



# Hepburn Shire Council

Financial Plan 2021- 2031

*Hepburn*  
SHIRE COUNCIL





## ACKNOWLEDGEMENT OF COUNTRY

Hepburn Shire acknowledges the Traditional Owners of the land on which we live and work, the Dja Dja Wurrung People, and recognise their ongoing connection to the land and waterways. We also recognise the many other Aboriginal and Torres Strait Islander community members across the Shire who make up the vibrant communities to which our organisation provides services. Hepburn Shire pays respect to the wisdom of Elders, past, present, and emerging and shares a commitment to engaging communities with a spirit of reconciliation and respect.

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# 1 - Executive Summary

## 1.1 - Introduction

The Financial Plan 2021/22 to 2030/31 (referred to as the Financial Plan in this document) is the key document in establishing the funding requirements of Hepburn Shire Council's strategy and implementation. The key principles underpinning the development of the Financial Plan are medium and long-term financial sustainability and the achievement of Council's strategic objectives as outlined in the Community Vision and Council Plan, developed as part of the Hepburn Together project.

Council's primary objective is to strive to achieve the best outcomes for the local community, having regard to the long-term and cumulative effects of decisions. Council does this in partnership with local community organisations and in conjunction with, or with the support of, other levels of government.

Hepburn Shire Council:

- has functions and authority conferred on it by the Victorian Parliament and relevant legislation;
- provides governance and leadership for the local community through advocacy, decision making and leadership;
- is accountable to the local community in the performance of our functions, the exercise of our authority and the use of our resources; and
- is responsible for many services, facilities, assets and infrastructure, which provide a range of everyday benefits to the community.

In developing the Financial Plan, key financial principles support Council's forecast financial performance and position over a 10-year period, forming part of our statutory requirements. The development of a Financial Plan is a new legislative requirement of the recently enacted Local Government Act 2020; and is required to be adopted by Council by 31 October 2021.

Due to the variable nature of assumptions that focus on fluctuations in the economy, an annual review of the Financial Plan will provide Council with the opportunity to review the financial principles to easily adapt to these external influences, changes in proposed service levels or projects.

The financial projections contained within this plan indicate Council's future direction and financial capacity, and provide a guide for future actions or opportunities. Council can then analyse the future effects and impacts of its current decisions, and review the Plan following the adoption of the Annual Budget each year.

As highlighted under section 2 (Legislative Requirements) there is a diagram which highlights the level of detail during the three phases of the Financial Plan. It is important to note that in years 2 to 10, where details are less "known" and figures are subject to greater levels of assumption, that these assumptions are prudent and don't vary significantly from that of the current operating environment. If assumptions are unrealistic, they can act to mask emerging financial sustainability issues. The 2020/21 Annual Financial Report and the 2021/22 Annual Budget forms the basis for the first year of the Financial Plan. Years 2-10 present inclusive years of financial projections that are underpinned by the base data and assumptions detailed in the plan.

## **1.2 - Financial Plan Overview**

The plan covers the financial years 2021-22 to 2030-31 with an aim to remain financial sustainable; continue the renewal and upgrading of existing assets; and ensure delivery of the Community Vision and Council Plan 2021-25.

There are four primary issues for Council to balance in the development of the plan.

### *1 - Unrestricted Cash Balance*

One challenge currently facing Council is its low unrestricted cash balance.

While Council currently has a significant cash and investments balance, the vast majority has been committed to future capital works, has been provided to fund specific projects, or is tied under other statutory or non-statutory requirements.

As at 30th of June 2020 the unrestricted cash balance was \$1.316 million. This situation had been improving during the 2020-21 financial year due to the decision made by Council to cancel or defer projects that had previously been included in the 2020-21 capital and operating works program, however, has been negatively impacted by the cost responding to the COVID Pandemic and Strom related costs. The draft unrestricted cash balance as at 30 June 2021 is \$842,000.

A low unrestricted cash balance means Councils does not have the same level of funding to allocate to services and capital works as other Councils, and needs to be closely monitored.

### *2 - Low property rating income*

Hepburn Shire Council is a low rating Council relative to other small Councils and the State average, in relation to the raising of rate revenue.

For 2019/2020 the average rates charge for properties in small rural councils was \$1,687. This is \$111 or 6.6% per property higher than our Council, which averages \$1,576 per property. This equates to approximately \$1,260,738 per annum, which has been compounded over the past 5 years and will continue to do so over the life of this plan.

Given that rate revenue accounts for approximately 60% of Council's income and this source is subject to the State Government rate cap system, the task of delivering it's objectives and concurrently rectifying it's unrestricted cash balance will be an ongoing challenge, and a key focus of Council.

### *3 – COVID Financial Impact*

Hepburn Shire, like Victoria and the rest of the world continues to be impacted by the COVID-19 global pandemic. The true impact of the COVID-19 pandemic has not yet fully impacted Council's financials. There has been and will continue to be negative impacts through reduced revenue (rentals, rates interest waived) and additional costs to respond to the pandemic. The impacts of these items will be closely monitored by management during the coming year, and form updates to subsequent versions of the Financial Plan.

#### *4 - Council Plan 2021-25*

During 2021 Council has been working on a draft Community Vision and Council Plan, which includes a Municipal Public Health and Wellbeing Plan. Council developed these strategic documents following extensive community consultation earlier this year as part of the Hepburn Together Project.

Council had an extraordinary amount of community input, with more than 1,400 people and different community groups involved – which resulted in a community-led project which incorporated many of the communities’ ideas into the ambitions for the four-year Council Plan, and the ten-year Community Vision.

The Plan is ambitious and reflects the extensive Community engagement that has occurred during the Hepburn Together project and includes 114 strategies to be developed over the four-year Council Plan. A number of the strategies will require resources (human or financial) to be delivered, and the level of resources required will only be known as the strategies are developed. Therefore, the Financial Plan is developed with a link to the Council Plan, however it is important to note that each strategy has not been fully costed. This will occur as part of the Annual Budget process and is consistent across Local Government within Victoria. The Financial Plan is developed as a ‘guide’ to the financial resources required, with further details provided in subsequent documents, such as the Annual Budget.

## 2 - Legislative Requirements

This section describes how the Financial Plan links to the achievement of the Community Vision and the Council Plan within the Integrated Strategic Planning and Reporting Framework. This framework guides Council in identifying community needs and aspirations over the long term (Community Vision), medium term (Council Plan) and short term (Annual Budget), and then holding itself accountable (Annual Report).

Figure 1 provides an overview of the core legislated elements of the Integrated Strategic Planning and Reporting Framework and outcomes.

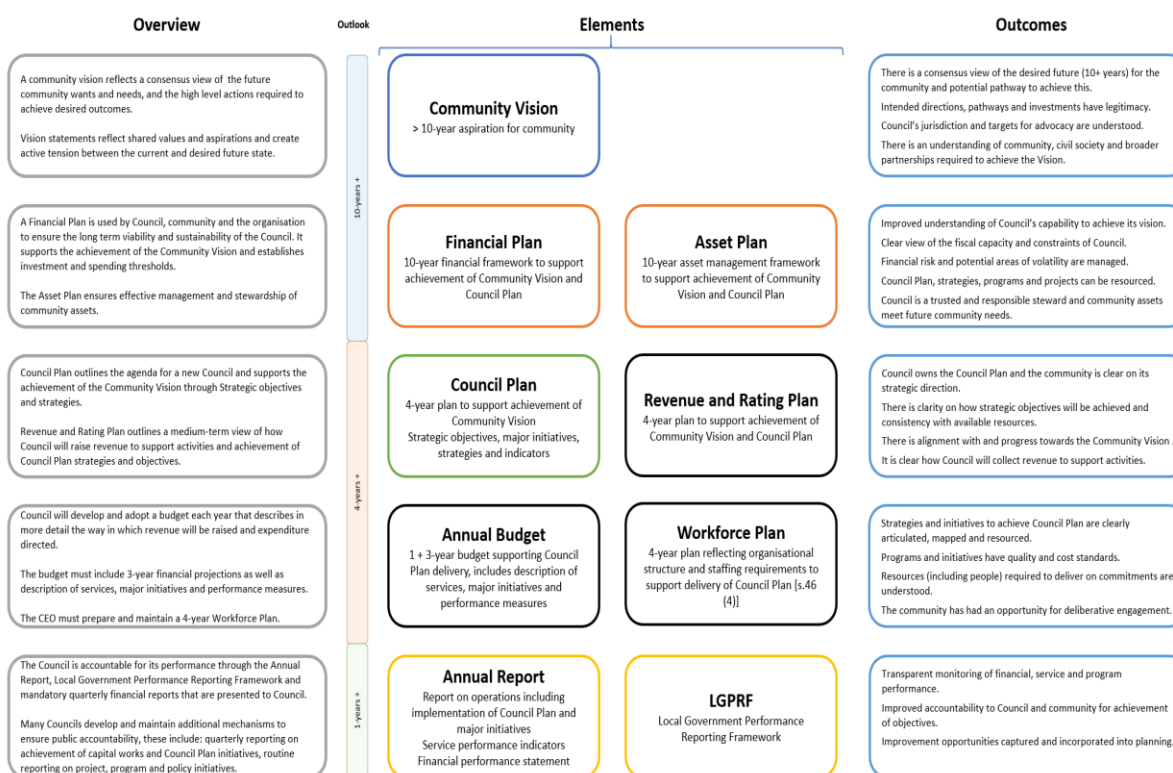


Figure 1. Integrated Strategic Planning and Reporting Framework and outcomes overview (Department of Jobs, Precincts and Regions 2020)

Figure 2 demonstrates how each element might inform or be informed by other parts of the integrated framework.

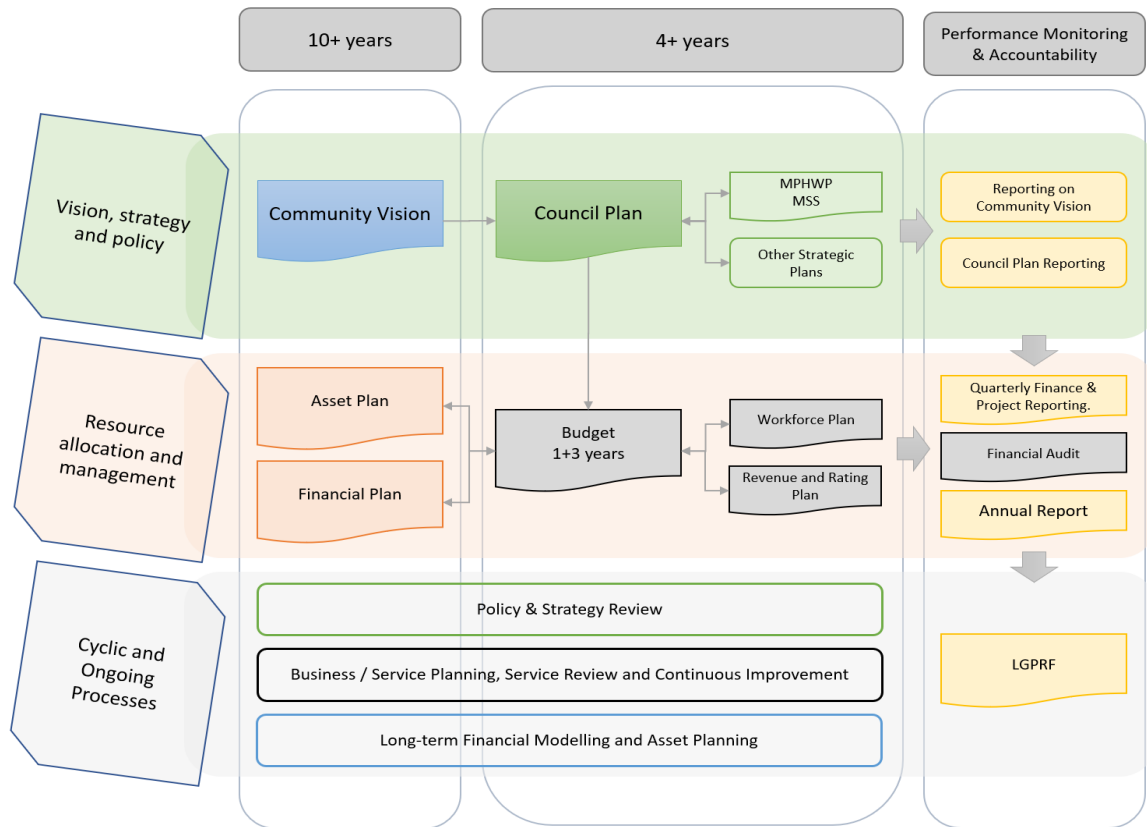
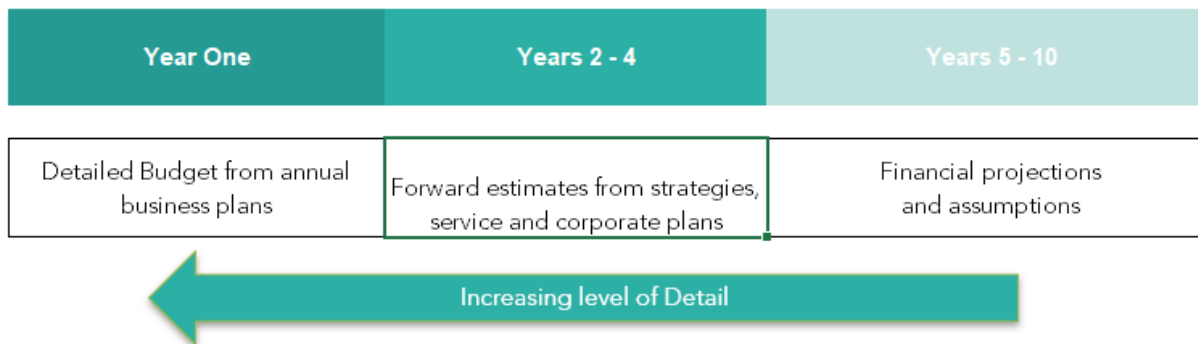


Figure 2. Elements influenced by the Integrated Strategic Planning and Reporting Framework (Department of Jobs, Precincts and Regions 2020)

### Long Term Financial Plan - Level of plan detail



Acronyms:

- MPHWP – Municipal Public Health Wellbeing Plan
- MSS – Municipal Strategic Statement
- LGPRF – Local Government Performance Reporting Framework



## 3 - Planning and Principles

### 3.1 - Strategic Planning Principles

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. The Financial Plan is developed in the context of the following strategic planning principles:

- Council has an integrated approach to planning, monitoring and performance reporting.
- Councils financial plan addresses the Community Vision by funding the aspirations of the Council Plan. The Council Plan aspirations and actions are formulated in the context of the Community Vision.
- The Financial Plan statements articulate the 10-year financial resources necessary to implement the goals and aspirations of the Council Plan to achieve the Community Vision.
- Council's strategic planning principles identify and address the risks to effective implementation of the Financial Plan.
- The Financial Plan provides for the strategic planning principles of progress monitoring of progress and reviews to identify and adapt to changing circumstances.

### 3.2 - Financial Management Principles

Council employs a strategic approach to financial planning that is influenced by the economic environment, our financial position, and impacts on the organisation, both internally and externally.

The aim of this strategic approach is to ensure:

- support of the achievement of our Community Vision 2021–2031;
- support of the achievement of our Council Plan 2021-2025;
- that the needs and expectations of the Hepburn Shire community are met;
- our long-term financial sustainability;
- intergenerational equity;
- delivery of appropriate, targeted, effective and efficient services;
- responsible rate increases;
- financial policies in place to ensure accountability; and
- Council maintains accounts and records that explain its financial operations and financial position which are externally audited.

### 3.3 - Service Performance Principles

Council services are designed to be purposeful, targeted to community needs and value for money. The service performance principles are listed below:

- Services are provided in an equitable manner and are responsive to the diverse needs of the community. The Council Plan is designed to identify the key services and projects to be delivered to the community. The Financial Plan provides the mechanism to demonstrate how the service aspirations within the Council Plan may be funded.
- Services are accessible to the relevant users within the community.

- Council provides quality services that provide value for money to the community. The Local Government Performance Reporting Framework (LGPRF) is designed to communicate council's performance regarding the provision of quality and efficient services.
- Council is developing a performance monitoring framework to continuously improve its service delivery standards.
- Council is developing a service delivery framework that considers and responds to community feedback and complaints regards service provision.

It is important to note the Council has included strategy 5.3.3 within the Council plan to *Strengthen the Integrated Strategic Planning and Reporting Framework, including a programmed service review of all Council services*. This strategy will ensure during the life of the Council Plan, Councils puts in a process to review its current services, how they are delivered, financial allocations to each service and the Financial Plan will be updated based on decisions made throughout the service review process.

### **3.4 - Asset Plan Integration**

Integration to the Asset Plan is a key principle of the Council's strategic financial planning principles. The purpose of this integration is designed to ensure that future funding is allocated in a manner that supports service delivery in terms of the plans and the effective management of Council's assets into the future.

The Asset Plan identifies the operational and strategic practices which will ensure that Council manages assets across their life cycle in a financially sustainable manner. The Asset Plan, and associated asset management policies, provide council with a sound base to understand the risk associated with managing its assets for the community's benefit.

The Asset Plan (when completed in 2022) is designed to inform the 10-year Financial Plan by identifying the amount of capital renewal, backlog and maintenance funding that is required over the life of each asset category. The level of funding will incorporate knowledge of asset condition, the risk assessment issues as well as the impact of reviewing and setting intervention and service levels for each asset class.

In addition to identifying the operational and strategic practices that ensure that Council manages assets across their life cycle in a financially sustainable manner, the Asset Plan quantifies the asset portfolio and the financial implications of those practices. Together the Financial Plan and Asset Plan seek to balance projected investment requirements against projected budgets.

The completion of the Asset Plan in 2022, along with the 2022/23 Budget, will require an update to the Financial Plan, which is then intended to be reviewed annually. The development of the Asset Plan will also ensure a detailed 10-year capital works program is developed.

## 4 – Hepburn Together and Council Plan 2021-25

As part of Council’s transition to the Local Government Act 2020, there is a requirement for Council to prepare and adopt a 10-year Community Vision and 4-year Council Plan.

The Community Vision 2021-2031 is a statement that captures the aspirations of the community for the next 10 years. It is shaped by 5 Focus Areas which are critical to reaching the goals set out in the Community Vision.

The Council Plan 2021-2025 is Council’s key strategic document. It describes the Council’s and Communities vision for the future, how Council will strive towards that vision during its 4-year term, where it will focus its efforts, and how it will measure progress. Council, for the first time has chosen to integrate our Municipal Public Health and Wellbeing Plan into the Council Plan recognising the importance of the health and wellbeing of our citizens, and that health and wellbeing impacts every area of Council’s operations.

Council undertook an extensive community engagement program to seek the community’s input into the development of the Community Engagement Policy, Community Vision and Council Plan.

The draft Community Vision is –

***Hepburn Shire - a place where all people in our community are valued, partnerships are fostered, the environment is protected, diversity is supported and innovation embraced.***

The vision is supported by the five key areas of the Council Plan –



### **A resilient and sustainable environment**

A responsive, adaptive, and resilient community that addresses changes to our climate and biodiversity.



### **A healthy supported, and empowered community**

A community that values connection, supports diversity, health, and wellbeing, and is inclusive of all people and their needs.



### **Embracing our past and planning for the future**

We acknowledge and empower the Traditional Owners and other cultures of our area to protect our historical roots while planning for future generations.



### **Diverse economy and opportunity**

Our community is enhanced by a diverse and resilient economy that supports local aspirations through opportunity.



### **A dynamic and responsive council**

Council and the community partner to achieve their aspirations through excellent communication and engagement, the delivery of effective services, strong financial management, and governance.

#### **4.1 - Linkage to the Financial Plan**

The Council Plan 2021-25 has a strong linkage to the development of the Financial Plan. Specific inclusions within the Council Plan are:

- Strategic Indicator – That Council achieve a low or medium risk rating for VAGO financial sustainability indicators.
- Strategy 5.3.3 – The Council enhance long-term financial planning and forecasting through the development of a Long-Term Financial Plan.

#### **4.2 – Hepburn Together Project**

Hepburn Shire Council embarked on a major strategic planning project called the Hepburn Together project. The project will shape the vision and direction for Hepburn Shire over the next 10 years and includes the development of Council’s Community Engagement Policy, Council’s 10-year Community Vision, The 4-year Council Plan (incorporating Municipal Public Health and Wellbeing Plan), Financial Plan and Asset Plan.

The Hepburn Together project commenced in November 2020. The first round of engagement for the Community Engagement Policy was rolled out in January-February 2021. Consultation and engagement in relation to the Financial Plan is in line with the policy.

Broad engagement was carried out from 27 February to 8 April 2021 and Council rolled out broad engagement to inform the development of the Community Vision, the Plan and Financial Plan. Each of these plans will work together to form the strategic direction of the Hepburn Shire Council.

Council used a variety of engagement methods to collect feedback from the Hepburn Shire community. The broad engagement delivered a participation rate of 9.6 percent or over 1,400 participants – this is more significant than the majority of other Local Governments.

During the Hepburn Together project a number of key financial questions were asked, that have provided input to the development of the Council Plan and Financial Plan.

*What should Council spend more money on?*

- Infrastructure and amenity including preservation of history.
- Sustainability and environment including climate change action, sustainability and clean energy programs.
- Health and community services including aged care services, mental health services and family violence services.

*What should Council spend less money on?*

- Council expenditure including hiring external consultants, staffing, administration and expanding their role from traditional local government roles and responsibilities.
- Infrastructure and amenity relating to less major projects, high risk projects or those that have low socio-economic benefit.
- Tourism and events.

*Council has a finite amount of money to deliver projects, initiatives and services. With rate capping, Council's income is not able to easily expand to accommodate new projects, initiatives or services. If new projects, initiatives or services were commissioned by Council – what is your view on how they should be funded?*

- 50% - Council to obtain grant monies to fund projects
- 24% - I want Council to use its current funding pool
- 18% - I would be happy to pay more rates
- 8% - I already pay enough rates



## 5 - Financial Plan Context

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

### 5.1 - Key economic assumptions

It is important that the Financial Plan reflects the most recent economic data and forecasts available. Conducting an annual review of the plan will ensure that the underlying parameters and assumptions are reasonable, given current economic conditions and expectations.

The below tables presents information in regard to the assumptions to the Comprehensive Income Statement for the 10 years from 2021/22 to 2030/31. These assumptions will be assessed annually in order to ensure that they remain valid and updated accordingly.

Assumption	Notes	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rates Cap Increase	2.3.1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Supplementary Rates (\$000's)	2.3.1	\$152	\$169	\$174	\$179	\$174	\$179	\$184	\$189	\$195	\$200
Rateable property no. growth	2.3.1	0.90%	0.90%	0.90%	0.90%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Waste Charges	2.3.2	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Statutory fees and fines	2.3.3	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User fees	2.3.3	2.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Grants - Operating	2.3.4	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Capital	2.3.5	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Contributions - monetary	2.3.6	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Contributions - non-monetary	2.3.7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average Interest Rate on Investments	2.3.8	0.70%	0.80%	0.95%	1.10%	1.25%	1.40%	1.50%	1.50%	1.65%	1.80%
Other income	2.3.9	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Employee costs	2.3.10	3.50%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
Materials and services	2.3.11	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Depreciation & Amortisation	2.3.12	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Other expenses	2.3.13	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

### 5.2 Notes to Assumptions

The following provides greater details of the assumptions included within the Plan.

#### a) Rate Income Assumptions

Each year rate revenue increases as a result of a number of two main factors.

- The setting of the rate cap which is set by the Minister for Local Government. Rate capping has been in place since the 2016/17 financial year. While the 2021/22 Cap is 1.5%, the historical average over 6 years is 2.125%. Council has chosen the rate of 2% as an average for the remainder of the term of the financial plan.

- Supplementary rate income, which is additional income resulting from the development of existing properties and sub-divisions which creates new property income.

It is assumed that Council will increase rates at the rate allowed by the rate cap. While possible, zero rate rises and rate rises above the rate cap (requiring a rate cap exemption) have not been included in this plan.

A rate cap exemption maybe required in future years (included within the Financial Plan) to fund large capital projects or to increase the average rate charge to deliver services and programs in line with the Council Plan. If this was to occur, detailed community engagement would be undertaken.

#### **b) Revenue and Rating Plan 2021-25**

In June 2021 (as required by the Local Government Act 2020) Council adopted its Revenue and Rating Plan 2021-25, and this is available on Councils website.

The purpose of the Revenue and Rating Plan is to determine the most appropriate and affordable revenue and rating approach for Council to generate the required income to enable it to adequately finance the objectives in the Council Plan and the programs, services and capital works in the Budget.

The Revenue and Rating Plan is underpinned by Council's financial policies, such as the Revenue Collection and Financial Hardship Policy.

Elements of the Revenue and Rating Plan have been included in the Financial Plan. Council also included a motion to undertake further work in relation to rating differentials during 2021/22, however any changes to the differential rating system has no impact on total revenue raised and therefore no impact on the Financial Plan

#### **c) Waste Charges**

Council is currently undertaking a Waste Strategy (during 2021/22) and the type of service to be provided, infrastructure required and therefore the cost and revenue required will be further developed as part of that strategy. Following adoption of the Waste Strategy the Financial Plan will be required to be updated to reflect.

The Financial Plan includes an expected increase for the 2022/23 financial year of 8.0% before returning to an annual increase of 2.50% - however this is subject to a number of external factors (waste contracts), State Government Policy and implementation of the waste strategy.

#### **d) Statutory Fees and Fines and User Fees**

Statutory fees and fines (set by State Government) are estimated to increase by an average of 2.5%, which is a combination of a 2% CPI increase as well as an additional allowance for volume growth. User fees and fines (set by Council) are estimated to increase by an average of 3.5%, which is a combination of a 2.5% CPI increase as well as an additional allowance for volume growth.

#### **e) Operating Grants**

Operating grants are received by Council for tied (specific purpose) and un-tied Financial Assistance grant funding received from the Victorian Grants Commission. Operating grants are estimated to increase by 2.5% across the period of the financial plan. The 2021/22 budget only includes 50% of the Victoria Grants Commission grant as half of this grant was prepaid in 2020/21. For years 2-10 it is assumed that Council will receive 100% of its Victoria Grants Commission grant in each financial year.

#### **f) Capital Grants**

Capital Grant income is difficult to predict. Council has predicted recurrent grants to remain the same until the end of the 4-year budget. In 2025/26 it is predicted that the rate will increase by 5% then and remain at this level for the period of the plan.

**g) Contributions Monetary**

Are of generally low value relative to other income streams received by Council. The 2021-22 budget includes two project related contributions, which are over and above the normal level of contribution received. An adjustment has been included in the 2022-23 to return the forecast level of contributions to historical average levels and a minor increase of 2% has been factored as the on-going annual increase throughout the period of the plan.

**h) Non-Monetary Contributions**

Have historically been rare and when received are hard to predict the value of. For this reason, Council has chosen not to include any non-monetary contributions for the period of the plan.

**i) Average interest rate on investments**

Are currently at an all-time low, with predictions for the average received on investments during 2021-22 being 0.7%. It is difficult to accurately determine the future, with the Reserve Bank indicating that rates are likely to remain relatively unchanged until 2024, however other experts are expecting inflationary pressures to cause rates to increase due to inflationary pressures slightly sooner. Council has taken a relatively conservative approach with interest rate returns gradually increasing to 1.8% over the 10-year period of the plan.

**j) Other income**

Is also a relatively small component of Councils income streams. It is also made up of a number of different sources, which are on-going and also one-off in nature. It has been predicted that the total income stream will increase annually by 2% across the period of the plan.

**k) Employee Costs**

Employee costs are driven by a combination of factors, but predominantly by the Enterprise agreement, staff numbers and also the roles that they are undertaking.

The current enterprise agreement expired on 13 June 2021 and negotiations are currently taking place to negotiate a three or four-year enterprise agreement. Council's industrial relations advisors Meerkin and Apel have indicated that enterprise agreements currently under negotiation across the State are in the range of 1.2-1.7% per annum.

Council's current enterprise agreement is well below the benchmark for small rural councils and it is anticipated that there will be a one-off increase in year 1 plus 0.5% for banding increments. The enterprise agreement for years 2-10 is estimated at 1.6% plus 0.5% for banding increments.

The minimum Superannuation Guarantee rate increased from 9.5 per cent to 10.0 per cent on 1 July 2021, with further increases of 0.5 per cent each financial year thereafter until it reaches 12.0 per cent from 1 July 2025.

Based on the above factors, the assumption is that salary costs will increase by an average of 3.5% in year 2 and 2.1% for years 3-10.

**l) Employee Costs (Workforce Plan)**

As Council has recently gone through two organisational re-alignments in the past three years it has been assumed that the structure will remain fairly static in the short-term. The Plan includes no increase to staff numbers throughout the 10-years of the plan, this maybe difficult to achieve and still achieve delivery of the services.

As part of the new Local Government Act 2020, Council is required to have a Workforce Plan in place prior to 31 December 2021. The Workforce Plan is a 4-year plan reflection the organsiation structure and staffing required to support the delivery of the Council Plan.

The completion of the Workforce Plan, along with the 2022/23 Budget, will require an update to the Financial Plan, which is then intended to be reviewed annually.

#### **m) Materials and Services**

Materials and services are predominantly made up by waste contractor costs, recurrent maintenance of roads, parks and open spaces, IT, insurance and Utilities. These costs have been factored to increase by CPI, except where expectations for increase fall outside this expectation. Insurances for example have been increasing at a rate far higher than CPI and this expectation has been included in the forecast increase.

A number of one-off costs have also been factored into the plan, including:

- Election costs of \$200,000 have been added to the 2024/25 and 2028/29 years.
- Councillor induction and Council plan development has been budgeted at \$100,000 p.a. for the 2024/25, 2025/26, 2028/29 and 2029/30 years.
- 2021/22 includes a one-off Trentham storm clean-up expense of \$250,000. The total cost of recovery works will be multi-million however the majority of costs are anticipated to be reimbursed through insurance and State and Federal Government reimbursement.
- \$250,000 is funded in each of the financial year to fund new projects or initiatives as a result of the Council Plan.

#### **n) Depreciation and Amortisation**

Is a non-cash item that has been tied to the asset renewal strategy and the size of the Capital Works planned. Increases are tied to the expectation that replacement costs of Council assets will increase through CPI and other factors over time.

Further updates will be required following the adoption of the Asset Plan in 2022.

#### **o) Other Expenses**

Is also a relatively small component of Councils expenditure. It is also made up of a number of different sources, which are on-going and also one-off in nature. It has been predicted that the total expense will increase annually by 2% across the period of the plan.

#### **p) Property sales**

Following the planned completion of the Hepburn Hub at the Rex facility in 2022/2023, the assumption is that Council will review surplus freehold properties and undertake a sale process – which will repay debt associated with the project. A conservative estimate of \$3.25m has been modelled.

### 5.3 - Financial Policy Statements

The following measures demonstrate Council's financial sustainability in order to fund the aspirations of the Community Vision and the Council Plan.

Policy Statement	Measure	Target
Consistent underlying surplus results	Adjusted underlying result greater than \$0	\$0
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due.	Current Assets / Current Liabilities greater than 1.25	1.25
Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.	Asset renewal and upgrade expenses / Depreciation above 100%	100%
That Council applies loan funding to new capital and maintains total borrowings in line with rate income and growth of the municipality.	Total borrowings / Rate revenue to remain below 60%	60%

Local Government Victoria has developed the Local Government Performance Reporting Framework (LGPRF) to provide comprehensive performance information that meets the needs of a number of audiences. Those indicators and those of the above and the 10-year analysis are included at section 7 of the plan.

### 5.4 – Waste Management

Council's philosophy and Victorian Legislation is that the total cash cost of waste management will be fully funded by waste grants and charges over the life of the plan. Council recognises that capital expenditure on waste management will vary between years, so Council will use its waste management reserve to smooth out the annual variation in waste charges over time. The following table summarises the finances of Council's waste service over the life of the plan.



	Forecast / Actual 2020/21 \$'000	Budget 2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000
<b>Waste Operating Income</b>											
Kerbside Garbage Collection	1,167	1,416	1,529	1,460	1,497	1,534	1,572	1,611	1,651	1,692	1,734
Recycling Collection	744	909	982	938	961	985	1,010	1,035	1,061	1,088	1,115
Waste Property Charges	1,673	2,051	2,215	2,115	2,168	2,222	2,278	2,335	2,393	2,453	2,514
Transfer Station Fees	429	324	332	340	349	358	367	376	385	395	405
Tip Shop Merchandise Sales	69	61	63	65	67	69	71	73	75	77	79
Grants	9	-	-	-	-	-	-	-	-	-	-
<b>Total Waste Operating Income</b>	<b>4,091</b>	<b>4,761</b>	<b>5,121</b>	<b>4,918</b>	<b>5,042</b>	<b>5,168</b>	<b>5,298</b>	<b>5,430</b>	<b>5,565</b>	<b>5,705</b>	<b>5,847</b>
<b>Waste Operating Expenses</b>											
Kerbside Garbage Collection	1,647	1,146	1,175	1,204	1,234	1,265	1,297	1,329	1,362	1,396	1,431
Recycling Collection	1,195	1,848	1,894	1,941	1,990	2,040	2,091	2,143	2,197	2,252	2,308
Mulching Green Waste	169	66	68	70	72	74	76	78	80	82	84
Transfer Stations	464	644	660	677	694	711	729	747	766	785	805
Street Sweeping	125	121	124	127	130	133	136	139	142	146	150
Litterbin Collection	104	204	209	214	219	224	230	236	242	248	254
Landfill Monitoring	84	70	72	74	76	78	80	82	84	86	88
Waste Management	494	398	408	418	428	439	450	461	473	485	497
Waste Education	-	20	20	20	20	20	22	24	26	28	30
Waste Projects	74	100	70	72	76	80	85	90	95	100	105
<b>Total Waste Operating Expenses</b>	<b>4,356</b>	<b>4,617</b>	<b>4,700</b>	<b>4,817</b>	<b>4,939</b>	<b>5,064</b>	<b>5,196</b>	<b>5,329</b>	<b>5,467</b>	<b>5,608</b>	<b>5,752</b>
<b>Waste Operating Surplus for the year</b>	<b>(265)</b>	<b>144</b>	<b>421</b>	<b>101</b>	<b>103</b>	<b>104</b>	<b>102</b>	<b>101</b>	<b>98</b>	<b>97</b>	<b>95</b>
<b>Waste Capital Program</b>											
Waste capital grants	-	-	-	100	100	100	100	100	100	100	100
Waste capital expenditure	-	-	-	200	200	200	200	200	200	200	200
<b>Net Waste Capital Program Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Waste Cash Surplus (Deficit) for the year</b>	<b>(265)</b>	<b>144</b>	<b>421</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>(2)</b>	<b>(3)</b>	<b>(5)</b>
<b>Waste Reserve balance at start of year</b>	<b>(300)</b>	<b>(565)</b>	<b>(421)</b>	<b>-</b>	<b>1</b>	<b>4</b>	<b>8</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>6</b>
Add Transfers to Waste Reserve	-	144	421	1	3	4	2	1	-	-	-
Less Transfers from Waste Reserve	(265)	-	-	-	-	-	-	-	(2)	(3)	(5)
<b>Waste Reserve balance at end of year</b>	<b>(565)</b>	<b>(421)</b>	<b>-</b>	<b>1</b>	<b>4</b>	<b>8</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>6</b>	<b>1</b>

## 6 - Financial Plan Statements

This section presents information in regard to the Financial Plan Statements for the 10 years from 2021/22 to 2030/31.

### 6.1 - Comprehensive Income Statement

		Forecast / Actual	Budget	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		2020/21	2021/22	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>												
Rates and charges	4.1.1	22,027	23,547	24,240	24,897	25,574	26,249	26,952	27,675	28,417	29,180	29,964
Statutory fees and fines	4.1.2	1,041	947	970	994	1,019	1,045	1,070	1,097	1,125	1,153	1,182
User fees	4.1.3	1,091	1,044	1,080	1,117	1,157	1,197	1,239	1,282	1,327	1,374	1,421
Grants - Operating	4.1.4	8,368	5,815	7,289	7,467	7,648	7,834	8,025	8,220	8,420	8,626	8,836
Grants - Capital	4.1.4	3,189	12,308	3,402	3,722	4,299	2,008	2,328	2,548	2,069	2,070	2,070
Contributions - monetary	4.1.5	582	528	289	295	301	307	313	319	325	332	339
Contributions - non-monetary	4.1.5	147	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equip.		(3,931)	(30)	15	165	90	15	15	15	15	15	15
Other income	4.1.6	1,151	1,384	1,452	1,424	1,435	1,520	1,573	1,630	1,678	1,761	1,871
<b>Total income</b>		<b>33,665</b>	<b>45,543</b>	<b>38,737</b>	<b>40,081</b>	<b>41,523</b>	<b>40,175</b>	<b>41,515</b>	<b>42,786</b>	<b>43,376</b>	<b>44,511</b>	<b>45,698</b>
<b>Expenses</b>												
Employee costs	4.1.7	15,647	15,899	15,757	15,821	16,320	16,680	17,040	17,408	17,783	18,167	18,559
Materials and services	4.1.8	12,408	16,256	11,942	12,097	12,676	12,735	12,927	13,199	13,803	13,888	14,106
Depreciation	4.1.9	6,593	6,925	6,998	7,071	7,146	7,221	7,297	7,373	7,451	7,529	7,608
Amortisation - intangible assets	4.1.9	133	121	122	121	121	11	-	-	-	-	-
Bad and doubtful debts		247	15	20	25	28	28	28	28	28	28	28
Borrowing costs	4.1.10	165	212	166	198	225	266	240	205	174	141	108
Other expenses	4.1.11	767	787	802	818	834	851	867	886	903	921	939
<b>Total expenses</b>		<b>35,960</b>	<b>40,215</b>	<b>35,807</b>	<b>36,151</b>	<b>37,350</b>	<b>37,792</b>	<b>38,399</b>	<b>39,099</b>	<b>40,142</b>	<b>40,674</b>	<b>41,348</b>
<b>Total comprehensive result</b>		<b>(2,295)</b>	<b>5,328</b>	<b>2,930</b>	<b>3,930</b>	<b>4,173</b>	<b>2,383</b>	<b>3,116</b>	<b>3,687</b>	<b>3,234</b>	<b>3,837</b>	<b>4,350</b>

## Adjusted Underlying Result

	Forecast / Actual										
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Income	33,665	45,543	38,737	40,081	41,523	40,175	41,515	42,786	43,376	44,511	45,698
Total expenses	35,960	40,215	35,807	36,151	37,350	37,792	38,399	39,099	40,142	40,674	41,348
Surplus/(deficit) for the year	(2,295)	5,328	2,930	3,930	4,173	2,383	3,116	3,687	3,234	3,837	4,350
<b>Less non-operating income and expenses</b>											
Grants - Capital (non-recurrent)	2,220	11,339	2,433	2,753	3,330	1,020	1,320	1,520	1,020	1,000	1,000
Contributions - monetary (capital)	582	528	289	295	301	307	313	319	325	332	339
Contributions - non-monetary	147	-	-	-	-	-	-	-	-	-	-
Adjusted underlying surplus/(deficit)	(5,244)	(6,539)	208	882	542	1,056	1,483	1,848	1,889	2,505	3,011

## 6.2 - Balance Sheet

	Forecast	Budget									
	/ Actual		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	2020/21	2021/22	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	8,839	7,256	4,878	4,256	4,262	4,121	4,084	4,471	5,306	5,644	6,399
Trade and other receivables	4,542	4,377	4,408	4,460	4,512	4,552	4,606	4,648	4,705	4,764	4,824
Other financial assets	18,202	-	-	-	-	-	-	-	-	-	-
Inventories	19	15	19	16	13	19	19	19	19	19	19
Other assets	130	39	30	40	55	55	55	56	55	56	55
<b>Total current assets</b>	<b>31,732</b>	<b>11,687</b>	<b>9,335</b>	<b>8,772</b>	<b>8,842</b>	<b>8,747</b>	<b>8,764</b>	<b>9,194</b>	<b>10,085</b>	<b>10,483</b>	<b>11,297</b>
<b>Non-current assets</b>											
Property, infrastructure, plant & equipment	326,340	343,060	349,563	355,085	360,406	362,171	364,052	366,373	367,748	370,189	372,650
Intangible assets	408	409	286	165	44	33	33	33	33	33	33
<b>Total non-current assets</b>	<b>326,748</b>	<b>343,469</b>	<b>349,849</b>	<b>355,250</b>	<b>360,450</b>	<b>362,204</b>	<b>364,085</b>	<b>366,406</b>	<b>367,781</b>	<b>370,222</b>	<b>372,683</b>
<b>Total assets</b>	<b>358,480</b>	<b>355,156</b>	<b>359,184</b>	<b>364,022</b>	<b>369,292</b>	<b>370,951</b>	<b>372,849</b>	<b>375,600</b>	<b>377,866</b>	<b>380,705</b>	<b>383,980</b>
<b>Liabilities</b>											
<b>Current liabilities</b>											
Trade and other payables	8,430	3,111	3,157	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203
Trust funds and deposits	1,205	1,205	1,209	1,213	1,217	1,221	1,214	1,214	1,214	1,214	1,214
Provisions	2,482	2,368	2,466	2,562	2,443	2,444	2,443	2,443	2,443	2,444	2,443
Interest-bearing liabilities	2,065	663	839	1,005	1,229	1,212	937	968	1,000	1,043	639
Other Liabilities liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>14,182</b>	<b>7,347</b>	<b>7,671</b>	<b>7,983</b>	<b>8,092</b>	<b>8,080</b>	<b>7,797</b>	<b>7,828</b>	<b>7,860</b>	<b>7,904</b>	<b>7,499</b>
<b>Non-current liabilities</b>											
Provisions	455	464	473	482	493	502	513	523	533	544	555
Interest-bearing liabilities	4,526	4,580	5,345	5,932	6,909	6,188	5,242	4,265	3,255	2,202	1,521
Other liabilities	26	-	-	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>5,007</b>	<b>5,044</b>	<b>5,818</b>	<b>6,414</b>	<b>7,402</b>	<b>6,690</b>	<b>5,755</b>	<b>4,788</b>	<b>3,788</b>	<b>2,746</b>	<b>2,076</b>
<b>Total liabilities</b>	<b>19,189</b>	<b>12,391</b>	<b>13,489</b>	<b>14,397</b>	<b>15,494</b>	<b>14,770</b>	<b>13,552</b>	<b>12,616</b>	<b>11,648</b>	<b>10,650</b>	<b>9,575</b>
<b>Net assets</b>	<b>339,291</b>	<b>342,765</b>	<b>345,695</b>	<b>349,625</b>	<b>353,798</b>	<b>356,181</b>	<b>359,297</b>	<b>362,984</b>	<b>366,218</b>	<b>370,055</b>	<b>374,405</b>
<b>Equity</b>											
Accumulated surplus	160,265	164,969	167,887	171,996	176,290	178,787	182,013	185,805	189,141	193,074	197,515
Reserves	179,026	177,796	177,808	177,629	177,508	177,394	177,284	177,179	177,077	176,981	176,890
<b>Total equity</b>	<b>339,291</b>	<b>342,765</b>	<b>345,695</b>	<b>349,625</b>	<b>353,798</b>	<b>356,181</b>	<b>359,297</b>	<b>362,984</b>	<b>366,218</b>	<b>370,055</b>	<b>374,405</b>

### 6.3 - Statement of Changes in Equity

	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	\$'000	\$'000	\$'000	\$'000
<b>2021 Forecast</b>				
Balance at beginning of the financial year	308,760	163,155	142,258	3,347
Surplus/(deficit) for the year	(2,295)	(2,295)	-	-
Net asset revaluation increment/(decrement)	32,826	-	32,826	-
Transfers to other reserves	-	293	-	(293)
Transfers from other reserves	-	(888)	-	888
<b>Balance at end of the financial year</b>	<b>339,291</b>	<b>160,265</b>	<b>175,084</b>	<b>3,942</b>
<b>2022 Draft Budget</b>				
Balance at beginning of the financial year	339,291	160,265	175,084	3,942
Surplus/(deficit) for the year	5,328	5,328	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(719)	-	719
Transfers from other reserves	-	1,949	-	(1,949)
<b>Balance at end of the financial year</b>	<b>344,619</b>	<b>166,823</b>	<b>175,084</b>	<b>2,712</b>
<b>2023</b>				
Balance at beginning of the financial year	344,619	166,823	175,084	2,712
Surplus/(deficit) for the year	2,930	2,930	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(935)	-	935
Transfers from other reserves	-	923	-	(923)
<b>Balance at end of the financial year</b>	<b>347,549</b>	<b>169,741</b>	<b>175,084</b>	<b>2,724</b>
<b>2024</b>				
Balance at beginning of the financial year	347,549	169,741	175,084	2,724
Surplus/(deficit) for the year	3,930	3,930	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(521)	-	521
Transfers from other reserves	-	700	-	(700)
<b>Balance at end of the financial year</b>	<b>351,479</b>	<b>173,850</b>	<b>175,084</b>	<b>2,545</b>
<b>2025</b>				
Balance at beginning of the financial year	351,479	173,850	175,084	2,545
Surplus/(deficit) for the year	4,173	4,173	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(529)	-	529
Transfers from other reserves	-	650	-	(650)
<b>Balance at end of the financial year</b>	<b>355,652</b>	<b>178,144</b>	<b>175,084</b>	<b>2,424</b>
<b>2026</b>				
Balance at beginning of the financial year	355,652	178,144	175,084	2,424
Surplus/(deficit) for the year	2,383	2,383	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(536)	-	536
Transfers from other reserves	-	650	-	(650)
<b>Balance at end of the financial year</b>	<b>358,035</b>	<b>180,641</b>	<b>175,084</b>	<b>2,310</b>



	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	\$'000	\$'000	\$'000	\$'000
<b>2027</b>				
Balance at beginning of the financial year	358,035	180,641	175,084	2,310
Surplus/(deficit) for the year	3,116	3,116	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(540)	-	540
Transfers from other reserves	-	650	-	(650)
<b>Balance at end of the financial year</b>	<b>361,151</b>	<b>183,867</b>	<b>175,084</b>	<b>2,200</b>
<b>2028</b>				
Balance at beginning of the financial year	361,151	183,867	175,084	2,200
Surplus/(deficit) for the year	3,687	3,687	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(545)	-	545
Transfers from other reserves	-	650	-	(650)
<b>Balance at end of the financial year</b>	<b>364,838</b>	<b>187,659</b>	<b>175,084</b>	<b>2,095</b>
<b>2029</b>				
Balance at beginning of the financial year	364,838	187,659	175,084	2,095
Surplus/(deficit) for the year	3,234	3,234	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(550)	-	550
Transfers from other reserves	-	652	-	(652)
<b>Balance at end of the financial year</b>	<b>368,072</b>	<b>190,995</b>	<b>175,084</b>	<b>1,993</b>
<b>2030</b>				
Balance at beginning of the financial year	368,072	190,995	175,084	1,993
Surplus/(deficit) for the year	3,837	3,837	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(557)	-	557
Transfers from other reserves	-	653	-	(653)
<b>Balance at end of the financial year</b>	<b>371,909</b>	<b>194,928</b>	<b>175,084</b>	<b>1,897</b>
<b>2031</b>				
Balance at beginning of the financial year	371,909	194,928	175,084	1,897
Surplus/(deficit) for the year	4,350	4,350	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(564)	-	564
Transfers from other reserves	-	655	-	(655)
<b>Balance at end of the financial year</b>	<b>376,259</b>	<b>199,369</b>	<b>175,084</b>	<b>1,806</b>

## 6.4 - Statement of Cash Flows

	Forecast / Actual		Budget								
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>											
Rates and charges	21,768	23,722	24,056	24,690	25,361	26,045	26,730	27,461	28,185	28,941	29,719
Statutory fees and fines	1,008	932	956	980	1,004	1,030	1,056	1,083	1,111	1,138	1,168
User fees	915	966	1,074	1,107	1,142	1,183	1,225	1,269	1,314	1,360	1,408
Grants - operating	9,406	5,815	7,289	7,467	7,648	7,834	8,024	8,220	8,420	8,626	8,836
Grants - capital	8,420	4,570	3,402	3,722	4,299	2,008	2,328	2,548	2,069	2,070	2,070
Contributions - monetary	582	528	289	295	301	307	313	319	325	332	339
Interest received	97	235	322	270	259	322	351	384	407	467	551
Rent received	720	1,055	1,094	1,116	1,139	1,162	1,185	1,208	1,232	1,257	1,282
Trust funds and deposits taken	-	(11)	4	4	4	4	(7)	-	-	-	-
Other receipts	122	186	190	194	198	202	206	210	214	218	223
Net GST refund / payment	1,502	-	-	-	-	-	-	-	-	-	-
Employee costs	(15,492)	(15,814)	(15,659)	(15,724)	(16,438)	(16,680)	(17,040)	(17,408)	(17,784)	(18,167)	(18,559)
Materials and services	(15,194)	(16,578)	(11,882)	(12,048)	(12,678)	(12,732)	(12,917)	(13,190)	(13,793)	(13,878)	(14,095)
Trust funds and deposits repaid	(2)	-	-	-	-	-	-	-	-	-	-
Other payments	(843)	(786)	(802)	(818)	(834)	(851)	(868)	(885)	(903)	(921)	(940)
<b>Net cash provided by/(used in) operating activities</b>	<b>13,009</b>	<b>4,820</b>	<b>10,333</b>	<b>11,255</b>	<b>11,405</b>	<b>9,834</b>	<b>10,586</b>	<b>11,219</b>	<b>10,797</b>	<b>11,443</b>	<b>12,002</b>
<b>Cash flows from investing activities</b>											
Payments for property, infrastructure, plant and equipment	(9,489)	(22,975)	(13,636)	(14,079)	(13,277)	(10,120)	(9,312)	(9,830)	(8,960)	(10,104)	(10,204)
Proceeds from sale of property, infrastructure, plant and equipment	41	(30)	150	1,650	900	1,150	150	150	150	150	150
Proceeds from sale of assets held for sale	712	-	-	-	-	-	-	-	-	-	-
Payments for investments	(17,010)	(6,000)	(8,000)	(5,000)	(7,500)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
Proceeds from sale of investments	-	24,202	8,000	5,000	7,500	8,000	8,000	8,000	8,000	8,000	8,000
<b>Net cash provided by/ (used in) investing activities</b>	<b>(25,746)</b>	<b>(4,803)</b>	<b>(13,486)</b>	<b>(12,429)</b>	<b>(12,377)</b>	<b>(8,970)</b>	<b>(9,162)</b>	<b>(9,680)</b>	<b>(8,810)</b>	<b>(9,954)</b>	<b>(10,054)</b>
<b>Cash flows from financing activities</b>											
Finance costs	(165)	(212)	(166)	(198)	(225)	(266)	(240)	(205)	(174)	(141)	(108)
Proceeds from borrowings	3,012	740	1,625	1,600	2,215	500	-	-	-	-	-
Repayment of borrowings	(412)	(2,128)	(684)	(848)	(1,013)	(1,238)	(1,221)	(946)	(978)	(1,010)	(1,086)
<b>Net cash provided by/(used in) financing activities</b>	<b>2,435</b>	<b>(1,600)</b>	<b>775</b>	<b>554</b>	<b>977</b>	<b>(1,004)</b>	<b>(1,461)</b>	<b>(1,151)</b>	<b>(1,152)</b>	<b>(1,151)</b>	<b>(1,194)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(10,302)</b>	<b>(1,583)</b>	<b>(2,378)</b>	<b>(620)</b>	<b>5</b>	<b>(140)</b>	<b>(37)</b>	<b>388</b>	<b>835</b>	<b>338</b>	<b>754</b>
Cash and cash equivalents at the beginning of the financial year	19,141	8,839	7,256	4,878	4,258	4,263	4,123	4,086	4,474	5,309	5,647
<b>Cash and cash equivalents at the end of the financial year</b>	<b>8,839</b>	<b>7,256</b>	<b>4,878</b>	<b>4,258</b>	<b>4,263</b>	<b>4,123</b>	<b>4,086</b>	<b>4,474</b>	<b>5,309</b>	<b>5,647</b>	<b>6,401</b>

## 6.5 - Statement of Capital Works

	Forecast / Actual		Budget								
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>											
Land improvements	-	-	24	60	84	36	36	36	30	36	36
<b>Total land</b>	-	-	24	60	84	36	36	36	30	36	36
Buildings	2,838	1,296	3,160	2,010	3,646	1,660	(580)	1,181	1,416	2,202	2,213
<b>Total buildings</b>	2,838	1,296	3,160	2,010	3,646	1,660	(580)	1,181	1,416	2,202	2,213
<b>Total property</b>	2,838	1,296	3,184	2,070	3,730	1,696	(544)	1,217	1,446	2,238	2,249
<b>Plant and equipment</b>											
Plant, machinery and equipment	496	860	600	600	600	600	600	600	600	600	600
Computers and telecommunications	208	917	650	683	717	752	790	830	871	915	960
Library collection	68	60	60	60	60	60	60	60	60	60	60
<b>Total plant and equipment</b>	772	1,837	1,310	1,343	1,377	1,412	1,450	1,490	1,531	1,575	1,620
<b>Infrastructure</b>											
Roads	3,695	3,078	3,220	3,284	3,350	3,417	3,485	3,555	3,589	3,699	3,773
Bridges	201	600	-	1,600	1,600	700	714	728	619	757	773
Footpaths and cycleways	947	534	986	852	624	637	1,649	663	558	689	703
Drainage	38	270	270	270	270	270	270	270	225	270	270
Recreational, leisure and community facilities	276	2,967	3,769	3,664	1,832	1,322	1,321	868	673	616	616
Waste management	-	169	-	200	200	200	200	200	200	200	200
Parks, open space and streetscapes	497	763	897	796	294	466	766	840	120	60	-
Other infrastructure	100	138	-	-	-	-	-	-	-	-	-
Carry Forward Works		11,661									
<b>Total infrastructure</b>	5,754	20,180	9,142	10,666	8,170	7,012	8,405	7,124	5,984	6,291	6,335
<b>Total capital works expenditure</b>	9,364	23,313	13,636	14,079	13,277	10,120	9,311	9,831	8,961	10,104	10,204
<b>Represented by:</b>											
New asset expenditure	749	1,670	3,919	4,340	907	566	1,973	529	381	380	387
Asset renewal expenditure	4,841	13,591	5,947	7,285	7,517	7,866	6,958	7,930	7,066	7,344	7,433
Asset upgrade expenditure	3,774	8,052	3,770	3,454	3,854	1,688	1,632	871	763	880	884
<b>Total capital works expenditure</b>	9,364	23,313	13,636	15,079	12,278	10,120	10,563	9,330	8,210	8,604	8,704
<b>Funding sources represented by:</b>											
Grants and Contributions	3,771	12,308	3,402	3,722	4,299	2,008	2,328	2,548	2,069	2,070	2,070
Asset Sales	753	(30)	150	1,650	900	1,150	150	150	150	150	150
Council cash	1,828	10,295	8,459	8,107	4,863	6,463	8,084	6,632	5,992	6,384	6,484
Borrowings	3,012	740	1,625	1,600	2,215	500	-	-	-	-	-
<b>Total capital works expenditure</b>	9,364	23,313	13,636	15,079	12,277	10,121	10,562	9,330	8,211	8,604	8,704

## 6.6 - Statement of Human Resources

Council is currently developing an organisational workforce plan which will inform this Statement of Human Resources in future years. The below details for 2021/22 – the cost would increase across the 10-years of the plan based on the assumptions included and staff numbers per this plan remain stable.

Staff expenditure	2021/22 \$'000
Total staff expenditure	
Female	8,221
Male	7,191
Total staff expenditure	- 15,412
Permanent full time	
Female	4,213
Male	6,297
Total	- 10,510
Permanent part time	
Female	2,599
Male	542
Total	- 3,141
Casual, temporary & other expenditure	
Female	1,409
Male	352
Total	- 1,761

Staff numbers	2021/22 FTE
Total staff numbers	
Female	84.4
Male	91.3
Total staff numbers	175.7
Permanent full time	
Female	41.0
Male	68.0
Total	109.0
Permanent part time	
Female	31.2
Male	8.0
Total	39.2
Casual, temporary & other expenditure	
Female	12.2
Male	3.1
Total	15.3
Capitalised Labour	
Female	0.0
Male	12.2
Total	12.2

## 7 - Financial Plan and Performance Indicators

This section describes the performance indicators that have been included and reviewed as part of the development of the Financial Plan. These indicators provide an analysis of Council's 10-year financial projections and should be interpreted in the context of the organisation's objectives and financial management principles.

### Financial Policy Statements

The following measures demonstrate Council's financial sustainability in order to fund the aspirations of the Community Vision and the Council Plan.

Policy Statement	Measure	Target	Forecast										
			Actual	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Consistent underlying surplus results	Adjusted underlying result greater than \$0	\$0	\$'000s \$0	\$'000s -\$6,539	\$'000s \$208	\$'000s \$882	\$'000s \$542	\$'000s \$1,056	\$'000s \$1,483	\$'000s \$1,848	\$'000s \$1,889	\$'000s \$2,505	\$'000s \$3,011
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due.	Current Assets / Current Liabilities greater than 1.25	1.25	2.24	1.59	1.22	1.10	1.09	1.08	1.12	1.17	1.28	1.33	1.51
Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.	Asset renewal and upgrade expenses / Depreciation above 100%	100%	%	372%	133%	144%	149%	122%	107%	107%	93%	95%	94%
That Council applies loan funding to new capital and maintains total borrowings in line with rate income and growth of the municipality.	Total borrowings / Rate revenue to remain below 60%	60%	%	28%	32%	35%	40%	35%	29%	24%	19%	14%	9%

## Local Government Performance Reporting Framework (LGPRF)

The following table highlights Council's current and projected performance across a range of key financial performance indicators that form part of the Local Government Performance Reporting Framework (LGPRF), are determined by the State Government and form annual reporting through <https://knowyourcouncil.vic.gov.au/>

Indicator	Measure	Notes	Forecast												Trend
			Actual	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	+ / o / -
<b>Operating position</b>															
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	%	-13.7%	-1.0%	1.3%	0.3%	1.5%	2.5%	3.3%	3.2%	4.5%	5.6%	+	
<b>Liquidity</b>															
Working Capital	Current assets / current liabilities	2	%	291%	235%	214%	205%	185%	171%	167%	165%	172%	196%	+	
Unrestricted cash	Unrestricted cash / current liabilities	3	%	179%	122%	101%	87%	66%	48%	43%	41%	48%	63%	o	
<b>Obligations</b>															
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	%	25%	29%	32%	36%	32%	26%	21%	17%	13%	8%	+	
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		%	11%	4%	5%	5%	6%	6%	5%	5%	4%	4%	+	
Indebtedness	Non-current liabilities / own source revenue		%	19%	21%	23%	25%	22%	19%	15%	12%	8%	6%	+	
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	5	%	144%	149%	155%	159%	130%	116%	117%	108%	108%	108%	-	
<b>Stability</b>															
Rates concentration	Rate revenue / adjusted underlying revenue	6	%	65%	60%	60%	60%	60%	60%	60%	60%	60%	62%	+	
Rates effort	Rate revenue / CIV of rateable properties in the municipality		%	0.31%	0.30%	0.29%	0.29%	0.28%	0.27%	0.26%	0.25%	0.24%	0.24%	-	
<b>Efficiency</b>															
Expenditure level	Total expenses / no. of property assessments		\$0	\$3,175	\$3,117	\$3,104	\$3,180	\$3,192	\$3,216	\$3,248	\$3,307	\$3,324	\$3,351	+	
Revenue level	Total rate revenue / no. of property assessments		\$0	\$1,609	\$1,654	\$1,700	\$1,747	\$1,794	\$1,841	\$1,890	\$1,939	\$1,989	\$2,040	+	
<b>Key to Forecast Trend:</b>															
+ Forecasts improvement in Council's financial performance/financial position indicator															
o Forecasts that Council's financial performance/financial position indicator will be steady															
- Forecasts deterioration in Council's financial performance/financial position indicator															

## Notes to indicators

1. Adjusted underlying result - An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. The positive result for this indicator identifies an adjusted underlying surplus and the trend indicates improving underlying surpluses over the strategic resource plan.
2. Working Capital - The proportion of current liabilities represented by current assets. This indicator increases over the final two years of the plan, predominantly as a result of the decreasing expenditure on loan interest and loan principal repayments.
3. Unrestricted Cash - Similar to working capital, this indicator represents Council's ability to meet its short term commitments without the need to use funds which are earmarked for other purposes. This indicator also remains positive over the final four years of the plan.
4. Debt compared to rates - This indicator measures the level of Council's total debt as a percentage of rate revenue. This indicator improves strongly over the life of the plan as the level of debt declines steadily over the second half of the plan.
5. Asset renewal - This percentage indicates the extent of Council's renewals 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 and future capital expenditure will be required to renew assets.
6. Rates concentration - Reflects extent of reliance on rate revenues to fund all of Council's on-going services.

## VAGO Financial Performance Indicators

The table below lists and describes the financial indicators that VAGO uses to assess Council's financial sustainability risks. These indicators should be considered collectively and are more useful when assessed over time as part of a trend analysis.

Indicator	Formula	Description	High risk	Medium Risk	Low Risk
<b>Net result margin (%)</b>	Net result/total revenue	A positive result indicates a surplus, and the larger the percentage, the stronger the result. A negative result indicates a deficit. Operating deficits cannot be sustained in the long term. The net result and total revenue are obtained from the comprehensive operating statement.	Less than negative 10% Insufficient revenue is being generated to fund operations and asset renewal.	-10%–0% A risk of long-term run down to cash reserves and inability to fund asset renewals.	More than 0% Generating surpluses consistently.
<b>Adjusted underlying result (%)</b>	Adjusted underlying surplus (or deficit)/adjusted underlying revenue	This measures an entity's ability to generate surplus in its ordinary course of business, excluding non-recurrent capital grants, non monetary asset contributions and other contributions to fund capital expenditure from its net result. A surplus or increasing surplus suggests an improvement in the operating position.	Less than 0% Insufficient surplus is being generated to fund operations.	0%–5% Surplus being generated to fund operations.	More than 5% Generating strong surpluses to fund operations.
<b>Liquidity (ratio)</b>	Current assets/current liabilities	This measures an entity's ability to pay existing liabilities in the next 12 months. A ratio of one or more means that an entity has more cash and liquid assets than short-term liabilities.	Less than 0.75 Immediate sustainability issues with insufficient current assets to cover liabilities.	0.75–1.0 Need for caution with cashflow, as issues could arise with meeting obligations as they fall due.	More than 1.0 No immediate issues with repaying short-term liabilities as they fall due.
<b>Internal financing (%)</b>	Net operating cashflow/net capital expenditure	This measures an entity's ability to finance capital works from generated cashflow. The higher the percentage, the greater the ability for the entity to finance capital works from its own funds. Net operating cashflows and net capital expenditure are obtained from the cashflow statement.	Less than 75% Limited cash generated from operations to fund new assets and asset renewal.	75%–100% May not be generating sufficient cash from operations to fund new assets.	More than 100% Generating enough cash from operations to fund new assets.
<b>Indebtedness (%)</b>	Non-current liabilities/own-sourced revenue	This assesses an entity's ability to pay the principal and interest on its borrowings when they are due from the funds it generates. The lower the ratio, the less revenue the entity is required to use to repay its total debt. Own-sourced revenue is used, rather than total revenue, because it does not include grants or contributions.	More than 60% Potentially long-term concern over an entity's ability to repay debt levels from its own-source revenue.	40%–60% Some concern over the ability to repay debt from own-source revenue.	40% or less No concern over the ability to repay debt from own source revenue.

Indicator	Formula	Description	High risk	Medium Risk	Low Risk
<b>Capital replacement (ratio)</b>	Cash outflows for the addition of new infrastructure, property, plant and equipment/depreciation	This compares the rate of spending on new infrastructure, property, plant and equipment with its depreciation. Ratios higher than 1:1 indicate that spending is faster than the depreciating rate. This is a long-term indicator because capital expenditure can be deferred in the short term if there are insufficient funds available from operations and borrowing is not an option. Cash outflows for infrastructure are taken from the cashflow statement. Depreciation is taken from the comprehensive operating statement.	Less than 1.0 Spending on capital works has not kept pace with consumption of assets.	1.0–1.5 May indicate spending on asset renewal is insufficient.	More than 1.5 Low risk of insufficient spending on asset renewal.
<b>Renewal gap (ratio)</b>	Renewal and upgrade expenditure/depreciation	This compares the rate of spending on renewing, restoring and replacing existing assets with depreciation. Ratios higher than 1.0 indicate that spending on existing assets is faster than the depreciation rate.	Less than 0.5 Spending on existing assets has not kept pace with consumption of these assets.	0.5–1.0 May indicate insufficient spending on renewal of existing assets.	More than 1.0 Low risk of insufficient spending on asset base.

Indicator	Forecast /												
	Actual	Draft	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net result margin (%)	-6.8%	11.7%	7.6%	9.8%	10.0%	5.9%	7.5%	8.6%	7.5%	8.6%	9.5%		
Adjusted underlying result (%)		-19.4%	0.6%	2.4%	1.4%	2.7%	3.7%	4.5%	4.5%	5.8%	6.8%		
Liquidity (ratio)	2.24	1.6	1.2	1.1	1.1	1.1	1.1	1.2	1.3	1.3	1.5		
Internal financing (%)	137.7%	21.0%	76.6%	90.6%	92.1%	109.6%	115.5%	115.9%	122.6%	115.0%	119.4%		
Indebtedness (%)	30.7%	18.8%	21.0%	22.4%	25.3%	22.3%	18.7%	15.1%	11.6%	8.2%	6.0%		
Capital replacement(ratio)	1.43	3.3	1.9	1.8	1.7	1.2	1.3	1.3	1.2	1.3	1.3		
Renewal gap (ratio)	130.7%	3.1	1.4	1.5	1.6	1.3	1.2	1.2	1.1	1.1	1.1		



## Unrestricted and Unallocated Cash Position

Council's unrestricted and unallocated cash across the life of the plan is as follows:

	Forecast										
	/ Actual	Budget									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total Financial Assets</b>	27,041	7,256	4,878	4,256	4,262	4,121	4,084	4,471	5,306	5,644	6,399
Council's cash and cash equivalents which are subject to external restrictions:											
Trust funds and deposits	(1,205)	(1,205)	(1,209)	(1,213)	(1,217)	(1,221)	(1,214)	(1,214)	(1,214)	(1,214)	(1,214)
Statutory reserves	(1,526)	(1,526)	(1,515)	(1,360)	(1,261)	(1,168)	(1,081)	(1,000)	(925)	(857)	(796)
<b>Total unrestricted financial assets</b>	<b>24,310</b>	<b>4,525</b>	<b>2,154</b>	<b>1,683</b>	<b>1,784</b>	<b>1,732</b>	<b>1,789</b>	<b>2,257</b>	<b>3,167</b>	<b>3,573</b>	<b>4,389</b>
Amounts have been allocated for specific future purposes by Council:											
Cash held to fund carried forward works	(12,125)	-	-	-	-	-	-	-	-	-	-
Unexpended grants received	(6,386)	(2,500)	-	-	-	-	-	-	-	-	-
Federal Government funding in advance	(2,541)	-	-	-	-	-	-	-	-	-	-
Discretionary reserves	(2,416)	(1,186)	(1,209)	(1,185)	(1,163)	(1,142)	(1,119)	(1,095)	(1,068)	(1,040)	(1,010)
<b>Total unrestricted &amp; unallocated financial assets</b>	<b>842</b>	<b>839</b>	<b>945</b>	<b>498</b>	<b>621</b>	<b>590</b>	<b>670</b>	<b>1,162</b>	<b>2,099</b>	<b>2,533</b>	<b>3,379</b>

## 8 – Strategies and Plans

This section describes the strategies and plans that support the 10-year financial projections included to the Financial Plan. There are a number of key plans that may have a significant impact on future versions of the Financial Plan, namely:

- Revenue and Rating Plan
- Workforce Plan
- Asset Plan
- Waste Strategy
- Strategic Land Use Planning, including Housing Strategies
- Aquatic Strategy
- Sustainable Hepburn

There are also a number of other strategies that may have some impact, in particular the services and capital works delivered. Strategies such as, but not limited to, Walking and Cycling, Aquatic, Sustainability, and a number of others as included in the Council Plan 2021-25.

The Financial Plan will be updated annually to take into account Council decisions.

### **8.1 – Borrowing Strategy**

Debt has been built into this Financial Plan based on a treasury management position of drawing down on loans when required, and repaying loans when due and excess cash is available. Debt costs are at an all time low, and Council has commitments to a number of long term intergenerational project, and therefore it is forecast within this plan to borrow for a number of projects. Decisions regarding the actual borrowings undertaken will occur as part of the Annual Budget process. Loan borrowing is a tool that can provide Council with a mechanism to implement objectives in the Council Plan. It is an instrument that spreads the cost of an asset over a number of years while ratepayers who benefit from the asset pays for it's consumption over time.

Projects currently forecast for additional borrowing during the life of the plan are:

- Finalisation of the Hepburn Hub at the Rex Project
- Creswick Trails construction
- Trentham Community Hub construction
- Daylesford to Hanging Rock construction

- Glenlyon Recreation Reserve Pavilion construction
- Daylesford Town Hall renewal

The total amount borrowed as at 30 June 2021 was \$6.631 million. The following table highlights Council's current projected loan balances including new loans and loan repayments for the 10 years of the Financial Plan.

	Forecast / Actual											
	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	
Opening balance	3,990	6,631	5,243	6,184	6,936	8,138	7,400	6,179	5,233	4,255	3,245	
Plus New loans	3,012	740	1,625	1,600	2,215	500	-	-	-	-	-	
Less Principal repayment	(371)	(2,128)	(684)	(848)	(1,013)	(1,238)	(1,221)	(946)	(978)	(1,010)	(1,086)	
Closing balance	6,631	5,243	6,184	6,936	8,138	7,400	6,179	5,233	4,255	3,245	2,159	
Interest payment	165	212	166	198	225	266	240	205	174	141	108	

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

Performance Indicator	Target	Forecast / Actual										
		2020/21 %	2021/22 %	2022/23 %	2023/24 %	2024/25 %	2025/26 %	2026/27 %	2027/28 %	2028/29 %	2029/30 %	2030/31 %
Total borrowings / Rate revenue	Below 40%	%	25.17%	28.88%	31.50%	35.95%	31.81%	25.85%	21.30%	16.85%	12.51%	8.10%
Debt servicing / Rate revenue	Below 5%	%	1.02%	0.78%	0.90%	0.99%	1.14%	1.00%	0.83%	0.69%	0.54%	0.40%
Debt commitment / Rate revenue	Below 10%	%	11.23%	3.97%	4.75%	5.47%	6.47%	6.11%	4.69%	4.56%	4.44%	4.48%
Indebtedness / Own source revenue	Below 60%	%	19.50%	22.28%	24.26%	27.80%	24.65%	20.03%	16.51%	13.07%	9.69%	6.27%

Council has projected a low borrowing requirement as demonstrated by the performance indicators. As noted above under future borrowing requirements, there may be the need to borrow in order to invest in future capital works or other significant strategic initiatives during the term of the financial plan. These indicators highlight that there is significant scope if Council wishes to do so.

The main indicator used across the sector is the Indebtedness indicator and is reviewed by the Victorian Auditor General each year. Throughout the 10-year plan Council remains in the low-risk category with a rate below 40%.

## **8.2 - Reserves Strategy**

Council maintains both statutory and discretionary reserves in line with standard practice.

Financial reserves are funds that have been set aside from operating and capital incomes for future funding of capital projects. From an accounting perspective, the balance of these funds are held under 'Equity' in Council's Balance Sheet. Reserve movements are reviewed during the annual budget process.

The nature and purpose of each reserve including any usage restrictions is outlined below.

- Open Space Recreation Reserve - The Open Space Recreation Reserve is used to hold developer contributions towards public open space infrastructure arising property developers undertaking property subdivisions. These funds are then used to expand and upgrade Council's public open space facilities. Use of the funds in the Open Space Recreation Reserve are restricted by legislation.
- Mineral Springs Reserve - The annual operating surplus of the Hepburn Mineral Springs Reserve is transferred to this reserve each year. Reserve funds are then used for capital projects at the Hepburn Mineral Springs Reserve. The use of funds in this reserve is not restricted by legislation and is at the discretion of Council.
- Clunes Caravan Park Reserve - The Clunes Caravan Park Reserve contains funds reserved for future capital works projects at the Clunes Caravan Park. The use of funds in this reserve is not restricted by legislation and is at the discretion of Council.
- Heritage Advisory Reserve - The Heritage Advisory Reserve contains funds reserved for future heritage advice. The use of funds in this reserve is not restricted by legislation and is at the discretion of Council.
- Mt Beckworth Pit Reserve - The Mt Beckworth Pit Reserve contains funds reserved for future gravel pit restoration works at the Mt Beckworth Gravel Pit. The use of funds in this reserve is not restricted by legislation and is at the discretion of Council.
- Smeaton Hill Pit Reserve - The Smeaton Hill Pit Reserve contains funds reserved for future gravel pit restoration works at the Smeaton Hill Gravel Pit. The use of funds in this reserve is not restricted by legislation and is at the discretion of Council.
- Waste Management Reserve - The annual operating surplus of Council's waste management function is transferred to the Waste Management Reserve each year. Reserve funds are then used for waste management capital projects. Council is undertaking a Waste Strategy during 2021-2022 which will inform future waste management capital projects required by the shire. The use of funds in this reserve is not restricted by legislation and is at the discretion of Council.

- Debt Management Reserve - Council financed the repayment of its defined benefits superannuation liability with an interest only bond. The Debt Management Reserve was to hold the notional principal repayment due on this loan over the life of the loan. At the maturity of the interest only bond, the entire bond was repaid with the proceeds of this reserve.

The following table details the 10-year total of restricted and discretionary reserves.

Reserves Summary	Restricted & Discretionary											
Opening balance	3,348	3,942	2,712	2,724	2,545	2,424	2,310	2,200	2,095	1,993	1,897	1,897
Transfer to reserve	887	719	935	521	529	536	540	545	550	557	564	564
Transfer from reserve	-293	-1,949	-923	-700	-650	-650	-650	-650	-652	-653	-655	-655
Closing balance	3,942	2,712	2,724	2,545	2,424	2,310	2,200	2,095	1,993	1,897	1,806	1,806