170	2,226	2,288	2,352	2,416	2,484	2,552	2,621
Women	1,664	1,683	1,730	1,774	1,823	1,875	1,926	1,980	2,034	2,089
Men	328	338	347	356	366	376	386	397	408	419
Persons of self-described gender										
Vacant	89	91	93	96	99	101	104	107	110	113
<b>Total Future Communities</b>	8,765	8,977	9,223	9,465	9,725	10,001	10,185	10,558	10,847	11,144

	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
<b>CEO Directorate</b>										
Permanent - Full time	1,615	1,664	1,710	1,755	1,804	1,855	1,906	1,958	2,013	2,068
Women	853	881	905	929	955	982	1,009	1,037	1,066	1,095
Men	380	390	401	412	423	435	447	459	472	485
Persons of self-described gender										
Vacant	382	393	404	414	426	438	450	462	475	488
Permanent - Part time	154	62	64	66	68	70	72	73	75	78
Women	61	62	64	66	68	70	72	73	75	78
Men										
Persons of self-described gender										
Vacant	93									
<b>Total CEO Directorate</b>	<b>1,769</b>	<b>1,726</b>	<b>1,774</b>	<b>1,821</b>	<b>1,872</b>	<b>1,925</b>	<b>1,978</b>	<b>2,031</b>	<b>2,088</b>	<b>2,146</b>
<b>Sustainable Infrastructure</b>										
Permanent - Full time	13,658	14,064	14,452	14,828	15,227	15,656	16,080	16,515	16,963	17,422
Women	2,442	2,509	2,577	2,645	2,716	2,793	2,869	2,946	3,027	3,109
Men	9,988	10,286	10,570	10,844	11,136	11,450	11,759	12,078	12,404	12,740
Persons of self-described gender										
Vacant	1,228	1,269	1,305	1,339	1,375	1,413	1,452	1,491	1,532	1,573
Permanent - Part time	544	619	636	652	671	785	806	829	852	875
Women	130	134	138	141	145	149	153	158	162	166
Men	290	298	306	314	323	332	341	350	360	370
Persons of self-described gender										
Vacant	124	187	192	197	203	304	312	321	330	339
<b>Total Sustainable Infrastructure</b>	<b>14,202</b>	<b>14,683</b>	<b>15,088</b>	<b>15,480</b>	<b>15,898</b>	<b>16,441</b>	<b>16,886</b>	<b>17,344</b>	<b>17,815</b>	<b>18,297</b>
<b>Casuals, temporary and other expenditure</b>	<b>872</b>	<b>890</b>	<b>907</b>	<b>927</b>	<b>945</b>	<b>965</b>	<b>1,077</b>	<b>699</b>	<b>710</b>	<b>724</b>
<b>Total operating expenditure</b>	<b>32,311</b>	<b>33,151</b>	<b>34,056</b>	<b>34,943</b>	<b>35,890</b>	<b>36,995</b>	<b>37,999</b>	<b>38,721</b>	<b>39,773</b>	<b>40,852</b>
Capitalised labour costs	1,150	1,187	1,220	1,252	1,286	1,322	1,358	1,395	1,433	1,472
<b>Total employee expenditure</b>	<b>33,461</b>	<b>34,338</b>	<b>35,276</b>	<b>36,195</b>	<b>37,176</b>	<b>38,317</b>	<b>39,357</b>	<b>40,116</b>	<b>41,206</b>	<b>42,324</b>

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
<b>Performance &amp; Innovation</b>										
Permanent - Full time	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0
Women	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
Men	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Persons of self-described gender										
Vacant	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Permanent - Part time										
Women										
Men										
Persons of self-described gender										
Vacant										
<b>Total Performance &amp; Innovation</b>	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0
<b>Future Communities</b>										
Permanent - Full time	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Women	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0
Men	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Persons of self-described gender										
Vacant										
Permanent - Part time	18.2	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9
Women	14.0	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
Men	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Persons of self-described gender										
Vacant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total Future Communities</b>	69.2	68.9	68.9	68.9	68.9	68.9	68.9	68.9	68.9	68.9

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
<b>CEO Directorate</b>										
Permanent - Full time	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Women	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Men	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Persons of self-described gender										
Vacant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Permanent - Part time	1.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Women	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Men										
Persons of self-described gender										
Vacant	0.8									
<b>Total CEO Directorate</b>	<b>11.4</b>	<b>10.6</b>	<b>10.6</b>	<b>10.6</b>	<b>10.6</b>	<b>10.6</b>	<b>10.6</b>	<b>10.6</b>	<b>10.6</b>	<b>10.6</b>
<b>Sustainable Infrastructure</b>										
Permanent - Full time	94.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5
Women	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3
Men	69.2	69.2	69.2	69.2	69.2	69.2	69.2	69.2	69.2	69.2
Persons of self-described gender										
Vacant	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Permanent - Part time	35.0	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5
Women	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Men	26.2	26.2	26.2	26.2	26.2	26.2	26.2	26.2	26.2	26.2
Persons of self-described gender										
Vacant	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Total Sustainable Infrastructure</b>	<b>129.5</b>	<b>130.0</b>	<b>130.0</b>	<b>130.0</b>	<b>130.0</b>	<b>130.0</b>	<b>130.0</b>	<b>130.0</b>	<b>130.0</b>	<b>130.0</b>
<b>Casuals and temporary staff</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>
<b>Capitalised labour</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>
<b>Total staff numbers</b>	<b>271.6</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>	<b>271.0</b>

## Financial Performance Indicators

# 4

The following table highlights Council's projected performance across a range of key financial performance 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											Trend
		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	+o/-
Operating position													
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	0.7%	8.5%	10.2%	10.5%	10.1%	10.4%	11.0%	10.7%	9.7%	10.0%	9.7%	+
Liquidity													
Working Capital	Current assets / current liabilities	146.1%	158.1%	164.4%	194.3%	211.8%	246.3%	238.3%	264.3%	286.1%	332.1%	373.2%	o
Unrestricted cash	Unrestricted cash / current liabilities	11.1%	16.2%	13.1%	25.9%	25.5%	23.4%	3.0%	13.1%	1.0%	2.2%	2.2%	o
Obligations													
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	20.1%	16.9%	14.1%	11.3%	8.7%	6.1%	3.9%	2.1%	1.0%	0.4%	0.0%	+
Loans and borrowings repayments	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	2.4%	2.8%	2.8%	2.7%	2.6%	2.6%	2.1%	1.8%	1.1%	0.6%	0.4%	+
Indebtedness	Non-current liabilities / own source revenue	27.0%	23.5%	20.9%	18.3%	15.8%	13.6%	11.7%	10.4%	9.8%	9.2%	9.0%	+
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	295.7%	159.7%	172.6%	128.4%	137.4%	122.4%	170.3%	129.1%	143.4%	118.0%	123.4%	-
Stability													
Rates concentration	Rate revenue / adjusted underlying revenue	66.4%	65.8%	65.4%	65.3%	65.5%	65.6%	65.3%	65.2%	66.0%	66.1%	66.3%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	o
Efficiency													
Expenditure level	Total expenses/ no. of property assessments	\$3,781	\$3,635	\$3,661	\$3,732	\$3,814	\$3,873	\$3,940	\$4,039	\$4,117	\$4,181	\$4,271	-
Revenue level	General rates and municipal charges / no. of property assessments	\$2,544	\$2,628	\$2,681	\$2,736	\$2,791	\$2,848	\$2,932	\$3,012	\$3,025	\$3,086	\$3,149	-



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

## 5.1 Borrowing Strategy

### 5.1.1 Current Debt Position

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

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

The total amount outstanding as at 30 June 2026 is projected to be \$9.07 million.

### 5.1.2 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										
	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
<b>Opening balance</b>	8,289	10,366	9,069	7,746	6,396	5,019	3,614	2,396	1,322	620	270
Plus New loans	3,150	0	0	0	0	0	0	0	0	0	0
Less Principal repayment	(1,073)	(1,297)	(1,323)	(1,350)	(1,377)	(1,405)	(1,218)	(1,074)	(702)	(350)	(270)
<b>Closing balance</b>	<b>10,366</b>	<b>9,069</b>	<b>7,746</b>	<b>6,396</b>	<b>5,019</b>	<b>3,614</b>	<b>2,396</b>	<b>1,322</b>	<b>620</b>	<b>270</b>	<b>0</b>
Interest payment	(167)	(220)	(194)	(168)	(140)	(112)	(84)	(55)	(30)	(15)	(4)

### 5.1.1 Performance Indicators

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

Performance Indicator	Target	Forecast										
		2024/25 %	2025/26 %	2026/27 %	2027/28 %	2028/29 %	2029/30 %	2030/31 %	2031/32 %	2032/33 %	2033/34 %	2034/35 %
Total borrowings / Rate revenue	Below 60%	20.1%	16.9%	14.1%	11.3%	8.7%	6.1%	3.9%	2.1%	1.0%	0.4%	0.0%
Debt servicing (interest) / Total Income	Below 5%	0.2%	0.3%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
Debt commitment (interest and principal) / Rate revenue	Below 10%	2.2%	2.6%	2.5%	2.4%	2.4%	2.3%	1.9%	1.6%	1.0%	0.5%	0.4%
Indebtedness / Own source revenue	Below 40%	17.2%	14.3%	11.9%	9.6%	7.3%	5.1%	3.3%	1.8%	0.8%	0.3%	0.0%

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.

## 5.2 Reserves Strategy

### 5.2 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.

#### *Caravan Parks Reserve*

- Purpose – This reserve was created for the development of future funding for caravan park projects.
- Movements – Nil

#### *Corner Inlet Reserve*

- Purpose – This reserve was created for the maintenance of a seawall to protect private lands from flooding.
- Movements – Transfers from this reserve (outflows) are based on maintenance performed on an annual basis.

#### *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

#### *Unexpended Grants and Contributions*

- Purpose – Funds held from grant monies, not already recognised in the Balance Sheet as Unearned Grants at the end of each financial year, to be expended in future financial years. External restrictions may or may not apply in line with individual funding agreements.
- Movements – Nil

#### *Asset Development Reserve*

- Purpose – Funds set aside for contingency planning purposes as well as for contribution to future major projects. Source of funds is to be derived from the year-end cash operating surplus.
- Movements – transfers to this reserve (inflows) comprise of a portion of available cash surplus. Transfers from this reserve (outflows) will be for nominated asset development projects.

#### *General Reserve*

- Purpose – This reserve holds contribution funds to address shortfalls resulting from the cost of emergency management works and storm damage rectification and adaptation planning. Source of funds is to be derived from the year-end cash operating surplus.
- Movements – transfers to this reserve (inflows) comprise of a portion of the projected year-end cash operating surplus. Transfers from this reserve (outflows) will be to fund the cost of any emergency management or storm damage rectification.

#### *Carry Forward Projects Reserve*

- Purpose – funds held from unexpended projects at the completion of a financial year. Reserve funds are to be applied to carried forward projects expected to be completed in a future financial year.
- Movements – transfers to this reserve (inflows) comprise unspent capital works budgets. Transfers from this reserve (outflows) will be for nominated capital works previously carried forward.

### *Renewable Energy Reserve*

- Purpose – funds held to develop, support and maintain sustainable energy programs. Source of funds may include savings from existing renewable energy sources and operating surplus derived from Council funded renewable energy programs.
- Movements – transfers to this reserve (inflows) comprise savings from Council's EV charging stations. Transfers from this reserve (outflows) will be for nominated sustainable energy programs.

## 5.2.2 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	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	2032/33 \$000's	2033/34 \$000's	2034/35 \$000's
<b>Public Open Space Reserve</b>												
	Restricted											
Opening balance			443	565	640	840	944	1,074	1,346	1,618	1,905	2,025
Transfer to reserve			282	289	297	304	312	319	327	335	344	352
Transfer from reserve			(160)	(215)	(96)	(200)	(181)	(48)	(55)	(49)	(223)	(228)
Closing balance		443	565	640	840	944	1,074	1,346	1,618	1,905	2,025	2,150
<b>Development Contributions Reserve</b>												
	Restricted											
Opening balance			1,184	1,779	2,380	2,733	3,061	3,409	3,766	4,034	4,409	4,767
Transfer to reserve			595	601	353	328	348	357	268	375	358	0
Transfer from reserve			-	-	-	-	-	-	-	-	-	-
Closing balance		1,184	1,779	2,380	2,733	3,061	3,409	3,766	4,034	4,409	4,767	4,767
<b>Reserves Summary</b>												
	Total Restricted											
Opening balance			1,627	2,344	3,020	3,573	4,005	4,483	5,112	5,652	6,314	6,792
Transfer to reserve			877	890	650	632	660	676	595	710	702	352
Transfer from reserve			(160)	(215)	(96)	(200)	(181)	(48)	(55)	(49)	(223)	(228)
Closing balance		1,627	2,344	3,020	3,573	4,005	4,483	5,112	5,652	6,314	6,792	6,917

Reserves	Restricted / Discretionary	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	2032/33 \$000's	2033/34 \$000's	2034/35 \$000's
<b>Corner Inlet Reserve</b>												
	Discretionary											
Opening balance			6	6	6	6	6	6	6	6	6	6
Transfer to reserve			-	-	-	-	-	-	-	-	-	-
Transfer from reserve			-	-	-	-	-	-	-	-	-	-
Closing balance		6	6	6	6	6	6	6	6	6	6	6
<b>Venus Bay Surf Life Saving Club Reserve</b>												
	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
<b>General Reserve</b>												
	Discretionary											
Opening balance			0	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Transfer to reserve			1,200	-	-	-	-	-	-	-	-	-
Transfer from reserve			-	-	-	-	-	-	-	-	-	-
Closing balance		0	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
<b>Carry Forward Projects Reserve</b>												
	Discretionary											
Opening balance			4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062
Transfer to reserve			-	-	-	-	-	-	-	-	-	-
Transfer from reserve			-	-	-	-	-	-	-	-	-	-
Closing balance		4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062

Reserves	Restricted / Discretionary	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	2032/33 \$000's	2033/34 \$000's	2034/35 \$000's
<b>Renewable Energy Reserve</b>												
	Discretionary											
Opening balance			18	45	69	94	119	145	171	198	226	254
Transfer to reserve			45	47	48	49	50	51	53	54	55	57
Transfer from reserve			(18)	(23)	(23)	(24)	(24)	(25)	(26)	(26)	(27)	(28)
Closing balance		18	45	69	94	119	145	171	198	226	254	283
<b>Asset Development Reserve</b>												
	Discretionary											
Opening balance			246	326	406	486	566	646	726	806	886	966
Transfer to reserve			170	170	170	170	170	170	170	170	170	170
Transfer from reserve			(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)
Closing balance		246	326	406	486	566	646	726	806	886	966	1,046
<b>Reserves Summary</b>												
	Total Discretionary											
Opening balance			4,482	5,789	5,893	5,998	6,103	6,209	6,315	6,422	6,530	6,638
Transfer to reserve			1,415	217	218	219	220	221	223	224	225	227
Transfer from reserve			(108)	(113)	(113)	(114)	(114)	(115)	(116)	(116)	(117)	(118)
Closing balance		4,482	5,789	5,893	5,998	6,103	6,209	6,315	6,422	6,530	6,638	6,747
<b>Reserves Summary</b>												
	Total											
Opening balance			6,109	8,133	8,913	9,571	10,108	10,692	11,427	12,074	12,844	13,430
Transfer to reserve			2,292	1,107	868	851	880	897	818	934	927	579
Transfer from reserve			(268)	(328)	(209)	(314)	(295)	(163)	(171)	(165)	(340)	(346)
Closing balance		6,109	8,133	8,913	9,571	10,108	10,692	11,427	12,074	12,844	13,430	13,664

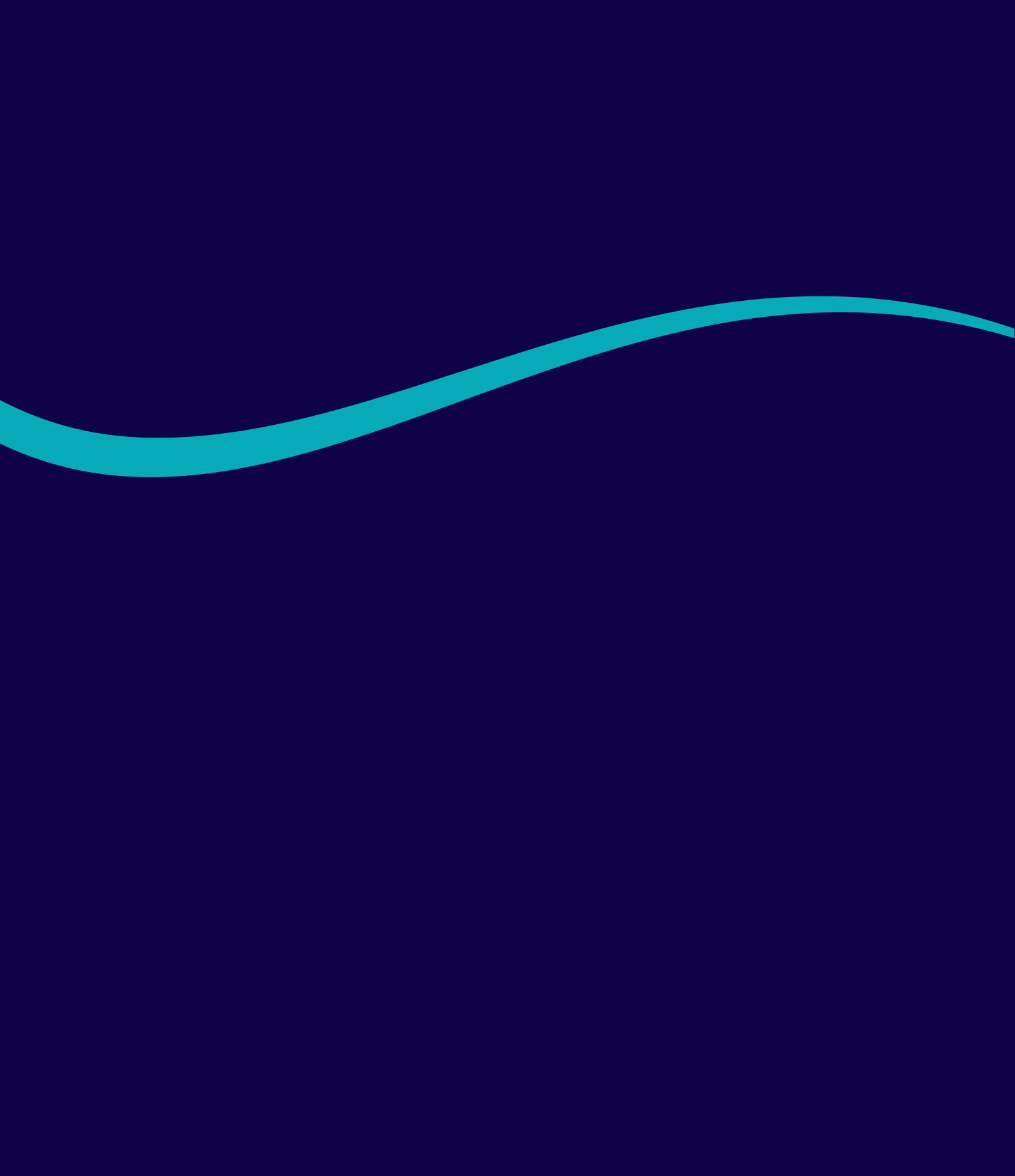


### 5.3 Treasury Management Approach and Investment Strategy

Council's adopted *Treasury Management Policy (C24)* outlines Council's management of financial resources, including cash and investments.

Council is required to maintain sufficient cash and cash equivalents to meet all reasonably anticipated cash flow requirements when they fall due.

For surplus cash not required, Council will invest in term-deposits such that the amounts invested with any one financial institution does not exceed the limits set out in the policy. Investments of a speculative nature are prohibited.



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**South Gippsland**  
Shire Council