

Long Term Financial Plan 2022-23 – 2031-32

PROPOSED



Table of Contents

Executive summary	1
Purpose of the Long-Term Financial Plan 10 years.....	1
Objectives of the Long-Term Financial Plan	2
Financial outlook	3
Key outcomes/challenges of this LTFP	3
Link between LTFP and Council's Planning Framework	14
Statutory and Regulatory Requirements	15
Financial Plan	15
Financial Management Principles	15
Community Engagement and Public Transparency.....	16
Local Government (Planning and Reporting) Regulations 2020.....	17
Financial Sustainability	17
Financial Plan inputs and assumptions	19
Comprehensive Income Statement.....	22
Conversion to Cash Result	28
Balance Sheet.....	30
Statement of Changes in Equity	33
Cash Flow Statement.....	33
Financial Strategies.....	34
Capital works strategy.....	34
Borrowing strategy	38
Reserve strategy	44
Climate Emergency Strategy	53
Appendices.....	56
Appendix A – Comprehensive Income Statement	57
Appendix B – Conversion to Cash Result.....	58
Appendix C – Balance Sheet	59
Appendix D – Statement of Changes in Equity	60
Appendix E – Statement of Cash Flows Inflows/(Outflows)	61
Appendix F – Statement of Capital Works	62
Appendix G – Statement of Human Resources (\$).....	63
Appendix H – Statement of Human Resources (Full time equivalent - FTE)	66
Appendix I(a) – Schedule of reserves	69
Appendix I(b) – Discretionary and restricted reserves	73
Appendix J – Schedule of borrowings.....	74
Appendix K(a) – Local Government Performance Reporting Framework (LGPRF) Financial Performance Indicators.....	77
Appendix K(b) – Financial Sustainability Indicators	80
Appendix L – Asset Renewal	81
Appendix M – Capital works funded from operational surplus	82
Appendix N(a) – Operating grant income (recurrent).....	83
Appendix N(b) – Operating grant income (non-recurrent and total).....	84
Appendix O – Capital grant income (recurrent and non-recurrent)	85
Appendix P – Parameters	86
Appendix Q – Adjusted underlying result.....	87

Executive summary

Purpose of the Long-Term Financial Plan 10 years

The Long-Term Financial Plan (LTFP) exists primarily to provide the following outcomes for the City of Greater Dandenong (Council):

1. Establish a prudent and sound financial framework, combining and integrating financial strategies to achieve a planned outcome.
2. Establish a financial framework against which Council's strategies, policies and financial performance can be measured against.
3. Ensure that Council complies with sound financial management principles, as required by the *Local Government Act 2020* and plan for the long-term financial sustainability of Council (Section 101).
4. Develop, adopt and keep in force a Financial Plan for at least the next 10 financial years in accordance with its deliberative engagement practices (Section 91).
5. Allow Council to meet the objectives of the *Local Government Act 2020* to promote the social, economic and environmental sustainability of the municipal district including mitigation and planning for climate change risks and that the ongoing financial viability of the Council is to be ensured (sections 9 (2)(c) and 9(2)(g).

This LTFP represents a comprehensive approach to document and integrate the various strategies (financial and other) of Council. The development of the long-term financial projections represents the output of several strategy areas, that when combined, produce the financial direction of Council as shown below:

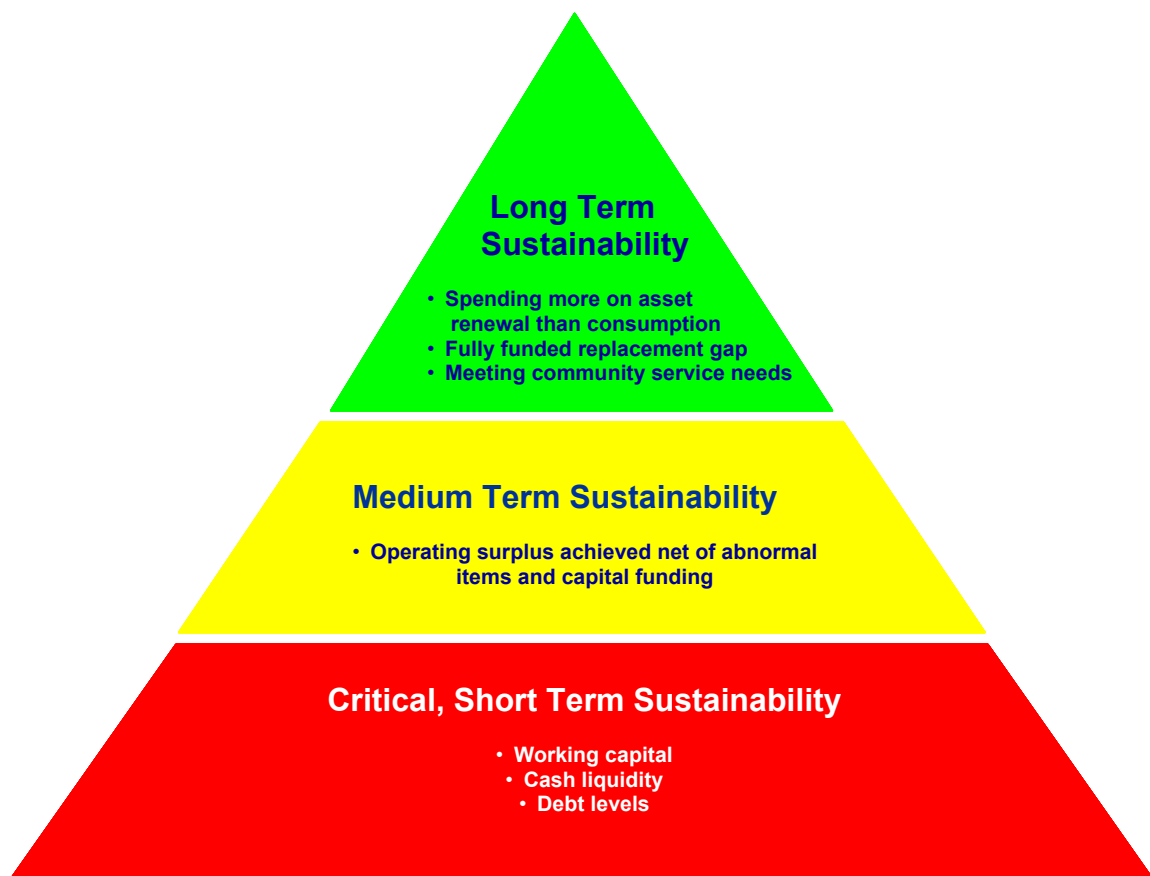


Objectives of the Long-Term Financial Plan

The objectives of this LTFP (not prioritised) are as follows:

- The achievement of a prudent balance between meeting the service needs of our community (both now and future) and remaining financially sustainable for future generations.
- An increased ability to fund both capital works in general and meet the asset renewal requirements as outlined in asset management planning.
- Endeavouring to maintain a sustainable Council in an environment where Council must either constrain its net operational costs or reduce funds available to capital expenditure due to the capping of council rates and low increases in government grant funding.

For the purposes of this strategy, financial sustainability is defined in the below diagram, modelled essentially on a hierarchy of needs approach.



It could readily be argued that over the past ten years, the Council has maintained a position as outlined in the Long Term Sustainability section of the triangle. The challenge for Council will be, however, to avoid an outcome where it gradually drops through the sections back into the red zone over the next ten years on the back of capped revenue capacity, the COVID-19 pandemic and rising costs.

To avoid this outcome, Council will have to critically evaluate all of its current service provision and may have to make a series of difficult decisions, particularly where costs in services part funded by State and Federal Government increase by an amount greater than Council's ability to increase general revenues.

Financial outlook

The City of Greater Dandenong's 10-year Long Term Financial Plan (LTFP) is once again being set in the context of continuing uncertainty about the impact of the pandemic upon Council's finances.

Generally, Council assumes overall service levels will remain largely unchanged throughout the 10-year forward projection period. This LTFP has been developed on the most current and best available information but is subject to change due to the dynamic health and economic crisis created by COVID-19. Whilst the LTFP years is largely based on a return to some degree of economic normality, Council is presented with many after effect challenges of COVID. It is still unclear when Council income, such as from leisure services, parking, Dandenong Market, civic facilities and performing arts centre, The Drum Theatre will return to pre-pandemic "normal" usage levels. Several of these adverse financial impacts of COVID are not expected to immediately cease in 2022-23 and may take years to recover if at all, largely driven by the rapid shift of new consumer behaviours.

The last two years have seen a pervasive low interest rate market, resulting in a significant reduction in interest returns on investments for Council. The fallout from COVID-19 and the continued impact that it is having on the Australian economy will continue to put pressure on investment income for Council and the local government sector. A conservative assumption regarding low interest rates for the first two years of this LTFP has been adopted, reducing Council's typical return by around \$1-2 million annually.

The longer-term impact of COVID-19 on our community and on our operations is still uncertain with restrictions continuing to impact Council's services and impacting Council's operational budgets. As such we recognise Council's proposed financial direction for future years may require changes.

The financial outlook for Council remains steady and it is pleasing that the LTFP has been developed with an aim to continue Council's commitment to invest in services and infrastructure in a financially responsible way by balancing the needs of our community while achieving long term financial sustainability and most importantly to reset and recover in a post COVID environment.

Key outcomes/challenges of this LTFP

A key challenge faced by Council as part of this LTFP is the current Enterprise Agreement which ends 30 June 2022. Therefore, future employee cost increases are not known at this point and have been assumed to be consistent with the rate cap (1.75 per cent in 2022-23). Employee costs represent the largest component of Council's expenditure (average 51 per cent excluding depreciation/amortisation expense).

Perhaps the most significant challenge included in this draft LTFP is the funding required to complete three very important major projects for Council over the first five years of the LTFP:

- Keysborough South Community Hub (\$18.1 million),
- Redevelopment of Dandenong Oasis (\$87.45 million)
- Dandenong Community Hub (\$20 million).

The full costs of these projects in this LTFP are estimates only and may be subject to change. Whilst the above costs have been included in the LTFP, a key change to the previous model has been the timing of the proposed cash flows with forecast expenditures increasing for the redevelopment of Dandenong Oasis from the previous \$62.5 million to

\$87 million. This has required Council to increase borrowings from \$30 million to \$55.6 million over two years (2023-24 and 2024-25).

This LTFP also includes a further \$10 million in borrowings for the proposed Dandenong Community Hub in 2024-25 with the remaining funding source from rate revenue (proposed expenditures occurring over 2023-24 to 2025-26). Consequently, this model has higher debt repayment and interest costs than in the previous version of the LTFP due to the increased borrowings. It remains important to note that the indebtedness to rates prudential debt ratio remains just below 65 per cent at its peak and Council can return this ratio to 40 per cent by 2027-28.

These three projects encompass estimated borrowings of \$71.7 million to be drawn down over 2022-23 to 2024-25 (detailed below).

	Forecast	Budget	Financial Plan Projections			
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ALL BORROWINGS						
Opening balance	56,636	53,263	55,900	82,799	107,498	97,150
Loan proceeds	-	6,120	32,500	33,100	-	-
Principal repayments	(3,372)	(3,484)	(5,601)	(8,401)	(10,348)	(10,686)
Closing balance of borrowings	53,263	55,900	82,799	107,498	97,150	86,465

Upon completion of the Keysborough South Community Hub, Council will take on the ongoing operational costs of the newly developed Hub which will add over \$1.6 million per annum in net costs to the Budget. Similarly, the construction of a new Dandenong Community Hub (DCH) is also expected to increase ongoing operational costs of over \$1.2 million per year from 2026 (details on how these are funded explained further down). Both are estimates only.

Council has always seen loan funding as a critical component of the funding mix to deliver much needed infrastructure to the community. In past years Council has completed a range of new infrastructure projects that required significant loan borrowings however this was prior to introduction of a yearly rate cap in 2015.

The key area of financial risk is ensuring that Council does not rely so strongly on debt funding that it increases the level of debt (and therefore debt servicing and redemption costs) which unduly impacts on Council's ability to fund capital works on an annual basis. Whilst this is the ideal outcome, Council is limited by the amount of revenue it can generate from rates due to rate capping.

Consequently, to fund these much-needed investments for the community, this LTFP has incorporated the assumption of significant council reserve drawn down of nearly \$20 million as a funding source (major project reserve). The financial structure also includes a reduction in capital spending over the life the LTFP to finance these major projects and their subsequent operational costs. This is a key consideration for Council in the application of the proposed funding model. No external grant funding has been factored in at this point for the Redevelopment of Dandenong Oasis or the Dandenong Community Hub. Should Council be successful in grant funding, it is proposed that any amount contribute to lessen the borrowing requirement or contribute to annual asset renewal.

Capital Investment

Council's level of capital investment in this LTFP has been impacted by COVID-19, significant new borrowings, debt servicing costs and operational costs associated with new facilities (Keysborough South Community Hub and Dandenong Community Hub).

Notwithstanding the financial impacts of COVID-19, particularly on the capital works program, Council forecasts a steady financial position for the 2022-23 financial year. The COVID-19 pandemic has resulted in a combined reduction of over \$13.5 million in the capital works program over the past three financial years (2019-20 to 2021-22). The 2022-23 capital works program was reduced by a further \$398,000 to fund an operational deficit due to continued COVID-19 impacts. This challenge may be ongoing.

New facilities such as the Keysborough South Community Hub and Dandenong Community Hub will add considerable operational costs (as mentioned earlier) to Council's operational budgets upon completion. The latter has been financed by a reduction in capital expenditure funded from rates.

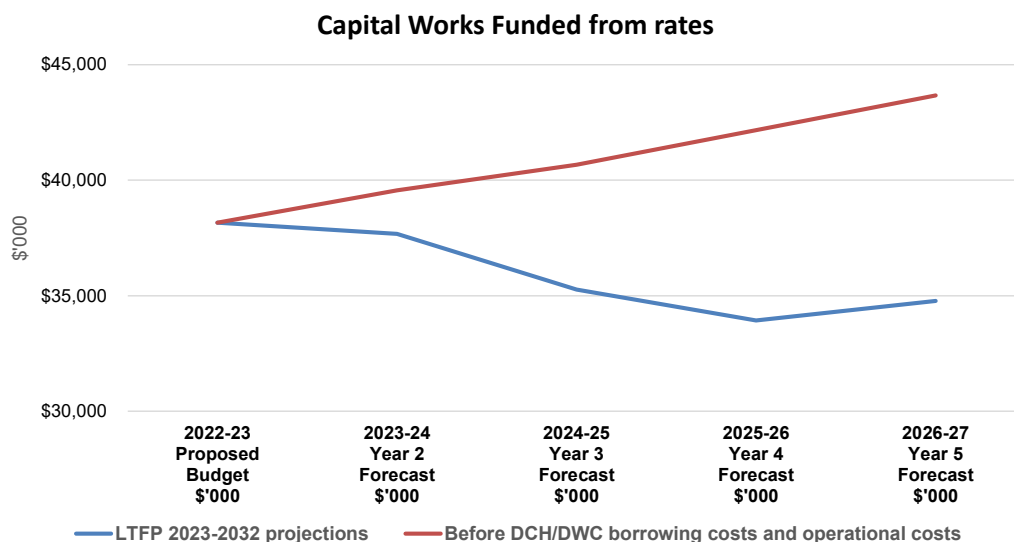
Council's forward capital investment decisions and their consequential operational and infrastructure servicing expenditure (whole of life costing) will necessitate a shift in strategic thinking in the medium to long term.

Over the LTFP ten-year period, the capital expenditure funded from rates has been reduced by a total of \$69.3 million over the life of the LTFP to fund:

- \$60.6 million in borrowing costs associated with the redevelopment of Dandenong Oasis with the new Dandenong Wellbeing Centre (DWC) and the construction of the new Dandenong Community Hub (DCH), and
- \$8.7 million in operational costs associated with the DCH from 2026.

The red line in the following graph highlights the level of capital works funded from rate revenue growing over the first five years of the LTFP and before the reductions relating to the debt servicing costs of DWC and DCH and the operational costs of DCH. The blue bars represent the forecast capital works funded from rate revenue after reductions for debt servicing and operational costs have been factored in. The reduction amounts to around \$9 million annually softening in later years.

This represents a major challenge for Council going forward, to continue its investment in capital improvements in the community, whilst also funding ongoing asset renewal requirements to maintain assets at their current service levels.



This significant investment in the DCW and DCH projects will reduce the ability to fund capital works from rate revenue not just in the short-term but in the extended future due to both debt redemption and new operational cost funding. This amounts to over \$33 million in the first five years reaching \$69.3 million in total over the life of the LTFP. Future consideration of other priority capital projects will be heavily restricted until at least 2026-2027.

Council's Long-Term Financial Plan and impact of rate capping

The State Government Rate Capping System, introduced in 2016-17, restricts Council from increasing rate income above a capped amount. Each year the Minister for Local Government (the Minister) will set the rate cap that will specify the maximum increase in councils' rates and charges for the forthcoming financial year. In circumstances where the rate cap is insufficient for a specific council's needs, Council can apply to the Essential Services Commission for a higher cap.

In December 2021 the Minister for Local Government announced that Victorian council rate rises would be capped at the forecast rate of inflation of 1.75 per cent in the 2022-23 financial year. An assumed rate increase of 2 per cent is assumed for the remaining years of the LTFP.

Forecast rate increases

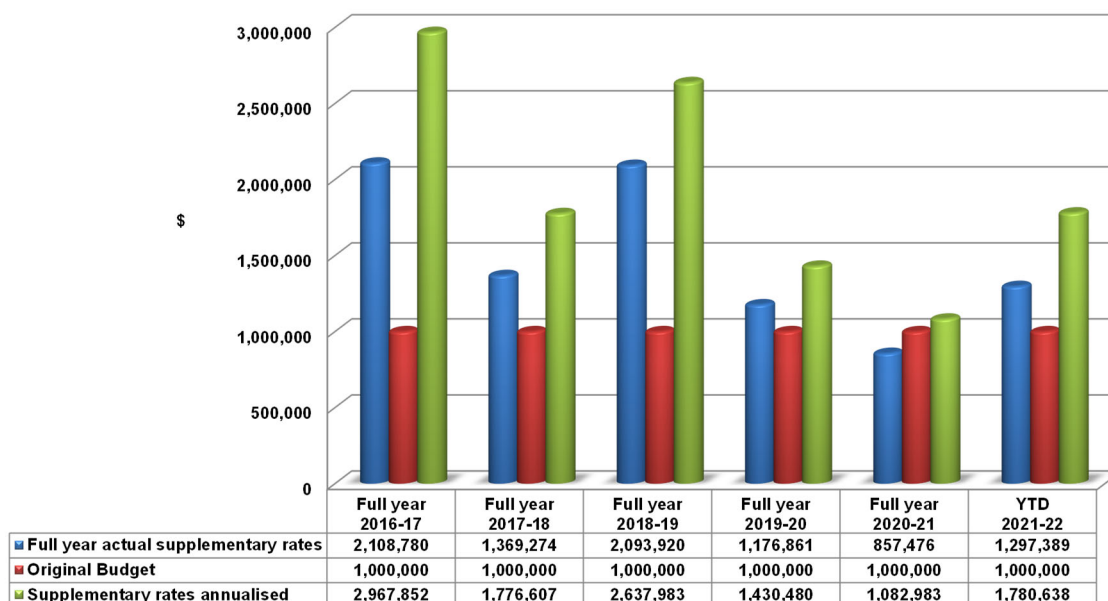
Description	Budget 2022-23	Year 2 2023-24	Year 3 2024-25	Year 4 2025-26	Year 5 2026-27	Years 6-10 2028-2032
CPI forecast	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%
Rate revenue cap	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%

Despite Council being in a healthy financial position with satisfactory liquidity requirements, cash flow and reserve balances (of which the major project reserve will be heavily reduced to fund the redevelopment of Dandenong Oasis), rate capping combined with the recent COVID-19 impacts presents a significant challenge to Council's longer term financial sustainability.

Supplementary rates

There was significant supplementary rate growth five to seven years ago. However, this has been dropping, particularly in 2019-20 and 2020-21. In 2021-22, supplementary rates have shown an improvement as activity levels resume post COVID-19 restrictions. The following graph depicts the up and down trends experienced by supplementary rates over recent years.

Supplementary rates



While the annual decision on the rates has a material impact on Council's finances, the growth in the overall rate base through supplementary rates has been of significant importance. The supplementary rates growth has been extraordinary, particularly in the first year of the five-year period depicted in the above graph (and the two years prior to 2016-17). It should be noted that supplementary rates do not form part of the rate cap – but instead are built into the base for the future year's calculation. The average annual dwelling growth has now dropped approximately 760 over the five-year period.

Supplementary rate growth across the LTFP is not expected to be significant, putting more pressure on Council forecasts.

Key parameters

The development of this LTFP has also seen a focus on the key income and expenditure assumptions. **Appendix P** outlines the key parameters and assumptions.

Items creating a flow on impact (favourable and unfavourable) across the LTFP include:

- Significant debt servicing costs of \$60.6 million across the ten-year period relating to the new borrowings forecast for the redevelopment of the Dandenong Oasis and the construction of the new Dandenong Community Hub (financed by a reduction in capital works funded by rates).
- The consequential operational servicing costs for the Keysborough South Community Hub (over \$1.6 million per annum from July 2023) and Dandenong Community Hub (over \$1.2 million per annum from January 2026) have been factored into this LTFP revision (with the latter being funded by a reduction in capital works funded by operational surplus).
- It is difficult to predict investment returns over the life of the LTFP given the current low interest rate environment. COVID-19 impacts and continued low interest rates mean that Council cannot continue to rely on additional investment income. Interest income is estimated to average around \$1.53 million per annum over the ten years of the LTFP which means investment returns have nearly halved.
- With the current Enterprise Agreement ending 30 June 2022, employee costs are assumed to equate to the rate cap across the LTFP plus salary band step increases.

Superannuation guarantee charge (SGC) increases were announced as part of the 2014 Federal Budget and this LTFP forecasts the progressive increase in the SGC from 10.5 per cent in 2022-23 to 12 per cent by 2025-26 adding an additional \$13.6 million in employee costs across the life of the LTFP.

- Material costs match the forecast increase in Council rates. The forecast for 2022-23 is set at 1.75 per cent to match the rate cap and assumed at 2 per cent thereafter.
Insurance premiums continue to escalate at a rate well above CPI, therefore, a 5 per cent parameter has been applied across the LTFP to insurance premium costs. Insurance premium costs have nearly doubled in the last three years, averaging a 25.8 per cent increase per annum.
- Forecast funding required for the management of Council's leisure centres by Council's new wholly owned subsidiary, South East Leisure. The future year's estimates take into account operational net cost impacts from significant capital works investment by Council at the Noble Park Aquatic Centre and the redevelopment of Dandenong Oasis, as well COVID-19 impacts on participation and membership numbers in the short-term.
- The investment pool available for Financial Assistance (FA) grant funding to councils via the Victorian Local Government Grants Commission was negatively impacted by COVID-19. Council's actual FA grant allocation for the last three years has averaged a marginal 0.57 per increase which creates a funding gap between this major income source for Council and increasing costs at CPI and higher. No movement has been forecast in FA grant funding for the first two years of the LTFP and a conservative increase of 1.00 per cent has been assumed for each year thereafter.
- Some COVID-19 after-effects are anticipated for 2022-23, including the Dandenong Market rental return and usage of Council's Drum Theatre and Civic facilities.

Service levels

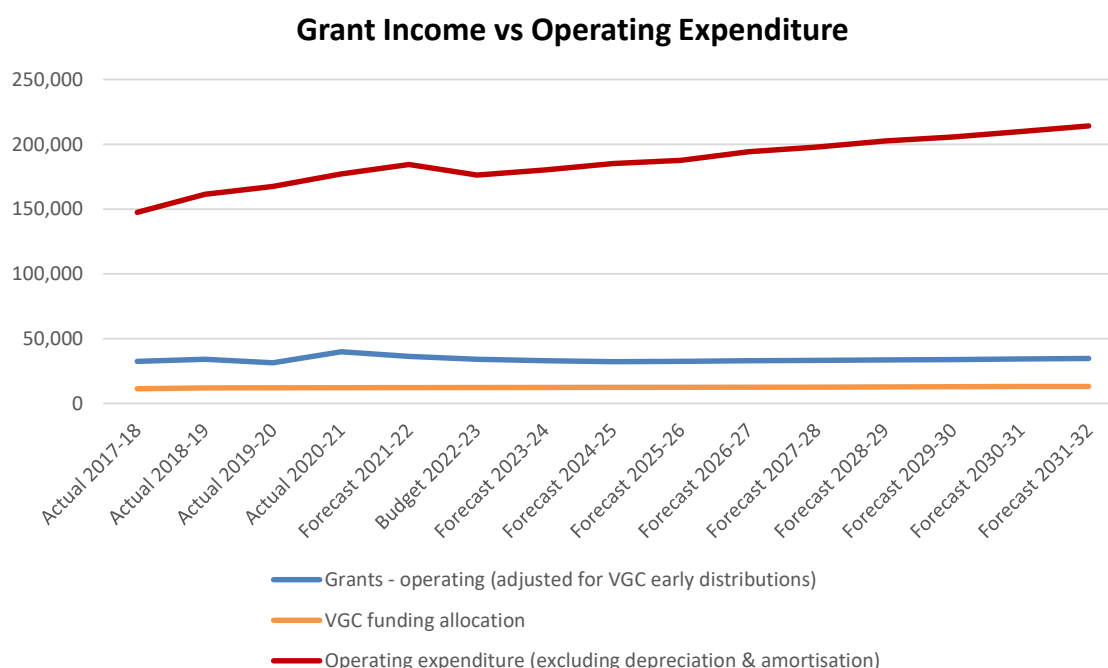
To maintain financial sustainability in the face of the above challenge, Council needs to continually review its approach to service delivery. Council will need to assess what levels of services can be provided for a given maximum rate rise under rate capping. The primary outcome from the LTFP is the quantification of the cost of existing service requirements and the associated long-term cash flow implications to maintain those service levels. This allows for the ongoing review of the affordability of existing service levels and their priority relative to emerging service demands and the capacity and willingness to pay of the community.

Recurrent grant funding

Recurrent grants (inclusive of the Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGCC)) currently form around 13 per cent of Council's total underlying operational revenue and hence are an important source of revenue for Council.

Recurrent grant revenue however has consistently failed to keep pace with the cost of providing these same services that the grant supports, therefore requiring Council to continue to 'top-up' the State and Federal government shortfall with rate funding to sustain the current level of service provision to the community.

The blue line in the following graph shows the trend of the prior three year's actual operating grant income along with the forecast funding levels over the life of this LTFP. The graph highlights that recurrent grant funding in the next ten years is only expected to grow slightly. Similarly, the orange line depicts the anticipated level of Financial Assistance grant funding which also has very slow growth. By contrast, the red line is Council's operational expenditure excluding depreciation and amortisation which shows an increasing trend across the life of the LTFP. It is clear that expectations of the trend in grant income does not match increasing operational costs in future years.



Note: The above grant income levels have been adjusted for any early distributions of Financial Assistance Grant allocations distributed in advance of the financial year to which the allocation relates.

Strategic Major Projects

There have been enormous strides in the past five years and significant investment in the infrastructure of our City including:

- \$65 million Dandenong Civic Centre and Library.
- \$53 million Springvale Community Hub (including a library).
- \$26 million Dandenong Market redevelopment.
- \$21 million Noble Park Aquatic Centre, more recently with an additional \$7.2 million for the stage one redevelopment.
- \$15 million Tatterson Park Community Sports Complex.

Keysborough Community Hub

The City of Greater Dandenong is establishing a community hub in Keysborough South where a range of services, programs and flexible meeting spaces will be provided for the community. Council has undertaken extensive planning and consultation over several years for the proposed community hub and Tatterson Park is the selected location for the facility. The development is estimated to cost around \$18.08 million, including \$2.3 million to relocate the dog off leash park and construction of a new access road.

This project will be funded from a number of sources:

- Community and development infrastructure levies collected under the Keysborough South Residential Development Contributions Plan totalling around \$5.5 million (including \$2.58 million transferred to Council's DCP Reserve).
- In 2022-23, Council will draw down \$6.12 million in borrowings. These are not new borrowings, \$6.12 million was approved in the 2021-22 budget from the State Government's Community Infrastructure Loan Scheme and are now proposed to be drawn down in the 2022-23 financial year.
- Victorian state government grant funding of \$3 million through the Building Blocks capacity building grant stream and \$1 million via the Living Libraries Infrastructure program.
- \$3.49 million transferred from Council's reserves consisting of the \$2.58 million contribution mentioned in the first dot point above and \$915,000 from the Major Projects Reserve to fund the relocation of the dog off leash park and construction of a new access road.

Dandenong Oasis redevelopment (the new Dandenong Wellbeing Centre (DWC))

Council is planning to develop a new aquatic and wellbeing centre to replace the existing Dandenong Oasis which is nearing the end of its effective life. This major infrastructure project is a key recommendation from the Greater Dandenong Aquatic Strategy and will have a targeted focus on allied health, passive activity, education, fitness and wellness.

Mills Reserve will continue to be the home of Greater Dandenong's premier indoor aquatic centre. However, the new aquatic and wellbeing centre will be developed as a new facility at the reserve, as opposed to a redevelopment of the exiting Dandenong Oasis, which is over 40 years old and proposed for decommissioning. This will enable Dandenong Oasis to continue to operate while the new Centre is under construction. Council has developed a business case for the proposed new centre as a basis of seeking government funding which at this point is yet to be confirmed. The construction costs of the centre are estimated at \$87.45 million. The detailed design process of the Dandenong Wellbeing Centre commenced in April 2021 and additional community consultation was undertaken in July/August 2021 and November/December 2021. Council will consider all community feedback in finalising the design for the new aquatic and wellbeing centre. Construction is proposed to occur over the 2023-24 and 2024-25 financial years.

Dandenong Community Hub

In 2021, Greater Dandenong City Council commenced the process of the business case and concept plan for a Community Hub in central Dandenong. This project represents the next step to develop infrastructure in central Dandenong to meet current and future community needs. Community workshops and focus groups occurred in May 2021.

The concept plan and site assessment criteria were developed in September 2021 with community engagement and consultation on the site and draft concept design occurring in October 2021.

Community feedback indicated a preferred site as the land bounded by Stuart Street, Clow Street and Sleeth Avenue in Dandenong. Council has supported this site as the preferred location.

Detailed design and community consultation are expected to occur during 2022-23 and construction is anticipated to commence in 2024-25.

Ongoing Capital Development and Future Major projects

Whilst funding major projects like Keysborough South Community Hub, Dandenong Wellbeing Centre and Dandenong Community Hub, Council must also maintain its existing assets and meet the asset renewal challenges, continue to provide a strong suite of operational services to its residents and provide for the ongoing capital development of Council across a broad range of items in addition to the major projects listed above.

The past decade has seen facilities in the Council improve markedly and contribute towards making the Council a better place for its residents to live, work and enjoy. Whilst Council retains a strong focus on the future needs for this Council, funding for future major projects will be a challenge over the next 3 – 5 years as it invests \$107 million in the Dandenong Wellbeing Centre and Dandenong Community Hub over the first five years of the LTFP.

New wholly-owned entity – South East Leisure Pty Ltd

Council has formed a newly established subsidiary company, South East Leisure Pty Ltd to manage the four major leisure facilities owned by Council from 1 July 2022:

- Dandenong Oasis
- Noble Park Aquatic Centre
- Springers Leisure Centre
- Dandenong Stadium

These facilities currently run at a net cost to Council which is anticipated to reduce over future years following planned and significant investment in these facilities which has been factored in this LTFP revision.

Outcomes of the LTFP

The purpose of the LTFP is to therefore provide a financial framework to Council in terms of what can be prudently achieved over this period and whilst this document has a strong focus on a ten-year time horizon, the work that sits behind the final document has a longer focus in terms of capital planning.

In preparing the LTFP, the State Government capping of council rates at the CPI will impact the finances of Council and have been included in the preparation of this strategy. Moreover, these figures will be further impacted by the flow on effects of COVID-19 and the reduction in capital works to fund new infrastructure.

The key outputs included in the LTFP are:

- The achievement of an ongoing underlying operational surplus throughout the life of the LTFP.
- After reductions in the capital works funded from Council's operations over the first four years of the LTFP period, an increasing trend in the capital works funded from Council's operations from \$34.78 million in 2026-27 to \$46.62 million in 2031-32 (*noting that this may be subject to future reductions due to the impacts of rate capping, flow on effects of COVID-19 and/or final major project cost outcomes*).
- Funding for asset renewal ranging from \$26 million to \$39 million (excluding major projects) over the life of the LTFP (*again noting this is subject to future review as a result of rate capping and/or COVID-19*).

-
- The achievement of a financial structure, where annual asset renewal needs are met from the base operating outcome of Council, and non-renewable sources of funds such as reserves, and asset sales are used to fund new or significantly upgraded facilities.
 - Retention of service provision at present levels for 2022-23 (*noting that this is subject to future review as a result of rate capping*).

In terms of the inputs required to achieve the above outcomes, the LTFP is based on the following:

- A rate increase of 1.75 per cent for the 2022-23 financial year as directed by the Minister for Local Government. A rate cap at CPI (based on a future CPI projection of 2.00 per cent) has been applied for the remaining years of the LTFP. Waste charges have been included on a full cost recovery basis as they are currently excluded from the rate cap.
- Forecast borrowings over the first three years of the LTFP in the amount of \$6.12 million, \$32.5 million and \$33.1 million respectively to part fund major capital works projects.

In summary, the 2022-23 to 2031-32 LTFP highlights the considerable challenges faced by Council over the coming ten-year period and beyond, for Council to remain a viable and sustainable Council and at the same time endeavouring to deliver on key infrastructure projects that are critical to our community.

The below table highlights the strategic outcomes contained in the LTFP.

<i>LTFP Section</i>	<i>Strategic Directions Outcomes:</i>
Macro view of Council's financial position	<ol style="list-style-type: none"> 1. That Council revise its 10-year forward financial plan on an annual basis. 2. That Council maintains an underlying operational surplus (in the Income Statement) prior to the recognition of capital income over the life of the LTFP. 3. That Council seek to increase its capital works investment, funded from operational and alternative sources to a sufficient level that allows it to adequately fund its asset renewal requirements and continue to deliver major project funding (<i>subject to the impacts of rate capping and COVID after effects</i>). 4. That Council endorse through this LTFP, the principle that ongoing asset renewal requirements must be funded from ongoing operational funding sources and that non-renewable funding sources such as asset sales, reserve funds or loan funds not be used to address these needs.
Capital works strategy and Asset Management	<ol style="list-style-type: none"> 1. That Council note the forecast level of capital expenditure over the ten-year period of the LTFP noting the reduction in capital works funded from rate revenue of \$69.3 million in order fund new infrastructure over the life of the LTFP. 2. Endorse an in-principle strategy of allocating funds to meet asset renewal and maintenance requirements as a priority in the development of annual Capital Improvement Program and recurrent programs.
Borrowing strategy	<ol style="list-style-type: none"> 1. That Council continues the use of loan funding as a viable and equitable mechanism of funding new/significantly upgraded major assets that provide a broad community benefit (when required). 2. That Council endorse a strategy of setting a target of 40 per cent indebtedness to rates ratio as an ideal financial outcome and where new borrowings are sought, set reduction targets to achieve this level in not more than a five year period, with a maximum loan ratio of not more than 60 per cent[KG1].

Link between LTFP and Council's Planning Framework

A component of the new Integrated Strategic Planning and Reporting Framework (ISPRF) is the Financial Plan.

In accordance with the *Local Government Act 2020*, Council developed a 10-year Financial Plan for the period 1 July 2021 to 30 June 2031 which was adopted by 31 October 2021. This is an annual revision of that LTFP for the term 2023-2032.

The purpose of the LTFP is to ensure the financial soundness of Council and to provide appropriate levels of resources to meet Council's future needs in providing services and facilities to the community.

The LTFP fits into an overall Strategic Planning framework as outlined below:



Statutory and Regulatory Requirements

Financial Plan

The *Local Government Act 2020* requires Victorian councils to develop, adopt and keep in force a Financial Plan covering at least the next 10 financial years that is publicly accessible. The specific legislative requirements for a Financial Plan are set out in section 91 of the Act as follows:

- (1) A Council must develop, adopt and keep in force a Financial Plan in accordance with its deliberative engagement practices.
- (2) The scope of a Financial Plan is a period of at least the next 10 financial years.
- (3) A Financial Plan must include the following in the manner and form prescribed by the regulations—
 - (a) statements describing the financial resources required to give effect to the Council Plan and other strategic plans of the Council;
 - (b) information about the decisions and assumptions that underpin the forecasts in the statements specified in paragraph (a);
 - (c) statements describing any other resource requirements that the Council considers appropriate to include in the Financial Plan;
 - (d) any other matters prescribed by the regulations.
- (4) A Council must develop or review the Financial Plan in accordance with its deliberative engagement practices and adopt the Financial Plan by 31 October in the year following a general election.
- (5) The Financial Plan adopted under subsection (4) has effect from 1 July in the year following a general election.

Section 91(1) and section 91(4) refer to ***deliberative engagement practices***. The Act requires deliberative engagement practices to be incorporated into a council's community engagement policy.

Financial Management Principles

Division 4 of Part 4 of the *Local Government Act 2020* addresses financial management. Section 101 of the Act sets out the financial management principles as follows:

- (1) The following are the financial management principles—
 - (a) revenue, expenses, assets, liabilities, investments and financial transactions must be managed in accordance with a Council's financial policies and strategic plans;
 - (b) financial risks must be monitored and managed prudently having regard to economic circumstances;
 - (c) financial policies and strategic plans, including the Revenue and Rating Plan, must seek to provide stability and predictability in the financial impact on the municipal community;
 - (d) accounts and records that explain the financial operations and financial position of the Council must be kept.
- (2) For the purposes of the financial management principles, financial risk includes any risk relating to the following—
 - (a) the financial viability of the Council;
 - (b) the management of current and future liabilities of the Council;
 - (c) the beneficial enterprises of the Council.

Community Engagement and Public Transparency

Under the *Local Government Act 2020*, Council is required to prepare the 10 year Financial Plan subsequent to each Council election (held every four years) in accordance with its deliberative engagement practices. In the other three years, Council will prepare a revision of the Financial Plan and consultation will occur in accordance with Council's Community Engagement policy.

Greater Dandenong People's Panel

In accordance with the *Local Government Act 2020* Council formed the Greater Dandenong People's Panel in 2021 to undertake a deliberative engagement process to develop a new community vision, Council Plan 2021-25 and Long-Term Financial Plan. This process involved the recruitment of randomly selected residents and business owners in the City of Greater Dandenong by an external organisation to avoid any possible bias. 40 participants were originally selected with 31 completing the process.

The panel of 31 met during April – June 2021 to discuss the future of our city and highlight the needs and aspirations of its people. They were provided with a range of information including background information on Council's key challenges and the results of the broad community consultation. Eight guest speakers were also invited to engage with the panel and share their experience across a variety of areas including art and culture, sustainability, sport and recreation, and manufacturing. This enabled the panel to have well-informed discussions and carefully consider multiple points of view and various options before coming to a consensus.

As part of developing the new vision the Greater Dandenong People's Panel was asked to develop some key principles which would help guide Council in its long-term planning for the future of our city. The new vision and principles developed by the panel have influenced the priorities of the Council Plan and the Long-Term Financial Plan to the maximum extent possible.

The key areas of priority highlighted throughout the process included:

- Social connections, physical and mental health
- Respect and celebration of diversity and culture
- Community safety and the reduction of crime
- Meaningful local employment and opportunities for education and training
- Sustainability and climate change
- Inclusivity through art and culture

Some of the panel's recommendations included:

- More affordable long term parking spaces within the Greater Dandenong area.
- Preserving, promoting, planting and planning with a focus on a sustainable future.
- Implementation of more accessible and attractive transport routes.
- Ensuring infrastructure can be utilised for more than one purpose (multi-purpose community hubs).

The panel also suggested a range of other considerations including recommendations for community safety, homelessness, and affordable housing.

Council's existing financial and strategic commitments, as outlined within the large number of specific strategies and plans developed over the last few years, are also reflected in the Council Plan. For example, the Climate Emergency Strategy, Urban Tree Strategy, Children's Plan, Disability Action Plan, and the Food and Tourism Strategies.

The new vision and principles developed by the panel have influenced the priorities of the Council Plan and the Long-Term Financial Plan to the maximum extent possible. They will also be used to influence future plans and strategies developed by Council to ensure the community's needs and aspirations continue to be met.

This revision of the LTFP is an update of the 10 year plan adopted by Council in June 2021 and community consultation will occur as per Council's Community Engagement Policy.

Local Government (Planning and Reporting) Regulations 2020

The *Local Government (Planning and Reporting) Regulations 2020* (the regulations) came into operation on 24 October 2020. Part 2 of the regulations prescribe the information to be included in a Financial Plan.

The Financial Plan provides a 10 year financially sustainable projection regarding how the actions of the Council Plan may be funded to achieve the Community Vision.

At a minimum the Financial Plan is to include:

- Financial statements for next the ten years that includes Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works.
- Statement of capital works is to include ten year expenditure in relation to non-current assets, classified in accordance with the asset classes and asset expenditure types specified in the Local Government Model Financial Report and a summary of funding sources in relation to the planned capital works expenditure.
- A statement of human resources that includes a summary of planned expenditure for the next ten years in relation to permanent human resources and a summary of the planned number of permanent full time equivalent staff by organisational structure split between male, female and self-described gender.

Financial Sustainability

The key objective, which underlines the development of this long term financial plan, is financial sustainability, while still achieving Council's strategic objectives as specified in the Council Plan.

The rate capping challenge in the medium to long term will require Council to fundamentally review the sustainability of its operations. A 'business as usual' approach will not be sufficient to meet the challenge into the future. It will be necessary for Council to undertake an annual review of all services in line with community expectations and Council's resource availability. Council is committed to annual reviews of the LTFP and particularly, the assumptions which underpin the long term financial plan. It will be necessary for Council to undertake a review of all services in line with community expectations, the service performance principles (section 106 of the *Local Government Act 2020*) and Council's resource availability.

On an annual basis, City of Greater Dandenong prepares a Long-Term Financial Plan (LTFP) that addresses Council's long-term financial outcomes and establishes a financial framework that moves Council towards a position of financial sustainability. The LTFP is a key component of the new Integrated Strategic Planning and Reporting Framework implemented as part of the *Local Government Act 2020*.

In the LTFP, Council publishes its operational and capital works plans for the next ten years. These plans were developed with due regard to the service delivery, asset maintenance and capital works implications from the future growth of the city.

The main objective of the LTFP is to ensure that Council is financially sustainable to be able to deliver services to the community and keep the city's infrastructure assets renewed on a regular basis.

The key financial objectives of the LTFP are:

- The achievement of a prudent balance between meeting the service needs of our community (both now and in the future) and remaining financially sustainable for future generations.
- An increased ability to fund both capital works in general and meet the asset renewal requirements as outlined in the asset management planning
- Endeavouring to maintain a sustainable Council in an environment where Councils costs in delivering services are increasing at a higher rate than its revenue capacity due to capping of Council rates and low increases in government grant funding.

In preparing its LTFP, Council has also been mindful of the need to comply with the following principles of sound financial management as outlined in section 101 of the *Local Government Act 2020* which requires Council to:

- Maintain records of and manage financial transactions, accounts and balances in accordance with Council's financial policies and strategic plans.
- Prudently monitor and manage financial risks relating to the financial viability of Council, the management of current and future liabilities and beneficial enterprises of Council.
- Provide stability and predictability in the financial impact on the municipal community of Council's financial policies and strategic plans (including the Revenue and Rating Plan).

Financial Plan inputs and assumptions

The following financial statements portray the projected financial position of Council over the next ten years.

Appendix	Financial Statement
A	Comprehensive Income Statement
B	Conversion to Cash Result
C	Balance Sheet
D	Statement of Changes in Equity
E	Statement of Cash Flows
F	Statement of Capital Works
G	Statement of Human Resources (\$)
H	Statement of Human Resources (FTE)

The statements are prepared based on current knowledge and service levels and will no doubt be affected by various events which will occur in future years. It is important that the long-term financial outlook be revisited and updated on an annual basis. It should be noted that final decisions on the allocation of funds are undertaken through Council's Budget process in accordance with the *Local Government Act 2020* (Section 94).

Modelling methodology

This section of the LTFP contains details of the assumptions specifically applied to produce the long-term outlook in the Financial Statements listed above. A commentary is also provided on the information relayed by the Statements and what they mean for Council.

In a more global sense however, it is worthwhile detailing the approach to the modelling process as broad percentages have not been universally applied. The model has been prepared at the lowest accounting level within Council's general ledger system being "sub activity (program and account) level". At this level, certain accounts were coded for manual adjustment rather than broad percentage increases (e.g. election expenses, property revaluation costs and one-off projects). It is therefore not possible to simply multiply the previous year's base by a percentage and achieve the same outcomes as presented.

The base point used for modelling has largely been the original 2022-23 Budget before the factoring in of any COVID-19 impacts (a 'normal' base year) and also reflecting a reduction in Workcover premium costs.

Achieving cost savings

The LTFP is a high level strategic plan that acts as a framework for future budgets. Whilst this plan is based on the premise of continuing to deliver all present-day operational services, it must be highlighted that Council continues to institute a number of processes that have delivered considerable savings against the framework and will continue to identify savings in the future.

Identifying operational savings

Whilst the LTFP establishes a framework for the Budget, Council thoroughly reviews all draft operational budgets on an annual basis and seeks to achieve savings against this framework wherever possible. Beyond the Budget process, Council's Executive Management continues to seek further operational efficiencies and continuous improvement on an ongoing basis.

Parameters

The table highlights the broader parameters used in the calculation of the LTFP. These parameters are discussed in more detail under each of the respective notes following the Income Statement.

Refer to **Appendix P** for a full list of all income and expenditure parameters applied across the ten year period of this LTFP.

Description	Notes	Budget 2022-23	Year 2 2023-24	Year 3 2024-25	Year 4 2025-26	Year 5 2026-27	Years 6-10 2028-2032
CPI forecast	1	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%
Rate revenue cap	2	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%
Fees and charges - Council	3	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and fines - statutory	4	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%
Financial Assistance Grants funding	5	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%
Grants and subsidies	5	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Employee costs	6	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%
Employee costs (incremental costs)	6	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Electricity	7	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%
Street lighting	7	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%
Water	8	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%
Gas	9	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%
Fuel	10	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%

1. The forecast CPI is 1.75 per cent for the first year and 2.00 per cent thereafter.
2. Rates in the 2022-23 year are based on the forecast CPI of 1.75 per cent as directed by the Minister Local Government under the State Government FGRS. The remaining years are based on an assumed CPI of 2.00 per cent.
3. Fee revenue is set to increase by 2.25 per cent in the first year of the LTFP. Thereafter, a 2.50 per cent parameter has been applied. Fees and charges are generally linked to labour cost increases as most services provided by Council have a significant labour component. Where services do not include a labour cost component the inflation rate may be used instead. In addition, considerations of community factors are required such as encouraging use of a service and ability to pay.
4. Statutory fees are set by legislation and are frequently not indexed on an annual basis. Statutory fees have been incremented in 2022-23 by 1.50 per cent and the 2.00 per cent parameter thereafter has been allowed in the LTFP model to account for an increase in volume. However, the actual statutory fee charged will comply with the relevant regulatory framework.
5. Grants and subsidies have been budgeted with a conservative economic outlook at 1 per cent. The Financial Assistance grant funding parameter has been frozen in the first two years and thereafter it has also been conservatively increased by 1 per cent.

-
6. The employee cost increase for 2022-23 is an assumed 1.75 per cent as the current Enterprise Agreement (EA) 2018 expires 30 June 2022. Employee costs will further grow by the cost of movement along bands and in relation to areas where Council inherits new service requirements such as areas of parklands handed from developers to Council. The employee cost parameter is assumed to align with the CPI/rate cap forecast plus banding increments thereafter.
 7. Electricity and street lighting – assumed to increase by CPI (1.75 per cent) in 2022-23 and a 2.00 per cent parameter has been applied across the remaining years of the LTFP. Recent investment by Council in sustainable initiatives, such as solar panels on Council buildings and light-emitting diode (LED) replacement of streetlights are anticipated to keep cost escalations to a minimum.
 8. Water - assumed to increase by CPI (1.75 per cent) in 2022-23 and a 2.00 per cent parameter has been applied across the remaining years of the LTFP. These costs will be closely monitored.
 9. Gas - assumed to increase by CPI (1.75 per cent) in 2022-23 and a 2.00 per cent parameter has been applied across the remaining years of the LTFP. These costs will be closely monitored.
 10. Fuel cost increases have been set at 1.75 per cent (2022-23) and 2.00 per cent thereafter across the LTFP, consistent with CPI.

Comprehensive Income Statement

Councils Long Term Financial Strategy covers a period of ten years as required under the *Local Government Act 2020*. **Appendix A** provides the full Income Statement for this required period.

Operational income

The below summary focuses on the proposed base figures for 2022-23 and likely trend in these figures in the shorter term.

Income types	Budget 2022-23 \$'000	Forecast 2023-24 \$'000	Forecast 2024-25 \$'000
Rates and charges	162,081	165,945	171,097
Statutory fees and fines	9,696	9,849	10,046
User fees	9,389	9,410	9,673
Grants - operating	33,940	32,974	32,212
Grants - capital	3,518	816	-
Contributions - monetary	3,447	4,929	2,000
Contributions - non-monetary	10,000	10,000	10,000
Net gain (loss) on disposal of property, infrastructure, plant and equipment	445	428	514
Other income	4,849	6,606	6,716
Total income	237,365	240,957	242,258

Rates and charges

The table below is an extract of the first half of the LTFP and highlights the various rating components upon which the LTFP has been based.

	Forecast	Budget	Financial Plan Projections			
	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000
General rates	130,014	134,101	137,200	141,168	145,216	149,344
Supplementary rates	1,138	1,000	1,000	1,000	1,000	1,000
Waste charges	23,317	24,958	25,698	26,857	28,053	31,115
Keysborough Maintenance Levy	1,647	1,645	1,670	1,695	1,695	1,695
Interest on rates	214	489	489	489	489	489
<i>Less rates abandoned</i>	<i>(113)</i>	<i>(112)</i>	<i>(112)</i>	<i>(112)</i>	<i>(112)</i>	<i>(112)</i>
Total rates and charges	156,217	162,081	165,945	171,097	176,341	183,531

The rate increase in 2022-23 is capped at 1.75 per cent. The rate increases in the remaining years of the LTFP are based on a forecast rate cap/CPI of 2.00 per cent.

Whilst growth is forecast in relation to the industrial and residential components of the two large development areas south of Dandenong, it has recently been levelling off. For the purposes of this LTFP, the forecast supplementary rate income has been set at \$1 million per year.

Council will apply its policy of 'full cost recovery' in determining the waste charge for residents in all years of this LTFP. Waste costs are forecast to increase on average around 4 per cent over the ten years of the LTFP.

The LTFP assumes the continuation of the Keysborough Maintenance Levy. All funds derived from these maintenance levies are fully reserved and do not form part of Council's general discretionary income.

Statutory fees, fines and user fees

Fees, charges and fines include services where Council has the discretion to determine the fee amount and statutory fees where the level is prescribed by the Commonwealth or State Governments.

Also included under this heading is income received from recoveries of Fines Victoria costs (relating to parking infringements).

The LTFP is based on statutory fees increasing by 1.50 per cent in 2022-23 and 2.00 per cent per annum thereafter. These increments mainly factor in assumed volume increases, as the fee amounts are set by Commonwealth or State Governments.

Discretionary fees, on the other hand, have been indexed at 2.25 per cent in 2022-23 and 2.50 per cent thereafter, which is more in line with the cost of providing the services. Discretionary fees include the hire of Council's many building, sports and recreational facilities.

Despite these broader parameters in the longer term, several key areas of fee collection (hire of civic facilities, parking, animal registrations) are not likely to see large increases, to assist the community in the recovery from the pandemic.

Grants – operating and capital (recurrent and non-recurrent)

Operating grant revenue is an extremely important source of revenue for Council, with Council currently receiving approximately \$30.55 million (2021-22 Original Budget) in operating grants. This includes the un-tied Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGCC), which is Council's major operating grant. No increase is expected in the Financial Assistance grant funding in 2022-23 and 2023-24 due to COVID-19 impacts, and from 2024-25 a cautious increase of 1 per cent per annum has been applied, which seldom increases at an equivalent rate to the cost of providing the subsidised services. All remaining operating grant funding has been incremented by a conservative 1 per cent per annum across the life of the LTFP.

Council relies on grant income for delivering a range of services to the diverse community of the city. Greater Dandenong has a large migrant population, from a wide socio-economic spectrum which places significant demands on Council in the delivery of services in language, literacy and social integration.

The major types of grants Council receives are summarised by:

- Operating (**Appendix N**) or Capital (**Appendix O**)
- Source (federal, state and other)
- Type (services)
- Recurrent and non-recurrent

Capital grants have been forecast in conjunction with the estimates provided on specific capital projects. There are no capital grants able to be forecast with certainty over the life of the LTFP.

Contributions – monetary

Depending on the amount of development activity in progress, Council receives contributions from developers. These contributions represent funds to enable Council to provide the necessary integrated infrastructure for new developments. They are for very specific purposes and often require Council to outlay funds for infrastructure works some time before receipt of these contributions. These contributions are statutory contributions and are transferred to a statutory reserve until utilised for a complying purpose through the Capital Works Program.

Contributions – non-monetary

Contributions non-monetary represent fixed assets that are 'gifted' by developers as developments progress. Council will see an increase in 'gifted assets' arising from the major Development Contribution Plans (DCP). Whilst these assets add to Council's overall asset base, they also add to the future obligations to maintain and replace these assets at the end of their useful lives. They therefore impact on Council's depreciation levels and required capital and maintenance spending in the future.

Net gain (or loss) on disposal of property, infrastructure, plant and equipment

Net gain (or loss) on disposal of fixed assets is the net result of the proceeds received from the sale of assets compared to their book value (written down value) held by Council.

Proceeds from sale of assets are mainly attributed to the asset classes of land and plant and equipment. Plant and equipment sales are generally determined by an annual replacement program of Council's fleet of vehicles and major plant used for street cleaning, parks maintenance and other asset management functions.

The premise in the strategy for land sales is that proceeds are transferred to the Major Projects reserve and are not utilised for operational purposes.

Written down values in the LTFP mainly relate to plant sold as part of the plant replacement program and the estimated book value of land earmarked for sale.

Other income (including interest)

Interest on investments represents one of Council's greatest financial impacts from the pandemic. The economic impacts have seen low interest rate markets prevail over the last two years. The fallout from COVID-19 and the continued impact that it is having on the Australian economy will continue to put greater pressure on investment income for Council and the local government sector.

Given the continued low interest rate environment, it is difficult for Council to ascertain with any certainty what actual investment returns are likely to be over the 10 years of the plan. With this in mind, Council can no longer continue to rely on additional investment income over the life of the LTFP. Interest income is estimated to average around \$1.50 million per annum over the ten years of the LTFP, mainly due to conservative interest income estimates in the first two years, and comprises interest earned from cash invested with financial institutions.

Also included under this heading is recovery income from a variety of sources and rental income received from the hire of Council buildings.

Operational expenditure

The below summary focuses on the proposed base figures for 2022-23 and likely trend in these figures in the shorter term.

Expense types	Budget 2022-23 \$'000	Forecast 2023-24 \$'000	Forecast 2024-25 \$'000
Employee costs	91,636	93,283	93,953
Materials and services	75,427	77,384	80,020
Bad and doubtful debts	33,943	34,621	35,314
Depreciation	60	60	60
Amortisation - intangible assets	604	604	598
Amortisation - right of use assets	1,953	2,050	2,153
Borrowing costs	2,667	3,042	3,745
Finance costs - leases	22	22	22
Other expenses	4,489	4,371	5,298
Total expenditure	210,801	215,437	221,163

Employee costs

Salaries are the largest component of Council's operating budget, representing around 51 per cent of operating expenses (excluding depreciation). The current Enterprise Agreement 2018 (EA) has a four-year term and expires on 30 June 2022. Employee costs under this agreement are over a four-year term and have increased at a minimum of 2.25 per cent or the gazetted rate cap (whichever is greater). Given the new EA agreement is not yet finalised, employee costs across the LTFP are assumed to increase in line with the CPI forecast/rate cap. The confirmed rate cap for 2022-23 is 1.75 per cent. The remaining years have been set at 2 per cent to align with the CPI forecast/rate cap.

In the 2014 Federal Budget, the Treasurer announced important changes to the Superannuation Guarantee Scheme (SGC). After a number of years at 9.50 per cent, the SGC rate will now increase to 10.5 per cent in 2022-23 with a further 0.50 per cent increase each year thereafter until it reaches 12.00 per cent in 2025-26, remaining at that level for the latter half of the LTFP. Should the Government revise the planned superannuation increases, the LTFP will be amended at that point.

In addition to the base wage increase assumptions, Council must provide funding for annual increments in employee banding. This generally equates to an additional 0.50 per cent (approximately) in employee costs.

Materials and services

The broad assumption in materials and services is for an increase matching the forecast CPI (1.75 per cent in 2022-23 and 2.00 per cent for the remainder of the LTFP). Council has significant ongoing contracts for delivery of services such as waste management and maintenance of parks and gardens. Council also engages contractors for building maintenance and supplementary valuations. All these contracts are negotiated at near CPI levels as far as possible. Material costs include items required for the maintenance and repairs of Council buildings, roads, drains and footpaths which are more governed by market forces based on availability than CPI. Council's payments to family day carers are also included under this category.

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.

Insurance premiums are anticipated to increase at a rate higher than CPI, so a 5 per cent increment per annum on insurance premium costs has been factored into the life of the LTFP.

Costs of materials and services remain at approximately 36 per cent of total operating expenditure over the ten years of the LTFP.

Bad and doubtful debts

Bad and doubtful debts are expected to increase by 5 per cent each year over the life of the LTFP and primarily relates to parking fines forwarded to the Fines Victoria for collection and a consequent reduction in collection rates. This item may be further impacted by COVID-19 over the period of the LTFP.

Depreciation

Depreciation estimates have been based on the projected capital spending contained within this LTFP document. Depreciation has been further increased by the indexing of the replacement cost of Council's fixed assets to recognise the impact of rising replacement costs in accordance with Australian Accounting Standard requirements. Depreciation estimates may be influenced by future recognition and disposal of assets and how Council expends its capital works program.

Amortisation – intangible assets

Represents the estimated amortisation of computer software assets over their useful life.

Amortisation – right of use assets

Represents the estimated amortisation of leased (right-of-use) assets in accordance with the Accounting Standard AASB 16 'Leases'. Leased assets include property, fleet, IT and office equipment that have been leased under ordinary lease arrangements.

Borrowing costs

Appendix J details Council's projected level of borrowings and finance costs. Council's projected loan indebtedness at 30 June 2022 is \$53.26 million.

Finance costs (interest on borrowings) are forecast at \$2.67 million in 2022-23. Finance costs are estimated to increase to over \$4 million in 2025-26, reflecting the \$71.72 million in proposed new borrowings to be drawn down over the first three years of the LTFP, which part fund significant infrastructure works associated with three of Council's major projects – Keysborough South Community Hub, the redevelopment of Dandenong Oasis and construction of the new Dandenong Community Hub.

Finance costs - leases

Represents the estimated interest component of capitalised leases.

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.

Conversion to Cash Result

Refer to **Appendix B** for Council's estimated cash result in the Conversion to Cash Result Statement over the full ten-year period. The below table is an extract in the shorter term.

Description	Budget 2022-23 \$'000	Forecast 2023-24 \$'000	Forecast 2024-25 \$'000
Net operating result	26,564	25,520	21,095
Add (less) cash costs not included in operating result			
Capital expenditure	55,590	82,793	77,267
Loan repayments	3,484	5,601	8,401
Loan proceeds	(6,120)	(32,500)	(33,100)
Repayment of lease liabilities	710	724	738
Transfer from reserves	(8,635)	(11,339)	(11,356)
Transfer to reserves	6,403	5,778	5,419
Sub total	51,432	51,057	47,369
Add (less) non-cash costs included in operating result			
Depreciation	33,943	34,621	35,314
Amortisation - right of use assets	604	604	598
Amortisation - intangible assets	60	60	60
Written down value of assets sold	261	252	302
Contributions - non-monetary	(10,000)	(10,000)	(10,000)
Sub total	24,868	25,537	26,274
Surplus (deficit) for the year	-	-	-
Accumulated surplus bought forward	-	-	-
Accumulated surplus bought forward	-	-	-

Cash surplus revenue and expenditure

Capital expenditure

Capital expenditure amounts included in this LTFP are in accordance with the proposed works forecast in the Statement of Capital Works (refer **Appendix F**).

Loan repayments

Loan repayments are forecast in accordance with the agreed repayment schedules for existing loans. Annual loan repayments start at \$3.48 million in the first year of this LTFP, climbing to over \$11 million in years six and seven and then dropping slightly to just over \$10 million in the final year. This is as a result of proposed new borrowings in the first three years totalling \$71.72 million, in order to fund three of Council's major capital projects (Keysborough South Community Hub, the redevelopment of Dandenong Oasis and construction of the new Dandenong Community Hub).

Loan proceeds

Proposed loan borrowing proceeds are forecast as follows:

- \$6.12 million in 2022-23 to part fund the Keysborough South Community Hub major project. These loan funds will be sought via the Community Infrastructure Loans Scheme (CILS) which was announced in the 2020-21 Victorian State Budget to support councils in delivering critical infrastructure to communities across the state. Council received a successful application which will achieve savings through accessing a low-interest loan as well as receiving an interest subsidy from the Victorian Government.
- Proposed loan borrowing proceeds of \$32.5 million in 2023-24 and \$23.1 million in 2024-25 to part fund significant infrastructure works in relation to the redevelopment of Dandenong Oasis.
- Proposed loan borrowing proceeds of \$10 million in 2024-25 to part fund construction of the new Dandenong Community Hub.

Transfers to and from reserves

A full listing of the reserve funds and the proposed transfers to and from these reserves is contained in the Reserve strategy section of this LTFP as well as the schedule of reserves in **Appendix I**.

Key information relayed by the Budgeted Comprehensive Income Statement and Conversion to Cash Result

There are a number of features that are relayed by the statements in **Appendix A** and **Appendix B**:

- Council's underlying operational result (net surplus or deficit from operations) remains in surplus over the life of the LTFP. This is an extremely positive step in terms of maintaining Council's financial sustainability.
- Capital works expenditure is significant for the first three years of the LTFP at \$56 million, \$83 million and \$77 million due to several major projects including the Keysborough South Community Hub major project, the redevelopment of Dandenong Oasis and construction of the Dandenong Community Hub. These increases have mainly been funded from new borrowings, reserves and revenue from council rates.
- Capital works expenditure funded from the operational surplus represents \$39 million on average over the life of the LTFP, increasing from \$38.16 million in 2022-23 to \$46.62 million in the final year of the LTFP. This shows the amount of capital funds that Council can allocate from its operating result.

Balance Sheet

Appendix C outlines the Balance Sheet financial plan projections for the next ten years. Extract of the shorter term is below.

Description	Budget 2022-23 \$'000	Forecast 2023-24 \$'000	Forecast 2024-25 \$'000
Assets			
Total current assets	159,073	159,723	154,240
Total non-current assets	2,562,000	2,619,980	2,671,711
Total assets	2,721,073	2,779,703	2,825,951
Liabilities			
Total current liabilities	108,629	117,842	121,466
Total non-current liabilities	55,470	79,367	100,896
Total liabilities	164,099	197,209	222,362
Net assets	2,556,974	2,582,494	2,603,589
Total equity	2,556,974	2,582,494	2,603,589

The main components of the Balance Sheet are outlined below.

Cash and cash equivalents

Represents the amount held by Council in cash or term deposits. Cash and investments are forecast to remain at adequate levels throughout the ten year forecast. Council's working capital ratio (current assets/current liabilities) is expected to remain steady with a slight upwards trend during the latter period of this LTFP. The ratio is forecast to be 1.46 in 2022-23 and 1.41 on average across the LTFP, which is in excess of the minimum prudential ratio of 1.00.

These ratios are however dependent to some extent on Council continuing to hold reserve funds rather than expending these funds on the purposes for which they are held. Council will therefore need to be mindful of its working capital ratio moving forward over the ten-year period taking into consideration the major draw downs in cash reserves to fund significant new infrastructure over the first five years of the LTFP.

Trade and other receivables

Other receivables include payments outstanding from rates and other services such as parking and animal infringements, sporting clubs, monies owed from development contribution plans for works completed and community aged care services. The only trend available continually shows that parking infringements remain difficult to collect and the receivable in this area has been estimated to increase. Initiatives by the State Government are continually aimed at reducing this issue; however, COVID-19 is likely to continually negatively impact on collectability forecasts.

The non-current trade and other receivables are made up of refundable deposits that are not expected to be repaid in the next 12 months and Council's financial contribution in a closed landfill (Narre Warren landfill).

Other assets

Other assets comprise accrued income and prepayments.

Property, infrastructure, plant and equipment

Represents Council's fixed assets, including infrastructure assets such as roads, drainage and buildings. These assets are shown at their depreciated values. The increase in value of these assets over the term of the LTFP indicates that Council is investing more in capital than the rate of depreciation.

Investment property

Investment property represents land and building assets that generate long term rental yields. Any adjustment to the fair value of these assets is recorded in the Comprehensive Income Statement and these assets are not depreciated

Right of use assets

Represents leased (right-of-use) assets in accordance with the new Accounting Standard AASB 16 'Leases'. Includes property, fleet, IT and office equipment that have been leased under ordinary lease arrangements. These values are reflected after recognising the amortisation expense.

Intangible assets

Represents computer software assets. These values are reflected after recognising the amortisation expense.

Trade and other payables

Represents the accounts unpaid as at the end of June of each year. Council follows a 30 day credit policy for payment of invoices for most of the goods and services received. The increase in balances over the years reflects general growth in volume and prices of services received.

Trust funds and deposits

Amounts received as tender deposits, bonds and retention monies are recognised as trust monies until they are refunded or forfeited. The largest component is amounts received from developers relating to the Development Contribution Plans (DCP) which are held as deposits and are a surety for the construction of DCP infrastructure. Upon completion of the infrastructure, Council will refund the developer the deposit.

Unearned income

Represents income not yet earned after assessing the income in accordance with the Accounting Standards AASB 1058 'Income of Not-For-Profit Entities' and AASB 15 'Revenue from Contracts with Customers' based on specific performance obligations that were not complete at financial year end. Mainly relates to Developer Contribution Plan (DCP) liabilities and operating/capital grants.

Provisions

Represents the combination of employee entitlement and landfill restoration provisions.

Employee entitlement provisions comprise annual leave, long service leave and rostered day off (RDO) entitlements for staff. The current provision includes all of the annual leave liability and long service leave liability in accordance with Australian Accounting Standards, although they are not expected to be paid within twelve months. The balance of the liability is reflected in the non-current section.

The landfill restoration provision relates to the Spring Valley closed landfill on Council land. Council shares responsibility for the after care management plan of this closed landfill with three member councils.

Interest-bearing loans and borrowings

Represent long-term borrowings outstanding at balance date.

Lease liabilities

Represents the lease repayments in respect of right-of-use assets and mainly comprise of property and information technology related lease obligations.

Accumulated surplus

The accumulated equity of Council (excluding reserve funds) continues to increase during the life of the LTFP.

Key information relayed by the Balance Sheet

The Balance Sheet highlights a number of key points:

- Council's cash balances remain at healthy levels over the period of the forecast, although a component of it will be 'restricted' to fund statutory obligations such as repayment of trust monies.
- Council's working capital ratio throughout the LTFP remains at a level in excess of 100 per cent, an indicator that shows Council's ability to service its creditors and loan obligations.
- Council continues to grow its equity and fixed asset levels.

Statement of Changes in Equity

Refer to **Appendix D** which outlines the various equity components over the next ten years.

Key information relayed by Statement of Equity

Council's accumulated surplus and other reserve balances continue to grow over the life of the LTFP.

Cash Flow Statement

Refer to **Appendix E** which outlines the cash flow financial plan projections for the next ten years. The main components of the Statement of Cash Flows are outlined below.

Key information relayed by Statement of Cash Flows

The key information from the Statement of Cash Flows is that Council maintains a solid cash balance that sufficiently funds its reserve funds and restricted assets (eg. leave entitlements and trust deposits).

Two points to note in relation to the Cash Flow Statement:

- It is drawn directly from the cash based transactions shown in the Income Statement with the addition of estimated movements in working capital.
- The cash flow amounts are disclosed inclusive of GST.

Section	Strategic Directions Outcomes:
Macro view of Council's financial position	<ol style="list-style-type: none"> 1. That Council revise its ten-year forward financial plan on an annual basis. 2. That Council maintains an underlying operational surplus (in the Income Statement) prior to the recognition of capital income over the life of the LTFP. 3. That Council seek to increase its capital works investment, funded from operational sources to a sufficient level that allows it to adequately fund its asset renewal requirements (<i>subject to the impacts of rate capping and COVID-19</i>). 4. That Council endorse through this LTFP, the principle that ongoing asset renewal requirements must be funded from ongoing operational funding sources and that non-renewable funding sources such as asset sales, reserve funds or loan funds not be used to address these needs.

Financial Strategies

Capital works strategy

The Statement of Capital Works in **Appendix F** outlines the forecast capital expenditure by asset class and category, as well as the proposed funding sources to be applied to the achievement of the works in the LTFP.

The following table provides a summary of these figures over the next five-year period.

	Budget	Projections			
	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000
Capital grants	3,518	816	-	-	-
Capital contributions	1,447	2,929	-	-	-
Transfer from reserves	6,350	8,871	8,900	650	650
Loan proceeds	6,120	32,500	33,100	-	-
Funded from operational surplus	38,155	37,677	35,267	33,932	34,778
Total capital works funding	55,590	82,793	77,267	34,582	35,428

This LTFP is based on capital works investment funded from Council's operations of \$38.16 million in 2022-23.

However, the capital works funded from operations has been significantly reduced to fund significant new infrastructure and related cost impacts including:

- Debt servicing costs (\$60.6 million) relating to the planned new borrowings for the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre) and Dandenong Community Hub major projects.
- Ongoing operational costs (totalling \$8.7 million) required for the new Dandenong Community Hub building.
- A revision to the management services agreement with the Dandenong Market, Council's wholly-owned entity (\$500,000 per annum) where the Market will be responsible for undertaking capital projects in line with their Retail Plan.

COVID impacts

Funding for capital expenditure (from Council operations) has now been reduced by \$13.9 million since 2020-21 due to COVID-19 impacts.

The 2020-21 capital expenditure budget funded from operational surplus was initially reduced by \$6.8 million and then further reduced by \$4.4 million in the Mid-Year Budget review to fund COVID-19 financial losses experienced by Council. In 2021-22, the capital expenditure budget saw a further reduction of \$2.3 million to fund reduced operational outcomes due to the pandemic. The 2022-23 capital expenditure budget was reduced by \$398,000 to fund an operational deficit caused by continued COVID-19 impacts.

It should be noted that Council's revenue will continue to be impacted by the outcomes of the pandemic and the longer-term impact of COVID-19 on our community and on our operations is still uncertain. As such we recognise Council's proposed financial direction for future years may require changes.

Grant funding and contributions will be used where available, reserve funding where applicable and borrowings where it is deemed necessary. The total amount of capital expenditure may vary significantly from year to year depending on the various capital funding sources utilised.

The proposed program of works across the ten years is indicative at this point and will not be formally resolved upon until Council considers the forthcoming Budget each year. Additionally, capital works expenditure associated with Development Contribution Plans (DCP) has been excluded from the figures in **Appendix F**. Scheduling of designated projects within the DCP is subject to available Council funding (reserve funds are allocated to a reserve annually). Infrastructure works to be undertaken are currently being reviewed.

The graph in **Appendix M** highlights the impact to available capital works funding from Council's operational result as a result of rate capping restrictions and COVID-19 and subsequently a funding source for significant major projects. In REAL terms Council's funding for capital expenditure is falling over the LTFP and over the term of the LTFP the total cumulative gap between ongoing growth in line with the rate cap and the forecast funding amount is \$27.3 million.

The key point from the Statement of Capital Works in **Appendix F** table is the LTFP provides funding for asset renewal purposes which averages \$30.6 million. The current LTFP projections fall short of the current asset renewal requirements. This is due to reductions in the overall asset renewal program to fund significant new infrastructure over the first five years of the LTFP. It should be noted that asset management modelling remains incomplete and this requirement can be expected to change as more data is obtained.

Capital funding sources

The Statement of Capital Works in **Appendix F** also outlines the funding sources currently applied in the LTFP which shows a downwards trend in operational funds devoted to capital purposes across the first half of the LTFP followed by an incremental trend in the latter half (\$38.16 million in year one (2022-23), down to \$33.93 million in year four (2025-26) and back up to \$46.62 million in the final year (2031-32).

This reduction in operational surplus capital funding compared to the previous LTFP has been driven by significant borrowings to fund much needed major capital works projects. Annual debt servicing costs and redemption will be met by a reduction in operational surplus available for capital funding.

The following major projects have been included in Council's LTFP:

- Keysborough South Community Hub
- Redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre)
- Dandenong Community Hub

The budgeted capital expenditure and funding sources for these projects is summarised in the following table and impacts the first four years of the LTFP. Whilst \$23.79 million of Council's operational surplus is expected to fund these major projects, more significant funding is required to be sourced from new borrowings (\$71.72 million) and internal reserves (\$23.09 million).

	Actual	Actual	Forecast	Proposed	Year 2	Year 3	Year 4	
ALL MAJOR PROJECTS	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure	319	2,193	7,383	12,909	51,100	45,350	6,275	125,529
<i>Less funding sources:</i>								
Grants	-	(102)	(1,398)	(2,500)	-	-	-	(4,000)
Contributions	-	-	-	-	(2,929)	-	-	(2,929)
Council cash	-	(1,746)	(2,089)	(2,230)	(7,450)	(4,000)	(6,275)	(23,790)
Borrowings	-	-	-	(6,120)	(32,500)	(33,100)	-	(71,720)
Reserves	(319)	(345)	(3,896)	(2,059)	(8,221)	(8,250)	-	(23,090)
Funding sources	(319)	(2,193)	(7,383)	(12,909)	(51,100)	(45,350)	(6,275)	(125,529)

Council has been successful in sourcing two grants totalling \$4 million for the Keysborough South Community Hub over the three years to 2022-23.

Contributions of \$2.93 million from Developer Contribution Plans (DCP) and Community Infrastructure Levy (CIL) funding can also be utilised for the Keysborough South Community Hub major project upon completion of the Hub in 2023-24.

Significant new borrowings will be required for the completion of these major projects. Firstly, in 2022-23 Council proposes to use loan funds of \$6.12 million to part fund Keysborough South Community Hub. These loan funds have been sought via the Community Infrastructure Loans Scheme (CILS) which was announced in the 2020-21 Victorian State Budget to support councils in delivering critical infrastructure to communities across the state. This scheme hopes to achieve savings through accessing a low-interest loan as well as receiving an interest subsidy from the Victorian Government.

Further proposed new borrowings of \$55.6 million (\$32.5 million in 2023-24 and \$23.1 million in 2024-25) are also required to part fund significant infrastructure works associated with the redevelopment of Dandenong Oasis.

In addition, further proposed new borrowings of \$10 million are forecast in 2024-25 to fund construction of the new Dandenong Community Hub.

Similarly, significant reserve funding of \$23.09 million for these major capital projects has been forecast across the LTFP (including 2019-20 and 2020-21). The majority of this reserve funding is from the Major Projects reserve with the remainder coming from the DCP reserve.

- Major Projects reserve (\$20.52 million):
 - ~ \$19.60 million for Dandenong Wellbeing Centre
 - ~ \$915,000 for Keysborough South Community Hub
- DCP reserve (\$2.58 million) for Keysborough South Community Hub. This represents levies received under the Keysborough South Development Contributions Plan for community and sporting facilities costs (Keysborough Community Hub).

A financial break down by major project is provided below.

KEYSBOROUGH SOUTH COMMUNITY HUB	Actual 2019-20 \$'000	Actual 2020-21 \$'000	Forecast Actual 2021-22 \$'000	Proposed Budget 2022-23 \$'000	Year 2 Forecast 2023-24 \$'000	Year 3 Forecast 2024-25 \$'000	Year 4 Forecast 2025-26 \$'000	Total \$'000
---------------------------------	-----------------------------	-----------------------------	---	---	---	---	---	-----------------

Capital expenditure	319	1,891	2,090	10,679	3,100	-	-	18,079
----------------------------	------------	--------------	--------------	---------------	--------------	----------	----------	---------------

Less funding sources:

Grants	-	(102)	(1,398)	(2,500)	-	-	-	(4,000)
Contributions	-	-	-	-	(2,929)	-	-	(2,929)
Council cash	-	(1,444)	(96)	-	-	-	-	(1,540)
Borrowings	-	-	-	(6,120)	-	-	-	(6,120)
Reserves	(319)	(345)	(596)	(2,059)	(171)	-	-	(3,490)
Funding sources	(319)	(1,891)	(2,090)	(10,679)	(3,100)	-	-	(18,079)

Note – The above table includes construction of the building as well as the dog off leash park relocation and new access road.

DANDENONG WELLBEING CENTRE (Redevelopment of Dandenong Oasis)	Actual 2019-20 \$'000	Actual 2020-21 \$'000	Forecast Actual 2021-22 \$'000	Proposed Budget 2022-23 \$'000	Year 2 Forecast 2023-24 \$'000	Year 3 Forecast 2024-25 \$'000	Year 4 Forecast 2025-26 \$'000	Total \$'000
--	-----------------------------	-----------------------------	---	---	---	---	---	-----------------

Capital expenditure	-	302	4,968	1,830	45,000	35,350	-	87,450
----------------------------	----------	------------	--------------	--------------	---------------	---------------	----------	---------------

Less funding sources:

Council cash	-	(302)	(1,668)	(1,830)	(4,450)	(4,000)	-	(12,250)
Borrowings	-	-	-	-	(32,500)	(23,100)	-	(55,600)
Reserves	-	-	(3,300)	-	(8,050)	(8,250)	-	(19,600)
Funding sources	-	(302)	(4,968)	(1,830)	(45,000)	(35,350)	-	(87,450)

DANDENONG COMMUNITY HUB	Actual 2019-20 \$'000	Actual 2020-21 \$'000	Forecast Actual 2021-22 \$'000	Proposed Budget 2022-23 \$'000	Year 2 Forecast 2023-24 \$'000	Year 3 Forecast 2024-25 \$'000	Year 4 Forecast 2025-26 \$'000	Total \$'000
-------------------------	-----------------------------	-----------------------------	---	---	---	---	---	-----------------

Capital expenditure	-	-	325	400	3,000	10,000	6,275	20,000
----------------------------	----------	----------	------------	------------	--------------	---------------	--------------	---------------

Less funding sources:

Council cash	-	-	(325)	(400)	(3,000)	-	(6,275)	(10,000)
Borrowings	-	-	-	-	-	(10,000)	-	(10,000)
Funding sources	-	-	(325)	(400)	(3,000)	(10,000)	(6,275)	(20,000)

Council also has significant future major projects that it wishes to fund over the coming ten-year period beyond the three which are presently included in this Long-Term Financial Plan. At present, no further projects are included in this plan but this will be reviewed annually as Council completes its current major projects and assesses its financial capability to undertake these projects.

It is noted that Councils financial capability will be strongly influenced by either the receipt of significant government grant stimulus funds or by future potential asset sales that may act as a funding source.

Strategic Directions Outcomes:

That Council note the forecast level of capital expenditure over the ten year period of the LTFP and the reduction of \$69.3 million to fund debt servicing and operational costs associated with major capital works projects.

Borrowing strategy

Refer to **Appendix J** for a detailed schedule of Council's forecast borrowings, including existing and new (assumed) borrowings, principal repayments and finance costs.

This section covers the components of Council's borrowing strategy including Council's philosophy on debt, future loan strategy and requirements.

Background to Council's current debt portfolio

The below table highlights Council's current position in respect of all interest-bearing liabilities and the movements that have occurred during the past three financial years, as well as the forecast borrowings balance at 30 June 2022.

	Actual Balance 30 June 2019 \$'000	Actual Balance 30 June 2020 \$'000	Actual Balance 30 June 2021 \$'000	Forecast Balance 30 June 2022 \$'000
Interest bearing loans and borrowings	58,525	59,891	56,636	53,263

Future loan strategies

What is Council's philosophy on debt?

Many Victorian councils are debt averse and view the achievement of a low level of debt or even debt free status as a primary goal. Others see the use of loan funding as being a critical component of the funding mix to deliver much needed infrastructure to the community.

The use of loans to fund capital expenditure can be an effective mechanism of linking the payment for the asset (via debt redemption payments) to the successive Council populations who receive benefits over the life of that asset. This matching concept is frequently referred to as 'inter-generational equity'.

Council has accessed debt funding to complete a range of major infrastructure projects including the Springvale Community Hub, Dandenong Civic Centre and Library, redevelopment of the Drum Theatre, Dandenong Market and Noble Park Aquatic Centre that will be enjoyed by the populations of the future (refer table below).

Project	Total cost (\$ million)	Loan funds used (\$ million)
Drum Theatre	13.0	9.0
Dandenong Market	26.0	20.0
Noble Park Aquatic Centre	21.0	5.0
Dandenong Civic Centre	65.5	47.2
Springvale Community Hub	52.7	20.0
Total	178.2	101.2

The significant replacement of Dandenong Oasis, estimated at over \$87 million, will be part funded by proposed new borrowings of \$55.6 million over the 2023-24 and 2024-25 financial years. The construction of the new Dandenong Community Hub will also be part funded by borrowings of \$10 million in 2024-25.

In addition, Council has been successful in \$6.12 million in new borrowings in 2022-23 to part fund the Keysborough South Community Hub major project. These loan funds will be sought via the Community Infrastructure Loans Scheme (CILS) which was announced in the 2020-21 Victorian State Budget to support councils in delivering critical infrastructure to communities across the state. The successful application will achieve savings through accessing a low-interest loan as well as receiving an interest subsidy from the Victorian Government.

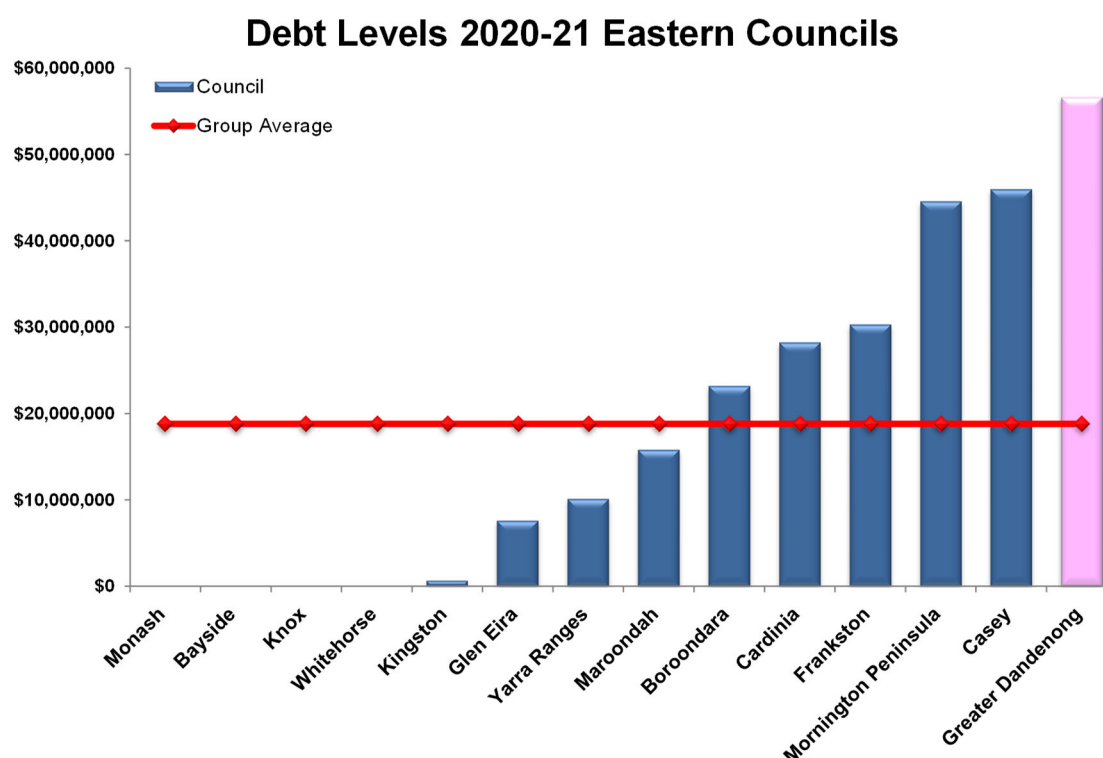
One of the key considerations for Council in the application of future loan borrowing is the premise that its long-term financial strategies should strive for a financial structure where its annual operational and asset renewal needs can be met from annual funding sources. That is, Council does not have to access funding from non-renewable sources such as loans, asset sales or reserves to meet its annual expenditure needs.

Measuring what level of debt is appropriate

The maximum levels of indebtedness are prescribed for Council by way of prudential limits established by the State Government. The three principle prudential limits are:

- Debt servicing (interest repayments) as a percentage of total revenue should not exceed five per cent.
- Total indebtedness as a percentage of rate revenue – in general this ratio should not exceed 60 per cent and ideally Council should retain some borrowing flexibility to be able to respond to urgent needs.
- Working capital ratio (current assets/current liabilities) to remain in excess of 1.00.

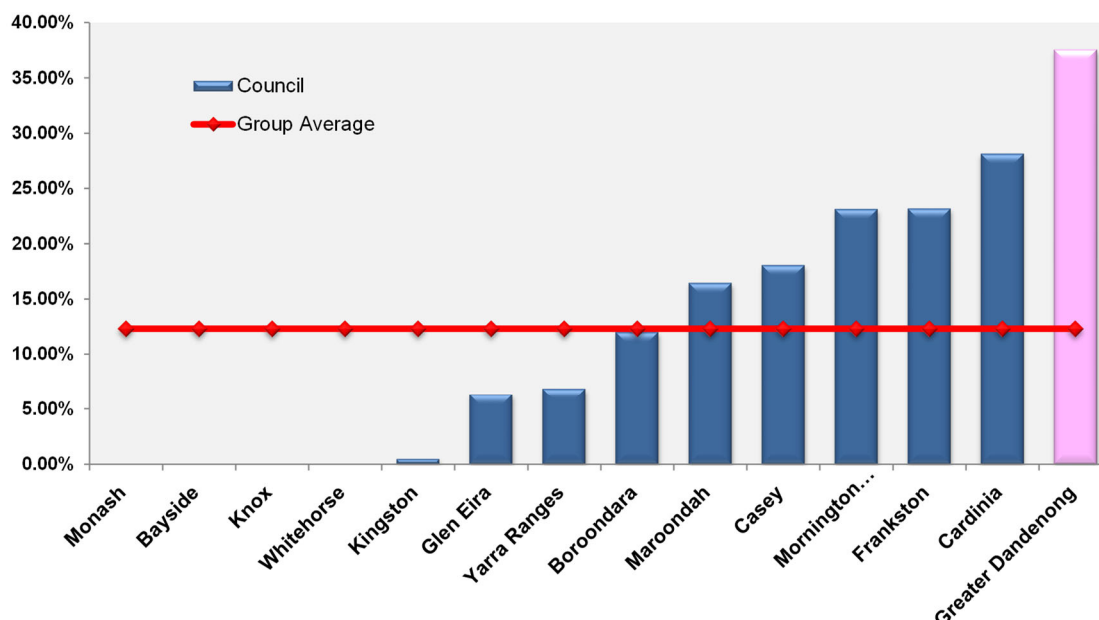
Benchmarking of Council's debt structure to other councils



As presented in the graph, Council completed 2020-21 with the highest level of indebtedness of all Eastern Metropolitan councils in pure dollar terms.

The more meaningful comparison is however gained by using the dollar indebtedness, contrasted against other measures (e.g. rate revenue) that account for the varying financial sizes of councils in the group.

Total Indebtedness as a % of Rate Revenue 2020-21



Council's level of indebtedness (debt/rate revenue) at 30 June 2021 was 37.6 per cent which was a slight decrease on the prior year and remains well below the 60 per cent threshold.

The below table highlights the outcomes of a debt level review based on the figures to 30 June 2021.

Council	Debt Servicing / Adj. Total Revenue	Debt Commitment / Rates	Total Debt / Rate Revenue	Total Liabilities / Realisable Assets	Debt Commitment / Own Source Revenue	Total Debt / Own Source Revenue
Bayside	0.00%	0.00%	0.00%	11.95%	0.00%	0.00%
Knox	0.00%	0.00%	0.00%	65.24%	0.00%	0.00%
Monash	0.00%	0.00%	0.00%	2.56%	0.00%	0.00%
Whitehorse	0.00%	0.00%	0.00%	16.15%	0.00%	0.00%
Kingston	0.02%	1.00%	0.48%	34.03%	0.89%	0.43%
Glen Eira	0.19%	3.33%	6.34%	14.39%	2.99%	5.69%
Yarra Ranges	0.33%	2.89%	6.88%	64.83%	2.74%	6.53%
Boroondara	0.59%	1.51%	12.03%	14.88%	1.41%	11.26%
Maroondah	0.69%	3.60%	16.47%	46.06%	3.13%	14.31%
Casey	0.47%	3.63%	18.09%	57.82%	3.36%	16.75%
Mornington Peninsula	0.52%	3.06%	23.15%	68.39%	2.78%	21.00%
Frankston	0.85%	1.37%	23.20%	51.95%	1.21%	20.43%
Cardinia	1.39%	14.03%	28.15%	54.96%	13.27%	26.62%
Greater Dandenong	1.43%	4.06%	37.58%	34.71%	3.76%	34.42%
Median Eastern Councils	0.40%	2.20%	9.46%	40.39%	2.08%	8.90%
Average Eastern Councils	0.46%	2.75%	12.31%	38.42%	2.54%	11.25%
Greater Dandenong Council Ranking	14	13	14	7	13	14

(Note regarding ranking – 1 is the lowest debt outcome, 14 is the highest debt outcome).

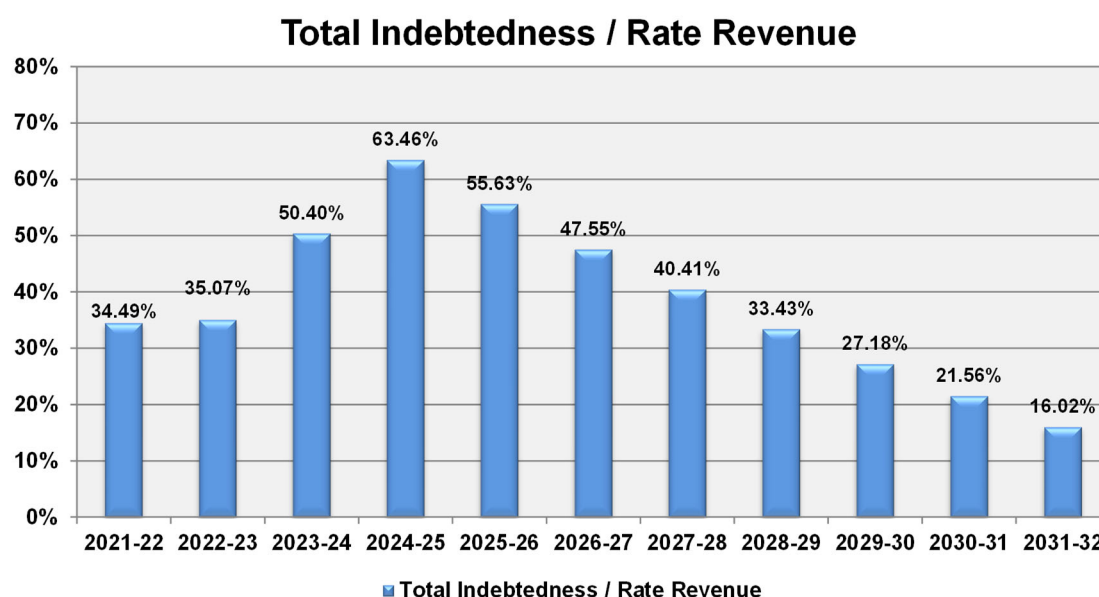
The table above highlights that Council's current indebtedness ratios place it generally in the first or second highest indebted Council of the group across the range of ratios.

Council's level of indebtedness remains within the prudential limits. Council's debt servicing/adjusted total revenue ratio was 1.43 per cent at 30 June 2021 (prudential limit 10 per cent) and indebtedness/rate revenue ratio is 37.58 per cent (prudential limit 80 per cent).

The graph following highlights Greater Dandenong's forecast indebtedness/rate revenue ratio over the life of the LTFP.

This LTFP forecasts significant new borrowing (\$6.12 million in 2022-23, \$32.5 million in 2023-24 and \$33.1 million in 2024-25) to part fund major capital projects. As can be seen on the following graph, the 'Indebtedness to Rate Revenue' ratio increases to just over 60 per cent in 2024-25, but then the debt ratio falls again quite quickly down to 16.02 per cent in 2031-32.

Council has previously relied on a strategy of ensuring its 'Indebtedness to Rate Revenue' ratio is ideally around the 40 per cent mark prior to undertaking new borrowings. Giving consideration to community need for redevelopment of the ageing Dandenong Oasis and a Community Hub in Dandenong, Council has opted to procure new borrowings to finance these major projects. This strategy allows Council to borrow for major projects but also to then retain a gap between the ratio and the 60 per cent level, allowing Council room to respond to unforeseen circumstances. This could be to take an opportunity to match large stimulus funding to deliver another project or to respond to emerging situations such as we have seen via the coronavirus pandemic.



Once the 'Indebtedness to Rate Revenue' ratio drops to below 40 per cent, Council will once again be in a position to consider future borrowings from that point.

As outlined above, a certain level of debt can be viewed as a positive mechanism in financing infrastructure within Council. The key is ensuring that Council does not rely so strongly on debt funding that it increases the level of debt (and therefore annual debt servicing and redemption costs) beyond a prudent level or which unduly impacts on Council's ability to fund capital works on an annual basis.

Council will consider debt for major community assets in accordance with the above guidelines. All projects are subject to community consultation, Council review and funding. Council will also seek to maximise external funding opportunities having regard to the financial impacts and outcomes for the community.

Future loan requirements

Treasury Corporation of Victoria loans

Recently, the Victorian Government has approved the Treasury Corporation of Victoria (TCV) to become a direct lender to councils. This framework will enable Victorian councils to access low-interest loans and achieve interest cost savings.

Local Government as an industry has been relatively debt averse over the past decade with several councils seeking debt free status. In benchmarking with thirteen other councils within the Eastern Melbourne metropolitan grouping, the City of Greater Dandenong has consistently been in the top one or two councils in terms of its debt levels in pure dollar terms.

The TCV have two financial covenant requirements for councils to comply with if undertaking borrowings with the TCV:

- **Interest cover ratio** – earnings before interest, depreciation/amortisation and non-cash contributions compared to interest expense (on borrowings and leases). The ratio result is not to be less than 2:1.
- **Financial indebtedness ratio** – total interest bearing loans and borrowings including leases over own-source revenue. The ratio result is not to exceed 60 per cent.

In terms of highlighting the impact of Council's current borrowings portfolio on Council's indebtedness to rates ratio, the below table provides these outcomes. It also shows TCV financial covenant ratios. Council was successful in obtaining a \$6.12 million loan via the Community Infrastructure Loan Scheme for the Keysborough Community Hub which is expected to be drawn down on 2022-23.

The loan agreement will be with TCV and contains two financial covenants – the most important one is that the indebtedness/rates ratio does not exceed 60 per cent during the borrowing period. Whilst the ratio is calculated slightly different to the prudential limit, the maximum that Council will reach is 54.8 per cent in 2024-25 within the limit of 60 per cent.

Financial year ending	New/refinance borrowings \$'000	Principal paid \$'000	Interest expense \$'000	Balance 30 June \$'000	LGPRF Liquidity Ratio	LGPRF Debt Mgmt Ratio	Debt Servicing Ratio	TCV Interest Cover Ratio	TCV Financial Indebtedness Ratio
2022	-	3,372	2,803	53,263	150%	34.5%	2.5%	20	31.0%
2023	6,120	3,484	2,667	55,900	146%	34.8%	2.6%	20	30.5%
2024	32,500	5,601	3,042	82,799	136%	50.4%	3.6%	17	43.6%
2025	33,100	8,401	3,745	107,498	127%	63.5%	5.0%	13	54.8%
2026	-	10,348	4,050	97,150	133%	55.6%	5.8%	13	48.1%
2027	-	10,686	3,688	86,465	137%	47.6%	5.6%	15	41.3%
2028	-	11,021	3,317	75,443	139%	40.4%	5.5%	17	35.2%
2029	-	11,385	2,922	64,059	144%	33.4%	5.3%	19	29.2%
2030	-	10,601	2,531	53,457	147%	27.2%	4.8%	23	23.8%
2031	-	9,955	2,155	43,502	149%	21.6%	4.3%	28	19.0%
2032	-	10,336	1,783	33,166	151%	16.0%	4.2%	35	14.2%

Prudential ratio limits: Risk assessment criteria	High	Below 110%	Above 80%	Above 10%	Less than 2	Above 60%
	Medium	110% - 120%	60% - 80%	5% - 10%		
	Low	Above 120%	Below 60%	Below 5%		

LGPRF Liquidity ratio

Current assets compared to current liabilities

= (Current assets / Current liabilities)

LGPRF Debt management

Loans and borrowings compared to rates

= (Current + Non-current Interest bearing liabilities / Rates and charges less Keysborough Maintenance Levy)

Debt servicing

Borrowing costs compared to rates

= (Interest expense / Rates and charges less Keysborough Maintenance Levy)

TCV Interest Cover Ratio

Ratio of earnings before interest, taxes, depreciation and amortisation (EBITDA) to interest expenses.

= (Net surplus - interest income - non-monetary contributions + borrowing costs + finance lease costs + depreciation and amortisation) / (Borrowing costs + finance lease costs)

TCV Financial Indebtedness Ratio

Value of interest bearing loans and borrowings as a percentage of own source revenue

= (Current + Non-current Interest bearing liabilities / (Total income - grants operating - grants capital - contributions monetary - contributions non-monetary))

The table on the prior page highlights that whilst Council forecasts significant new borrowings in this LTFP to part fund significant capital investment, Council's debt ratios as per the Local Government Performance Reporting Framework (LGPRF) and the Treasury Corporation of Victoria (TCV) are within prudential limits over the ten-year period.

Strategic Directions Outcomes

1. That Council continues the use of loan funding as a viable and equitable mechanism of funding new/significantly upgraded major assets that provide a broad community benefit (when required).
2. That Council endorse a strategy of setting a target of 40 per cent indebtedness to rates ratio as an ideal financial outcome and where new borrowings are sought, set reduction targets to achieve this level in not more than a five year period, with a maximum loan ratio of not more than 60 per cent.

Reserve strategy

Victorian local government councils have traditionally operated with reserve funds that are amounts of money set aside for specific purposes in later years. In general, these funds do not have bank accounts of their own but are a theoretical split up of the cash surplus that Council has on hand. The following sections provide a picture of what reserve funds Council holds and their purpose. Refer to **Appendix I** for the financial projections of Council's reserves over the next ten years.

Nature and purpose of current reserves

The following summary outlines the purpose of each current reserve, its typical inflows and outflows and projected reserve balances at 30 June 2022 (where relevant these balances have been updated to reflect 2021-22 current forecast movements).

Major Projects Reserve

Purpose

This reserve has been established to provide a source of funding for major infrastructure projects.

Typical sources of inflows and outflows

Inflows to this reserve will typically be from the sale of Council land. Further inflows may occur periodically if Council achieves a surplus outcome at the conclusion of the financial year and resolves to transfer surplus funds into this reserve.

An extract from **Appendix I(a)** of the Major Projects Reserve transfers is included below.

Reserves	Forecast	Budget	Projections		
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$'000	\$'000	\$'000	\$'000	\$'000
Major Projects					
Opening balance	27,358	18,169	19,577	12,585	5,009
Transfer to reserve	3,335	1,408	1,058	674	4,044
Transfer from reserve	(12,524)	0	(8,050)	(8,250)	0
Closing balance	18,169	19,577	12,585	5,009	9,054

Projected inflows into this reserve in 2021-22 are derived from annual funding previously transferred to the DCP reserve (\$1.31 million), a \$2 million COVID contingency fund and right-of-way sale proceeds. Inflows across the LTFP relate to a combination of funding previously transferred to the DCP reserve and any applicable LTFP surplus amounts.

Outflows from this reserve in 2021-22 (\$12.52 million) relates to funding for a number of capital projects including:

- Noble Park Aquatic Centre (NPAC) redevelopment (stage one).
- Redevelopment of Dandenong Oasis.
- Springvale Boulevard.
- Keysborough South Community Hub access road.
- A strategic property purchase for community housing.
- South East Leisure establishment costs.
- Part consumption of the COVID-19 contingency fund (\$1.36 million) to offset impacts identified during the 2021-22 Mid-Year Budget review.

As highlighted in the table on the previous page, the forecast closing balance of the Major Projects Reserve at 30 June 2022 of \$18.17 million will mostly be consumed by the future outflows for the funding of the major capital works projects. Outflows from this reserve over the 2023-24 to 2024-25 financial years relate to funding for the redevelopment of Dandenong Oasis major project (\$16.3 million).

Further outflows may arise where Council is required to source major funding when there is no option but to utilise cash reserves.

Open space – planning, development and improvements

Purpose

The open space – planning, development and improvements reserve holds funds contributed by developers for works associated with developing and improving 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 or enhancing open space such as parks, playgrounds, pavilions and other such items.

Typical sources of inflows and outflows

Inflows are solely composed of contributions from subdividers in lieu of the five per cent public open space requirement.

Outflows from this reserve in 2021-22 of \$4.62 million relate to:

- The top up of the Open Space – Acquisitions reserve to \$6 million (\$4.05 million) as a result of two open space strategic property acquisitions in 2021-22.
- Funding for capital works projects relating to Frederick Wachter Reserve District Playground (stage 1 of 2), Noble Park and Springvale pocket park upgrades (various locations) and Charlotte Reserve landscape, infrastructure and open space furniture improvements (\$570,000).

Outflows from this reserve in 2022-23 of \$820,000 relate to funding of the following capital works projects:

- Glendale Reserve - Neighbourhood Playground, Park Furniture and Landscape Upgrade (Stage 2) (\$330,000)
- Tirhatuan Park - Landscape and Park Infrastructure at New Basketball Court (\$150,000).
- Frederick Wachter Reserve - District Playground Construction and Passive Park Upgrade (\$340,000).

No further future outflows are anticipated from this reserve over the period of the LTFP, however, funds may be required from this reserve to top up the Open Space – Acquisitions reserve to the \$6 million balance required annually.

Open space – acquisitions

Purpose

The open space – acquisitions reserve was established in 2016-17 to initially hold \$6 million in funds contributed by developers for works associated with developing improved open space and recreational facilities within Council for the specific purpose of open space acquisitions. Transfers from this reserve are restricted to the purpose of acquiring open space land sites.

Typical sources of inflows and outflows

Inflows will occur as a transfer from the Open Space – Planning, Development and Improvements reserve as the Open Space – Acquisitions reserve balance is consumed, so that a \$6 million balance is maintained each financial year.

During 2021-22, this reserve is be topped up by a transfer of \$4.05 million from the Open Space – Planning, Development and Improvements reserve to match the reserve outflows anticipated during 2021-22.

In terms of outflows, Council will consider the allocation of reserve funds to appropriate open space acquisitions on an annual basis.

During the 2021-22 year, two strategic open space acquisitions have occurred. The buildings on the sites will be demolished and the land will be held for the purposes of improving open space in the municipality. The cost of purchase and building demolition/site reinstatement will be covered by a transfer from the Open Space – Acquisitions reserve.

Development Contribution Plans (DCP) – Council funded

Purpose

The purpose of this reserve is to hold funds for Council's contribution to the construction of infrastructure related to the two major development overlays in accordance with the terms and conditions of the published plans. Council is committed to contributing rate funding to 11 projects in the Dandenong South Industrial DCP (industrial).

Typical sources of inflows and outflows

Based on revised estimates of infrastructure costs, Council's contribution amount is \$400,000 per annum over the life of the LTFP. The estimated value of works yet to be completed is around \$14-15 million.

Outflows from this reserve will be for nominated capital works in accordance with the published plans as well as DCP administration costs. In 2021-22, this reserve will fund the following DCP projects:

- Abbots Road (\$619,000)
- 140 and 150 Coleman Road (\$21,000)

Expenditure incurred by Council on the provision of infrastructure is capitalised upon completion, there is no discretion in terms of how funds are applied.

The reserve also funds \$18,000 annually in DCP administration costs.

The transfers out of the DCP reserve in 2022-23 and 2023-24 relate to the Keysborough South Community Hub major project (\$2.23 million) and works at Perry Road, Keysborough (\$2.82 million). It is likely that further funding from this Reserve will be required to fund the development of Perry Road, Keysborough. The timing of this funding is still being determined but is likely within a two-three year timeframe which will significantly reduce funding held.

Keysborough maintenance levy

Purpose

Properties within the Keysborough and Somerfield Estates are levied an additional \$350 per annum to reflect the costs of maintaining an additional 15 per cent in open space beyond that of traditional estates. This reserve fund was established to ensure that there is full accountability in how these funds are applied.

Typical sources of inflows and outflows

Inflows into this reserve will be derived from the rate levy and outflows will be in the form of either operational costs to maintain the estate or capital funding.

Forecast outflows in this LTFP are projected to grow from \$1.73 million in 2022-23 to \$2.3 million in 2027-28. Beyond that point in the LTFP the operational costs will exceed the annual inflows, and any carried forward residual reserve balance, the excess of which will be required to be rate funded (as detailed in the following table).

KEYSBOROUGH SOUTH MAINTENANCE LEVY	Financial Plan Projections				
	2027-28 \$'000	2028-29 \$'000	2029-30 \$'000	2030-31 \$'000	2031-32 \$'000
Closing reserve balance	196	0	0	0	0
Costs required to be funded by rates as reserve balance has been fully consumed	0	307	547	591	637

Self-insurance reserve fund

Purpose

The purpose of this reserve is to set aside funds that allow Council to access low insurance premiums through opting to 'self-insure' against lower level insurance claims.

Typical sources of inflows and outflows

Inflows are generally derived from savings made on insurance costs. Lower than budgeted insurance claims create surplus funds in insurance excess contributions. The transfer to this reserve in 2021-22 relates to savings in Workcover premium costs of \$746,500.

Outflows from this reserve will generally be in the form of Council's contribution to any major insurance claims received or funding allocated to improve Council's Workcover performance.

Transfers from this reserve in 2021-22 of \$1.33 million relate to:

- \$1.30 million to fund a contribution that Council was required to make to the Municipal Association of Victoria (MAV) Workcover Scheme which ceased at 30 June 2021, following the decision by Work Safe Victoria not to renew the license of the MAV Work Care Scheme. Greater Dandenong was a member of the Scheme. The MAV Work Care Scheme was Victoria's only local government workers' compensation self-insurance scheme. Claims estimates of unpaid, open claims ("case estimates") and member premiums have been used to estimate the financial shortfall. Essentially Council would have paid this through annual premiums if the Scheme had continued, rather than paying this in one lump sum.
- \$31,000 of funding for a temporary Occupational Health and Safety Administration Officer position which concluded in October 2021.

Spring Valley landfill reserve

Purpose

The purpose of this reserve is to fund the rehabilitation and ongoing monitoring of the former Spring Valley landfill at Clarke Road, Springvale South.

Typical sources of inflows and outflows

Inflows in the past have generally related to distributions of Council's share of the assurance fund monies held by Metropolitan Waste and Resource Recovery Group (MWRRG) for the rehabilitation of the former landfill at Spring Valley Reserve or savings in waste expenditure. However, the MWRRG assurance fund has now been wound up.

Outflows will be in the form of Council's share of operational costs to rehabilitate the landfill site (\$273,000 forecast in 2021-22).

Springvale Activity Precinct parking and development reserve

Purpose

The purpose of this reserve was to fund development in the Springvale Activity Centre.

Typical sources of inflows and outflows

Inflows previously comprised parking fee income derived annually in the Springvale Precinct. A Council decision in February 2017 to abolish a 'pay and display' parking fee system in the areas of the Springvale Central Activity District meant that no further inflows are expected to this reserve. Other inflows have occurred from one off contributions 'in lieu of parking requirements' in Springvale.

Outflows will only occur to the extent of funds available and will be restricted to parking works in Springvale, as the remaining balance of \$236,000 in the reserve at 30 June 2021 relates to contributions in lieu of parking.

Dandenong Activity Precinct parking and development reserve

Purpose

The purpose of this reserve is to fund development in the Dandenong Activity Centre.

Typical sources of inflows and outflows

Inflows have generally comprised \$1 million of parking fee income derived annually in the Dandenong Activity Precinct. However, this annual allocation has been reduced to \$650,000 to take into account the loss of parking income from a Council decision to offer free parking on a temporary basis in Lonsdale Street, Dandenong until 30 June 2022.

Outflows of \$2.15 million from this reserve in 2021-22 relate to capital project delivery costs associated with the development of the Dandenong Activity Precinct:

- Vanity Lane – 275 Lonsdale Street, Dandenong (\$1.38 million)
- Precinct Energy Project (PEP) building design (\$350,000)
- Mason/Robinson Street road realignment (\$201,000)
- Lonsdale Street Dandenong – public lights (\$166,000)
- Activity Centres Strategic Plan (\$50,000)

General reserve (aged care)

Purpose

The purpose of this reserve is to fund potential Home and Community Care grant income returns and the impact of reforms in the aged care sector.

Typical sources of inflows and outflows

In recent years, the Aged Care Reform Agenda has resulted in a movement from a predominantly integrated block funded program to separate programs where funding is based almost solely on the achievement of targets. This has seen a requirement for Council to return grant funding relating to unmet targets in some instances. Estimated amounts were transferred to reserves.

No further transfers to or from this reserve relating to the return of grant funding for targets unable to be achieved are required, as a liability (unearned grant income) will be recognised each year in the Balance Sheet.

The \$20,000 transfer from this reserve in 2022-23 relates to an aged care review. There are no further outflows projected from this reserve in the LTFP.

Future Maintenance Reserve (Level Crossing Removal Project - LXRA)

Purpose

The purpose of this reserve is to quarantine contribution funds received for future works to address level crossing removal authority defects.

Typical sources of inflows and outflows

Inflows to this reserve in 2021-22 of \$4.69 million relate to future maintenance funding provided by the LXRA and estimated to cover the next 8-10 years. After that point, Council will be expected to fund the maintenance of the LXRA assets from rates.

The outflows forecast in the LTFP relate to required maintenance costs of LXRA assets in the areas of Parks, Cleansing, Roads and Drains. This reserve is expected to be fully consumed by 2031-32.

Native re-vegetation funds

Purpose

The purpose of these reserves is to set aside contributions received for the revegetation of the triangle land (Pellicano/National Drive) and other native revegetation funds.

Typical sources of inflows and outflows

Inflows to this reserve are typically from contributions received for required future maintenance works.

The outflows from these reserves ranging from \$0 to \$31,000 will be to fund agreed works or maintenance relating the revegetation of this subject land (mainly attributable to Somerfield, Logis, Bowmans Redgum and Australand Perry Road).

Discretionary funds or restricted assets

There are two types of reserve funds. A discretionary cash fund represents monies held in a reserve that can in reality be used for any purpose Council desires, irrespective of the reserve title. A restricted asset is a reserve that is comprised of funds, which Council is legally obliged to apply to a certain purpose. The following table summarises the nature of each reserve.

<i>Reserve</i>	<i>Nature</i>	<i>Statutory?</i>
Open space – planning, development and improvements	Restricted asset	Yes
Open space – acquisitions	Restricted asset	Yes
Development Contribution Plans (Council funded)	Restricted asset	No
Native revegetation reserves	Restricted asset	No
Keysborough maintenance levy	Restricted asset	No
General reserve (aged care)	Restricted asset	No
Future maintenance reserve (LXRA)	Restricted asset	No
Major projects	Discretionary fund	No
Self-insurance	Discretionary fund	No
Spring Valley landfill	Discretionary fund	No
Springvale Activity Precinct parking and development	Discretionary fund	No
Dandenong Activity Precinct parking and development	Discretionary fund	No

Strategic Direction Outcomes

1. That Council endorse the continued use of the reserve funds noted in this section.

Financial Performance Indicators

The tables in **Appendix K** highlight Council's current and projected performance across a range of key financial performance indicators per the Local Government Performance Reporting Framework (LGPRF). These indicators provide a useful analysis of Council's financial position and performance and should be interpreted in the context of the organisation's objectives.

Commentary on several key sustainability indicator forecasts are provided below.

1. **Working capital** – The proportion of current liabilities represented by current assets. Whilst the working capital ratio result decreases from 2022-23 to 2025-26 due to the large draw down in Council cash reserves to fund significant infrastructure investment, current assets to liabilities continue to remain at a healthy level across all years indicating sufficient liquidity.
2. **Unrestricted cash** – Unrestricted cash is all cash and cash equivalents other than restricted cash. Restricted cash represents cash and cash equivalents and financial assets that are available for use other than for the purpose for which it is restricted and includes cash that will be used to fund carry forward capital works. Restricted items include trust funds and deposits, statutory reserves, carry forward capital works and conditional grants unspent. This indicator is an assessment of Council's ability to pay bills on time. Higher unrestricted cash relative to liabilities suggests Council is able to pay bills in a timely manner. This ratio result is expected to decrease over 2023-24 and 2024-25 and remain steady in future years due to the draw down in major cash reserves noted above.
3. **Debt compared to rates** - Trend indicates Council's increasing reliance on debt against its annual rate revenue in years two to five due to new borrowings forecast. The debt ratio increases to over 60 per cent in 2024-25 but reduces below 40 per cent within four years following and remains within prudential guidelines.
4. **Asset renewal and upgrade** - This percentage indicates the extent of Council's renewal and upgrade expenditure against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed/upgraded and future capital expenditure will be required to renew/upgrade assets. Asset renewal in the 2021-22 forecast year is higher due to a number of key projects carried over from the prior year (Greater Dandenong Gallery of Art, Springvale Road Boulevard, Abbotts Road, Thomas Carroll Pavilion and the Dandenong Oasis replacement). The peaks in this indicator in 2023-24 and 2024-25 are due to forecast renewal works on the redevelopment of Dandenong Oasis (major project). The ratio results in years four to eight are lower than the desired 100 percent and have been impacted by the reduction in available funding for renewal requirements.
5. **Adjusted underlying result** – After a forecast deficit result in 2021-22 (due to a high level of non-recurrent capital grants), Council's underlying operational surplus is forecast to improve gradually over the next ten years, which means that Council's overall asset base is not being eroded over the period of the strategy. It is an indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Whilst improvement in financial performance is expected over the period, continued impacts from COVID-19 and rate capping means reliance on Council's cash reserves or increased debt to fund major projects or maintain services.
6. **Rates concentration** - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. The trend indicates that Council will become slightly more reliant on rate revenue compared to all other revenue sources

Climate Emergency Strategy

Climate change is here, and its impacts are already affecting our environment, our society and our economy. Despite global efforts to reduce carbon emissions, climate change will continue to affect life on earth in increasingly severe ways if swift and effective action is not taken: more very hot days; more frequent and longer droughts; more extreme weather and flooding events; and rising sea levels. This makes climate change a global emergency and we all have a role to play if we are to minimise the impacts.

Local governments are responding due to increased recognition that the essential services and infrastructure councils provide to the community are vulnerable to a range of climate hazards. For example:

Council Operations

“Council staff, infrastructure and services will be affected by climate change. Council workers may be directly exposed to the impacts of climate change, which can affect their health and safety and reduce the productivity of the organisation. Outdoor workers are at particular risk from heat stroke. Community care workers may experience increased demand for their services. Council public services may be interrupted by storm, heat, flood or fire. Council infrastructure will need increased maintenance and face more frequent failure. Councils could be liable for decisions that do not take account of widely accepted climate risk”¹.

Supporting Community Health and Wellbeing

“Vulnerable people in the community are at greater risk of sickness, death and significant financial and social impact from climate change. This includes those who already receive community care, the sick or disabled, indigenous, low income, socially isolated, elderly and very young, and CALD (Culturally and Linguistically Diverse) communities. Those people also with poor quality housing and limited access to cool spaces face increased vulnerability to heatwave conditions”².

Assets and Infrastructure

Councils own and control a wide variety of infrastructure ranging from land and buildings to roads, drains, footpaths and open space that provide essential services to the community. The total value of Council’s fixed assets in 2020-21 is over \$2 billion. Most of these were designed, built and maintained based on the premise that the future climatic conditions will be similar to those experienced in the past. As this is no longer the case, decisions about the location, construction and maintenance of infrastructure needs to consider the risk to this infrastructure from climate change, particularly for assets that provide critical services to the community.

¹ “Climate Change Risks to Local Government”, produced by the State of Victoria Department of Environment, Land, Water and Planning 2017 (www.climatechange.vic.gov.au).

² “Climate Change Risks to Local Government”, produced by the State of Victoria Department of Environment, Land, Water and Planning 2017 (www.climatechange.vic.gov.au).

Consistent with the trend across the local government sector, Council is already facing escalating costs to maintain and renew its expanding and ageing asset and infrastructure base. The need to respond effectively to climate change is a significant additional risk as Council continues to focus on improving its asset planning and management capability. The risk of insufficient asset renewal investment is that assets deteriorate much faster than necessary, costing Council more in the long run and potentially compromising service levels.

Financial sustainability

While introducing climate change mitigation and adaptation measures into Council's strategic management and business plans will have an impact on Council's budget, the cost of inaction would be many times greater. It is therefore critical that decisions are based on sound evidence to ensure the most efficient climate-resilient assets are in place to meet the city's future service needs.

The community also need to be aware of their climate change risks and respond by taking responsibility for their own actions, assets and risks. Local governments are often considered best placed to help their local community to reduce risks and adapt to climate change due to their local knowledge and close connection to the community. Greater Dandenong, as the most socio-economically disadvantaged community in Melbourne, will be more exposed to some of the worst impacts, as the more vulnerable in our community are likely to lack the resources to prepare for or respond to climate change, or to recover from its impacts.

Recognising this, Greater Dandenong City Council, in January 2020 joined a growing number of cities around Australia and declared a 'Climate and Ecological Emergency' committing to emergency action on climate change. The 2020–30 Greater Dandenong Climate Emergency Strategy and Action Plan provides a strategic framework for Council to respond to the climate emergency. The strategy aims to develop a whole of Council response to climate change, building on existing programs and activities to reduce emissions and increase climate resilience in order to prepare for the unavoidable impacts of climate change at both a corporate and community level.

Included in the Strategy are a wide range of strategic policies, plans and actions that directly or indirectly facilitate its response to climate change funded through existing budgetary processes.

Examples include:

Council

- 2020 Sustainable Buildings Policy – that aims to facilitate increased sustainability outcomes through Council's new building projects.
- Lighting Up Greater Dandenong plan– that aims to facilitate improved sustainability and lighting outcomes through the upgrade of local streetlights.
- Power Purchasing Agreement contract – that enables Council to purchase all of its electricity needs from 100 per cent renewable sources and at a lower cost.
- Capital Improvement projects – increased consideration of sustainability and climate change as part of submissions for funding through Council's Capital Improvement Program budget.
- Vulnerability Assessments – that aim to assess the vulnerability of Council's infrastructure and the services to the community they provide to the impacts of climate change.

Community

- 2018 Emergency Management Plan – that aims to detail the arrangements to help Council and the community cope with the shocks and stresses experienced as a result of natural disasters and other emergencies.
- 2017 Sustainable Stormwater Strategy – that aims to provide a framework for Council and the community to work together to identify, protect and improve Greater Dandenong’s stormwater assets and reduce flood risk.
- 2021 Elevating Environmentally Sustainable Design (ESD) Targets Planning Policy Amendment – ongoing work that aims to facilitate increased sustainability outcomes through the planning process across 31 Victorian councils.
- 2021 Urban Forest Strategy – that aims to facilitate increased canopy cover across the municipality to reduce the effects of urban heat impacts.

The *Local Government Act (2020)* establishes a clear expectation that Victorian local governments’ “decision-making is supported by robust and transparent practices, and that the long-term adverse consequences of climate change for future generations are incorporated into council planning, decisions and actions”³. To facilitate this and further Council’s ability to effectively mobilise the community and others, the first few years of the 2020–30 Climate Emergency Action Plan focus on building Council’s capacity by putting in place measures that aim to:

- Create a united corporate culture working towards a common goal.
- Increase collaboration with key partners and stakeholders.
- Increase awareness across Council of the impacts and risks from climate change to Council’s assets, operations, services and finances.
- Embed consideration of the Climate Emergency into Council’s strategic documents and day to day decision making processes.
- Better understand the financial implications of climate change on Council’s assets, services and funding mechanisms.

³ “Local Government Climate Change Adaptation Roles and Responsibilities under Victorian legislation: Guidance for local government decision-makers. The State of Victoria Department of Environment, Land, Water and Planning 2020.

Appendices

The following Financial Statements and Schedules are provided as appendices to the LTFP and provide a summary of financial plan projections of the City of Greater Dandenong over the next ten years.

It is important that these Statements and Schedules are considered together, not in isolation, to gain a clear picture of Council's budgeted financial position and performance over the next ten years.

Appendix A	Comprehensive Income Statement
Appendix B	Conversion to Cash Result
Appendix C	Balance Sheet
Appendix D	Statement of Changes in Equity
Appendix E	Statement of Cash Flows
Appendix F	Statement of Capital Works
Appendix G	Statement of Human Resources (\$)
Appendix H	Statement of Human Resources (FTE)
Appendix I(A)	Schedule of reserves
Appendix I(B)	Discretionary and restricted reserves
Appendix J	Schedule of borrowings
Appendix K	Local Government Performance Reporting Framework (LGPRF) Financial Performance Indicators
Appendix L	Asset Renewal
Appendix M	Capital works funded from operational surplus
Appendix N(A)	Operating grant income (recurrent)
Appendix N(B)	Operating grant income (non-recurrent and total)
Appendix O	Capital grant income (recurrent and non-recurrent)
Appendix P	Parameters
Appendix Q	Adjusted underlying result

Appendix A – Comprehensive Income Statement

	Forecast	Budget	Financial Plan Projections								
	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
Income											
Rates and charges	156,217	162,081	165,945	171,097	176,341	183,531	188,374	193,315	198,355	203,496	208,740
Statutory fees and fines	7,169	9,696	9,849	10,046	10,347	10,452	10,661	10,874	11,191	11,313	11,539
User fees	6,403	9,389	9,410	9,673	9,945	10,225	10,479	10,738	11,004	11,277	11,556
Grants - operating	29,955	33,940	32,974	32,212	32,368	32,889	33,217	33,550	33,885	34,224	34,566
Grants - capital	25,011	3,518	816	-	-	-	-	-	-	-	-
Contributions - monetary	7,879	3,447	4,929	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Contributions - non-monetary	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	179	445	428	514	444	444	444	444	444	444	444
Other income	5,162	4,849	6,606	6,716	7,032	7,140	7,235	7,329	7,426	7,524	7,625
Total income	247,975	237,365	240,957	242,258	248,477	256,681	262,410	268,250	274,305	280,278	286,470
Expenses											
Employee costs	92,788	91,636	93,283	93,953	96,789	99,537	101,932	104,390	106,947	109,498	112,148
Materials and services	80,670	75,427	77,384	80,020	79,883	83,946	85,285	86,915	88,584	90,289	92,029
Depreciation	33,237	33,943	34,621	35,314	36,020	36,740	37,475	38,225	38,989	39,769	40,564
Amortisation - intangible assets	100	60	60	60	60	60	60	60	60	60	60
Amortisation - right of use assets	604	604	604	598	598	598	598	598	598	598	598
Bad and doubtful debts	1,266	1,953	2,050	2,153	2,260	2,373	2,492	2,617	2,747	2,885	3,029
Borrowing costs	2,803	2,667	3,042	3,745	4,050	3,688	3,317	2,922	2,531	2,155	1,783
Finance costs - leases	22	22	22	22	22	22	22	22	22	22	22
Other expenses	6,850	4,489	4,371	5,298	4,553	4,636	4,723	5,730	4,900	4,992	5,085
Total expenses	218,340	210,801	215,437	221,163	224,235	231,600	235,904	241,479	245,378	250,268	255,318
Surplus for the year	29,635	26,564	25,520	21,095	24,242	25,081	26,506	26,771	28,927	30,010	31,152
Other comprehensive income											
<i>Items that will not be reclassified to surplus or deficit in future periods:</i>											
Other	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive result	29,635	26,564	25,520	21,095	24,242	25,081	26,506	26,771	28,927	30,010	31,152

Appendix B – Conversion to Cash Result

	Forecast	Budget	Financial Plan Projections								
	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
Net operating result	29,635	26,564	25,520	21,095	24,242	25,081	26,506	26,771	28,927	30,010	31,152
Less cash costs not included in operating result											
Capital expenditure	94,986	55,590	82,793	77,267	34,582	35,428	38,896	39,364	42,831	46,298	47,271
Loan repayments	3,372	3,484	5,601	8,401	10,348	10,686	11,021	11,385	10,601	9,955	10,336
Loan proceeds	-	(6,120)	(32,500)	(33,100)	-	-	-	-	-	-	-
Repayment of lease liabilities	689	710	724	738	753	768	784	799	815	831	848
Transfer from reserves	(27,835)	(8,635)	(11,339)	(11,356)	(3,292)	(3,327)	(3,380)	(3,127)	(2,943)	(2,955)	(2,720)
Transfer to reserves	17,581	6,403	5,778	5,419	8,789	9,184	7,578	7,493	7,530	6,568	6,899
Sub total	88,793	51,432	51,057	47,369	51,180	52,739	54,899	55,914	58,834	60,697	62,634
Plus non-cash costs included in operating result											
Depreciation	33,237	33,943	34,621	35,314	36,020	36,740	37,475	38,225	38,989	39,769	40,564
Amortisation - right of use assets	604	604	604	598	598	598	598	598	598	598	598
Amortisation - intangible assets	100	60	60	60	60	60	60	60	60	60	60
Written down value of assets sold	301	261	252	302	260	260	260	260	260	260	260
Contributions - non-monetary assets	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Sub total	24,242	24,868	25,537	26,274	26,938	27,658	28,393	29,143	29,907	30,687	31,482
Surplus (deficit) for the year	(34,916)	-	-	-	-	-	-	-	-	-	-
Accumulated surplus brought forward	35,202	-	-	-	-	-	-	-	-	-	-
Accumulated surplus brought forward	286	-	-	-	-	-	-	-	-	-	-

Appendix C – Balance Sheet

	Forecast 2021-22 \$'000	Budget 2022-23 \$'000	Financial Plan Projections								
			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	128,925	126,900	126,298	119,416	116,724	122,883	127,524	131,829	136,885	140,956	145,127
Trade and other receivables	26,804	28,088	29,260	30,575	31,949	33,521	34,977	36,502	38,098	39,769	41,519
Other assets	4,004	4,085	4,165	4,249	4,334	4,421	4,510	4,600	4,692	4,785	4,880
Total current assets	159,733	159,073	159,723	154,240	153,007	160,825	167,011	172,931	179,675	185,510	191,526
Non-current assets											
Trade and other receivables	295	295	295	295	295	295	295	295	295	295	295
Property, infrastructure, plant & equip	2,518,226	2,549,552	2,607,412	2,659,003	2,667,245	2,675,613	2,686,714	2,697,533	2,711,055	2,727,264	2,743,651
Investment property	10,860	10,860	10,860	10,860	10,860	10,860	10,860	10,860	10,860	10,860	10,860
Right of use assets	1,085	1,191	1,311	1,451	1,606	1,776	1,962	2,163	2,380	2,614	2,864
Intangible assets	102	102	102	102	102	102	102	102	102	102	102
Total non-current assets	2,530,568	2,562,000	2,619,980	2,671,711	2,680,108	2,688,646	2,699,933	2,710,953	2,724,692	2,741,135	2,757,772
Total assets	2,690,301	2,721,073	2,779,703	2,825,951	2,833,115	2,849,471	2,866,944	2,883,884	2,904,367	2,926,645	2,949,298
Liabilities											
Current liabilities											
Trade and other payables	22,835	23,714	28,992	28,469	20,718	21,607	22,477	22,856	23,786	24,722	25,213
Trust funds and deposits	4,870	4,870	4,870	4,870	4,870	4,870	4,870	4,870	4,870	4,870	4,870
Unearned income	52,293	52,293	52,293	52,293	52,293	52,293	52,293	52,293	52,293	52,293	52,293
Provisions	22,366	22,986	23,929	24,916	25,943	27,019	28,140	29,315	30,538	31,820	33,156
Interest-bearing liabilities	3,484	4,196	7,188	10,348	10,686	11,021	11,385	10,601	9,955	10,336	10,723
Lease liabilities	570	570	570	570	570	570	570	570	570	570	570
Total current liabilities	106,418	108,629	117,842	121,466	115,080	117,380	119,735	120,505	122,012	124,611	126,825
Non-current liabilities											
Trust funds and deposits	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035
Provisions	1,217	1,289	1,279	1,269	1,263	1,258	1,256	1,255	1,260	1,265	1,275
Interest-bearing liabilities	49,779	51,704	75,611	97,150	86,464	75,444	64,058	53,458	43,502	33,166	22,443
Lease liabilities	442	442	442	442	442	442	442	442	442	442	442
Total non-current liabilities	53,473	55,470	79,367	100,896	90,204	79,179	67,791	57,190	47,239	36,908	26,195
Total liabilities	159,891	164,099	197,209	222,362	205,284	196,559	187,526	177,695	169,251	161,519	153,020
Net assets	2,530,410	2,556,974	2,582,494	2,603,589	2,627,831	2,652,912	2,679,418	2,706,189	2,735,116	2,765,126	2,796,278
Equity											
Accumulated surplus	963,846	992,642	1,023,723	1,050,755	1,069,500	1,088,724	1,111,032	1,133,437	1,157,777	1,184,174	1,211,147
Asset revaluation reserve	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604
Reserves	54,960	52,728	47,167	41,230	46,727	52,584	56,782	61,148	65,735	69,348	73,527
Total equity	2,530,410	2,556,974	2,582,494	2,603,589	2,627,831	2,652,912	2,679,418	2,706,189	2,735,116	2,765,126	2,796,278

Appendix D – Statement of Changes in Equity

	Forecast	Budget	Financial Plan Projections								
	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
Accumulated surplus											
Balance at beginning of the financial year	923,957	963,846	992,642	1,023,723	1,050,755	1,069,500	1,088,724	1,111,032	1,133,437	1,157,777	1,184,174
Surplus/(deficit) for the year	29,635	26,564	25,520	21,095	24,242	25,081	26,506	26,771	28,927	30,010	31,152
Transfers to other reserves	(17,581)	(6,403)	(5,778)	(5,419)	(8,789)	(9,184)	(7,578)	(7,493)	(7,530)	(6,568)	(6,899)
Transfers from other reserves	27,835	8,635	11,339	11,356	3,292	3,327	3,380	3,127	2,943	2,955	2,720
Total Accumulated surplus	963,846	992,642	1,023,723	1,050,755	1,069,500	1,088,724	1,111,032	1,133,437	1,157,777	1,184,174	1,211,147
Revaluation reserve											
Balance at beginning of the financial year	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604
Net asset revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	-	-
Total Revaluation reserve	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604	1,511,604
Other reserves											
Balance at beginning of the financial year	65,214	54,960	52,728	47,167	41,230	46,727	52,584	56,782	61,148	65,735	69,348
Transfers to other reserves	17,581	6,403	5,778	5,419	8,789	9,184	7,578	7,493	7,530	6,568	6,899
Transfers from other reserves	(27,835)	(8,635)	(11,339)	(11,356)	(3,292)	(3,327)	(3,380)	(3,127)	(2,943)	(2,955)	(2,720)
Total Other reserves	54,960	52,728	47,167	41,230	46,727	52,584	56,782	61,148	65,735	69,348	73,527
Total Equity											
Balance at beginning of the financial year	2,500,775	2,530,410	2,556,974	2,582,494	2,603,589	2,627,831	2,652,912	2,679,418	2,706,189	2,735,116	2,765,126
Surplus/(deficit) for the year	29,635	26,564	25,520	21,095	24,242	25,081	26,506	26,771	28,927	30,010	31,152
Total Equity	2,530,410	2,556,974	2,582,494	2,603,589	2,627,831	2,652,912	2,679,418	2,706,189	2,735,116	2,765,126	2,796,278

Appendix E – Statement of Cash Flows

Inflows/(Outflows)

	Forecast	Budget	Financial Plan Projections								
	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
Cash flows from operating activities											
Rates and charges	155,943	161,639	165,661	170,719	175,956	183,003	188,018	192,953	197,984	203,119	208,355
Statutory fees and fines	5,903	7,203	7,227	7,289	7,447	7,402	7,453	7,500	7,642	7,580	7,613
User fees	7,705	9,996	10,005	10,276	10,559	10,849	11,110	11,372	11,647	11,924	12,209
Grants - operating	32,355	36,122	35,059	34,209	34,368	34,929	35,277	35,631	35,987	36,347	36,710
Grants - capital	17,011	3,518	816	-	-	-	-	-	-	-	-
Contributions - monetary	7,879	3,447	4,929	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Interest received	383	499	1,200	1,499	1,700	1,699	1,699	1,700	1,699	1,700	1,699
Trust funds and deposits taken	28,495	28,102	28,152	28,202	28,252	28,302	28,352	28,402	28,452	28,502	28,552
Other receipts	5,305	4,855	6,015	5,820	5,935	6,054	6,159	6,262	6,369	6,476	6,588
Net GST refund	14,756	9,997	12,894	12,767	8,381	8,804	9,240	9,495	9,870	10,340	10,563
Employee costs	(92,788)	(90,698)	(92,302)	(92,930)	(95,719)	(98,419)	(100,765)	(103,170)	(105,671)	(108,166)	(110,755)
Materials and services	(93,921)	(88,018)	(88,296)	(96,446)	(99,260)	(95,174)	(97,019)	(99,347)	(100,985)	(103,200)	(105,661)
Short-term, low value and variable lease payments	(550)	(569)	(594)	(605)	(616)	(628)	(640)	(653)	(666)	(680)	(693)
Trust funds and deposits repaid	(28,052)	(28,102)	(28,152)	(28,202)	(28,252)	(28,302)	(28,352)	(28,402)	(28,452)	(28,502)	(28,552)
Other payments	(7,535)	(4,369)	(4,214)	(5,223)	(4,392)	(4,472)	(4,555)	(5,650)	(4,724)	(4,811)	(4,901)
Net cash provided by operating activities	52,889	53,622	58,400	49,375	46,359	56,047	57,977	58,093	61,152	62,629	63,727
Cash flow from investing activities											
Payments for property, infrastructure, plant and equipment	(94,986)	(55,590)	(82,793)	(77,267)	(34,582)	(35,428)	(38,896)	(39,364)	(42,831)	(46,298)	(47,271)
Proceeds from sale of property, plant and equipment	480	706	680	816	704	704	704	704	704	704	704
Net cash used in investing activities	(94,506)	(54,884)	(82,113)	(76,451)	(33,878)	(34,724)	(38,192)	(38,660)	(42,127)	(45,594)	(46,567)
Cash flow from financing activities											
Finance costs	(2,803)	(2,667)	(3,042)	(3,745)	(4,050)	(3,688)	(3,317)	(2,922)	(2,531)	(2,155)	(1,783)
Proceeds from borrowings	-	6,120	32,500	33,100	-	-	-	-	-	-	-
Repayment of borrowings	(3,372)	(3,484)	(5,601)	(8,401)	(10,348)	(10,686)	(11,021)	(11,385)	(10,601)	(9,955)	(10,336)
Interest paid - lease liability	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)
Repayment of lease liabilities	(689)	(710)	(724)	(738)	(753)	(768)	(784)	(799)	(815)	(831)	(848)
Net cash provided by (used in) financing activities	(6,886)	(763)	23,111	20,194	(15,173)	(15,164)	(15,144)	(15,128)	(13,969)	(12,963)	(12,989)
Net movement	(48,503)	(2,025)	(602)	(6,882)	(2,692)	6,159	4,641	4,305	5,056	4,072	4,171
Opening cash and cash equivalents	177,428	128,925	126,900	126,298	119,416	116,724	122,883	127,524	131,829	136,885	140,956
Closing cash and cash equivalents	128,925	126,900	126,298	119,416	116,724	122,883	127,524	131,829	136,885	140,956	145,127

Appendix F – Statement of Capital Works

	Forecast	Budget	Financial Plan Projections								
	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
Property											
Land	4,801	-	-	-	-	-	-	-	-	-	-
Buildings	35,730	16,590	53,348	49,195	8,179	7,202	12,621	16,104	14,502	17,904	13,548
Leasehold improvements	1,351	871	-	-	-	-	-	-	-	-	-
Total property	41,882	17,461	53,348	49,195	8,179	7,202	12,621	16,104	14,502	17,904	13,548
Plant and equipment											
Plant, machinery and equipment	3,782	-	2,702	2,681	2,578	2,505	2,909	2,508	2,483	3,402	3,724
Fixtures, fittings and furniture	301	45	250	301	183	205	222	192	208	260	268
Computers and telecommunications	1,405	124	489	394	1,166	1,039	170	202	237	242	274
Library books	818	878	951	961	941	921	1,077	932	916	1,190	1,309
Total plant and equipment	6,306	1,047	4,392	4,337	4,868	4,670	4,378	3,834	3,844	5,094	5,575
Infrastructure											
Roads	17,900	21,935	13,045	12,108	11,473	11,005	12,509	9,924	9,958	11,672	15,609
Bridges	720	270	409	142	441	171	500	476	510	442	607
Footpaths and cycleways	2,044	2,000	1,487	1,551	1,488	1,534	1,772	2,044	2,112	2,850	3,238
Drainage	2,583	4,137	3,808	3,312	3,316	3,317	2,979	2,765	2,825	3,871	3,955
Recreational, leisure & community	6,478	6,350	2,992	3,677	2,295	4,958	1,505	1,964	6,604	1,619	1,842
Parks, open space and streetscapes	16,484	2,390	2,780	2,430	2,209	2,272	2,274	1,957	2,187	2,493	2,532
Off street car parks	589	-	472	455	253	239	298	236	229	293	305
Total infrastructure	46,798	37,082	24,993	23,675	21,475	23,496	21,837	19,366	24,425	23,240	28,088
Total capital expenditure	94,986	55,590	82,733	77,207	34,522	35,368	38,836	39,304	42,771	46,238	47,211
Intangible assets	-	-	60	60	60	60	60	60	60	60	60
Total capital expenditure	94,986	55,590	82,793	77,267	34,582	35,428	38,896	39,364	42,831	46,298	47,271
Represented by:											
New asset expenditure	18,793	13,780	11,577	16,412	5,534	5,831	5,217	4,083	5,229	6,325	5,773
Asset renewal expenditure	29,535	26,374	26,206	26,221	26,265	26,644	31,077	33,325	34,992	36,739	38,578
Asset upgrade expenditure	39,784	15,436	45,010	34,634	2,783	2,953	2,602	1,956	2,610	3,234	2,920
Asset expansion expenditure	6,874	-	-	-	-	-	-	-	-	-	-
Total capital works expenditure	94,986	55,590	82,793	77,267	34,582	35,428	38,896	39,364	42,831	46,298	47,271
Funding sources represented by:											
Grants	25,011	3,518	816	-	-	-	-	-	-	-	-
Contributions	960	1,447	2,929	-	-	-	-	-	-	-	-
Council cash	52,346	38,155	37,677	35,267	33,932	34,778	38,246	38,714	42,181	45,648	46,621
Borrowings	-	6,120	32,500	33,100	-	-	-	-	-	-	-
Reserves	16,669	6,350	8,871	8,900	650	650	650	650	650	650	650
Total capital works expenditure	94,986	55,590	82,793	77,267	34,582	35,428	38,896	39,364	42,831	46,298	47,271

Appendix G – Statement of Human Resources (\$)

	Budget	Financial Plan Projections								
	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
Chief Executive										
Permanent - Full time										
- Women	126	131	134	137	140	143	146	149	152	155
- Men	453	471	482	494	504	514	524	535	546	556
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	-	-	-	-	-	-	-	-	-	-
Total Chief Executive	579	602	616	631	644	657	670	684	698	711
City Planning, Design and Amenity										
Permanent - Full time										
- Women	6,032	6,014	6,110	6,290	6,447	6,608	6,773	6,942	7,116	7,294
- Men	5,575	5,559	5,647	5,813	5,958	6,107	6,260	6,416	6,577	6,741
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	834	832	845	870	891	914	936	960	984	1,008
Permanent - Part time										
- Women	720	718	730	751	770	789	809	829	850	871
- Men	840	838	851	876	898	920	943	967	991	1,016
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	-	-	-	-	-	-	-	-	-	-
Total City Planning, Design and Amenity	14,001	13,961	14,183	14,600	14,964	15,338	15,721	16,114	16,518	16,930
Community Services										
Permanent - Full time										
- Women	12,953	12,916	12,961	13,321	13,655	13,995	14,342	14,701	15,066	15,443
- Men	4,023	4,011	4,026	4,138	4,241	4,346	4,455	4,566	4,679	4,796
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	2,027	2,021	2,029	2,085	2,137	2,190	2,244	2,300	2,358	2,417
Permanent - Part time										
- Women	12,937	12,897	12,944	13,304	13,638	13,977	14,322	14,682	15,045	15,422
- Men	1,340	1,336	1,341	1,378	1,412	1,448	1,484	1,521	1,559	1,597
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	2,487	2,480	2,489	2,558	2,621	2,687	2,754	2,822	2,893	2,965
Total Community Services	35,767	35,661	35,790	36,784	37,704	38,642	39,601	40,592	41,599	42,640

Appendix G – Statement of Human Resources (\$) (continued)

	Budget	Financial Plan Projections								
	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
Corporate Services										
Permanent - Full time										
- Women	6,763	6,902	7,031	7,238	7,418	7,603	7,793	7,988	8,187	8,392
- Men	4,311	4,399	4,482	4,614	4,729	4,847	4,968	5,092	5,219	5,349
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	405	413	421	433	444	455	467	478	490	503
Permanent - Part time										
- Women	1,801	1,838	1,873	1,928	1,976	2,025	2,076	2,127	2,181	2,235
- Men	466	476	485	499	511	524	537	550	564	578
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	74	76	77	79	81	83	85	87	90	92
Total Corporate Services	13,820	14,104	14,369	14,791	15,159	15,537	15,926	16,322	16,731	17,149
Engineering Services										
Permanent - Full time										
- Women	2,760	2,805	2,852	2,957	3,087	3,164	3,244	3,325	3,408	3,493
- Men	13,890	14,119	14,353	14,880	15,537	15,926	16,324	16,732	17,150	17,579
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	1,872	1,903	1,934	2,005	2,094	2,146	2,200	2,255	2,311	2,369
Permanent - Part time										
- Women	413	420	427	442	462	473	485	497	510	522
- Men	113	115	117	121	126	129	133	136	139	143
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	70	71	72	75	78	80	82	84	86	89
Total Engineering Services	19,118	19,433	19,755	20,480	21,384	21,918	22,468	23,029	23,604	24,195

Appendix G – Statement of Human Resources (\$) (continued)

	Budget	Financial Plan Projections								
	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
Greater Dandenong Business										
Permanent - Full time										
- Women	1,160	1,396	1,322	1,284	1,316	1,349	1,383	1,417	1,453	1,489
- Men	232	279	264	257	263	270	277	283	291	298
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	272	327	310	301	309	316	324	332	341	349
Permanent - Part time										
- Women	497	598	567	550	564	578	593	608	623	638
- Men	-	-	-	-	-	-	-	-	-	-
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	113	136	129	125	128	131	135	138	142	145
Total Greater Dandenong Business	2,274	2,736	2,592	2,517	2,580	2,644	2,712	2,778	2,850	2,919
Casuals and other expenditure	6,077	6,786	6,648	6,986	7,103	7,196	7,292	7,428	7,498	7,604
Total casuals and other	6,077	6,786	6,648	6,986	7,103	7,196	7,292	7,428	7,498	7,604
Total staff expenditure	91,636	93,283	93,953	96,789	99,537	101,932	104,390	106,947	109,498	112,148

Appendix H – Statement of Human Resources (Full time equivalent - FTE)

	Budget	Financial Plan Projections								
	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
Chief Executive										
Permanent - Full time										
- Women	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
- Men	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	-	-	-	-	-	-	-	-	-	-
Total Chief Executive	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Planning, Design and Amenity										
Permanent - Full time										
- Women	54.0	54.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0
- Men	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Permanent - Part time										
- Women	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
- Men	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	-	-	-	-	-	-	-	-	-	-
Total City Planning, Design and Amenity	124.6	124.6	123.6	123.6	123.6	123.6	123.6	123.6	123.6	123.6
Community Services										
Permanent - Full time										
- Women	111.2	111.2	111.2	110.2	110.2	110.2	110.2	110.2	110.2	110.2
- Men	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2
Permanent - Part time										
- Women	125.2	125.2	125.2	124.4	124.4	124.4	124.4	124.4	124.4	124.4
- Men	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	31.7	31.7	31.7	31.7	31.7	31.7	31.7	31.7	31.7	31.7
Total Community Services	336.2	336.2	336.2	334.4	334.4	334.4	334.4	334.4	334.4	334.4

Appendix H – Statement of Human Resources (FTE) (continued)

	Budget	Financial Plan Projections								
	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
Corporate Services										
Permanent - Full time										
- Women	57.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0
- Men	33.0	33.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Permanent - Part time										
- Women	18.8	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2
- Men	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Total Corporate Services	118.0	117.4	116.4	116.4	116.4	116.4	116.4	116.4	116.4	116.4
Engineering Services										
Permanent - Full time										
- Women	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8
- Men	121.0	120.0	119.0	119.0	118.0	118.0	118.0	118.0	118.0	118.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Permanent - Part time										
- Women	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
- Men	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Engineering Services	174.5	173.5	172.5	171.5	170.5	170.5	170.5	170.5	170.5	170.5

Appendix H – Statement of Human Resources (FTE) (continued)

	Budget	Financial Plan Projections								
	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
Greater Dandenong Business										
Permanent - Full time										
- Women	9.0	9.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
- Men	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
- Vacant positions	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Permanent - Part time										
- Women	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
- Men	-	-	-	-	-	-	-	-	-	-
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant positions	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Greater Dandenong Business	16.7	16.7	15.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Casuals	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Total casuals	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Total staff numbers	780.8	779.2	775.2	771.4	770.4	770.4	770.4	770.4	770.4	770.4

Appendix I(a) – Schedule of reserves

Reserves	Forecast	Budget	Financial Plan Projections								
	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
Major Projects											
Opening balance	27,358	18,169	19,577	12,585	5,009	9,054	13,492	16,325	19,073	21,858	23,681
Transfer to reserve	3,335	1,408	1,058	674	4,044	4,439	2,833	2,748	2,785	1,823	2,154
Transfer from reserve	(12,524)	0	(8,050)	(8,250)	0	0	0	0	0	0	0
Closing balance	18,169	19,577	12,585	5,009	9,054	13,492	16,325	19,073	21,858	23,681	25,835
Open space - planning, developments and improvements											
Opening balance	4,386	1,771	2,951	4,951	6,951	8,951	10,951	12,951	14,951	16,951	18,951
Transfer to reserve	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer from reserve	(4,615)	(820)	0	0	0	0	0	0	0	0	0
Closing balance	1,771	2,951	4,951	6,951	8,951	10,951	12,951	14,951	16,951	18,951	20,951
Open space - acquisitions											
Opening balance	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Transfer to reserve	4,045	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(4,045)	0	0	0	0	0	0	0	0	0	0
Closing balance	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Development Contribution Plans Council funded											
Opening balance	19,646	19,489	14,991	15,202	15,584	15,966	16,348	16,730	17,112	17,494	17,876
Transfer to reserve	500	400	400	400	400	400	400	400	400	400	400
Transfer from reserve	(657)	(4,898)	(189)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
Closing balance	19,489	14,991	15,202	15,584	15,966	16,348	16,730	17,112	17,494	17,876	18,258
Keysborough maintenance levy											
Opening balance	1,946	1,856	1,776	1,636	1,449	1,073	655	196	0	0	0
Transfer to reserve	1,620	1,645	1,670	1,695	1,695	1,695	1,695	1,695	1,695	1,695	1,695
Transfer from reserve	(1,710)	(1,725)	(1,810)	(1,882)	(2,071)	(2,112)	(2,155)	(1,891)	(1,695)	(1,695)	(1,695)
Closing balance	1,856	1,776	1,636	1,449	1,073	655	196	0	0	0	0

Appendix I(a) – Schedule of reserves (continued)

Reserves	Forecast	Budget	Financial Plan Projections								
	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
Self insurance reserve											
Opening balance	906	325	325	325	325	325	325	325	325	325	325
Transfer to reserve	747	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(1,327)	0	0	0	0	0	0	0	0	0	0
Closing balance	325	325	325	325	325	325	325	325	325	325	325
Spring Valley landfill assurance fund											
Opening balance	1,557	1,284	1,172	1,033	961	887	814	739	662	584	505
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(273)	(111)	(139)	(72)	(74)	(74)	(75)	(77)	(78)	(80)	(81)
Closing balance	1,284	1,172	1,033	961	887	814	739	662	584	505	423
Springvale Activity Precinct Parking and Development											
Opening balance	236	236	236	236	236	236	236	236	236	236	236
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0
Closing balance	236	236	236	236	236	236	236	236	236	236	236
Dandenong Activity Precinct Parking and Development											
Opening balance	1,528	30	330	330	330	330	330	330	330	330	330
Transfer to reserve	650	950	650	650	650	650	650	650	650	650	650
Transfer from reserve	(2,148)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)
Closing balance	30	330	330	330	330	330	330	330	330	330	330
General Reserve (Aged Care)											
Opening balance	1,103	1,103	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	(20)	0	0	0	0	0	0	0	0	0
Closing balance	1,103	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083

Appendix I(a) – Schedule of reserves (continued)

Reserves	Forecast	Budget	Financial Plan Projections								
	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
Future Maintenance Reserve (LXRA)											
Opening balance	206	4,439	4,102	3,656	3,202	2,738	2,265	1,782	1,290	788	276
Transfer to reserve	4,685	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(452)	(336)	(446)	(455)	(464)	(473)	(483)	(492)	(502)	(512)	(276)
Closing balance	4,439	4,102	3,656	3,202	2,738	2,265	1,782	1,290	788	276	(0)
Native revegetation - Souffi Place											
Opening balance	6	1	0	0	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(5)	(1)	0	0	0	0	0	0	0	0	0
Closing balance	1	0	0	0	0	0	0	0	0	0	0
Native revegetation - Pound Road											
Opening balance	35	35	35	35	35	35	35	35	35	35	35
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0
Closing balance	35	35	35	35	35	35	35	35	35	35	35
Native revegetation - Dingley Arterial											
Opening balance	28	28	28	28	28	28	28	28	28	28	28
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0
Closing balance	28	28	28	28	28	28	28	28	28	28	28
Native revegetation - Bowmans Redgum											
Opening balance	37	30	22	22	22	22	22	22	22	22	22
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(7)	(7)	0	0	0	0	0	0	0	0	0
Closing balance	30	22	22	22	22	22	22	22	22	22	22

Appendix I(a) – Schedule of reserves (continued)

Reserves	Forecast	Budget	Financial Plan Projections								
	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
Native revegetation - Australand Perry Road											
Opening balance	21	8	0	0	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(13)	(8)	0	0	0	0	0	0	0	0	0
Closing balance	8	0	0	0	0	0	0	0	0	0	0
Native revegetation - Logis											
Opening balance	126	99	72	44	15	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(27)	(27)	(28)	(29)	(15)	0	0	0	0	0	0
Closing balance	99	72	44	15	0	0	0	0	0	0	0
Native revegetation - Somerfield											
Opening balance	89	58	28	0	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(31)	(31)	(28)	0	0	0	0	0	0	0	0
Closing balance	58	28	0	0	0	0	0	0	0	0	0
Reserve summary											
Opening balance	65,214	54,960	52,728	47,167	41,230	46,727	52,584	56,782	61,148	65,735	69,348
Transfer to reserve	17,581	6,403	5,778	5,419	8,789	9,184	7,578	7,493	7,530	6,568	6,899
Transfer from reserve	(27,835)	(8,635)	(11,339)	(11,356)	(3,292)	(3,327)	(3,380)	(3,127)	(2,943)	(2,955)	(2,720)
Closing balance	54,960	52,728	47,167	41,230	46,727	52,584	56,782	61,148	65,735	69,348	73,527

Appendix I(b) – Discretionary and restricted reserves

	Restricted or Discretionary	Forecast 2021-22 \$'000	Budget 2022-23 \$'000	Financial Plan Projections								
				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
Reserves	Discretionary	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Major projects reserve	Discretionary	18,169	19,578	12,586	5,010	9,054	13,492	16,325	19,074	21,859	23,682	25,836
Open space - planning, development and improvements	Restricted	1,771	2,951	4,951	6,951	8,951	10,951	12,951	14,951	16,951	18,951	20,951
Open space - acquisitions	Restricted	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
DCP Council funded reserve	Restricted	19,489	14,991	15,202	15,584	15,966	16,348	16,730	17,112	17,494	17,876	18,258
Keysborough maintenance levy	Restricted	1,856	1,776	1,636	1,449	1,073	655	196	0	0	0	0
Self insurance reserve	Discretionary	325	325	325	325	325	325	325	325	325	325	325
Spring Valley landfill assurance fund	Discretionary	1,284	1,172	1,033	961	887	814	739	662	584	505	423
Springvale Activity Precinct parking and development	Discretionary	236	236	236	236	236	236	236	236	236	236	236
Dandenong Activity Precinct parking and development	Discretionary	30	330	330	330	330	330	330	330	330	330	330
General reserve (aged care)	Restricted	1,103	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083
Future maintenance reserve (LXRA)	Restricted	4,439	4,102	3,656	3,202	2,738	2,265	1,782	1,290	788	276	(0)
Native revegetation reserves	Restricted	259	185	129	101	85	85	85	85	85	85	85
Sub-total restricted			31,087	32,657	34,368	35,896	37,387	38,827	40,521	42,401	44,271	46,377
Sub-total discretionary			21,641	14,511	6,862	10,832	15,197	17,955	20,627	23,334	25,077	27,150
Total reserves		54,960	52,728	47,167	41,230	46,727	52,584	56,782	61,148	65,735	69,348	73,527

Appendix J – Schedule of borrowings

	Forecast 2021-22 \$'000	Budget 2022-23 \$'000	Financial Plan Projections								
			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
EXISTING BORROWINGS											
\$15.2 million, 25 years fixed, 6.15%, 2011-12											
<i>Dandenong Civic Centre Municipal Building and Noble Park Aquatic Centre projects</i>											
Principal repayments	502	534	562	604	642	681	723	769	815	870	924
Interest expense	720	689	657	620	581	541	499	452	404	352	297
Sub-total	1,223	1,222	1,219	1,224	1,223	1,222	1,221	1,221	1,219	1,222	1,221
\$20 million, 25 years fixed, 6.44%, 2012-13											
<i>Dandenong Civic Centre Municipal Building project</i>											
Principal repayments	562	596	633	672	721	774	818	874	931	989	1,060
Interest expense	1,048	1,011	974	929	884	835	786	729	670	608	543
Sub-total	1,610	1,607	1,606	1,601	1,605	1,609	1,603	1,603	1,602	1,598	1,603
\$13.1 million, 25 years fixed, 6.44%, 2012-13											
<i>Dandenong Civic Centre Municipal Building project</i>											
Principal repayments	368	390	414	440	473	507	536	572	610	648	694
Interest expense	687	662	638	608	579	547	515	477	439	398	356
Sub-total	1,055	1,052	1,052	1,048	1,051	1,054	1,050	1,050	1,049	1,046	1,050
\$10 million, 10 years (5 years fixed), 2.56%, 2018-19											
<i>Springvale Community Precinct Project</i>											
Principal repayments	940	964	988	998	1,028	1,059	1,091	1,124	-	-	-
Interest expense	200	176	152	147	117	85	53	20	-	-	-
Sub-total	1,140	1,140	1,140	1,145	1,145	1,145	1,144	1,144	-	-	-
\$10 million, 10 years (5 years fixed), 1.68%, 2019-20											
<i>Springvale Community Precinct Project</i>											
Principal repayments	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	-
Interest expense	144	128	111	96	129	100	73	44	16	-	-
Sub-total	1,144	1,128	1,111	1,096	1,129	1,100	1,073	1,044	1,016	-	-

Appendix J – Schedule of borrowings (continued)

	Forecast 2021-22 \$'000	Budget 2022-23 \$'000	Financial Plan Projections								
			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
NEW (ASSUMED) BORROWINGS											
\$6.12 million, 10 years, 0.5%, 2022-23 *											
<i>Keysborough South Community Hub</i>											
Principal repayments	-	-	598	601	604	607	610	613	617	620	623
Interest expense	-	2	29	26	23	20	17	14	11	8	5
Sub-total	-	2	628	628	628	628	628	628	628	628	628
\$32.5 million, 10 years, 3%, 2023-24											
<i>Dandenong Aquatic and Wellbeing Centre</i>											
Principal repayments	-	-	1,405	2,873	2,960	3,050	3,143	3,238	3,336	3,438	3,542
Interest expense	-	-	482	901	814	724	631	536	438	336	232
Sub-total	-	-	1,887	3,774	3,774	3,774	3,774	3,774	3,774	3,774	3,774
\$23.1 million, 10 years, 3%, 2024-25											
<i>Dandenong Aquatic and Wellbeing Centre</i>											
Principal repayments	-	-	-	998	2,042	2,104	2,168	2,234	2,302	2,371	2,443
Interest expense	-	-	-	343	640	578	514	449	381	311	239
Sub-total	-	-	-	1,341	2,682	2,682	2,682	2,683	2,683	2,682	2,682
\$10 million, 10 years, 3%, 2024-25											
<i>Dandenong Community Hub</i>											
Principal repayments	-	-	-	215	877	904	932	960	989	1,019	1,050
Interest expense	-	-	-	75	284	257	230	201	172	142	111
Sub-total	-	-	-	290	1,161	1,161	1,162	1,161	1,161	1,161	1,161

* Community Infrastructure Loans Scheme proposed borrowing (only 50% of the applicable interest rate is payable by Council).

Appendix J – Schedule of borrowings (continued)

SUMMARY

	Forecast	Budget	Financial Plan Projections								
	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
EXISTING BORROWINGS											
Principal repayments	3,372	3,484	3,597	3,714	3,864	4,021	4,167	4,340	3,357	2,508	2,678
Interest expense	2,800	2,665	2,531	2,400	2,289	2,109	1,925	1,722	1,529	1,358	1,196
Sub-total	6,172	6,149	6,128	6,114	6,153	6,129	6,092	6,062	4,886	3,866	3,874
NEW (ASSUMED) BORROWINGS											
Principal repayments	-	-	2,003	4,687	6,483	6,665	6,853	7,045	7,244	7,448	7,658
Interest expense	-	2	511	1,345	1,761	1,579	1,392	1,200	1,002	797	587
Sub-total	-	2	2,515	6,033	8,245	8,245	8,246	8,246	8,246	8,245	8,245
ALL BORROWINGS											
Opening balance	56,636	53,263	55,900	82,799	107,498	97,150	86,465	75,443	64,059	53,457	43,502
Loan proceeds	-	6,120	32,500	33,100	-	-	-	-	-	-	-
Principal repayments	(3,372)	(3,484)	(5,601)	(8,401)	(10,348)	(10,686)	(11,021)	(11,385)	(10,601)	(9,955)	(10,336)
Closing balance of borrowings	53,263	55,900	82,799	107,498	97,150	86,465	75,443	64,059	53,457	43,502	33,166
Interest expense	2,800	2,667	3,042	3,745	4,050	3,688	3,317	2,922	2,531	2,155	1,783
Principal repayments	3,372	3,484	5,601	8,401	10,348	10,686	11,021	11,385	10,601	9,955	10,336

Appendix K(a) – Local Government Performance Reporting Framework (LGPRF) Financial Performance Indicators

Dimension / <i>indicator / measure</i>	Notes	Forecast 2021-22	Budget 2022-23	Financial Plan Projections									Trend
				2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	+/-
Efficiency													
Expenditure level													
Expenses per property assessment [Total expenses / Number of property assessments]		\$3,244.67	\$3,102.94	\$3,141.12	\$3,194.34	\$3,208.58	\$3,283.43	\$3,313.91	\$3,361.53	\$3,385.18	\$3,421.95	\$3,460.25	-
Revenue level													
Average rate per property assessment [General rates and municipal charges / Number of property assessments]		\$1,922.68	\$1,964.48	\$1,990.90	\$2,029.38	\$2,068.28	\$2,107.60	\$2,147.37	\$2,187.59	\$2,228.28	\$2,269.44	\$2,311.08	+
Liquidity													
Working capital													
Current assets compared to current liabilities [Current assets / current liabilities] x 100	1	150.10%	146.44%	135.54%	126.98%	132.96%	137.01%	139.48%	143.51%	147.26%	148.87%	151.02%	o
Unrestricted cash													
Unrestricted cash compared to current liabilities [Unrestricted cash / current liabilities] x 100	2	107.36%	102.22%	92.02%	81.97%	82.44%	84.36%	84.91%	86.28%	87.72%	87.55%	87.74%	+
Key to forecast trend													
+ Forecasts improvement in Council's financial performance/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													

Appendix K(a) – LGPRF Financial Performance Indicators (continued)

Dimension / <i>indicator / measure</i>	Notes	Forecast 2021-22	Budget 2022-23	Financial Plan Projections									Trend
				2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	+ / o / -
Obligations													
Loans and borrowings													
Loans and borrowings compared to rates [Interest-bearing loans and borrowings / rate revenue] x 100	3	34.46%	34.84%	50.40%	63.46%	55.63%	47.55%	40.41%	33.43%	27.18%	21.56%	16.02%	+
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / rate revenue] x 100		3.99%	3.83%	5.26%	7.17%	8.24%	7.90%	7.68%	7.47%	6.68%	6.00%	5.85%	+
Indebtedness													
Non-current liabilities compared to own source revenue [Non-current liabilities / own source revenue] x 100		30.53%	29.75%	41.29%	50.95%	44.19%	37.39%	31.21%	25.68%	20.68%	15.77%	10.92%	+
Asset renewal and upgrade													
Asset renewal and upgrade compared to depreciation [Asset renewal and upgrade expense / asset depreciation] x 100	4	208.56%	123.18%	205.70%	172.33%	80.64%	80.56%	89.87%	92.30%	96.44%	100.51%	102.30%	o
Operating position													
Adjusted underlying result													
Adjusted underlying surplus (deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100	5	(2.76%)	5.41%	5.91%	3.95%	5.18%	5.35%	5.79%	5.76%	6.45%	6.71%	6.98%	+
Key to forecast trend													
+ Forecasts improvement in Council's financial performance/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													

Appendix K(a) – LGPRF Financial Performance Indicators (continued)

Dimension / indicator / measure	Notes	Forecast 2021-22	Budget 2022-23	Financial Plan Projections									Trend
				2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	+/-
Stability													
Rates concentration													
Rates compared to adjusted underlying revenue	6	72.75%	71.99%	71.75%	73.57%	73.85%	74.32%	74.55%	74.78%	74.97%	75.22%	75.43%	-
[Rate revenue / adjusted underlying revenue] x 100													
Rates effort													
Rates compared to property values		0.31%	0.27%	0.27%	0.27%	0.28%	0.28%	0.28%	0.29%	0.29%	0.29%	0.29%	o
[Rate revenue / capital improved value of rateable properties in the municipality] x 100													
Key to forecast trend													
+ Forecasts improvement in Council's financial performance/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													

Appendix K(b) – Financial Sustainability Indicators

Indicator	Forecast	Budget	Financial Plan Projections									Trend +/-
	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	
Result for the year	29,635	26,564	25,520	21,095	24,242	25,081	26,506	26,771	28,927	30,010	31,152	+
Adjusted underlying result	(11,740)	10,617	10,591	9,095	12,242	13,081	14,506	14,771	16,927	18,010	19,152	+
Cash and investments balance	128,925	126,900	126,298	119,416	116,724	122,883	127,524	131,829	136,885	140,956	145,127	+
Cash flows from operations	52,889	53,622	58,400	49,375	46,359	56,047	57,977	58,093	61,152	62,629	63,727	+
Capital works expenditure	94,986	55,590	82,793	77,267	34,582	35,428	38,896	39,364	42,831	46,298	47,271	o

Key to forecast trend

- + Forecasts improvement in Council's financial performance/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

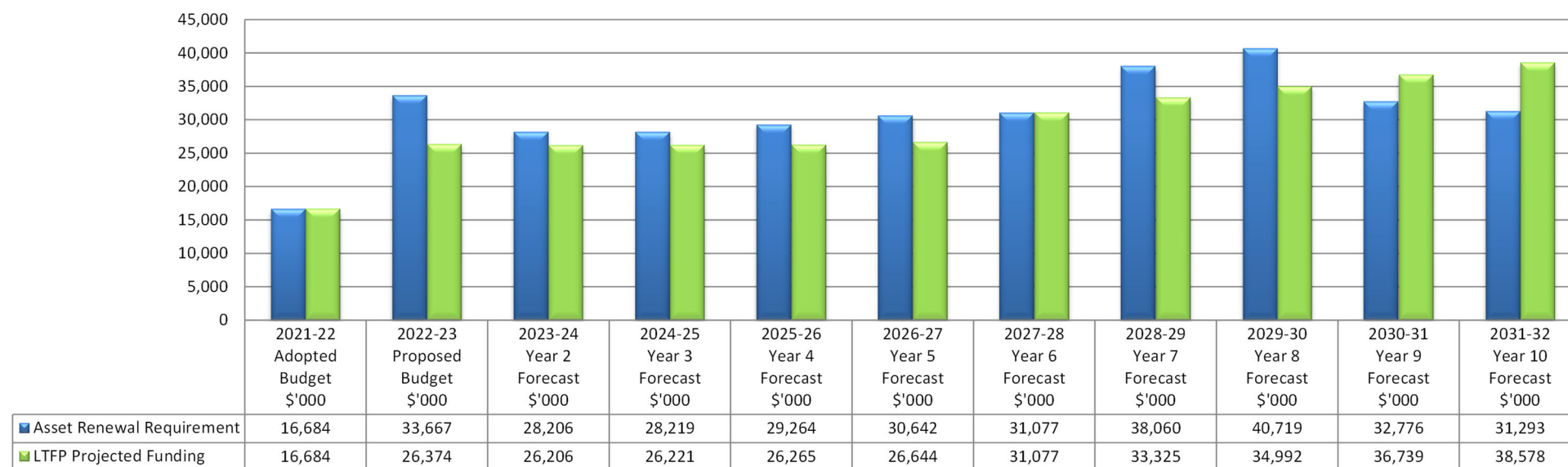
Appendix L – Asset Renewal

Table L1 – Base Renewal Requirements

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33 to 2041-42
	Adopted	Proposed	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Years 11-20
	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
ASSET GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	2,587	4,259	4,316	3,932	5,190	3,952	9,253	15,688	13,090	12,420	8,040	80,140
Plant and equipment	4,295	5,244	4,492	4,519	5,327	5,250	4,222	4,314	4,339	4,425	4,441	46,573
Infrastructure	9,802	24,164	19,398	19,768	18,747	21,440	17,602	18,058	23,290	15,931	18,812	195,376
Total renewal	16,684	33,667	28,206	28,219	29,264	30,642	31,077	38,060	40,719	32,776	31,293	322,089

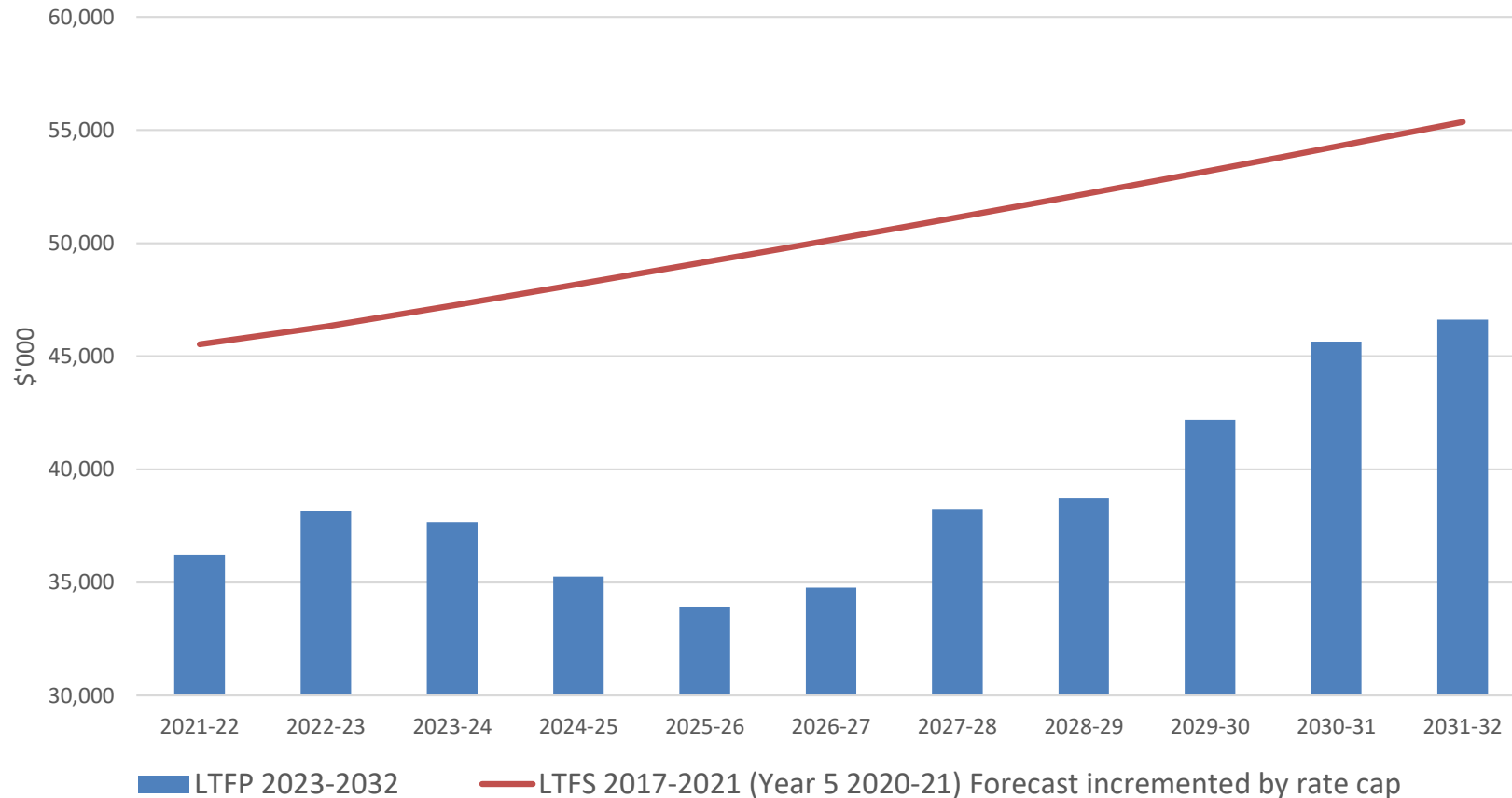
Graph L2 – Asset Renewal Requirements vs LTFP Projected Funding

Asset Renewal Gap 2021-22 - 2031-32



Additional notes regarding the above chart - Council asset renewal funding is not funding all asset renewal requirements. The amounts in this graph may also differ to those presented in the capital works information presented in Appendix F Statement of Capital Works, as the asset renewal requirements disclosed here relates to base renewal funding and does not include renewal amounts relating to foreshadowed major projects.

Appendix M – Capital works funded from operational surplus



Council's capital works funded by operational surplus has been reduced by a number of factors since 2016-17 when rate capping was first introduced, including financing operational costs for new facilities such as Springvale Community Precinct and Greater Dandenong Gallery of Art, rate capped income, COVID-19 losses and now forecast debt servicing costs from new borrowings to part fund major projects (\$69.3 million over the 10 years).

Over the eleven year period in the graph above, this means a total loss of more than \$125 million in capital works funded by the operational surplus.

Appendix N(a) – Operating grant income (recurrent)

	Forecast	Budget	Financial Plan Projections								
	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
(a) Operating grants											
Recurrent											
Commonwealth Government											
Financial Assistance Grant	5,958	12,123	12,124	12,245	12,367	12,491	12,615	12,742	12,869	12,996	13,126
Home and Community Care	6,503	7,171	7,264	7,337	7,410	7,484	7,559	7,634	7,711	7,788	7,866
Family Day Care	4,591	4,341	4,557	4,786	5,025	5,276	5,329	5,382	5,436	5,491	5,546
Family and Children Services	70	90	-	-	-	-	-	-	-	-	-
Community health	21	16	16	16	16	16	17	17	17	17	17
State Government											
Home and Community Care	2,112	2,417	2,205	2,227	2,249	2,272	2,295	2,318	2,341	2,364	2,388
Maternal and Child Health	2,966	2,555	2,605	2,627	2,650	2,673	2,700	2,727	2,754	2,782	2,810
Family and Children Services	2,125	2,245	1,981	841	849	858	866	875	884	893	902
Libraries	1,100	1,063	1,073	1,084	1,095	1,106	1,117	1,128	1,139	1,151	1,162
School crossings	438	459	464	468	473	478	482	487	492	497	502
Education and employment	433	300	350	350	-	-	-	-	-	-	-
Community health	266	260	125	126	128	129	130	132	133	134	136
Emergency management	191	94	94	95	95	96	97	98	99	100	101
Arts and culture	-	10	10	10	10	10	10	10	10	10	11
Total recurrent operating grants	26,774	33,144	32,868	32,212	32,367	32,889	33,217	33,550	33,885	34,223	34,567

Note – The Commonwealth Government Financial Assistance grant is lower in the 2021-22 Forecast due to the early receipt of 50 per cent of the grant funding in the 2020-21 financial year.

Appendix N(b) – Operating grant income (non-recurrent and total)

	Forecast	Budget	Financial Plan Projections								
	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
Non recurrent											
Commonwealth Government											
Family and Children Services	339	343	-	-	-	-	-	-	-	-	-
COVID safety and support	20	-	-	-	-	-	-	-	-	-	-
Libraries	242	-	-	-	-	-	-	-	-	-	-
Family and Children Services	339	343	-	-	-	-	-	-	-	-	-
COVID safety and support	20	-	-	-	-	-	-	-	-	-	-
State Government											
COVID safety and support	1,350	-	-	-	-	-	-	-	-	-	-
Community health	285	41	-	-	-	-	-	-	-	-	-
Environment	367	212	106	-	-	-	-	-	-	-	-
Community safety	340	200	-	-	-	-	-	-	-	-	-
Sports and recreation	50	-	-	-	-	-	-	-	-	-	-
Family and Children Services	80	-	-	-	-	-	-	-	-	-	-
Libraries	91	-	-	-	-	-	-	-	-	-	-
Maternal and Child Health	4	-	-	-	-	-	-	-	-	-	-
Community development	4	-	-	-	-	-	-	-	-	-	-
Total non-recurrent operating grants	3,172	796	106	-	-	-	-	-	-	-	-
Total operating grants	30,305	34,283	32,974	32,212	32,367	32,889	33,217	33,550	33,885	34,223	34,567

Appendix O – Capital grant income (recurrent and non-recurrent)

	Forecast	Budget	Financial Plan Projections									
	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	\$'000
(b) Capital grants												
Recurrent												
Commonwealth Government												
Roads to Recovery	1,515	1,018	816	-	-	-	-	-	-	-	-	-
Total recurrent capital grants	1,515	1,018	816	-	-	-	-	-	-	-	-	-
Non recurrent												
Commonwealth Government												
Local Roads Community Infrastructure Program	7,084	-	-	-	-	-	-	-	-	-	-	-
Black Spot Program	2,807	-	-	-	-	-	-	-	-	-	-	-
Off-Street Car Parks	46	-	-	-	-	-	-	-	-	-	-	-
Parks, Open Space and Streetscapes	38	-	-	-	-	-	-	-	-	-	-	-
State Government												
Buildings	5,943	2,500	-	-	-	-	-	-	-	-	-	-
Parks, Open Space and Streetscapes	4,375	-	-	-	-	-	-	-	-	-	-	-
Recreation, Leisure and Community	2,964	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	200	-	-	-	-	-	-	-	-	-	-	-
Footpaths and Cycleways	39	-	-	-	-	-	-	-	-	-	-	-
Total non-recurrent capital grants	23,496	2,500	-	-	-	-	-	-	-	-	-	-
Total capital grants	25,011	3,518	816	-	-	-	-	-	-	-	-	-

Note re Roads to Recovery - The Commonwealth Government provides Roads to Recovery (R2R) funding to the local government sector. The current R2R program commenced 1 July 2019 and will conclude 30 June 2024. Council's life of program allocation is a confirmed \$5,089,034. Certain conditions must be followed, and annual reports must be submitted.

Appendix P – Parameters

Description	Budget 2022-23	Year 2 2023-24	Year 3 2024-25	Year 4 2025-26	Year 5 2026-27	Year 6 2027-28	Year 7 2028-29	Year 8 2029-30	Year 9 2030-31	Year 10 2031-32
CPI forecast	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Rate revenue cap	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Fees and charges - Council	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and fines - statutory	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Financial Assistance Grants funding	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Grants and subsidies	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Employee costs	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Employee costs (incremental costs)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Electricity	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Street lighting	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Water	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Gas	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Fuel	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Appendix Q – Adjusted underlying result

	Forecast	Budget	Financial Plan Projections								
	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
Operating											
Total income	247,975	237,365	240,957	242,258	248,477	256,681	262,410	268,250	274,305	280,278	286,470
Total expenses	(218,340)	(210,801)	(215,437)	(221,163)	(224,235)	(231,600)	(235,904)	(241,479)	(245,378)	(250,268)	(255,318)
Surplus for the year	29,635	26,564	25,520	21,095	24,242	25,081	26,506	26,771	28,927	30,010	31,152
Less non-operating income and expenditure											
Grants - capital (non-recurrent)	(23,496)	(2,500)	-	-	-	-	-	-	-	-	-
Contributions - non-monetary	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Capital contributions - other sources	(7,879)	(3,447)	(4,929)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Adjusted underlying surplus (deficit)	(11,740)	10,617	10,591	9,095	12,242	13,081	14,506	14,771	16,927	18,010	19,152