

# Long Term Financial Plan 2023-24– 2032-33

PROPOSED



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## 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:

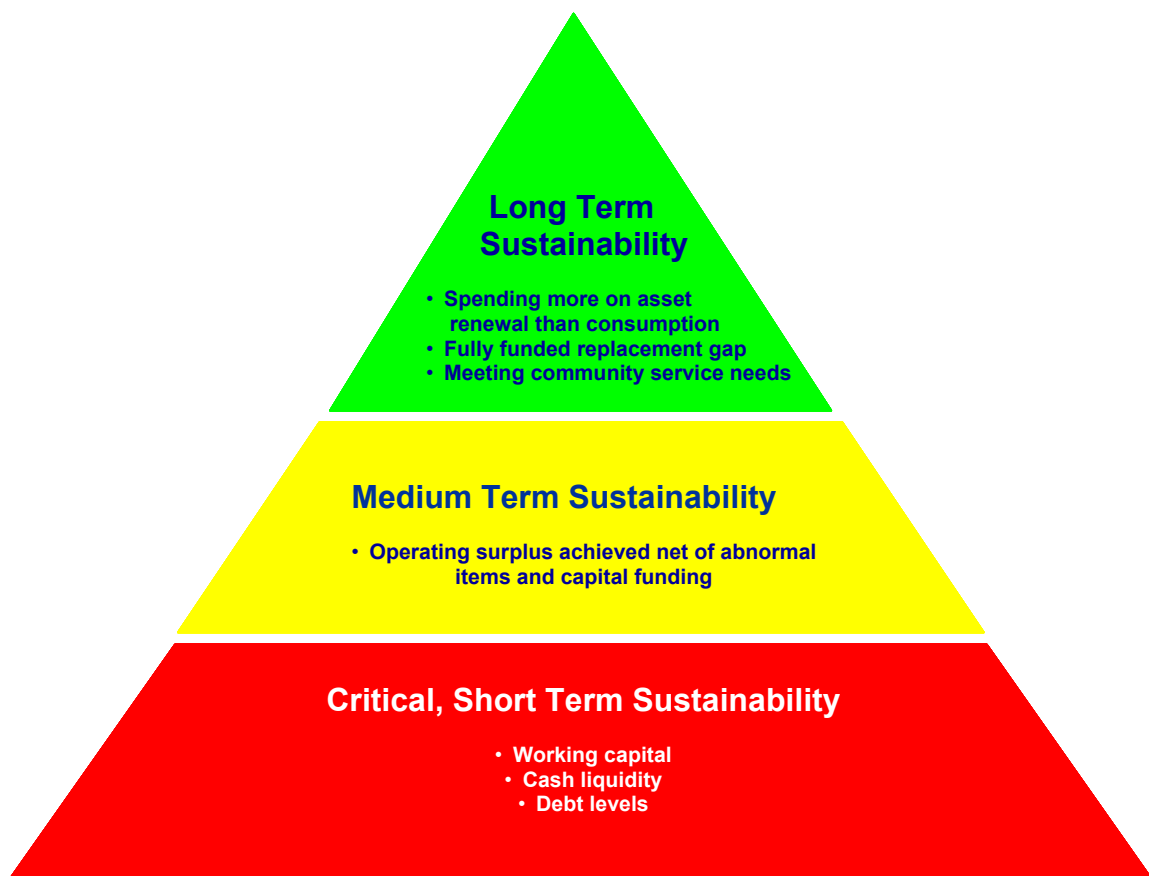


## Objectives of the Long-Term Financial Plan

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 and rising construction 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.

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## Key financial issues and challenges

The following is an annual update of the City of Greater Dandenong's 10-year Long Term Financial Plan (LTFP) reviewed and prepared during a period of continued uncertainty influenced by many factors.

Forecasting economic long-term Indicators is a challenge in any year, and in this update of LTFP the impacts of rising inflation, fuel prices, interest rates, cost of living pressure on the community and Council services have been considered and will continue to be closely monitored. This LTFP has been developed on the most current and best available information and assumptions but is subject to change due to the ebbs and flows of our economic environment.

The financial landscape which we are operating in has been constantly changing. There has been an unprecedented era of financial challenge across local government. A devastating pandemic has had an enormous financial impact and a lasting one. This remains a risk but has been in effect superseded by the cost of living and inflationary pressures which will challenge Council's financial position and longer-term financial sustainability. These external factors will have a significant impact on Council's finances for several years as we see increase demand for our services and increases in the costs of providing them. Like many households and businesses, council faces increased energy and construction costs, rising costs of pay for our staff and widespread skills shortages.

The current economic conditions have also increased interest rates. The cost of new borrowing will be higher, conversely Council is now earning higher investment returns on its cash balances. Council's existing borrowing is on fixed rates over a flat maturity profile so there are no pressures on existing debt. However, Council forecasts to undertake significant borrowings over the next four years (\$74.97 million) to support the delivery of three very important strategic major projects – Keysborough South Community Hub, Dandenong Wellbeing Centre, and the new Dandenong Community Hub. Interest rates are rising fast at this moment and are expected to rise further through the life of this plan, which may result in a revision of borrowing capacity or further reductions to Council's annual capital program to service debt.

Forecast new borrowings in the Financial Plan will take Council's total level of indebtedness from \$49.78 million forecast June 2023 to \$104 million by June 2027. Council's indebtedness to rates ratio remains within prudential limits. Related to this outcome, a further \$7.2 million will be required to be diverted annually from current capital spending to fund the additional debt redemption and interest costs. In addition to the cost of repaying and servicing debt is the cost of operating these new facilities once built. Preliminary estimates of operating the Keysborough South and Dandenong Community Hub are \$1.8 million and \$1.3 million respectively (at this early point but may be higher). Once again, these increased costs can only come from one source which is a reduction in capital expenditure funded from rates.

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.

Council assumes overall service levels will remain unchanged throughout the 10-year forward projection period. To maintain financial sustainability in the face of the above challenges, Council will need to fundamentally 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. Council will need to continually assess the performance and future for current services to understand whether they are relevant and whether Council needs to continue them or whether there is a role for an alternative delivery model.

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Council recognises that financial stability and sustainability is one of the highest and most pressing priorities and challenges facing the City of Greater Dandenong Council. The key challenge over the next decade will be keeping rates affordable by meeting the rate cap as pressure on other revenue sources combine with key service and construction costs growing quicker than the rate cap. Own source income options will also need to be examined as opportunities that have potential to support the ongoing financial sustainability of Council.

Council is projecting a strong capital works program over the LTFP period forecasting to spend nearly \$550 million investing in important buildings and projects, as well as renewing the significant existing community and infrastructure asset base.

At present, Council is in a healthy financial position and the financial outlook for Council remains steady, but this will be challenged by the current volatile economic environment and the significant investment in key strategic projects ahead.

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## Key outcomes of this LTFP

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 four years of the LTFP whilst also navigating rising construction costs and the ebbs and flows in the economic environment:

- Keysborough South Community Hub (\$22.1 million)
- Dandenong Wellbeing Centre (redevelopment of Dandenong Oasis \$98.4 million)
- Dandenong Community Hub (\$30 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, there have been several changes to the previous model, and these are detailed below.

### ***Dandenong Wellbeing Centre (DWC)***

- Total revised cost estimate for the Dandenong Wellbeing Centre (DWC) from the previous \$87 million to \$98 million (\$95 million forecast over the 2023-24 to 2025-26 financial years).
- Grant funding under the Priority Community Infrastructure Program (PCIP) has been identified for DWC. This program delivers the Government's 2022 election commitments for community infrastructure commitments announced by the former Government during the 2022 Pre-Election Fiscal and Economic Outlook. A \$17.7 million assumption has been factored in over the financial years 2024-25 and 2025-26. An application for this funding is currently in progress and has yet to receive final funding approval. Should grant funding be unsuccessful, alternate funding sources or revised scope maybe required.
- Pending approval of the grant funding noted above, the forecast level of borrowings required to part fund this major project has been reduced to \$48.85 million (previously \$55.60 million).

### ***Keysborough South Community Hub (KSCH)***

- \$6.12 million of new borrowings, originally budgeted in 2021-22 and then subsequently deferred to 2022-23, have now been scheduled for 2023-24 to part fund the construction of the Keysborough South Community Hub.
- Total project cost \$22.63 million (\$19.15 million forecast over the 2023-24 to 2024-25 financial years) and are based on final tender outcomes.

### ***Dandenong Community Hub (DCH)***

- Forecast estimate of \$30 million with majority of the expenditures split over the 2025-26 and 2027 financial years.
- The 2022-23 and 2023-24 forecast provides \$2 million for the detailed design and documentation stage. This will be part funded from the major project reserve (\$1.10 million and rates funding of \$930,000).
- This LTFP also includes \$20 million in borrowings for the proposed Dandenong Community Hub split evenly over the 2025-26 and 2026-27 financial years, with the remaining funding source from rates (proposed expenditures occurring over 2025-26 to 2026-27).

Overall, the proposed reduction in borrowings and extended borrowing terms for Dandenong Wellbeing Centre, offset by an increase in the amount of borrowings for Dandenong Community Hub, this LTFP model has slightly lower debt repayment and interest costs than in the previous version of the LTFP. It continues to remain important

that the indebtedness to rates prudential debt ratio is just above 57 per cent at its peak in 2027 and returns this ratio to below 40 per cent by 2031.

These three projects encompass estimated borrowings of \$74.97 million to be drawn down over 2023-24 to 2026-27 (detailed below).

	Forecast	Budget	Projections		
	2022-23	2023-24	2024-25	2025-26	2026-27
	'000	'000	'000	'000	'000
<b>ALL BORROWINGS</b>					
Opening balance	53,263	49,779	52,186	84,764	101,040
Loan proceeds	-	6,120	37,000	21,850	10,000
Principal repayments	(3,484)	(3,713)	(4,421)	(5,575)	(6,802)
<b>Closing balance of borrowings</b>	<b>49,779</b>	<b>52,186</b>	<b>84,764</b>	<b>101,040</b>	<b>104,237</b>

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 \$1.8 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 \$1.3 million per year from 2026 (details on how these are funded explained further down). Both are estimates only and are likely to be higher.

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. 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 \$25.78 million as a funding source over the 2023-24 to 2025-26 financial years (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 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 significant new borrowings but also by reductions to fund additional debt servicing costs and operational costs associated with new facilities (Keysborough South Community Hub and Dandenong Community Hub).

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.

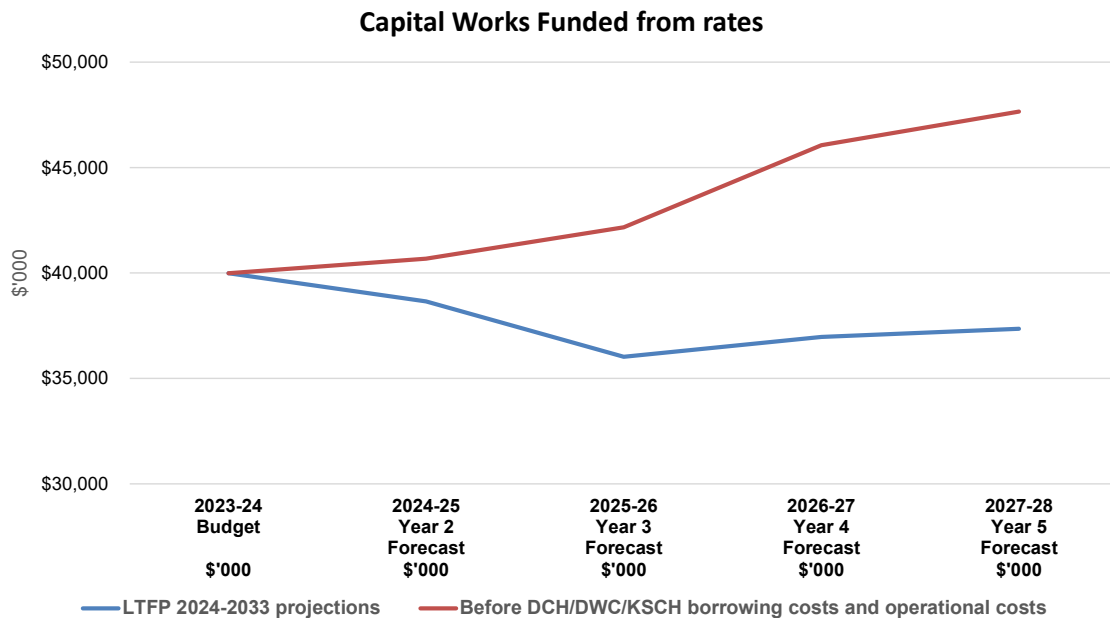


Over the LTFP ten-year period, the capital expenditure funded from rates has been reduced by a total of \$80.2 million over the life of the LTFP to fund:

- \$55.8 million in borrowing costs associated with Dandenong Wellbeing Centre (DWC) and Dandenong Community Hub (DCH), and
- \$15.4 million in operational costs associated with the Keysborough South Community Hub (KSCH).

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 and KSCH. 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 start at \$2 million in 2024-25 and grow to over \$10 million annually from 2027-28 to 2032-33.

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 \$27.6 million in the first five years reaching \$80.2 million in total over the life of the LTFP. Future consideration of other priority capital projects will be heavily restricted until at least 2029-30.

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 2022 the Minister for Local Government announced that Victorian council rate rises would be capped at the forecast rate 3.50 per cent in the 2023-24 financial year. This was below the Essential Services Commission recommendation of forecast CPI of 4 per cent. A conservative forecast rate increase of 2 per cent is assumed for the remaining years of the LTFP.

Forecast rate increases

Description	Budget 2023-24	Projections				
		Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Years 6-10 2029-2033
CPI forecast	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%
Rate revenue cap	3.50%	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 Dandenong Wellbeing Centre), rate capping presents a significant challenge to Council's longer term financial sustainability.

Rate capping will continue to hurt Council in the coming years. The impacts are occurring across three fronts which are:

- Employee costs
- Rising costs of materials and services
- Government restriction on the cap increase

*Employee costs*

Employee cost increases represent the largest component of Council's expenditure (average 51 per cent excluding depreciation/amortisation expense). Council's Enterprise Agreement (EA) 2022 is currently subject to Fair Work Commission approval and will take effect 1 July 2022. This agreement provides for a 3.50 per cent increase (consistent with the rate cap) in 2023-24.

For the last Enterprise Agreement, Council was able to tie annual EA increases to the rate cap but with a minimum floor level increase of 2.25 per cent. With the rate cap falling at 2 per cent and below in the last three years, this has immediately created pressure on Council budgets given the current EA offer for Year 1 (or from 1 July 2022) is 2.25 per cent. It also needs to be kept in mind the EA is not the only source of increased wage costs, with annual employee movements along the banding structures equating to a 0.5-0.7 per cent increase per annum and Council now paying an additional 0.5 per cent per annum in superannuation increases.

Council is heavily reliant on rate revenue for income growth with on average 70 per cent of its income from this source. In terms of Council's net operating surplus outcome, there is a strong connection between the percentage increase in Council rates to the percentage increase in employee costs on an annual basis.

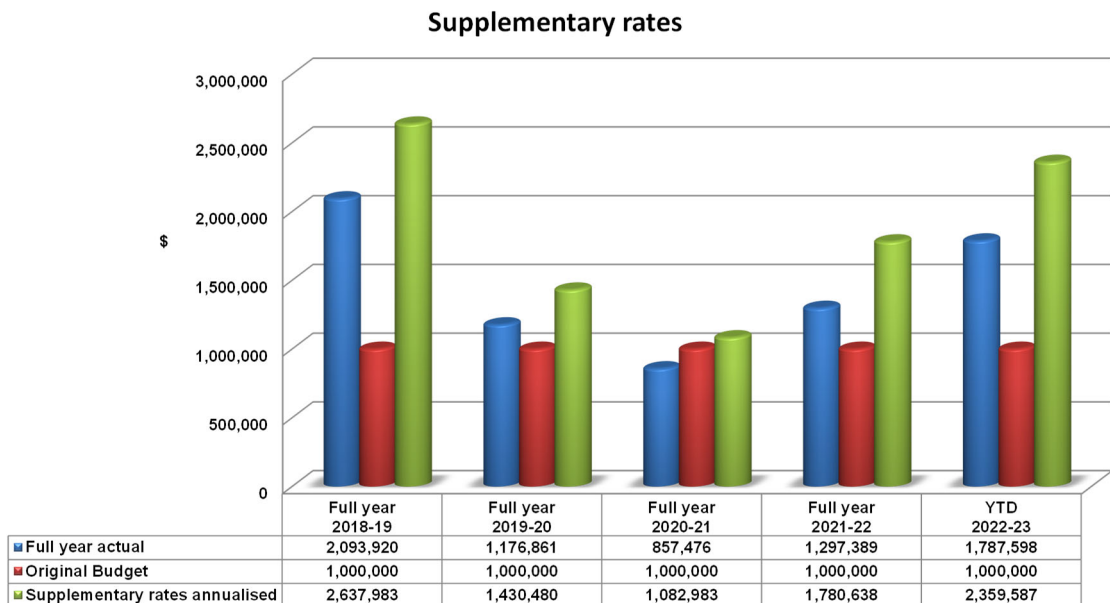
*Rising costs of materials and services*

Over the past twelve months there has been a sharp increase in the cost of both the delivery of capital works and across all Council materials and services essential to delivering operational services. Rising fuel prices and the cost of associated goods have been directly passed onto Council by suppliers. Council has had difficulties not only sourcing contractors for works at a competitive price but also supporting existing contractors who are unable to deliver ongoing services at agreed tender prices and remain economically viable.

In addition to employee costs, this has placed increased pressure on Council budgets.

Supplementary rates

There was significant supplementary rate growth six to eight years ago. However, this dropped significantly, particularly in the three-year period 2019-20 to 2021-22 during the pandemic. Forecast 2022-23 supplementary rates have shown an improvement as activity levels have lifted. The graph below depicts the up and down trends experienced by supplementary rates over recent years.



While the annual decision on rates has a material impact on Council's finances, the growth in the overall rate base through supplementary rates has been of significant importance. 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 690 over the five-year period.

Now with sharp increases in interest rates curtailing private lending and equally sharp increases in building costs, these impacts on supplementary rates are likely to linger for some years to come. Supplementary rate growth across the LTFP is not expected to be significant, putting more pressure on Council forecasts.

At present the forecast in the Long-Term Financial Plan is for revenue from supplementary rates to remain quite flat around the \$1 million per year mark. Should supplementary rate revenue spike again like it did in the period around 2016, this would have a major influence on Council's rating base.

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Council is aware of the proposed major redevelopment by Capital Alliance of the Little India Precinct (approximately \$700 million) and new directions that are proposed in terms of the Dandenong Plaza.

Whilst many years away, the potential redevelopment of Sandown (in whole or part) would also have a very significant and favourable impact on Council's rate base.

### Summary key challenges

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 \$55.75 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 (average of \$1.8 million per annum) and Dandenong Community Hub (average of \$1.3 million per annum) have been factored into this LTFP revision funded by a reduction in capital works funded by operational surplus. Estimates only and will likely be higher.
- Rising construction costs are a key risk given the City of Greater Dandenong's significant capital works program.
- Another key risk to Council's future LTFP is interest rates – although it is noted that interest rates have both a positive and negative impact for Council. Higher interest rates represent greater investment returns but also a higher cost of borrowing funds. Council's future new borrowings have been modelled using a conservative estimate of interest rates at current levels and will be closely monitored.
- Increases for employee costs reflect the salary increase for all staff pursuant to Council's Enterprise Bargaining Agreement. The increase in the Superannuation Guarantee of 0.5 percent each year through to 2025-26 has been factored in to the employee cost increases. No provision or allowance has been made for any call from the Defined Benefits fund.
- The investment pool available for Financial Assistance (FA) grant funding to councils via the Victorian Local Government Grants Commission has over the last three years has averaged a marginal 0.53 per cent increase per annum. This does not match the cost increases at CPI or higher, creating a funding gap between this major income source for Council and operating costs. No movement has been forecast in FA grant funding for the first two years of the LTFP and a conservative increase of 1 per cent has been assumed for each year thereafter.

Service levels

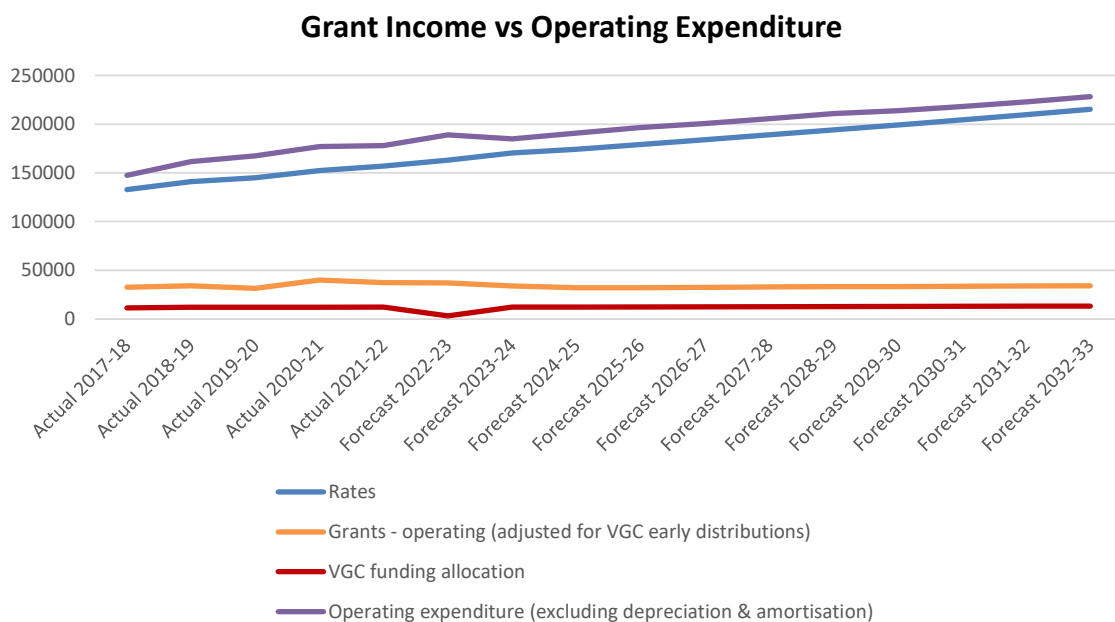
To maintain financial sustainability in the face of the above challenges, Council needs to continually review its approach to service delivery. Council will need to assess what levels of services can be provided for a given maximum rate rise under rate capping. The primary outcome from the LTFP is the 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)) continue to 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 orange line in the following graph shows the trend of the prior five year’s actual operating grant income and rate 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 red line depicts the anticipated level of Financial Assistance grant funding which also has very slow growth. By contrast, the purple line is Council’s operational expenditure excluding depreciation and amortisation which shows an increasing trend across the life of the LTFP. The blue line represents rate income which is forecast to increase at a similar rate to operating expenditure, however, prior year actuals show that costs have actually increased more than rate income. 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 receipt of Financial Assistance Grant allocations distributed in advance of the financial year to which the allocation relates to avoid any distortion by the timing of these grant payments.*

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## 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 gym 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 remaining is estimated to cost around \$22 million (tender outcome).

The 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 \$6.46 million (including \$2.23 million transferred to Council's DCP Reserve).
- In 2023-24, Council will draw down \$6.12 million in borrowings. These are not new borrowings, originally approved in the 2021-22 budget from the State Government's Community Infrastructure Loan Scheme, subsequently deferred to 2022-23 and are now proposed to be drawn down in the 2023-24 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.
- \$7.13 million transferred from Council's reserves consisting of \$4.56 million from the Major Projects Reserve and the \$2.23 million contribution mentioned in the first dot point above.

### *Dandenong Wellbeing Centre (DWC) – Redevelopment of Dandenong Oasis*

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.

The new centre (currently known as the 'Dandenong Wellbeing Centre') will include a broad range of facilities, as determined by the Aquatic Strategy and refined through subsequent community and stakeholder engagement.

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 existing 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.

This project has been identified to receive grant funding under the Priority Community Infrastructure Program (PCIP). This program delivers the Government's 2022 election commitments for community infrastructure commitments announced by the former Government during the 2022 Pre-Election Fiscal and Economic Outlook. A \$17.7 million assumption has been factored in over the financial years 2024-25 and 2025-26. An application for this funding is currently in progress and is not yet approved.

The remaining construction costs of the centre are estimated at \$95.17 million. The design of the Dandenong Wellbeing Centre was endorsed by Council in February 2022. Construction is proposed to commence in mid 2024 and be completed by mid to late 2026.

The project will be funded from a number of sources:

- Borrowings of \$48.85 million (\$37 million in 2024-25) and (\$11.85 million 2025-26).
- \$20.17 million transferred from Council's Major Projects reserve.
- Assumption of Federal Government grant funding of \$17.7 million through the PCIP.
- The remaining \$8.4 million will be required to be funded by Council rates.

#### *Dandenong Community Hub*

Greater Dandenong City Council is planning for a community hub in central Dandenong. 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. Further community engagement and consultation on the site and draft concept design occurred 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.

A business plan and draft concept designs for the Community Hub in central Dandenong were completed and presented to Council on 6 December 2021. To support the development of the business case and draft concept designs, Council engaged Croxon Ramsey, a Melbourne based architecture firm, who undertook the project in partnership with Outside of the Square Creative Consulting, a specialist consultation and engagement practice also based in Melbourne.

On 21 March 2022 Council requested alternative building layout models and associated costs for the preferred site to be undertaken. Three models were recently presented to Council and a community consultation phase requested.

Detailed design and documentation stage and further community consultation are expected to occur in 2023-24 with construction foreshadowed over the 2025-26 and 2026-27 financial years (subject to funding).

This project is anticipated to cost around \$30 million which is proposed to be funded as follows:

- \$20 million in new borrowings split evenly over 2025-26 and 2026-27.
- \$1.11 million transferred from Council's Major Projects reserve.
- The remaining \$8.9 million will be required to be funded by Council rates.

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### *Ongoing Capital Development and Future Major projects*

Whilst funding for 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, the ability to make major decisions on new infrastructure will be very limited for several years to come as Council invests more than \$150 million in three very important strategic projects over the next four years.

### *Summary of 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 CPI (or less than CPI as is the case with the 2023-24 rate cap) 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 reduction in capital works to fund new major 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 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 \$36.97 million in 2026-27 to \$45.56 million in 2032-33 (*noting that this may be subject to future reductions due to the impacts of rate capping and/or final major project cost outcomes*).
- Funding for asset renewal ranging from \$28 million to \$40 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 final major project cost outcomes*).
- 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 2023-24 (*noting that this is subject to future review*).

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

- A rate increase of 3.50 per cent for the 2023-24 financial year as directed by the Minister for Local Government. Future projections of 2 percent thereafter have 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 of \$74.97 million over the first four years of the LTFP to be drawn down in tranches to part fund major capital works projects.

In summary, the 2023-24 to 2032-33 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"> <li>That Council revise its 10-year forward financial plan on an annual basis.</li> <li>That Council maintains an underlying operational surplus (in the Income Statement) prior to the recognition of capital income over the life of the LTFP.</li> <li>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</i>).</li> <li>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.</li> </ol>
Capital works strategy and Asset Management	<ol style="list-style-type: none"> <li>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 \$80.21 million in order fund new infrastructure over the life of the LTFP.</li> <li>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.</li> </ol>
Borrowing strategy	<ol style="list-style-type: none"> <li>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).</li> <li>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.</li> </ol>

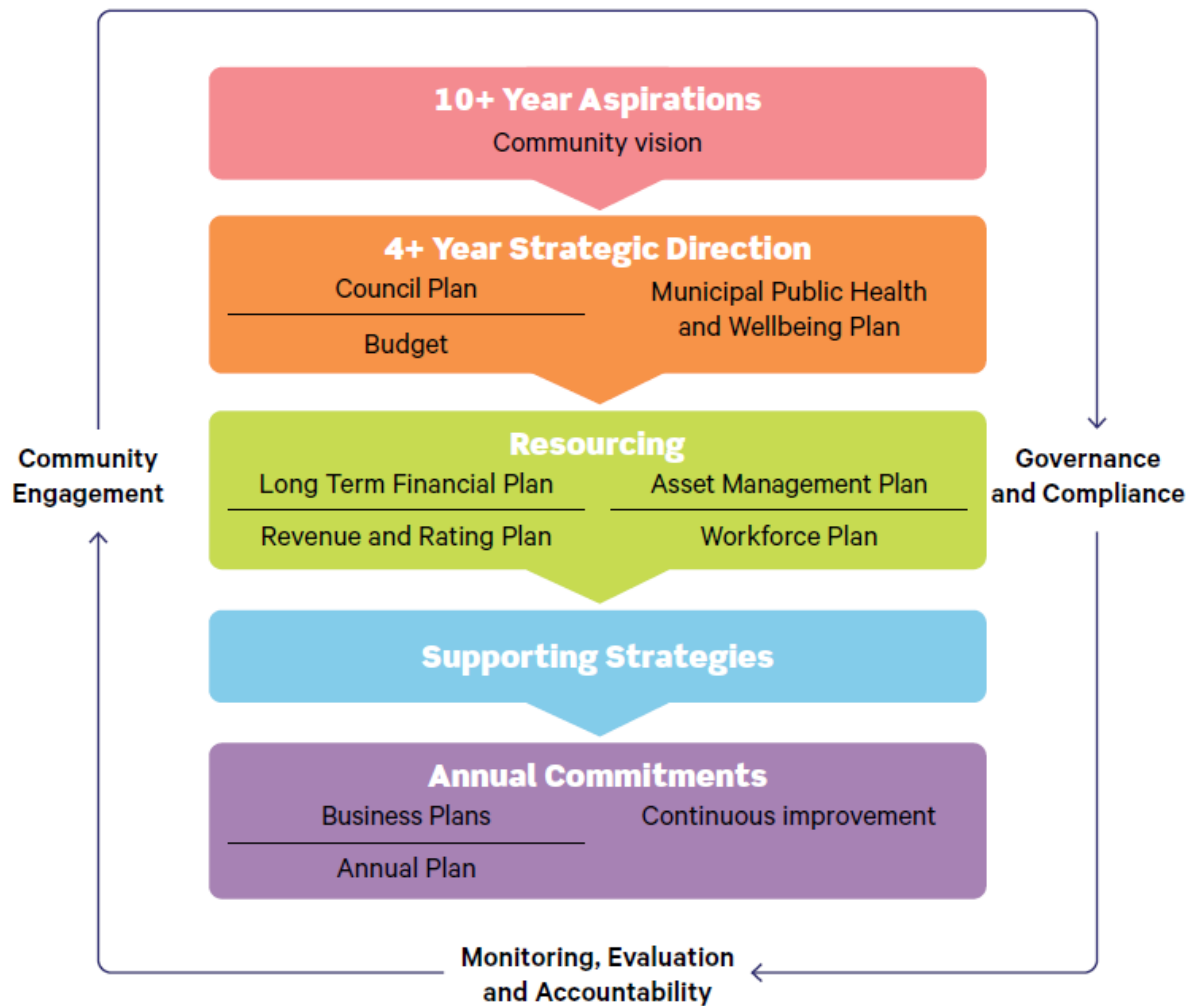
## Link between LTFP and Council’s Planning Framework

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 2024-2033.

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.

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## 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.

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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 annual update of the 10-year plan 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*.

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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).

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## Financial Plan inputs and assumptions

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

<i>Appendix</i>	<i>Financial Statement</i>
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. Commentary is also provided on the information relayed by the Statements and what they mean for Council.

The base point used for modelling has been the original 2022-23 Budget.

### *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 Team continues to seek further operational efficiencies and continuous improvement on an ongoing basis.

## Assumptions to the Financial Plan Statements

This section presents information regarding the assumptions to the Comprehensive Income Statement for the 10 years from 2023-24 to 2032-33. The below table highlights the broad escalation percentages in respect of key areas.

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. Certain accounts were coded for manual adjustment (or zero increase) rather than broad percentage increases (e.g. non recurrent grant income, contributions and election income 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.

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

Description	Budget 2023-24	Projections					
		Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Years 7-10 2030-2033
CPI forecast	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%
Rate revenue cap	3.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Fees and charges - Council	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%
Fees and fines - statutory	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Financial Assistance Grants	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Grants operating	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Grants capital	<i>Based on committed funding</i>						
Contributions monetary	<i>Based on committed funding</i>						
Contributions non monetary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employee costs	3.50%	2.25%	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%
Materials and services general	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%
Electricity	5.00%	5.00%	5.00%	2.50%	2.50%	2.50%	2.50%
Water	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%
Gas	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%
Insurance	15.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Depreciation and amortisation	<i>Based on level of expenditure</i>						
Other expenses	3.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Consumer Price Index (CPI) is forecast to be 3.50 per cent for the 2023-24 year. CPI is assumed to drop to 3 per cent in 2024-25 and 2025-26 and further decrease to 2.00 per cent in the years thereafter. The Budget will continue to be reviewed on an annual basis to address changes to the underlying assumptions as the economy enters a very disruptive era of “inflationary pressures and uncertainty”.



## 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 2023-24 and likely trend in these figures in the shorter term.

	Budget 2023-24 \$'000	Forecast 2024-25 \$'000	Forecast 2025-26 \$'000
<b>Income</b>			
Rates and charges	170,372	174,181	179,052
Statutory fees and fines	10,865	11,131	11,455
User fees	9,214	9,943	10,301
Grants - operating	33,824	32,177	31,961
Grants - capital	5,316	12,000	5,700
Contributions - monetary	2,000	7,580	2,000
Contributions - non-monetary	7,500	7,500	7,500
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	746	741	746
Other income	8,265	7,386	7,382
<b>Total income</b>	<b>248,102</b>	<b>262,639</b>	<b>256,097</b>

### 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.

	Actual	Budget 2023-24 \$'000	Financial Plan Projections		
	Forecast		2024-25	2025-26	2026-27
	2022-23 \$'000		\$'000	\$'000	\$'000
General rates	134,101	141,238	145,060	149,185	153,393
Supplementary rates	1,788	1,000	1,000	1,000	1,000
Waste charges	24,958	26,548	26,455	27,201	27,853
Keysborough Maintenance Levy	1,697	1,700	1,700	1,700	1,700
Interest on rates	802	39	89	89	89
<i>Less rates abandoned</i>	<i>(161)</i>	<i>(153)</i>	<i>(123)</i>	<i>(123)</i>	<i>(123)</i>
<b>Total rates and charges</b>	<b>163,185</b>	<b>170,372</b>	<b>174,181</b>	<b>179,052</b>	<b>183,912</b>

The rate revenue cap for the 2023-24 year is 3.50 per cent as directed by the Minister Local Government. The remaining years are forecast at 2 per cent. In addition, it is expected that over the life of the plan, a further \$1 million per annum will be received for growth (additional properties) because of supplementary rates.

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 2.6 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. At present, whilst there is currently a surplus when annual revenue from the levy is directly compared with the associated annual expenditure, by the forecast year 2028-29, the maintenance costs for the entire estate will exceed the revenue from the levy.

#### *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 2 per cent across the LTFP. These increments mainly factor in assumed volume increases, as the fee amounts are set by Commonwealth or State Governments. Statutory fees are set by legislation and are frequently not indexed on an annual basis

Discretionary fees, on the other hand, have been indexed at 3.50 per cent in 2023-24, 3.00 per cent in 2024-25 and 2025-26 and 2.50 per cent thereafter. Fees and charges increases are closely aligned to labour cost increases as most services provided by Council have a significant labour component.

Council has reviewed fees in detail to determine accepted pricing principles and set levels that fully recover the cost of providing the service unless the overriding policy is in favour of subsidisation. In addition, considerations of community factors are required such as encouraging use of a service and ability to pay. Therefore, fees have been adjusted based on this methodology rather than a blanket increase. Discretionary fees include the hire of Council's many building, sports, and recreational facilities.

#### *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 \$33.94 million (2022-23 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. Grants have been budgeted with a conservative economic outlook at 1 per cent. The Financial Assistance grant funding parameter has not been incremented in the first two years. Thereafter it has been conservatively increased by 1 per cent. This grant allocation 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.

This low increase in grant revenue is to manage cost-shifting that is likely to occur on an annual basis with grants seldom increasing at an equivalent rate to the cost of providing the subsidised services.

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.

Capital grants have been forecast in conjunction with the estimates provided on specific capital projects. For the 2023-24 Budget, \$816,432 from the Commonwealth Government under the Roads to Recovery Program towards local roads is forecast. The current Roads to Recovery Program ends on 30 June 2024.

The significant major project Dandenong Wellbeing Centre (DWC) has been identified to receive grant funding under the Priority Community Infrastructure Program (PCIP). This program delivers the Government's 2022 election commitments for community infrastructure commitments announced by the former Government during the 2022 Pre-Election Fiscal and Economic Outlook. A \$17.7 million assumption has been factored in over the financial years 2024-25 and 2025-26. An application for this funding is currently in progress and has not yet been formally approved.

Council was also successful in receiving two State Government grants relating to Keysborough South Community Hub - \$3 million in funding under the Building Blocks - Capacity Program and \$1 million Local Government Victoria Living Libraries Infrastructure Grant. A total of \$2.5 million is budgeted to be received in the 2023-24 year.

There are no further capital grants able to be forecast with certainty over the life of the LTFP.

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

#### *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 receive '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 represented one of Council’s greatest financial impacts from the pandemic. More recently, the interest return on investments has seen a massive turnaround with several consecutive interest rate rises.

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. Interest income is estimated to average around \$2.50 million per annum over the ten years of the LTFP 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 2023-24 and likely trend in these figures in the shorter term.

	Budget 2023-24 \$'000	Forecast 2024-25 \$'000	Forecast 2025-26 \$'000
<b>Expenses</b>			
Employee costs	95,009	97,373	100,218
Materials and services	80,369	81,536	83,575
Depreciation	33,601	34,273	34,959
Amortisation - intangible assets	-	-	-
Amortisation - right of use assets	598	598	598
Bad and doubtful debts	2,245	2,357	2,475
Borrowing costs	2,698	3,913	5,633
Finance costs - leases	22	22	22
Other expenses	4,476	5,388	4,487
<b>Total expenses</b>	<b>219,018</b>	<b>225,460</b>	<b>231,967</b>

*Employee costs*

Increases for employee costs reflect the salary increase for all staff pursuant to Council’s Enterprise Bargaining Agreement. A new Enterprise Agreement 2022 is currently subject to Fair Work Commission approval. This Financial Plan has been developed on subsequent increases being linked to the rate cap (with the exception of 2024-25 being 2.25% or the declared rate cap whichever is greater).

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.

The increase in the Superannuation Guarantee of 0.5 percent each year through to 2025-26 has been factored in to the employee cost increases (11 per cent in 2023-24 growing to 12 per cent by 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

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at that point. No provision or allowance has been made for any call from the Defined Benefits fund.

The cost of provision of Council services is very heavily based on labour costs which account for approximately 51 per cent of total adjusted operational spending (excl depreciation and amortisation).

#### *Materials and services*

Council has significant ongoing contracts for delivery of services such as waste management, maintenance and repairs of Council buildings, roads, drains, footpaths, parks, and gardens. Increases across these are more governed by market forces based on availability than CPI. All these contracts are negotiated at near CPI levels as far as possible.

Council also utilises external expertise on a range of matters, including legal services and audit. Other associated costs included under this category are utilities, materials, and consumable items for a range of services and Council's payments to family day carers. These costs are kept to within CPI levels year on year.

General materials and services excluding utility costs are expected to increase by CPI (3.50 per cent in 2023-24, 3.00 in the following two years and 2.00 per cent for the remainder of the LTFP). Outside of the broad parameters, there have been several manually assessed items in this area, including election expenses, insurance costs and waste costs. Electricity and gas market expectations indicate a stable increase of 3-5 per cent. These costs will be closely monitored.

The broad assumption in materials and services is for an increase matching the forecast CPI (3.50 per cent in 2023-24, 3.00 in the following two years and 2.00 per cent for the remainder of the LTFP). 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.

#### *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.

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#### *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 borrowing costs (interest). Council's projected loan indebtedness at 30 June 2023 is \$49.78 million.

Interest on borrowings is forecast at \$2.70 million in 2023-24. These costs are estimated to increase to over \$6.3 million in 2026-27, reflecting the \$74.97 million in proposed new borrowings to be drawn down over the first four 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 (Dandenong Wellbeing Centre) 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 2023-24 \$'000	Forecast 2024-25 \$'000	Forecast 2025-26 \$'000
<b>Net operating result</b>	<b>29,084</b>	<b>37,179</b>	<b>24,130</b>
<b>Add (less) cash costs not included in operating result</b>			
Capital expenditure	58,331	109,218	73,955
Loan repayments	3,713	4,421	5,575
Loan proceeds	(6,120)	(37,000)	(21,850)
Repayment of lease liabilities	711	710	710
Transfer from reserves	(9,440)	(18,602)	(13,130)
Transfer to reserves	8,842	6,055	7,181
<b>Sub total</b>	<b>56,037</b>	<b>64,802</b>	<b>52,441</b>
<b>Add (less) non-cash costs included in operating result</b>			
Depreciation	33,601	34,273	34,959
Amortisation - right of use assets	598	598	598
Amortisation - intangible assets	-	-	-
Written down value of assets sold	254	252	254
Contributions - non-monetary	(7,500)	(7,500)	(7,500)
<b>Sub total</b>	<b>26,953</b>	<b>27,623</b>	<b>28,311</b>
<b>Surplus (deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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 \$3.71 million in the first year of this LTFP, climbing to over \$8 million in 2028-29. This is as a result of proposed new borrowings in the first four years totalling \$74.97 million, in order to fund three of Council's major capital projects (Keysborough South Community Hub, the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre) and construction of the new Dandenong Community Hub).

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### *Loan proceeds*

Proposed loan borrowing proceeds are forecast as follows:

- \$6.12 million in 2023-24 to part fund the Keysborough South Community Hub major project sought via the Community Infrastructure Loans Scheme (CILS) which was introduced to support councils in delivering critical infrastructure to communities across the state. Council received a successful application which its aim is to achieve savings through accessing a low-interest loan via an interest rate subsidy from the Victorian Government.
- Proposed loan borrowing proceeds of \$37 million in 2024-25 and \$11.85 million in 2025-26 to part fund significant infrastructure works in relation to the redevelopment of Dandenong Oasis (construction of Dandenong Wellbeing Centre).
- Proposed loan borrowing proceeds of \$10 million in 2025-26 and \$10 million in 2026-27 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 \$58 million, \$109 million and \$74 million due to several major projects including the Keysborough South Community Hub, the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre) and the proposed construction of the Dandenong Community Hub. These increases have mainly been funded from new borrowings, reserves, grants and a reduction in capital investment to fund debt servicing and operational costs.
- Capital works expenditure funded from the operational surplus represents \$40 million on average over the life of the LTFP, increasing from \$39.99 million in 2023-24 to over \$45 million in the final two years 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	Forecast	Forecast
	2023-24	2024-25	2025-26
	\$'000	\$'000	\$'000
<b>Assets</b>			
Total current assets	179,345	177,719	167,300
Total non-current assets	2,535,486	2,617,781	2,664,125
<b>Total assets</b>	<b>2,714,831</b>	<b>2,795,500</b>	<b>2,831,425</b>
<b>Liabilities</b>			
Total current liabilities	110,878	122,951	119,801
Total non-current liabilities	52,686	84,103	99,048
<b>Total liabilities</b>	<b>163,564</b>	<b>207,054</b>	<b>218,849</b>
<b>Net assets</b>	<b>2,551,267</b>	<b>2,588,446</b>	<b>2,612,576</b>
<b>Total equity</b>	<b>2,551,267</b>	<b>2,588,446</b>	<b>2,612,576</b>

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 1.62 in 2023-24 and 1.48 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. Outstanding rates are steady but are projected to increase due to a less legalistic approach to debt recovery proposed by legislative changes - *Local Government Legislation Amendment (Rating and Other Matters) Bill 2022*.

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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. 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.

*Unearned income*

Represents income not yet earned 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. The largest component is amounts received from developers relating to the Development Contribution Plans (DCP) where levies are held as a surety for the construction of DCP infrastructure. Upon completion of the infrastructure, Council will refund the developer or offset this against developer levies owed.

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*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"> <li>1. That Council revise its ten-year forward financial plan on an annual basis.</li> <li>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.</li> <li>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</i>).</li> <li>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.</li> </ol>

## 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.

Capital expenditure funding sources	Budget	Projections			
	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	2027-28 \$'000
Capital grants	5,316	12,000	5,700	-	-
Capital contributions	-	5,580	-	-	-
Transfer from reserves	6,908	15,978	10,381	650	650
Loan proceeds	6,120	37,000	21,850	10,000	-
Funded from operational surplus	39,987	38,660	36,024	36,966	37,350
<b>Total capital works funding</b>	<b>58,331</b>	<b>109,218</b>	<b>73,955</b>	<b>47,616</b>	<b>38,000</b>

This LTFP is based on capital works investment funded from Council's operations of \$39.99 million in 2023-24.

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

- Debt servicing costs (\$55.8 million) relating to the planned new borrowings for the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre), Keysborough South Community Hub and Dandenong Community Hub major projects.
- Ongoing operational costs (totalling \$24.5 million) required for the new Keysborough South Community Hub and Dandenong Community Hub building.

Part of Council's revenue is impacted by activity levels and given the current economic environment any future effect on our operations is 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, COVID-19 impacts and now the funding of debt servicing of new borrowings and ongoing operational costs of 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 previous capital expenditure forecasts by the rate cap and the forecast funding amount is \$122 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 \$31.8 million. The current LTFP projections meet the current asset renewal requirements (except for 2028-29). 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 few years of the LTFP followed by an incremental trend in the latter half (\$39.99 million in year one (2023-24), down to \$36 million in year three (2025-26) and back up to \$45 million in the final year (2032-33).

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 \$18.80 million of Council’s operational surplus is expected to fund these major projects, more significant funding is required to be sourced from new borrowings (\$74.97 million) and internal reserves (\$31.34 million).

ALL MAJOR PROJECTS	Forecast		Projections			Remaining	
	Actual 2022-23 \$'000	Budget 2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	Project Total \$'000	Project Total \$'000
<b>Capital expenditure</b>	<b>4,256</b>	<b>18,256</b>	<b>68,775</b>	<b>40,049</b>	<b>16,946</b>	<b>148,282</b>	<b>151,036</b>
<i>Less funding sources:</i>							
Grants	(1,331)	(2,500)	(12,000)	(5,700)	-	(21,531)	(21,700)
Contributions	-	-	(4,228)	-	-	(4,228)	(4,228)
Council cash	(1,371)	(4,478)	(2,854)	(2,768)	(6,946)	(18,417)	(18,800)
Borrowings	-	(6,120)	(37,000)	(21,850)	(10,000)	(74,970)	(74,970)
Reserves	(1,554)	(5,158)	(12,693)	(9,731)	-	(29,136)	(31,338)
<b>Funding sources</b>	<b>(4,256)</b>	<b>(18,256)</b>	<b>(68,775)</b>	<b>(40,049)</b>	<b>(16,946)</b>	<b>(148,282)</b>	<b>(151,036)</b>

Council has been successful in sourcing two grants totalling \$4 million for the Keysborough South Community Hub over the life of the project.

Grant funding of \$17.7 million for the Dandenong Wellbeing Centre project has also been forecast over the financial years 2024-25 and 2025-26 under the Priority Community

Infrastructure Program (PCIP). This program delivers the Government’s 2022 election commitments for community infrastructure commitments announced by the former Government during the 2022 Pre-Election Fiscal and Economic Outlook. An application for this funding is currently in progress and has not yet been approved.

Contributions of \$4.23 million from Developer Contribution Plans (DCP) can also be utilised for the Keysborough South Community Hub major project upon completion of the Hub in 2024-25. This is from a combination of Community Infrastructure and Development Infrastructure levies received.

Significant new borrowings will be required for the completion of these major projects. Firstly, in 2023-24 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 introduced to support councils in delivering critical infrastructure to communities across the state. This scheme hopes to achieve savings through accessing a lower-interest loan by way of an interest subsidy from the Victorian Government.

Further proposed new borrowings of \$48.85 million (\$37 million in 2024-25 and \$11.85 million in 2025-26) are also required to part fund significant infrastructure works associated with the redevelopment of Dandenong Oasis.

In addition, further proposed new borrowings of \$20 million are forecast (split evenly over 2025-26 and 2026-27) for the proposed construction of the new Dandenong Community Hub.

Similarly, significant reserve funding of \$31.34 million for these major capital projects has been forecast across the LTFP (including 2022-23). The majority of this reserve funding is from the Major Projects reserve with the remainder coming from the DCP reserve.

- Major Projects reserve (\$26.9 million):
  - ~ \$21.3 million for Dandenong Wellbeing Centre
  - ~ \$4.5 million for Keysborough South Community Hub
  - ~ \$1.1 million for Dandenong Community Hub
- Development Contribution Plan reserve (Council) (\$2.23 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) that were completed in earlier years and quarantined in this reserve.

A financial break down by major project is provided below.

KEYSBOROUGH SOUTH COMMUNITY HUB	Forecast					Remaining Project Total
	Actual	Budget	Projections			
	2022-23	2023-24	2024-25	2025-26	2026-27	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Capital expenditure</b>	<b>2,850</b>	<b>11,000</b>	<b>8,150</b>	-	-	<b>22,000</b>
<i>Less funding sources:</i>						
Grants	(1,331)	(2,500)	-	-	-	<b>(3,831)</b>
Contributions	-	-	(4,228)	-	-	<b>(4,228)</b>
Council cash	(1,091)	-	-	-	-	<b>(1,091)</b>
Borrowings	-	(6,120)	-	-	-	<b>(6,120)</b>
Reserves	(428)	(2,380)	(3,922)	-	-	<b>(6,730)</b>
<b>Funding sources</b>	<b>(2,850)</b>	<b>(11,000)</b>	<b>(8,150)</b>	-	-	<b>(22,000)</b>

DANDENONG WELLBEING CENTRE (Redevelopment of Dandenong Oasis)	Forecast		Projections			Remaining Project
	Actual	Budget				Total
	2022-23	2023-24	2024-25	2025-26	2026-27	Total

<b>Capital expenditure</b>	<b>1,126</b>	<b>5,500</b>	<b>60,625</b>	<b>29,049</b>		<b>96,300</b>
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**Less funding sources:**

Grants	-	-	(12,000)	(5,700)	-	(17,700)
Council cash	-	(3,828)	(2,854)	(1,768)	-	(8,450)
Borrowings	-	-	(37,000)	(11,850)	-	(48,850)
Reserves	(1,126)	(1,672)	(8,771)	(9,731)	-	(21,300)
<b>Funding sources</b>	<b>(1,126)</b>	<b>(5,500)</b>	<b>(60,625)</b>	<b>(29,049)</b>	<b>-</b>	<b>(96,300)</b>

DANDENONG COMMUNITY HUB	Forecast		Projections			Remaining Project
	Actual	Budget				Total
	2022-23	2023-24	2024-25	2025-26	2026-27	Total

<b>Capital expenditure</b>	<b>280</b>	<b>1,756</b>	<b>-</b>	<b>11,000</b>	<b>16,946</b>	<b>29,982</b>
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**Less funding sources:**

Council cash	(280)	(650)	-	(1,000)	(6,946)	(8,876)
Borrowings	-	-	-	(10,000)	(10,000)	(20,000)
Reserves	-	(1,106)	-	-	-	(1,106)
<b>Funding sources</b>	<b>(280)</b>	<b>(1,756)</b>	<b>-</b>	<b>(11,000)</b>	<b>(16,946)</b>	<b>(29,982)</b>

Council also has significant future major projects that it wishes to fund over the coming ten-year period beyond the four years which are not 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 Council’s 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 \$80.21 million to fund debt servicing and operational costs associated with major capital works projects.



## Borrowing strategy

Refer to **Appendix J** for a 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 2023.

	Actual Balance 30 June 2020 \$'000	Actual Balance 30 June 2021 \$'000	Actual Balance 30 June 2022 \$'000	Forecast Balance 30 June 2023 \$'000
Interest bearing loans and borrowings	59,891	56,636	53,263	49,779

### 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
<b>Total</b>	<b>178.2</b>	<b>101.2</b>

The significant replacement of Dandenong Oasis (construction of Dandenong Wellbeing Centre), estimated at over \$98 million, will be part funded by proposed new borrowings of \$48.85 million over the 2024-25 and 2025-26 financial years. The construction of the new Dandenong Community Hub will also be part funded by borrowings of \$20 million (\$10 million in 2025-26 and \$10 million in 2026-27).

In addition, Council has been successful in \$6.12 million in new borrowings in 2023-24 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 introduced to support councils in delivering critical infrastructure to communities across the state. The successful application will achieve savings through accessing a low-interest loan by way of an interest subsidy from the Victorian Government.

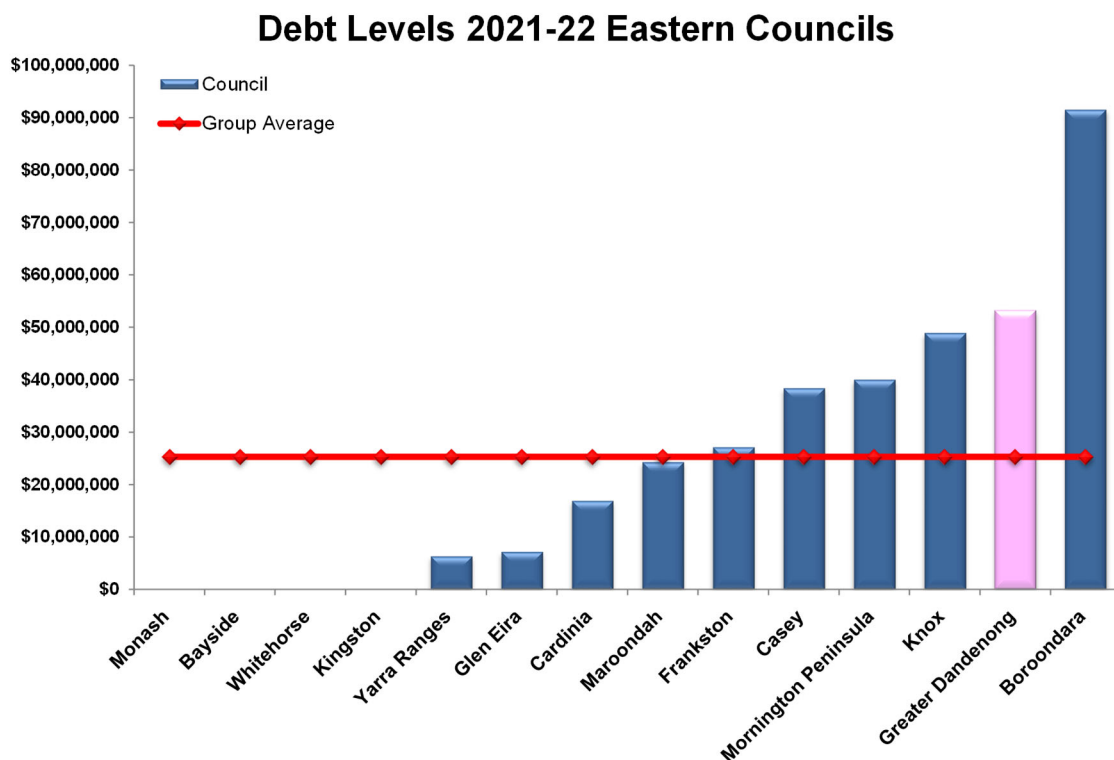
One of the key considerations for Council in the application of future loan borrowing is the premise that its long-term financial strategies should strive for a financial structure where its annual operational and asset renewal needs can be met from annual funding sources. That is, Council does not have 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.

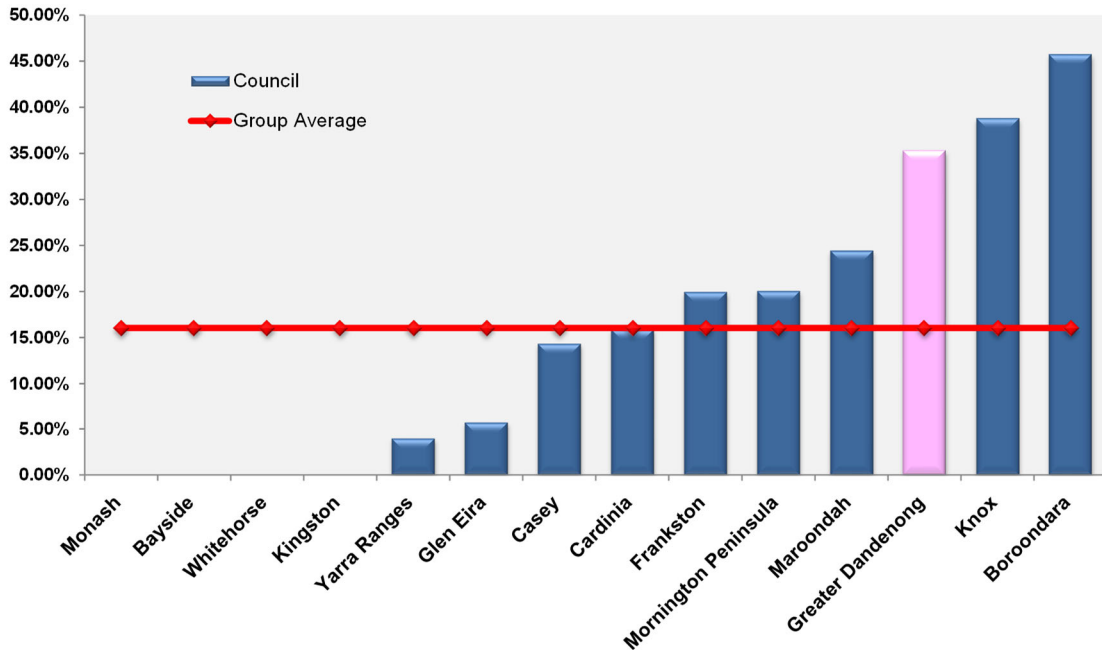
*Benchmarking of Council's debt structure to other councils*



As presented in the graph, Council completed 2021-22 with the second 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 2021-22



Council's level of indebtedness (debt/rate revenue) at 30 June 2022 was 35 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 2022.

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%	1.03%	0.00%	0.00%
Monash	0.00%	0.00%	0.00%	2.24%	0.00%	0.00%
Whitehorse	0.00%	0.00%	0.00%	1.93%	0.00%	0.00%
Kingston	0.00%	0.45%	0.00%	4.50%	0.39%	0.00%
Yarra Ranges	0.20%	2.69%	3.99%	13.92%	2.55%	3.78%
Glen Eira	0.12%	3.21%	5.72%	3.23%	2.80%	4.99%
Casey	0.39%	3.38%	14.36%	4.66%	3.17%	13.45%
Cardinia	1.07%	12.09%	15.94%	7.43%	11.32%	14.92%
Frankston	0.77%	1.33%	19.98%	6.26%	1.13%	17.02%
Mornington Peninsula	0.41%	2.78%	20.08%	6.19%	2.47%	17.85%
Maroondah	0.56%	2.31%	24.46%	7.00%	1.92%	20.34%
<b>Greater Dandenong</b>	<b>1.30%</b>	<b>3.94%</b>	<b>35.34%</b>	<b>8.61%</b>	<b>3.62%</b>	<b>31.19%</b>
Knox	0.24%	1.19%	38.83%	6.96%	1.05%	34.34%
Boroondara	0.58%	1.55%	45.75%	4.48%	1.43%	42.36%
Median Eastern Councils	0.31%	1.93%	15.15%	5.42%	1.68%	14.18%
Average Eastern Councils	0.40%	2.49%	16.03%	5.60%	2.28%	14.30%
Greater Dandenong Council Ranking	14	13	12	13	13	12

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

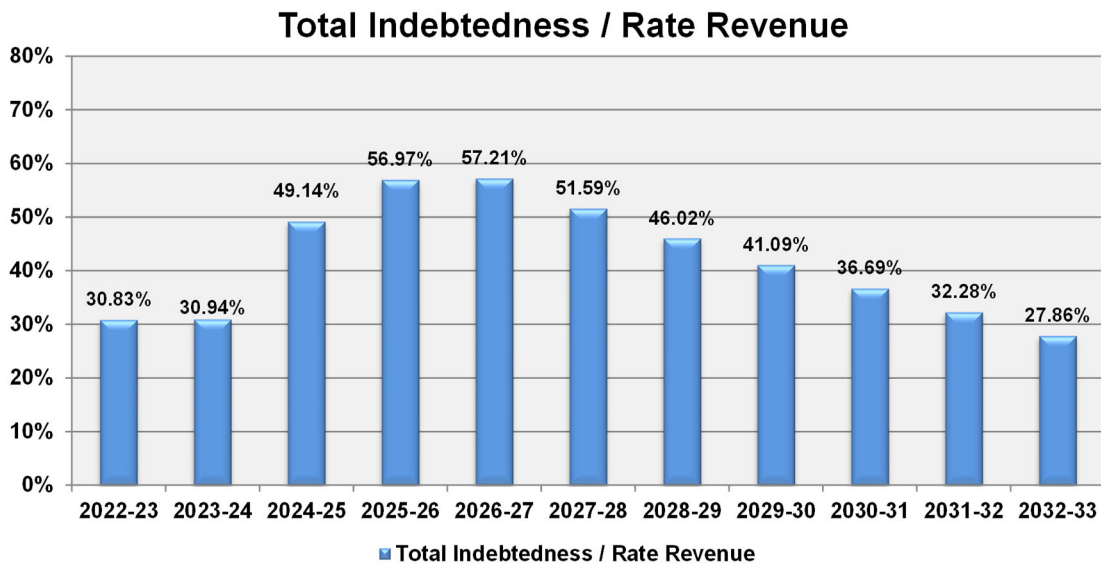
The table above highlights that Council's current indebtedness ratios place it generally in the first or second highest indebted Council of the group across the range of ratios.

Council's level of indebtedness remains within the prudential limits. Council's debt servicing/adjusted total revenue ratio was 1.30 per cent at 30 June 2022 (prudential limit 10 per cent) and indebtedness/rate revenue ratio is 35.34 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 2023-24, \$37 million in 2024-25, \$11.85 million in 2024-25 and \$20 million over 2025-26 and 2026-27) to part fund major capital projects. As can be seen on the following graph, the 'Indebtedness to Rate Revenue' ratio increases to just over 57 per cent in 2026-27, but then the debt ratio falls again down to 27.86 per cent in 2032-33.

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. This is not until at least 2030-31.

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 which are calculated slightly differently to the prudential limits. These financial covenants ratios must remain with the limits for the life of the loan agreement with TCV.

The below table shows Council will remain within the financial covenant limits defined by TCV. 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 2023-24.

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
2023	-	3,484	2,665	49,779	163%	30.8%	2.5%	18.4	27.1%
<b>2024</b>	<b>6,120</b>	<b>3,713</b>	<b>2,698</b>	<b>52,186</b>	<b>162%</b>	<b>30.9%</b>	<b>2.6%</b>	<b>20.3</b>	<b>27.1%</b>
2025	37,000	4,421	3,913	84,765	145%	49.1%	3.2%	16.7	42.6%
2026	21,850	5,575	5,633	101,040	140%	57.0%	4.4%	9.8	49.2%
2027	10,000	6,802	6,337	104,237	142%	57.2%	5.1%	8.1	49.5%
2028	-	7,684	6,269	96,554	144%	51.6%	5.3%	8.4	44.8%
2029	-	8,086	5,835	88,468	147%	46.0%	5.2%	9.1	40.0%
2030	-	7,346	5,395	81,123	148%	41.1%	4.6%	10.3	35.8%
2031	-	6,756	4,961	74,367	149%	36.7%	4.2%	11.5	32.1%
2032	-	7,202	4,518	67,165	150%	32.3%	4.1%	12.9	28.3%
2033	-	7,667	4,040	59,498	151%	27.9%	4.0%	14.5	24.5%

Prudential ratio limits: Risk assessment criteria	Treasury Corp Victoria					
	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
<ol style="list-style-type: none"> <li>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).</li> <li>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.</li> </ol>

## 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 2023 (where relevant these balances have been updated to reflect 2022-23 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	Financial Plan Projections		
	2022-23	2023-24	2024-25	2025-26	2026-27
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Major Projects</b>					
<b>Opening balance</b>	26,218	34,296	35,033	23,645	16,345
Transfer to reserve	10,749	4,092	1,305	2,431	1,556
Transfer from reserve	(2,671)	(3,356)	(12,693)	(9,731)	0
<b>Closing balance</b>	<b>34,296</b>	<b>35,033</b>	<b>23,645</b>	<b>16,345</b>	<b>17,901</b>

Projected inflows of \$10.75 million into this reserve in 2022-23 include:

- Rate funded capital expenditure budgets for the Dandenong Wellbeing Centre (\$3.50 million) and Dandenong Community Hub (\$426,000) which have been deferred to 2023-24 and are quarantined in this reserve.
- A reallocation from the Open Space Acquisitions reserve of \$1.9 million that represented the asset sale proceeds that would have been obtained if two properties at 6-8 Fifth Avenue, Dandenong and 90 Gove Street, Springvale had not been retained for open space purposes.
- The surplus achieved at the 2022-23 Mid-Year Budget review (\$1.02 million).
- Annual funding previously transferred to the DCP reserve (\$1.41 million).
- Forecast favourable variances to the Mid-Year Budget in respect of interest income, supplementary valuation income and interest on rates (\$2.50 million).

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 2022-23 (\$2.67 million) relates to project funding for the Dandenong Wellbeing Centre (\$1.13 million) and Noble Park Aquatic Centre gym redevelopment (\$1.54 million).

As highlighted in the table on the previous page, the forecast closing balance of the Major Projects Reserve at 30 June 2023 of \$34.3 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 2025-26 financial years of \$25.78 million relate to funding for the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre) (\$20.17 million), Keysborough South Community Hub (\$4.5 million) and Dandenong Community Hub (\$1.11 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 2022-23 of \$2.8 million relate to:

- A forecast transfer to the Open Space – Acquisitions reserve of \$1.98 million to maintain the \$6 million required balance.
- 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).

Forecast outflows from this reserve in 2023-24 of \$1.1 million relate to:

- 86-88 Clow Street - Local Park Furniture and Landscape Upgrade (\$250,000).
- Ian Tatterson Leisure Park - Implement Digital LED and Wayfinding Signage (Stage 1) (\$200,000).
- Warner Reserve - Construction of Path System, Landscaping and Picnic Area (Stage 2 of 2) (\$200,000).
- Bakers Reserve - Neighbourhood Park Furniture and Landscape Upgrade (\$250,000).
- Springvalley Park - Walking Track, Furniture and Landscape Upgrade (\$200,000).

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



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## *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 generally maintained each financial year.

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

During the 2022-23 year, \$1.9 million will be transferred out of this reserve. This predominantly relates to a \$1.9 million reallocation from the Open Space Acquisitions reserve that represented the asset sale proceeds that would have been obtained if two properties at 6-8 Fifth Avenue, Dandenong and 90 Gove Street, Springvale had not been retained for open space purposes combined with the funding for a building demolition at 49 View Road, Springvale. The building on the site at 49 View Road will be demolished and the land will be held for the purposes of improving open space in the municipality.

An amount of \$1.98 million will be transferred in to this reserve from the Open Space – Planning, development and improvements reserve to maintain the \$6 million required balance.

## *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 2022-23, this reserve will fund \$2.82 million for the Perry Road South upgrade project and \$428,000 for the Keysborough South Community Hub major project.

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 transfer out of the DCP reserve in 2023-24 relates to the Keysborough South Community Hub major project (\$1.80 million). It is likely that further funding from this Reserve may be required for the remaining 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 \$1.88 million in 2023-24 to \$2.29 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). This totals an additional \$3.72 million across the latter five years of this LTFP.

KEYSBOROUGH SOUTH MAINTENANCE LEVY	Financial Plan Projections						Total \$'000
	2027-28 \$'000	2028-29 \$'000	2029-30 \$'000	2030-31 \$'000	2031-32 \$'000	2032-33 \$'000	
Closing reserve balance	133	0	0	0	0	0	
<i>Costs required to be funded by rates as reserve balance has been fully consumed</i>	0	517	709	769	831	894	3,720

*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 2022-23 relates to savings in Workcover premium costs of \$144,000.

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.

No future outflows are anticipated from this reserve over the period of the LTFP.

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### *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 (\$319,000 forecast in 2022-23).

### *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 2023 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. For a number of years this annual allocation was 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. Paid parking in Lonsdale Street was reinstated from 2022-23 which increased the inflow to this reserve to \$950,000. However, it was subsequently reduced to \$810,000 in the 2022-23 Forecast due to COVID-19 after-effects impacting on parking ticket machine income. Future inflows have been maintained at the \$650,000 based on the slower than anticipated return to normal activity levels. This will be monitored and reviewed each year.

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Outflows of \$2.56 million from this reserve in 2022-23 relate to capital project delivery costs associated with the development of the Dandenong Activity Precinct:

- Vanity Lane – 275 Lonsdale Street, Dandenong (\$1.69 million)
- Precinct Energy Project (PEP) building design (\$598,000)
- Mason/Robinson Street road realignment (\$201,000)

Additionally, \$72,500 is included in the 2022-23 Forecast in relation to the delivery of the Safer Streets Program. Council is working with Victoria Police, local stakeholders and businesses who are all working proactively to enhance safety in Greater Dandenong.

#### *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 and maintenance responsibilities.

##### *Typical sources of inflows and outflows*

There are no inflows projected to this reserve in the LTFP.

The outflows forecast in the LTFP relate to required maintenance costs of LXRA assets in the areas of Parks, Cleansing, Roads and Drains combined with Flinders Street Streetscape rectification works. This reserve is expected to be fully consumed by 2032-33.

*Native re-vegetation funds*

*Purpose*

The purpose of these reserves is to set aside contributions received for the revegetation of the triangle land 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 each year ranging from \$500 to \$30,000 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.

<b>Reserve</b>	<b>Nature</b>	<b>Statutory?</b>
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.

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## 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.

We have only to look at the widespread flooding events throughout Australia over the past year, proceeded by the bushfires of summer 2020, to understand that it is not a matter of if climate change will affect Greater Dandenong – but when. Local governments are responding to climate change 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”<sup>1</sup>.

### 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”<sup>2</sup>.

### 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 2021-22 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.

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<sup>1</sup> “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](http://www.climatechange.vic.gov.au)).

<sup>2</sup> “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](http://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

- Gas Transition Feasibility Report – that aims to progressively electrify Council's buildings in order to achieve net zero corporate emissions.
- 2020 Sustainable Buildings Policy – that aims to facilitate increased sustainability outcomes through Council's new building projects.
- 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 – development of a climate change assessment tool to facilitate 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.

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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”<sup>3</sup>. 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.

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<sup>3</sup> “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
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Appendix D	Statement of Changes in Equity
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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)
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Appendix Q	Adjusted underlying result

## Appendix A – Comprehensive Income Statement

	Forecast	Budget	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	2032-33 \$'000
<b>Income</b>											
Rates and charges	163,185	170,372	174,181	179,052	183,912	188,872	193,936	199,104	204,378	209,762	215,258
Statutory fees and fines	9,283	10,865	11,131	11,455	11,582	11,815	12,051	12,392	12,538	12,789	13,044
User fees	8,393	9,214	9,943	10,301	10,603	10,914	11,236	11,568	11,912	12,266	12,632
Grants - operating	27,812	33,824	32,177	31,961	32,396	32,845	33,088	33,333	33,581	33,831	34,083
Grants - capital	16,182	5,316	12,000	5,700	-	-	-	-	-	-	-
Contributions - monetary	4,563	2,000	7,580	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Contributions - non-monetary	10,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	445	746	741	746	548	527	527	527	527	527	527
Other income	9,447	8,265	7,386	7,382	7,449	7,578	7,704	7,828	7,955	8,085	8,214
<b>Total income</b>	<b>249,310</b>	<b>248,102</b>	<b>262,639</b>	<b>256,097</b>	<b>255,990</b>	<b>262,051</b>	<b>268,042</b>	<b>274,252</b>	<b>280,391</b>	<b>286,760</b>	<b>293,258</b>
<b>Expenses</b>											
Employee costs	94,792	95,009	97,373	100,218	103,240	105,944	108,548	111,187	113,893	116,669	119,516
Materials and services	84,642	80,369	81,536	83,575	83,957	85,995	87,876	89,580	91,455	93,354	95,420
Depreciation	32,943	33,601	34,273	34,959	35,658	36,371	37,099	37,841	38,597	39,369	40,157
Amortisation - intangible assets	60	-	-	-	-	-	-	-	-	-	-
Amortisation - right of use assets	604	598	598	598	598	598	598	598	598	598	598
Bad and doubtful debts - allowance for impairment losses	1,954	2,245	2,357	2,475	2,599	2,729	2,865	3,008	3,159	3,316	3,482
Borrowing costs	2,665	2,698	3,913	5,633	6,337	6,269	5,835	5,395	4,961	4,518	4,040
Finance costs - leases	22	22	22	22	22	22	22	22	22	22	22
Other expenses	4,804	4,476	5,388	4,487	4,523	4,560	5,546	4,641	4,682	4,724	5,748
<b>Total expenses</b>	<b>222,486</b>	<b>219,018</b>	<b>225,460</b>	<b>231,967</b>	<b>236,934</b>	<b>242,488</b>	<b>248,389</b>	<b>252,272</b>	<b>257,367</b>	<b>262,570</b>	<b>268,983</b>
<b>Surplus for the year</b>	<b>26,824</b>	<b>29,084</b>	<b>37,179</b>	<b>24,130</b>	<b>19,056</b>	<b>19,563</b>	<b>19,653</b>	<b>21,980</b>	<b>23,024</b>	<b>24,190</b>	<b>24,275</b>
<b>Other comprehensive income</b>											
<i>Items that will not be reclassified to surplus or deficit in future periods:</i>											
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive result</b>	<b>26,824</b>	<b>29,084</b>	<b>37,179</b>	<b>24,130</b>	<b>19,056</b>	<b>19,563</b>	<b>19,653</b>	<b>21,980</b>	<b>23,024</b>	<b>24,190</b>	<b>24,275</b>

## Appendix B – Conversion to Cash Result

Description	Forecast	Budget	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	2032-33 \$'000
<b>Net operating result</b>	<b>26,824</b>	<b>29,084</b>	<b>37,179</b>	<b>24,130</b>	<b>19,056</b>	<b>19,563</b>	<b>19,653</b>	<b>21,980</b>	<b>23,024</b>	<b>24,190</b>	<b>24,275</b>
<b>Less cash costs not included in operating result</b>											
Capital expenditure	86,426	58,331	109,218	73,955	47,616	38,000	37,933	42,347	44,772	46,289	46,205
Loan repayments	3,484	3,713	4,421	5,575	6,802	7,684	8,086	7,346	6,756	7,202	7,667
Loan proceeds	-	(6,120)	(37,000)	(21,850)	(10,000)	-	-	-	-	-	-
Repayment of lease liabilities	710	711	710	710	710	710	710	710	710	710	710
Transfer from reserves	(15,792)	(9,440)	(18,602)	(13,130)	(3,435)	(3,509)	(3,062)	(2,943)	(2,957)	(2,971)	(2,457)
Transfer to reserves	17,779	8,842	6,055	7,181	6,306	6,326	6,362	5,638	5,617	5,606	5,584
Superannuation liability (cash payment)	-	-	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	<b>92,607</b>	<b>56,037</b>	<b>64,802</b>	<b>52,441</b>	<b>47,999</b>	<b>49,211</b>	<b>50,029</b>	<b>53,098</b>	<b>54,898</b>	<b>56,836</b>	<b>57,709</b>
<b>Plus non-cash costs included in operating result</b>											
Depreciation	32,943	33,601	34,273	34,959	35,658	36,371	37,099	37,841	38,597	39,369	40,157
Amortisation - right of use assets	604	598	598	598	598	598	598	598	598	598	598
Written down value of assets sold	261	254	252	254	187	179	179	179	179	179	179
Contributions - non-monetary assets	(10,000)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
<b>Sub total</b>	<b>23,868</b>	<b>26,953</b>	<b>27,623</b>	<b>28,311</b>	<b>28,943</b>	<b>29,648</b>	<b>30,376</b>	<b>31,118</b>	<b>31,874</b>	<b>32,646</b>	<b>33,434</b>
<b>Surplus (deficit) for the year</b>	<b>(41,915)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated surplus brought forward</b>	<b>42,863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated surplus brought forward</b>	<b>948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Appendix C – Balance Sheet

	Forecast	Budget	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	2032-33 \$'000
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	145,985	143,205	140,605	129,083	127,706	129,606	133,691	137,953	141,850	145,354	149,077
Trade and other receivables	28,208	30,288	31,179	32,200	33,250	34,346	35,487	36,678	37,919	39,425	40,999
Prepayments	2,423	2,471	2,521	2,571	2,623	2,675	2,729	2,783	2,839	2,896	2,954
Other assets	3,350	3,381	3,414	3,446	3,480	3,514	3,549	3,584	3,620	3,657	3,694
<b>Total current assets</b>	<b>179,966</b>	<b>179,345</b>	<b>177,719</b>	<b>167,300</b>	<b>167,059</b>	<b>170,141</b>	<b>175,456</b>	<b>180,998</b>	<b>186,228</b>	<b>191,332</b>	<b>196,724</b>
<b>Non-current assets</b>											
Trade and other receivables	281	281	281	281	281	281	281	281	281	281	281
Property, infrastructure, plant and equipment	2,494,793	2,526,769	2,608,962	2,655,204	2,674,475	2,683,425	2,691,580	2,703,407	2,716,903	2,731,144	2,744,513
Investment property	6,336	6,336	6,336	6,336	6,336	6,336	6,336	6,336	6,336	6,336	6,336
Right of use assets	1,942	2,044	2,146	2,248	2,350	2,452	2,554	2,656	2,758	2,860	2,962
Intangible assets	56	56	56	56	56	56	56	56	56	56	56
<b>Total non-current assets</b>	<b>2,503,408</b>	<b>2,535,486</b>	<b>2,617,781</b>	<b>2,664,125</b>	<b>2,683,498</b>	<b>2,692,550</b>	<b>2,700,807</b>	<b>2,712,736</b>	<b>2,726,334</b>	<b>2,740,677</b>	<b>2,754,148</b>
<b>Total assets</b>	<b>2,683,374</b>	<b>2,714,831</b>	<b>2,795,500</b>	<b>2,831,425</b>	<b>2,850,557</b>	<b>2,862,691</b>	<b>2,876,263</b>	<b>2,893,734</b>	<b>2,912,562</b>	<b>2,932,009</b>	<b>2,950,872</b>
<b>Liabilities</b>											
<b>Current liabilities</b>											
Trade and other payables	26,516	25,105	34,526	28,513	23,815	22,443	22,771	23,879	24,657	25,275	25,634
Trust funds and deposits	4,870	5,670	6,470	7,270	8,070	8,870	9,670	10,470	11,270	12,070	12,870
Unearned income	52,693	52,483	52,273	52,063	51,853	51,643	51,433	51,223	51,013	50,803	50,593
Provisions	22,083	22,909	23,845	24,820	25,839	26,902	28,015	29,176	30,390	31,659	32,983
Interest-bearing liabilities	3,597	4,193	5,322	6,623	7,684	8,086	7,346	6,756	7,202	7,667	7,965
Lease liabilities	520	518	515	512	509	506	503	501	498	495	492
<b>Total current liabilities</b>	<b>110,279</b>	<b>110,878</b>	<b>122,951</b>	<b>119,801</b>	<b>117,770</b>	<b>118,450</b>	<b>119,738</b>	<b>122,005</b>	<b>125,030</b>	<b>127,969</b>	<b>130,537</b>
<b>Non-current liabilities</b>											
Trust funds and deposits	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409
Provisions	1,003	975	949	927	905	888	872	859	847	839	831
Interest-bearing liabilities	46,182	47,993	79,443	94,417	96,553	88,468	81,122	74,367	67,165	59,498	51,533
Lease liabilities	1,318	1,309	1,302	1,295	1,288	1,281	1,274	1,266	1,259	1,252	1,245
<b>Total non-current liabilities</b>	<b>50,912</b>	<b>52,686</b>	<b>84,103</b>	<b>99,048</b>	<b>101,155</b>	<b>93,046</b>	<b>85,677</b>	<b>78,901</b>	<b>71,680</b>	<b>63,998</b>	<b>56,018</b>
<b>Total liabilities</b>	<b>161,191</b>	<b>163,564</b>	<b>207,054</b>	<b>218,849</b>	<b>218,925</b>	<b>211,496</b>	<b>205,415</b>	<b>200,906</b>	<b>196,710</b>	<b>191,967</b>	<b>186,555</b>
<b>Net assets</b>	<b>2,522,183</b>	<b>2,551,267</b>	<b>2,588,446</b>	<b>2,612,576</b>	<b>2,631,632</b>	<b>2,651,195</b>	<b>2,670,848</b>	<b>2,692,828</b>	<b>2,715,852</b>	<b>2,740,042</b>	<b>2,764,317</b>
<b>Equity</b>											
Accumulated surplus	979,212	1,008,894	1,058,620	1,088,699	1,104,884	1,121,630	1,137,983	1,157,268	1,177,632	1,199,187	1,220,335
Asset revaluation reserve	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583
Reserves	70,388	69,790	57,243	51,294	54,165	56,982	60,282	62,977	65,637	68,272	71,399
<b>Total equity</b>	<b>2,522,183</b>	<b>2,551,267</b>	<b>2,588,446</b>	<b>2,612,576</b>	<b>2,631,632</b>	<b>2,651,195</b>	<b>2,670,848</b>	<b>2,692,828</b>	<b>2,715,852</b>	<b>2,740,042</b>	<b>2,764,317</b>

LONG TERM FINANCIAL PLAN 2024 - 2033

Appendix D – Statement of Changes in Equity

	Forecast	Budget	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	2032-33 \$'000
<b>Accumulated surplus</b>											
Balance at beginning of the financial year	954,375	979,212	1,008,894	1,058,620	1,088,699	1,104,884	1,121,630	1,137,983	1,157,268	1,177,632	1,199,187
Surplus/(deficit) for the year	26,824	29,084	37,179	24,130	19,056	19,563	19,653	21,980	23,024	24,190	24,275
Transfers to other reserves	(17,779)	(8,842)	(6,055)	(7,181)	(6,306)	(6,326)	(6,362)	(5,638)	(5,617)	(5,606)	(5,584)
Transfers from other reserves	15,792	9,440	18,602	13,130	3,435	3,509	3,062	2,943	2,957	2,971	2,457
<b>Total Accumulated surplus</b>	<b>979,212</b>	<b>1,008,894</b>	<b>1,058,620</b>	<b>1,088,699</b>	<b>1,104,884</b>	<b>1,121,630</b>	<b>1,137,983</b>	<b>1,157,268</b>	<b>1,177,632</b>	<b>1,199,187</b>	<b>1,220,335</b>
<b>Revaluation reserve</b>											
Balance at beginning of the financial year	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583	1,472,583
Net asset revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revaluation reserve</b>	<b>1,472,583</b>	<b>1,472,583</b>	<b>1,472,583</b>	<b>1,472,583</b>	<b>1,472,583</b>	<b>1,472,583</b>	<b>1,472,583</b>	<b>1,472,583</b>	<b>1,472,583</b>	<b>1,472,583</b>	<b>1,472,583</b>
<b>Other reserves</b>											
Balance at beginning of the financial year	68,401	70,388	69,790	57,243	51,294	54,165	56,982	60,282	62,977	65,637	68,272
Transfers to other reserves	17,779	8,842	6,055	7,181	6,306	6,326	6,362	5,638	5,617	5,606	5,584
Transfers from other reserves	(15,792)	(9,440)	(18,602)	(13,130)	(3,435)	(3,509)	(3,062)	(2,943)	(2,957)	(2,971)	(2,457)
<b>Total Other reserves</b>	<b>70,388</b>	<b>69,790</b>	<b>57,243</b>	<b>51,294</b>	<b>54,165</b>	<b>56,982</b>	<b>60,282</b>	<b>62,977</b>	<b>65,637</b>	<b>68,272</b>	<b>71,399</b>
<b>Total Equity</b>											
Balance at beginning of the financial year	2,495,359	2,522,183	2,551,267	2,588,446	2,612,576	2,631,632	2,651,195	2,670,848	2,692,828	2,715,852	2,740,042
Surplus/(deficit) for the year	26,824	29,084	37,179	24,130	19,056	19,563	19,653	21,980	23,024	24,190	24,275
<b>Total Equity</b>	<b>2,522,183</b>	<b>2,551,267</b>	<b>2,588,446</b>	<b>2,612,576</b>	<b>2,631,632</b>	<b>2,651,195</b>	<b>2,670,848</b>	<b>2,692,828</b>	<b>2,715,852</b>	<b>2,740,042</b>	<b>2,764,317</b>

Appendix E – Statement of Cash Flows Inflows/(Outflows)

	Forecast	Budget	Projections								
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>											
Rates and charges	162,346	168,969	174,005	178,787	183,659	188,619	193,685	198,853	204,129	209,304	214,791
Statutory fees and fines	7,744	8,104	8,228	8,402	8,372	8,439	8,501	8,660	8,613	8,663	8,705
User fees	8,734	9,939	10,732	11,117	11,440	11,772	12,117	12,471	12,838	13,216	13,605
Grants - operating	29,296	35,794	33,970	33,720	34,187	34,668	34,923	35,179	35,439	35,701	35,979
Grants - capital	16,504	5,316	12,000	5,700	-	-	-	-	-	-	-
Contributions - monetary	3,563	2,000	7,580	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Interest received	3,571	3,394	2,693	2,494	2,493	2,493	2,493	2,493	2,493	2,492	2,493
Trust funds and deposits taken	30,549	31,050	31,100	31,150	31,200	31,250	31,300	31,350	31,400	31,450	31,500
Other receipts	9,643	5,452	5,254	5,470	5,518	5,657	5,795	5,932	6,072	6,215	6,356
Net GST refund	13,679	10,711	16,131	12,697	10,061	9,234	9,457	9,921	10,296	10,580	10,808
Employee costs	(94,364)	(94,092)	(96,414)	(99,217)	(102,195)	(104,852)	(107,407)	(109,995)	(112,649)	(115,367)	(118,158)
Materials and services	(97,911)	(95,888)	(91,361)	(105,511)	(101,985)	(99,935)	(100,298)	(101,833)	(104,469)	(106,869)	(109,395)
Short-term, low value and variable lease payments	(718)	(641)	(657)	(687)	(704)	(722)	(740)	(758)	(777)	(796)	(816)
Trust funds and deposits repaid	(30,200)	(30,250)	(30,300)	(30,350)	(30,400)	(30,450)	(30,500)	(30,550)	(30,600)	(30,650)	(30,700)
Other payments	(4,566)	(4,283)	(5,270)	(4,249)	(4,271)	(4,294)	(5,361)	(4,347)	(4,373)	(4,400)	(5,507)
<b>Net cash provided by operating activities</b>	<b>57,870</b>	<b>55,575</b>	<b>77,691</b>	<b>51,523</b>	<b>49,375</b>	<b>53,879</b>	<b>55,965</b>	<b>59,376</b>	<b>60,412</b>	<b>61,539</b>	<b>61,661</b>
<b>Cash flow from investing activities</b>											
Payments for property, infrastructure, plant and equipment (PIPE)	(86,426)	(58,331)	(109,218)	(73,955)	(47,616)	(38,000)	(37,933)	(42,347)	(44,772)	(46,289)	(46,205)
Proceeds from sale of PIPE	706	1,000	993	1,000	735	706	706	706	706	706	706
Proceeds (payments) for investments	150,504	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>64,784</b>	<b>(57,331)</b>	<b>(108,225)</b>	<b>(72,955)</b>	<b>(46,881)</b>	<b>(37,294)</b>	<b>(37,227)</b>	<b>(41,641)</b>	<b>(44,066)</b>	<b>(45,583)</b>	<b>(45,499)</b>
<b>Cash flow from financing activities</b>											
Finance costs	(2,665)	(2,698)	(3,913)	(5,633)	(6,337)	(6,269)	(5,835)	(5,395)	(4,961)	(4,518)	(4,040)
Proceeds from borrowings	-	6,120	37,000	21,850	10,000	-	-	-	-	-	-
Repayment of borrowings	(3,484)	(3,713)	(4,421)	(5,575)	(6,802)	(7,684)	(8,086)	(7,346)	(6,756)	(7,202)	(7,667)
Interest paid - lease liability	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)
Repayment of lease liabilities	(710)	(711)	(710)	(710)	(710)	(710)	(710)	(710)	(710)	(710)	(710)
<b>Net cash provided by (used in) financing activities</b>	<b>(6,881)</b>	<b>(1,024)</b>	<b>27,934</b>	<b>9,910</b>	<b>(3,871)</b>	<b>(14,685)</b>	<b>(14,653)</b>	<b>(13,473)</b>	<b>(12,449)</b>	<b>(12,452)</b>	<b>(12,439)</b>
<b>Net movement</b>	<b>115,773</b>	<b>(2,780)</b>	<b>(2,600)</b>	<b>(11,522)</b>	<b>(1,377)</b>	<b>1,900</b>	<b>4,085</b>	<b>4,262</b>	<b>3,897</b>	<b>3,504</b>	<b>3,723</b>
<b>Opening cash and cash equivalents</b>	<b>30,212</b>	<b>145,985</b>	<b>143,205</b>	<b>140,605</b>	<b>129,083</b>	<b>127,706</b>	<b>129,606</b>	<b>133,691</b>	<b>137,953</b>	<b>141,850</b>	<b>145,354</b>
<b>Closing cash and cash equivalents</b>	<b>145,985</b>	<b>143,205</b>	<b>140,605</b>	<b>129,083</b>	<b>127,706</b>	<b>129,606</b>	<b>133,691</b>	<b>137,953</b>	<b>141,850</b>	<b>145,354</b>	<b>149,077</b>

LONG TERM FINANCIAL PLAN 2024 - 2033

Appendix F – Statement of Capital Works

LONG TERM FINANCIAL PLAN 2024 - 2033

	Forecast	Budget	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	2032-33 \$'000
<b>Property</b>											
Buildings	24,168	26,745	74,829	45,711	16,983	12,247	15,314	13,574	17,763	14,782	15,259
Leasehold improvements	1,672	-	-	-	-	-	-	-	-	-	-
<b>Total buildings</b>	<b>25,840</b>	<b>26,745</b>	<b>74,829</b>	<b>45,711</b>	<b>16,983</b>	<b>12,247</b>	<b>15,314</b>	<b>13,574</b>	<b>17,763</b>	<b>14,782</b>	<b>15,259</b>
<b>Total property</b>	<b>25,840</b>	<b>26,745</b>	<b>74,829</b>	<b>45,711</b>	<b>16,983</b>	<b>12,247</b>	<b>15,314</b>	<b>13,574</b>	<b>17,763</b>	<b>14,782</b>	<b>15,259</b>
<b>Plant and equipment</b>											
Plant, machinery and equipment	2,025	3,141	2,943	2,906	2,901	2,901	2,837	2,847	3,114	3,143	3,164
Fixtures, fittings and furniture	45	116	337	189	209	214	160	170	269	298	314
Computers and telecommunications	1,166	860	504	1,372	1,255	222	240	275	307	352	387
Library books	878	878	904	931	955	979	1,003	1,028	1,054	1,080	1,107
<b>Total plant and equipment</b>	<b>4,114</b>	<b>4,995</b>	<b>4,688</b>	<b>5,398</b>	<b>5,320</b>	<b>4,316</b>	<b>4,240</b>	<b>4,320</b>	<b>4,744</b>	<b>4,873</b>	<b>4,972</b>
<b>Infrastructure</b>											
Roads	27,965	9,058	17,381	12,654	12,265	12,348	9,896	10,231	11,228	14,395	13,248
Bridges	890	-	155	500	200	500	550	600	400	500	400
Footpaths and cycleways	2,111	1,220	1,706	1,669	1,764	1,764	2,300	2,410	2,614	2,743	2,864
Drainage	5,343	1,550	3,185	3,110	3,131	2,923	2,300	2,349	3,246	3,331	3,546
Recreational, leisure & community facilities	10,238	7,551	4,088	2,441	5,525	1,433	1,710	7,102	1,763	2,211	2,228
Parks, open space and streetscapes	9,466	7,137	2,680	2,203	2,179	2,179	1,413	1,566	2,715	3,126	3,324
Off street car parks	459	75	506	269	249	290	210	195	299	328	364
<b>Total infrastructure</b>	<b>56,472</b>	<b>26,591</b>	<b>29,701</b>	<b>22,846</b>	<b>25,313</b>	<b>21,437</b>	<b>18,379</b>	<b>24,453</b>	<b>22,265</b>	<b>26,634</b>	<b>25,974</b>
<b>Total capital expenditure</b>	<b>86,426</b>	<b>58,331</b>	<b>109,218</b>	<b>73,955</b>	<b>47,616</b>	<b>38,000</b>	<b>37,933</b>	<b>42,347</b>	<b>44,772</b>	<b>46,289</b>	<b>46,205</b>
<b>Represented by:</b>											
New asset expenditure	12,910	22,232	15,546	15,043	17,096	-	650	1,304	4,000	4,000	4,000
Asset renewal expenditure	33,207	28,112	28,070	29,128	30,520	30,979	37,283	40,670	32,753	31,296	29,184
Asset upgrade expenditure	37,556	7,987	65,602	29,784	-	7,021	-	373	8,019	10,993	13,021
Asset expansion expenditure	2,753	-	-	-	-	-	-	-	-	-	-
<b>Total capital works expenditure</b>	<b>86,426</b>	<b>58,331</b>	<b>109,218</b>	<b>73,955</b>	<b>47,616</b>	<b>38,000</b>	<b>37,933</b>	<b>42,347</b>	<b>44,772</b>	<b>46,289</b>	<b>46,205</b>
<b>Funding sources represented by:</b>											
Grants	16,182	5,316	12,000	5,700	-	-	-	-	-	-	-
Contributions	2,545	-	5,580	-	-	-	-	-	-	-	-
Council cash	58,523	39,987	38,660	36,024	36,966	37,350	37,283	41,697	44,122	45,639	45,555
Borrowings	-	6,120	37,000	21,850	10,000	-	-	-	-	-	-
Reserves	9,176	6,908	15,978	10,381	650	650	650	650	650	650	650
<b>Total capital works expenditure</b>	<b>86,426</b>	<b>58,331</b>	<b>109,218</b>	<b>73,955</b>	<b>47,616</b>	<b>38,000</b>	<b>37,933</b>	<b>42,347</b>	<b>44,772</b>	<b>46,289</b>	<b>46,205</b>

Appendix G – Statement of Human Resources (\$)

	Budget	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	2032-33 \$'000
<b>Chief Executive</b>										
Permanent - Full time										
<b>Total Chief Executive</b>	<b>604</b>	<b>620</b>	<b>636</b>	<b>648</b>	<b>661</b>	<b>675</b>	<b>688</b>	<b>702</b>	<b>716</b>	<b>730</b>
<b>City Planning, Design and Amenity</b>										
Permanent - Full time										
- Women	6,094	6,417	6,604	6,768	6,936	7,108	7,284	7,465	7,650	7,840
- Men	5,168	5,442	5,600	5,739	5,882	6,028	6,177	6,330	6,488	6,649
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	1,816	1,912	1,968	2,017	2,067	2,118	2,171	2,224	2,280	2,336
Permanent - Part time										
- Women	710	748	770	789	808	828	849	870	891	914
- Men	868	914	941	964	988	1,013	1,038	1,063	1,090	1,117
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	140	147	152	156	159	163	167	172	176	180
<b>Total City Planning, Design and Amenity</b>	<b>14,796</b>	<b>15,580</b>	<b>16,035</b>	<b>16,433</b>	<b>16,840</b>	<b>17,258</b>	<b>17,686</b>	<b>18,124</b>	<b>18,575</b>	<b>19,036</b>
<b>Community Strengthening</b>										
Permanent - Full time										
- Women	13,834	13,710	13,933	14,272	14,616	14,990	15,375	15,767	16,171	16,586
- Men	4,145	4,108	4,175	4,277	4,380	4,492	4,606	4,724	4,845	4,970
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	2,157	2,138	2,172	2,225	2,279	2,337	2,397	2,458	2,521	2,586
Permanent - Part time										
- Women	12,846	12,729	12,935	13,252	13,573	13,919	14,275	14,640	15,014	15,401
- Men	1,414	1,401	1,424	1,459	1,494	1,532	1,571	1,611	1,653	1,695
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	2,989	2,962	3,010	3,084	3,158	3,239	3,321	3,406	3,494	3,583
<b>Total Community Strengthening</b>	<b>37,386</b>	<b>37,049</b>	<b>37,649</b>	<b>38,570</b>	<b>39,500</b>	<b>40,509</b>	<b>41,546</b>	<b>42,606</b>	<b>43,698</b>	<b>44,821</b>



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

LONG TERM FINANCIAL PLAN 2024 - 2033

	Budget	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	2032-33 \$'000
<b>Corporate Services</b>										
Permanent - Full time										
- Women	7,492	7,634	7,797	7,992	8,192	8,397	8,607	8,822	9,043	9,269
- Men	4,415	4,499	4,595	4,710	4,828	4,948	5,072	5,199	5,329	5,462
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	654	666	681	698	715	733	751	770	789	809
Permanent - Part time										
- Women	1,627	1,658	1,694	1,736	1,779	1,824	1,870	1,916	1,964	2,013
- Men	263	268	274	281	288	295	302	310	318	325
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	183	187	191	195	200	205	210	216	221	226
<b>Total Corporate Services</b>	<b>14,634</b>	<b>14,912</b>	<b>15,232</b>	<b>15,612</b>	<b>16,002</b>	<b>16,402</b>	<b>16,812</b>	<b>17,233</b>	<b>17,664</b>	<b>18,104</b>
<b>Engineering Services</b>										
Permanent - Full time										
- Women	2,290	2,365	2,499	2,586	2,673	2,740	2,808	2,879	2,950	3,024
- Men	14,665	15,145	16,002	16,559	17,121	17,548	17,985	18,434	18,894	19,365
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	1,844	1,904	2,012	2,082	2,153	2,206	2,261	2,318	2,376	2,435
Permanent - Part time										
- Women	635	656	693	717	742	760	779	799	818	839
- Men	51	53	56	58	60	61	63	64	66	67
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	111	115	121	125	130	133	136	140	143	147
<b>Total Engineering Services</b>	<b>19,596</b>	<b>20,238</b>	<b>21,383</b>	<b>22,127</b>	<b>22,879</b>	<b>23,448</b>	<b>24,032</b>	<b>24,634</b>	<b>25,247</b>	<b>25,877</b>

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

	Budget	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	2032-33 \$'000
<b>Greater Dandenong Business</b>										
Permanent - Full time										
- Women	1,686	1,674	1,630	1,670	1,710	1,751	1,794	1,837	1,882	1,927
- Men	676	671	654	669	686	702	719	737	754	773
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	122	121	118	121	124	127	130	133	136	139
Permanent - Part time										
- Women	247	245	239	245	251	257	263	269	276	283
- Men	74	74	72	73	75	77	79	81	83	85
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	-	-	-	-	-	-	-	-	-	-
<b>Total Greater Dandenong Business</b>	<b>2,805</b>	<b>2,785</b>	<b>2,713</b>	<b>2,778</b>	<b>2,846</b>	<b>2,914</b>	<b>2,985</b>	<b>3,057</b>	<b>3,131</b>	<b>3,207</b>
Casuals and other										
- Women	421	597	612	627	643	659	675	692	710	727
- Men	103	146	150	154	158	162	166	170	174	178
- Vacant or new positions	51	72	74	76	78	80	82	84	86	88
Other employee related costs	4,613	5,374	5,734	6,215	6,337	6,441	6,515	6,591	6,668	6,748
<b>Total casuals and other</b>	<b>5,188</b>	<b>815</b>	<b>836</b>	<b>857</b>	<b>879</b>	<b>901</b>	<b>923</b>	<b>946</b>	<b>970</b>	<b>993</b>
<b>Total staff expenditure</b>	<b>95,009</b>	<b>97,373</b>	<b>100,218</b>	<b>103,240</b>	<b>105,944</b>	<b>108,548</b>	<b>111,187</b>	<b>113,893</b>	<b>116,669</b>	<b>119,516</b>

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

	Budget	Projections								
	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	2032-33 FTE
<b>Chief Executive</b>										
Permanent - Full time										
- Women	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Total Chief Executive</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<b>City Planning, Design and Amenity</b>										
Permanent - Full time										
- Women	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0
- Men	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Permanent - Part time										
- Women	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
- Men	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
<b>Total City Planning, Design and Amenity</b>	<b>128.0</b>	<b>128.0</b>	<b>128.0</b>	<b>128.0</b>	<b>128.0</b>	<b>128.0</b>	<b>128.0</b>	<b>128.0</b>	<b>128.0</b>	<b>128.0</b>
<b>Community Strengthening</b>										
Permanent - Full time										
- Women	113.6	112.6	112.6	111.6	111.6	111.6	111.6	111.6	111.6	111.6
- Men	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Permanent - Part time										
- Women	118.6	118.6	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0
- Men	16.0	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4
<b>Total Community Strengthening</b>	<b>335.6</b>	<b>333.8</b>	<b>333.2</b>	<b>332.2</b>	<b>332.2</b>	<b>332.2</b>	<b>332.2</b>	<b>332.2</b>	<b>332.2</b>	<b>332.2</b>

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

LONG TERM FINANCIAL PLAN 2024 - 2033

	Budget	Projections								
	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	2032-33 FTE
<b>Corporate Services</b>										
Permanent - Full time										
- Women	60.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0
- Men	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Permanent - Part time										
- Women	15.4	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8
- Men	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
<b>Total Corporate Services</b>	<b>117.6</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>
<b>Engineering Services</b>										
Permanent - Full time										
- Women	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
- Men	126.0	125.0	125.0	123.0	123.0	123.0	123.0	123.0	123.0	123.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	19.0	19.0	18.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Permanent - Part time										
- Women	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
- Men	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
<b>Total Engineering Services</b>	<b>172.5</b>	<b>171.5</b>	<b>170.5</b>	<b>167.5</b>	<b>167.5</b>	<b>167.5</b>	<b>167.5</b>	<b>167.5</b>	<b>167.5</b>	<b>167.5</b>

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

LONG TERM FINANCIAL PLAN 2024 - 2033

	Budget	Projections								
	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	2032-33 FTE
<b>Greater Dandenong Business</b>										
Permanent - Full time										
- Women	12.0	12.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
- Men	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Permanent - Part time										
- Women	2.1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
- Men	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
- Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
- Vacant or new positions	-	-	-	-	-	-	-	-	-	-
<b>Total Greater Dandenong Business</b>	<b>18.9</b>	<b>18.3</b>	<b>17.3</b>	<b>17.3</b>	<b>17.3</b>	<b>17.3</b>	<b>17.3</b>	<b>17.3</b>	<b>17.3</b>	<b>17.3</b>
Casuals										
- Women	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
- 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 or new positions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Total casuals</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>
<b>Total staff numbers</b>	<b>780.1</b>	<b>774.1</b>	<b>771.4</b>	<b>767.4</b>	<b>767.4</b>	<b>767.4</b>	<b>767.4</b>	<b>767.4</b>	<b>767.4</b>	<b>767.4</b>

## Appendix I(a) – Schedule of reserves

Reserves	Forecast	Budget	Projections								
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Major Projects</b>											
<b>Opening balance</b>	26,218	34,296	35,033	23,645	16,345	17,901	19,477	21,090	21,977	22,844	23,701
Transfer to reserve	10,749	4,092	1,305	2,431	1,556	1,576	1,612	888	867	856	834
Transfer from reserve	(2,671)	(3,356)	(12,693)	(9,731)	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>34,296</b>	<b>35,033</b>	<b>23,645</b>	<b>16,345</b>	<b>17,901</b>	<b>19,477</b>	<b>21,090</b>	<b>21,977</b>	<b>22,844</b>	<b>23,701</b>	<b>24,534</b>
<b>Open space - planning, developments and improvements</b>											
<b>Opening balance</b>	2,942	2,143	3,043	5,043	7,043	9,043	11,043	13,043	15,043	17,043	19,043
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	(2,799)	(1,100)	0	0	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>2,143</b>	<b>3,043</b>	<b>5,043</b>	<b>7,043</b>	<b>9,043</b>	<b>11,043</b>	<b>13,043</b>	<b>15,043</b>	<b>17,043</b>	<b>19,043</b>	<b>21,043</b>
<b>Open space - acquisitions</b>											
<b>Opening balance</b>	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	1,979	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(1,979)	0	0	0	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
<b>Development Contribution Plans Council funded</b>											
<b>Opening balance</b>	19,505	16,637	15,217	12,964	13,346	13,728	14,110	14,492	14,874	15,256	15,638
Transfer to reserve	400	400	400	400	400	400	400	400	400	400	400
Transfer from reserve	(3,267)	(1,820)	(2,653)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
<b>Closing balance</b>	<b>16,637</b>	<b>15,217</b>	<b>12,964</b>	<b>13,346</b>	<b>13,728</b>	<b>14,110</b>	<b>14,492</b>	<b>14,874</b>	<b>15,256</b>	<b>15,638</b>	<b>16,020</b>
<b>Keysborough maintenance levy</b>											
<b>Opening balance</b>	2,329	2,300	2,120	1,744	1,262	725	133	0	0	0	0
Transfer to reserve	1,697	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Transfer from reserve	(1,725)	(1,880)	(2,076)	(2,182)	(2,237)	(2,293)	(1,833)	(1,700)	(1,700)	(1,700)	(1,700)
<b>Closing balance</b>	<b>2,300</b>	<b>2,120</b>	<b>1,744</b>	<b>1,262</b>	<b>725</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

Reserves	Forecast	Budget	Projections									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Self insurance reserve</b>												
<b>Opening balance</b>	325	469	469	469	469	469	469	469	469	469	469	469
Transfer to reserve	144	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	0
<b>Closing balance</b>	<b>469</b>	<b>469</b>	<b>469</b>	<b>469</b>	<b>469</b>	<b>469</b>	<b>469</b>	<b>469</b>	<b>469</b>	<b>469</b>	<b>469</b>	<b>469</b>
<b>Spring Valley landfill assurance fund</b>												
<b>Opening balance</b>	2,984	2,665	2,498	2,430	2,360	2,288	2,215	2,141	2,065	1,987	1,908	1,908
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(319)	(167)	(69)	(70)	(71)	(73)	(75)	(76)	(78)	(79)	(80)	(80)
<b>Closing balance</b>	<b>2,665</b>	<b>2,498</b>	<b>2,430</b>	<b>2,360</b>	<b>2,288</b>	<b>2,215</b>	<b>2,141</b>	<b>2,065</b>	<b>1,987</b>	<b>1,908</b>	<b>1,908</b>	<b>1,828</b>
<b>Springvale Activity Precinct Parking and Development</b>												
<b>Opening balance</b>	236	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	0
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>236</b>	<b>236</b>	<b>236</b>	<b>236</b>	<b>236</b>	<b>236</b>	<b>236</b>	<b>236</b>	<b>236</b>	<b>236</b>	<b>236</b>	<b>236</b>
<b>Dandenong Activity Precinct Parking and Development</b>												
<b>Opening balance</b>	1,867	117	117	117	117	117	117	117	117	117	117	117
Transfer to reserve	810	650	650	650	650	650	650	650	650	650	650	650
Transfer from reserve	(2,560)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)
<b>Closing balance</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>
<b>General Reserve (Aged Care)</b>												
<b>Opening balance</b>	1,103	1,083	1,083	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	0
Transfer from reserve	(20)	0	0	0	0	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>1,083</b>	<b>1,083</b>	<b>1,083</b>	<b>1,083</b>	<b>1,083</b>	<b>1,083</b>	<b>1,083</b>	<b>1,083</b>	<b>1,083</b>	<b>1,083</b>	<b>1,083</b>	<b>1,083</b>

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

Reserves	Forecast	Budget	Projections									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Future Maintenance Reserve (LXRA)</b>												
<b>Opening balance</b>	4,613	4,236	3,836	3,412	2,971	2,513	2,038	1,551	1,052	541	17	
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0	
Transfer from reserve	(377)	(399)	(424)	(442)	(458)	(475)	(487)	(499)	(511)	(524)	(9)	
<b>Closing balance</b>	<b>4,236</b>	<b>3,836</b>	<b>3,412</b>	<b>2,971</b>	<b>2,513</b>	<b>2,038</b>	<b>1,551</b>	<b>1,052</b>	<b>541</b>	<b>17</b>	<b>8</b>	
<b>Native revegetation - Souffi Place</b>												
<b>Opening balance</b>	1	0	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	(1)	0	0	0	0	0	0	0	0	0	0	
<b>Closing balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Native revegetation - Pound Road</b>												
<b>Opening balance</b>	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	
<b>Closing balance</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	
<b>Native revegetation - Dingley Arterial</b>												
<b>Opening balance</b>	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	
<b>Closing balance</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	
<b>Native revegetation - Bowmans Redgum</b>												
<b>Opening balance</b>	31	24	17	9	1	0	0	0	0	0	0	
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0	
Transfer from reserve	(7)	(8)	(8)	(8)	(1)	0	0	0	0	0	0	
<b>Closing balance</b>	<b>24</b>	<b>17</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	



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

Reserves	Forecast	Budget	Projections									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Native revegetation - Australand Perry Road</b>												
Opening balance	11	3	0	0	0	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(8)	(3)	0	0	0	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Native revegetation - Logis</b>												
Opening balance	114	87	59	29	0	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(27)	(28)	(29)	(29)	0	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>87</b>	<b>59</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Native revegetation - Somerfield</b>												
Opening balance	60	29	0	0	0	0	0	0	0	0	0	0
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve	(31)	(29)	0	0	0	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reserve summary</b>												
Opening balance	68,401	70,388	69,790	57,243	51,294	54,165	56,982	60,282	62,977	65,637	68,272	
Transfer to reserve	17,779	8,842	6,055	7,181	6,306	6,326	6,362	5,638	5,617	5,606	5,584	
Transfer from reserve	(15,792)	(9,440)	(18,602)	(13,130)	(3,435)	(3,509)	(3,062)	(2,943)	(2,957)	(2,971)	(2,457)	
<b>Closing balance</b>	<b>70,388</b>	<b>69,790</b>	<b>57,243</b>	<b>51,294</b>	<b>54,165</b>	<b>56,982</b>	<b>60,282</b>	<b>62,977</b>	<b>65,637</b>	<b>68,272</b>	<b>71,399</b>	

## Appendix I(b) – Discretionary and restricted reserves

	Restricted or Discretionary	Forecast 2022-23 \$'000	Budget 2023-24 \$'000	Projections								
				2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	2028-29 \$'000	2029-30 \$'000	2030-31 \$'000	2031-32 \$'000	2032-33 \$'000
<b>Reserves</b>												
Major projects reserve	Discretionary	34,296	35,032	23,644	16,344	17,901	19,476	21,088	21,976	22,843	23,700	24,534
Open space - planning, development	Restricted	2,143	3,043	5,043	7,043	9,043	11,043	13,043	15,043	17,043	19,042	21,042
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	16,637	15,217	12,964	13,346	13,728	14,110	14,492	14,874	15,256	15,638	16,020
Keysborough maintenance levy	Restricted	2,300	2,120	1,744	1,262	725	133	0	0	0	0	0
Self insurance reserve	Discretionary	469	469	469	469	469	469	469	469	469	469	469
Spring Valley landfill assurance fund	Discretionary	2,665	2,498	2,430	2,360	2,288	2,215	2,141	2,065	1,987	1,908	1,828
Springvale Activity Precinct parking and	Discretionary	236	236	236	236	236	236	236	236	236	236	236
Dandenong Activity Precinct parking and	Discretionary	117	117	117	117	117	117	117	117	117	117	117
General reserve (aged care)	Restricted	1,083	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	4,236	3,836	3,412	2,971	2,513	2,038	1,551	1,052	541	17	8
Native revegetation reserves	Restricted	206	138	101	64	63	63	63	63	63	63	63
<b>Sub-total restricted</b>		<b>32,605</b>	<b>31,438</b>	<b>30,348</b>	<b>31,769</b>	<b>33,155</b>	<b>34,469</b>	<b>36,232</b>	<b>38,115</b>	<b>39,986</b>	<b>41,843</b>	<b>44,217</b>
<b>Sub-total discretionary</b>		<b>37,783</b>	<b>38,352</b>	<b>26,895</b>	<b>19,525</b>	<b>21,010</b>	<b>22,513</b>	<b>24,050</b>	<b>24,862</b>	<b>25,652</b>	<b>26,429</b>	<b>27,183</b>
<b>Total reserves</b>		<b>70,388</b>	<b>69,790</b>	<b>57,243</b>	<b>51,294</b>	<b>54,165</b>	<b>56,982</b>	<b>60,282</b>	<b>62,977</b>	<b>65,637</b>	<b>68,272</b>	<b>71,399</b>

## Appendix J – Schedule of borrowings

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

	Forecast	Budget	Projections									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ALL BORROWINGS</b>												
Opening balance	53,263	49,779	52,186	84,765	101,040	104,237	96,554	88,468	81,123	74,367	67,165	
New loan proceeds	-	6,120	37,000	21,850	10,000	-	-	-	-	-	-	
Less principal repayments	(3,484)	(3,713)	(4,421)	(5,575)	(6,802)	(7,684)	(8,086)	(7,346)	(6,756)	(7,202)	(7,667)	
<b>Closing balance of borrowings</b>	<b>49,779</b>	<b>52,186</b>	<b>84,765</b>	<b>101,040</b>	<b>104,237</b>	<b>96,554</b>	<b>88,468</b>	<b>81,123</b>	<b>74,367</b>	<b>67,165</b>	<b>59,498</b>	
<b>Interest expense</b>	<b>2,665</b>	<b>2,698</b>	<b>3,913</b>	<b>5,633</b>	<b>6,337</b>	<b>6,269</b>	<b>5,835</b>	<b>5,395</b>	<b>4,961</b>	<b>4,518</b>	<b>4,040</b>	

\* Community Infrastructure Loans Scheme (\$6.12 million proposed borrowing in 2023-24 (up to a maximum of 1.50 per cent subsidy off the interest rate)).

## Performance indicators

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

Risk assessment criteria results (where applicable): **High** / **Medium** / **Low**

Please refer to the page following for further details on the risk assessment criteria ranges and ratio formula descriptions.

Indicator	Forecast	Budget	Projections									Trend
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
Liquidity ratio	163%	162%	145%	140%	142%	144%	147%	148%	149%	150%	151%	+
Loans and borrowings compared to rates (debt management ratio)	30.8%	30.9%	49.1%	57.0%	57.2%	51.6%	46.0%	41.1%	36.7%	32.3%	27.9%	+
Loans and borrowings repayments compared to rates	3.8%	3.8%	4.8%	6.3%	7.2%	7.5%	7.2%	6.5%	5.8%	5.6%	5.5%	+
Non-current liabilities compared to own source revenue	27%	26%	41%	47%	47%	42%	38%	34%	30%	26%	22%	+
Debt servicing ratio	2.5%	2.6%	3.2%	4.4%	5.1%	5.3%	5.2%	4.6%	4.2%	4.1%	4.0%	+
TCV Interest Cover ratio	18.4	20.26	16.7	9.8	8.1	8.4	9.1	10.3	11.5	12.9	14.5	+
TCV Financial Indebtedness ratio	27.1%	27.1%	42.6%	49.2%	49.5%	44.8%	40.0%	35.8%	32.1%	28.3%	24.5%	+

	LGPRF Liquidity Ratio	LGPRF Debt Mgmt Ratio	Debt Servicing Ratio	Treasury Corp Victoria		
				TCV Interest Cover Ratio	TCV Financial Indebted-ness Ratio	
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*

= (Debt including leases/Own Source Revenue)

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

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

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.

Dimension / indicator / measure	Notes	Forecast 2022-23	Budget 2023-24	Projections									Trend +/-
				2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
<b>Efficiency</b>													
<b>Expenditure level</b>													
<i>Expenses per property assessment</i>	1	\$3,274.94	\$3,200.10	\$3,263.23	\$3,326.12	\$3,365.97	\$3,413.35	\$3,464.72	\$3,487.26	\$3,526.01	\$3,565.54	\$3,620.67	o
[Total expenses / Number of property assessments]													
<b>Revenue level</b>													
<i>Average rate per property assessment</i>		\$1,965.13	\$2,054.88	\$2,091.16	\$2,130.67	\$2,170.63	\$2,211.03	\$2,251.93	\$2,293.28	\$2,335.11	\$2,377.44	\$2,420.31	o
[Sum of all general rates and municipal charges / Number of property assessments]													
<b>Liquidity</b>													
<b>Working capital</b>													
<i>Current assets compared to current liabilities</i>	2	163.19%	161.75%	144.54%	139.65%	141.85%	143.64%	146.53%	148.35%	148.95%	149.51%	150.70%	o
[Current assets / current liabilities] x 100													
<b>Unrestricted cash</b>													
<i>Unrestricted cash compared to current liabilities</i>	3	118.39%	113.71%	98.16%	88.78%	86.77%	85.51%	85.66%	85.27%	84.08%	82.70%	81.78%	-
[Unrestricted cash / current liabilities] x 100													
<b>Key to forecast trend</b>													
+ 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)

LONG TERM FINANCIAL PLAN 2024 - 2033

Dimension / indicator / measure	Notes	Forecast	Financial Plan Projections										Trend
		2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	+/-
<b>Obligations</b>													
<b>Loans and borrowings</b>													
<i>Loans and borrowings compared to rates</i> [Interest-bearing loans and borrowings / rate revenue] x 100	4	30.83%	30.94%	49.14%	56.97%	57.21%	51.59%	46.02%	41.09%	36.69%	32.28%	27.86%	+
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / rate revenue] x 100		3.81%	3.80%	4.83%	6.32%	7.21%	7.45%	7.24%	6.45%	5.78%	5.63%	5.48%	+
<b>Indebtedness</b>													
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / own source revenue] x 100		26.69%	26.41%	41.35%	47.41%	47.25%	42.35%	38.00%	34.09%	30.21%	26.29%	22.44%	+
<b>Asset renewal and upgrade</b>													
<i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and upgrade expense / asset depreciation] x 100	5	214.80%	107.43%	273.31%	168.52%	85.59%	104.48%	100.50%	108.46%	105.64%	107.42%	105.10%	o
<b>Key to forecast trend</b>													
+ 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	Financial Plan Projections										Trend
		2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	+/-
<b>Operating position</b>													
<b>Adjusted underlying result</b>													
Adjusted underlying surplus (deficit)	6	(0.15%)	6.44%	6.50%	3.71%	3.88%	3.98%	3.93%	4.71%	4.99%	5.30%	5.21%	o
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100													
<b>Stability</b>													
<b>Rates concentration</b>													
Rates compared to adjusted underlying revenue	7	72.69%	72.05%	71.53%	73.62%	73.92%	74.11%	74.35%	74.56%	74.82%	75.04%	75.26%	o
[Rate revenue / adjusted underlying revenue] x 100													
<b>Rates effort</b>													
Rates compared to property values		0.27%	0.26%	0.26%	0.26%	0.27%	0.27%	0.27%	0.27%	0.27%	0.28%	0.28%	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													

**Commentary on several key sustainability indicator forecasts is provided below.**

- Expenses per property assessment** – This ratio shows the level of expenditure per the number of property assessments. This ratio is a one-sided ratio that does not indicate performance efficiency or a lack of efficiency in spending. Greater Dandenong is a very high revenue Council build on the back of a strong rating base and a high level of operating grants. These grants recognise the special needs of Council and obviously need to be expended to meet the service obligations attached to the grant revenue. This results in a higher operational spending level than other Councils. Council's expenditure per assessment is a factor of providing a high level of service to its diverse community. The future year forecasts reflect a minor increasing trend primarily attributable to general anticipated increases in employee costs, inflationary impacts on contract costs and inclusion of operational costs associated with new facilities – Keysborough and Dandenong Community Hubs.

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

2. **Working capital** – The proportion of current liabilities represented by current assets. The working capital ratio result decreases from 162 per cent to 140 per cent in 2025-26 due to the consumption of cash reserves to fund significant infrastructure investment. From 2026-27 onwards, the ratio result steadily climbs over the remaining LTFFP period to 151 per cent by 2032-33. Current assets to liabilities remain at a healthy level across all years indicating sufficient liquidity.
3. **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 in the short term due to the draw down in major cash reserves noted above. The ratio result continues to remain steady in future years, albeit gradually reducing to 82 per cent by 2032-33.
4. **Debt compared to rates** - This trend indicates Council's increasing reliance on debt against its annual rate revenue particularly in 2025-26 and 2026-27 due to significant new borrowings forecast to fund major infrastructure investments. The debt ratio reduces again after 2026-27 and remains within prudential guidelines over the period.
5. **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/updated and future capital expenditure will be required to renew/upgrade assets. Future results over the next three years bounce around a little due to forecast upgrade works on the redevelopment of Dandenong Oasis (Dandenong Wellbeing Centre) over 2024-25 and 2025-26. The ratio drops below 100 per cent in 2026-27 due to the continued significant investment in strategic projects over the first four years of the LTFFP. Results are steady and remain just above the desired 100 per cent from 2027-28.
6. **Adjusted underlying result** – After a forecast minor deficit result in 2022-23 (due to a high level of non-recurrent capital grants), Council's underlying operational surplus is forecast to improve and remain steady over the next ten years (averaging 4.9 per cent per annum), 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, rate capping and significant infrastructure investment means reliance on Council's cash reserves or increased debt to fund major projects or maintain services.
7. **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



## Appendix K(b) – Financial Sustainability Indicators

Indicator	Forecast	Budget	Projections										Trend
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33		
Net result margin (%)	11%	12%	14%	9%	7%	7%	7%	8%	8%	8%	8%	o	
Adjusted underlying result (%)	(1%)	6%	4%	4%	4%	4%	4%	5%	5%	5%	5%	+	
Liquidity (ratio)	1.63	1.62	1.45	1.40	1.42	1.44	1.47	1.48	1.49	1.50	1.51	+	
Internal financing (%)	67%	95%	71%	70%	104%	142%	148%	140%	135%	133%	133%	+	
Indebtedness (%)	27%	27%	42%	48%	47%	42%	38%	34%	30%	26%	22%	o	
Capital replacement (ratio)	2.62	1.74	3.19	2.12	1.34	1.04	1.02	1.12	1.16	1.18	1.15	o	
Renewal gap (ratio)	2.15	1.07	2.73	1.69	0.86	1.04	1.00	1.08	1.06	1.07	1.05	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													

The above financial indicators have been sourced from the Victorian Auditor-General's Office (VAGO). These financial indicators are utilised by VAGO to assess the financial sustainability risk of councils. It is more useful to assess these indicators over time as part of a trend analysis and should be considered collectively.

Overall, the above indicator results indicate that Council is in a strong and stable position across the life of the LTFP:

- The net result margin shows that Council maintains operating surpluses in all years and there are no forecast deficits.
- The adjusted underlying result indicates that Council is able to generate surplus in the ordinary course of business to fund capital expenditure from its net result, which represents an improvement in operating position.
- Council has a liquidity ratio of more than 1 each year meaning that it has more cash and liquid assets than short-term liabilities.
- The internal financing ratio measures Council's ability to finance capital works from generated cash flow. Whilst the first four years are under 100 per cent due to a significant investment in major capital works projects, the remaining years of the LTFP are over 100 per cent indicating Council has a greater ability to finance capital works from its own funds.
- The indebtedness ratio assesses Council's ability to pay the principal and interest on its borrowings when they are due from the funds it generates. The ratio results indicating a steady and reducing requirement over the latter half of the LTFP period for revenue to be used to repay Council's debt.
- The capital replacement ratio compares the rate of spending on capital works with depreciation. Ratios higher than 1 indicate that spending is faster than the depreciating rate and vice versa. Council's ratio result averages around 2 for the first half of the LTFP (whilst significant capital projects are progressed) and then averages around 1 for the second half of the LTFP.
- On average, Council maintains a renewal gap ratio of 1.27 per cent across the 10 years of the LTFP indicating that spending on existing assets is slightly faster than the depreciation rate.

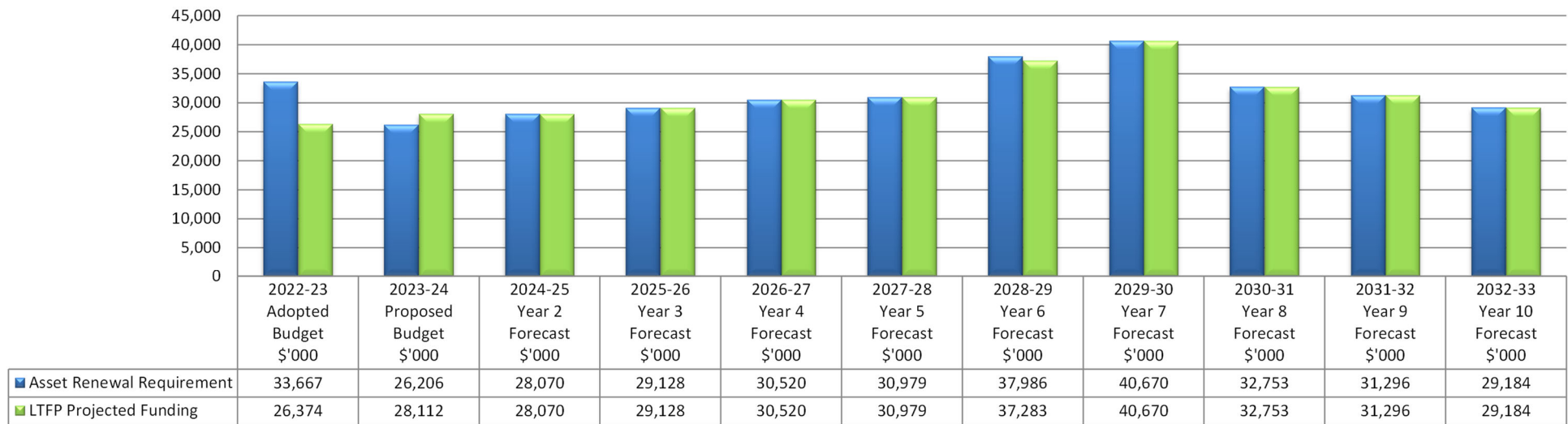
Appendix L – Asset Renewal

Table L1 – Base Renewal Requirements

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	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	4,259	3,923	3,932	5,190	3,952	9,253	15,688	13,090	12,420	8,040	7,565	83,072
Plant and equipment	5,244	4,083	4,370	5,192	5,127	4,123	4,240	4,290	4,401	4,444	4,480	45,161
Infrastructure	24,164	18,200	19,768	18,746	21,441	17,603	18,058	23,290	15,932	18,812	17,139	189,856
<b>Total renewal</b>	<b>33,667</b>	<b>26,206</b>	<b>28,070</b>	<b>29,128</b>	<b>30,520</b>	<b>30,979</b>	<b>37,986</b>	<b>40,670</b>	<b>32,753</b>	<b>31,296</b>	<b>29,184</b>	<b>318,089</b>

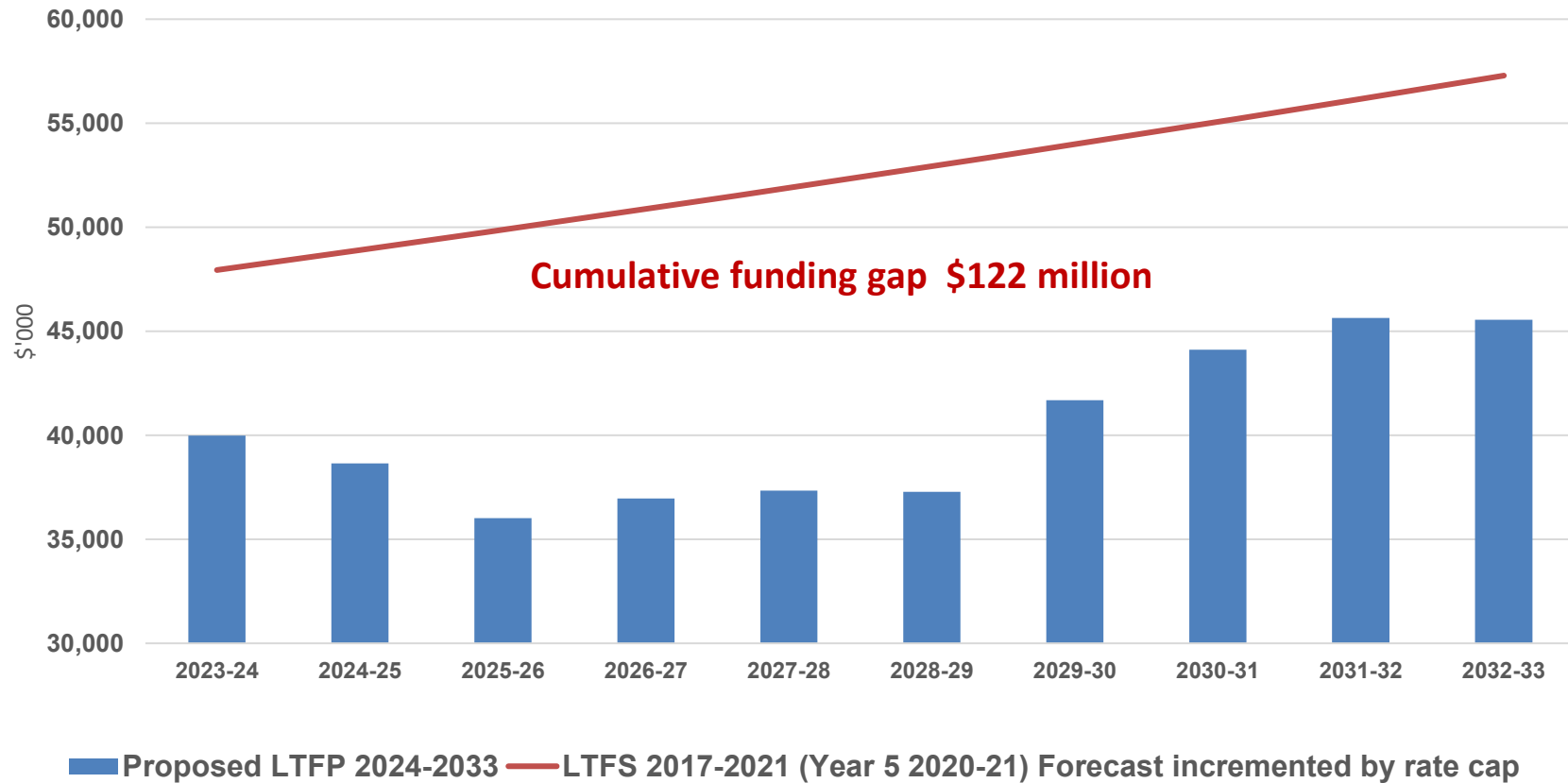
Graph L2 – Asset Renewal Requirements vs LTFP Projected Funding

Asset Renewal Gap 202-23 - 2032-33



As depicted in the above graph, Council is able to fund asset renewal requirements across all future years except 2028-29 (shortfall of \$703,000). This is due to the cost of delivering the three major projects. 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 do not include renewal amounts relating to foreshadowed major projects (if applicable).

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, rate capped income, COVID-19 impacts and support and now forecast debt servicing costs from new borrowings and ongoing operational costs for major projects (\$80.3 million over the 10 years).

Over the ten year period in the graph above, this means a total loss of more than \$122 million in capital works funded by the operational surplus if the above factors had not occurred.

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

	Forecast	Budget	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	2032-33 \$'000
<b>(a) Operating grants</b>											
<b>Recurrent</b>											
<b>Commonwealth Government</b>											
Financial Assistance Grant	3,323	12,215	12,216	12,337	12,460	12,585	12,711	12,838	12,968	13,097	13,227
Home and Community Care	5,495	6,889	7,066	7,072	7,077	7,083	7,089	7,094	7,100	7,106	7,112
Family Day Care	6,046	4,558	4,786	5,025	5,276	5,540	5,596	5,652	5,708	5,765	5,823
Libraries	252	252	252	-	-	-	-	-	-	-	-
Community Health	16	16	16	16	16	17	17	17	17	17	17
<b>State Government</b>											
Home and Community Care	2,323	2,116	2,068	2,070	2,073	2,075	2,078	2,080	2,083	2,085	2,088
Maternal and Child Health	3,218	2,487	2,607	2,633	2,659	2,686	2,712	2,740	2,767	2,795	2,823
Family and Children Services	2,512	2,627	955	964	973	982	991	1,001	1,010	1,019	1,029
Libraries	1,116	1,127	1,136	1,147	1,159	1,170	1,182	1,194	1,206	1,218	1,230
School crossings	524	464	468	473	478	482	487	492	497	502	507
Environment	382	191	85	-	-	-	-	-	-	-	-
Education and employment	350	320	300	-	-	-	-	-	-	-	-
Community Safety	200	200	-	-	-	-	-	-	-	-	-
Community Health	296	258	117	118	118	118	118	118	118	119	119
Emergency Management	46	94	95	95	96	96	97	97	98	98	99
Arts and Culture	-	10	10	10	10	10	10	10	10	10	10
<b>Total recurrent operating grants</b>	<b>26,099</b>	<b>33,824</b>	<b>32,177</b>	<b>31,960</b>	<b>32,395</b>	<b>32,844</b>	<b>33,088</b>	<b>33,333</b>	<b>33,582</b>	<b>33,831</b>	<b>34,084</b>

Note – The Commonwealth Government Financial Assistance grant is lower in the 2022-23 Forecast due to the early receipt of 75 per cent of the grant funding in the 2021-22 financial year.

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

	Forecast	Budget	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	2032-33 \$'000
<b>(a) Operating grants</b>											
<b>Non recurrent</b>											
<b>Commonwealth Government</b>											
Family and Children Services	433	-	-	-	-	-	-	-	-	-	-
Home and Community Care	19	-	-	-	-	-	-	-	-	-	-
COVID Safety and Support	16	-	-	-	-	-	-	-	-	-	-
<b>State Government</b>											
Community Health	553	-	-	-	-	-	-	-	-	-	-
Family and Children Services	220	-	-	-	-	-	-	-	-	-	-
COVID Safety and Support	192	-	-	-	-	-	-	-	-	-	-
Environment	107	-	-	-	-	-	-	-	-	-	-
Community Safety	40	-	-	-	-	-	-	-	-	-	-
Libraries	20	-	-	-	-	-	-	-	-	-	-
Noble Park Revitalisation Program	83	-	-	-	-	-	-	-	-	-	-
Animal Management	15	-	-	-	-	-	-	-	-	-	-
<b>Other</b>											
Transport	15	-	-	-	-	-	-	-	-	-	-
<b>Total non-recurrent operating grants</b>	<b>1,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total operating grants</b>	<b>27,812</b>	<b>33,824</b>	<b>32,177</b>	<b>31,960</b>	<b>32,395</b>	<b>32,844</b>	<b>33,088</b>	<b>33,333</b>	<b>33,582</b>	<b>33,831</b>	<b>34,084</b>

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

	Forecast	Budget	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	2032-33 \$'000
<b>(b) Capital grants</b>											
<b>Non recurrent</b>											
<b>Commonwealth Government</b>											
Local Roads Community Infrastructure Program	3,791	-	-	-	-	-	-	-	-	-	-
Black Spot Program	2,688	-	-	-	-	-	-	-	-	-	-
<b>State Government</b>											
Buildings	3,321	3,080	12,000	5,700	-	-	-	-	-	-	-
Recreational, Leisure and Community Facilities	2,250	1,420	-	-	-	-	-	-	-	-	-
Noble Park Revitalisation Program	2,021	-	-	-	-	-	-	-	-	-	-
Parks, Open Space and Streetscapes	840	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	253	-	-	-	-	-	-	-	-	-	-
<b>Total non-recurrent capital grants</b>	<b>15,164</b>	<b>4,500</b>	<b>12,000</b>	<b>5,700</b>	-	-	-	-	-	-	-
<b>Total capital grants</b>	<b>16,182</b>	<b>5,316</b>	<b>12,000</b>	<b>5,700</b>	-	-	-	-	-	-	-

**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 – Assumptions to the Financial Plan Statements (10 years)

Description	Budget 2023-24	Projections								
		Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
CPI forecast	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate revenue cap	3.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Fees and charges - Council	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and fines - statutory	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Financial Assistance Grants	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Grants operating	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Grants capital		<i>Based on committed funding</i>								
Contributions monetary		<i>Based on committed funding</i>								
Contributions non monetary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employee costs	3.50%	2.25%	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%
Materials and services general	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Electricity	5.00%	5.00%	5.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Water	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Gas	3.50%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Insurance	15.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Depreciation and amortisation		<i>Based on level of expenditure</i>								
Other expenses	3.50%	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	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	2032-33 \$'000
<b>Operating</b>											
Total income	249,310	248,102	262,639	256,097	255,990	262,051	268,042	274,252	280,391	286,760	293,258
Total expenses	(222,486)	(219,018)	(225,460)	(231,967)	(236,934)	(242,488)	(248,389)	(252,272)	(257,367)	(262,570)	(268,983)
<b>Surplus for the year</b>	<b>26,824</b>	<b>29,084</b>	<b>37,179</b>	<b>24,130</b>	<b>19,056</b>	<b>19,563</b>	<b>19,653</b>	<b>21,980</b>	<b>23,024</b>	<b>24,190</b>	<b>24,275</b>
<b>Less non-operating income and expenditure</b>											
Grants - capital (non-recurrent)	(15,164)	(4,500)	(12,000)	(5,700)	-	-	-	-	-	-	-
Contributions - non-monetary	(10,000)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
Capital contributions - other sources	(4,563)	(2,000)	(7,580)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
<b>Adjusted underlying surplus (deficit)</b>	<b>(2,903)</b>	<b>15,084</b>	<b>10,099</b>	<b>8,930</b>	<b>9,556</b>	<b>10,063</b>	<b>10,153</b>	<b>12,480</b>	<b>13,524</b>	<b>14,690</b>	<b>14,775</b>