

10 year Financial Plan

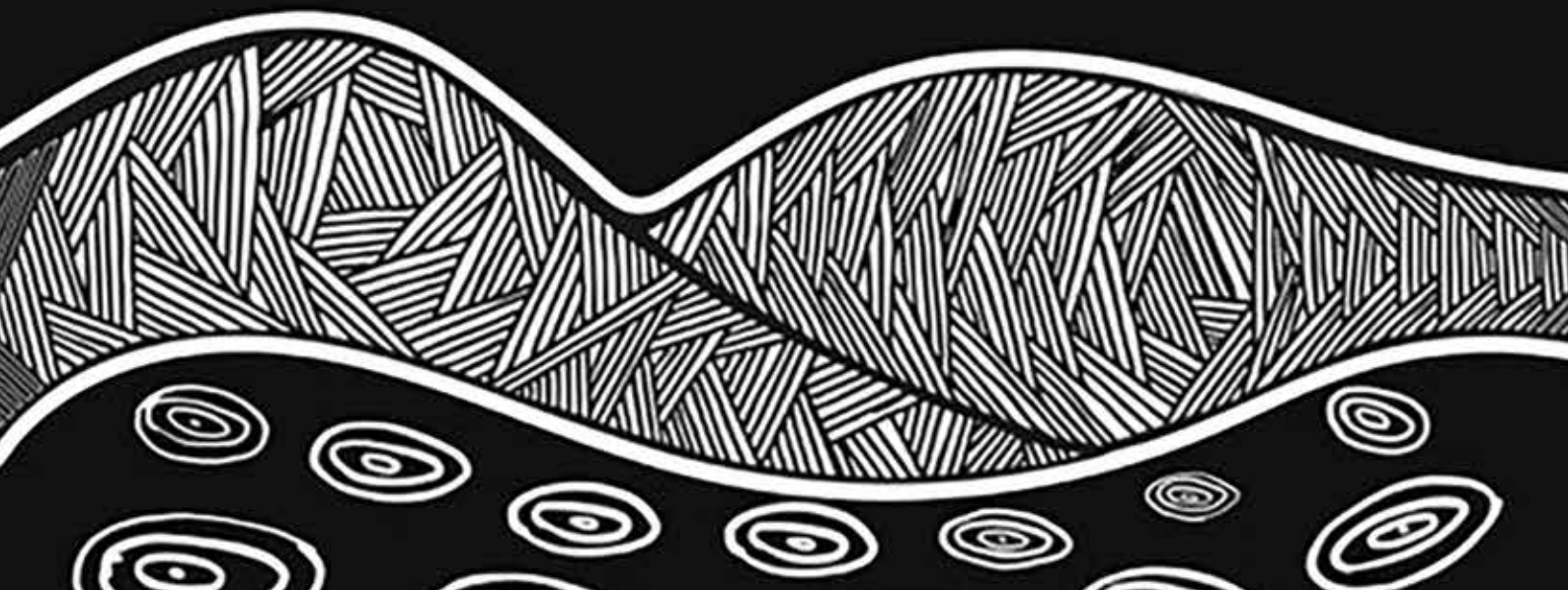
2025–2035



ACKNOWLEDGEMENT OF COUNTRY

Hepburn Shire Council acknowledges the Dja Dja Wurrung as the Traditional Owners of the lands and waters on which we live and work. On these lands, Djaara have performed age-old ceremonies of celebration, initiation and renewal. We recognise their resilience through dispossession and it is a testament to their continuing culture and tradition, which is strong and thriving.

We also acknowledge the neighbouring Traditional Owners, the Wurundjeri to our South East and the Wadawurrung to our South West and pay our respect to all Aboriginal peoples, their culture, and lore. We acknowledge their living culture and the unique role they play in the life of this region.



Contents

1	Purpose	4
2	Executive summary	6
2.1	Financial vision	7
3	Integrated Strategic Planning and Reporting Framework	9
3.1	Strategic planning principles	11
3.2	Financial management principles	11
3.3	Service performance principles	11
3.4	Community engagement	12
3.5	Asset plan integration	12
4	Council Plan 2025-29	13
5	Financial Plan context	15
5.1	Financial Policy Statement	16
5.2	Assumptions to the Financial Plan statements	17
6	Financial Plan statements	19
6.1	Comprehensive income statement	20
6.2	Balance sheet	22
6.3	Statement of changes in equity	23
6.4	Statement of cash flows	25
6.5	Statement of capital works	26
6.6	Statement of human resources	28
7	Financial performance indicators	33
8	Strategies and plans	38
8.1	Borrowing strategy	39
8.2	Reserves strategy	41
8.3	Treasury management approach and investment strategy	42



1 Purpose

The Financial Plan aims to provide a 10-year project of financial sustainability, detailing how the Council Plan and other integrated plans will be funded to achieve Council's Community Vision 2040.

This Plan is crucial for supporting the long-term goals and aspirations of the community and is supported by the Council Plan, Health and Wellbeing Plan, Budgets, Workforce Plans and other key strategies and documents, especially the Council's Financial Vision.

Council is dedicated to regularly reviewing and updating this document to ensure the information remains accurate and up to date, and that it aligns consistently with the annual budget.



2

Executive summary

Hepburn Shire Council is entering a new phase, marked by a strong commitment to our community, improving our customer responsiveness, and ensuring our financial sustainability. Financial sustainability is at the heart of our future plans. We need solid economic foundations to address the challenges ahead. By making difficult but necessary decisions today, we are securing our ability to serve our community in the future.

In September 2024, Council adopted its Financial Vision, which was proactively developed to support its commitment to financial sustainability. This vision, created in collaboration with Council and the community, serves as a strategic guide for providing services, setting priorities, and executing projects that meet community needs while ensuring financial stability over the next decade.

In creating the Financial Plan, key financial principles underpin Council's projected financial performance and position over a 10-year period, fulfilling our statutory requirements. The financial forecasts within this plan outline Council's future direction and financial capacity, serving as a guide for future actions or opportunities. This allows Council to assess the future impacts of its current decisions and review the Plan annually following the adoption of the Annual Budget.

2.1 Financial vision

This Financial Plan is underpinned by the Financial Vision, which had the following high-level inclusions:

- That the current and projected financial outlook of Council must be a key consideration in the development of the Council Plan 2025-2029 and Financial Plan 2025–2035 (completed);
- That Council must consider operational savings, services changes and revenue opportunities in the development of the 2025/2026 budget (completed);
- That Council prepare and submit an application to the Essential Services Commission for a rate cap variation applicable for the 2025/2026 financial year of 7 per cent (completed, and approved in full);
- Subject to a successful application for a rate cap variation, the rebate on rate charges for pensioners who qualify under the State Government's Pensioner Rate Remission scheme will be doubled. This initiative will increase Council's rebate from \$21 to \$42 to assist pensioners in their rate payments (completed, to apply in the 2025/2026 year);
- The Chief Executive Officer will work with Councillors to analyse all services offered by Council, to ensure that the Council Plan 2025–2029 and Budget 2025/2026 identify operational saving and/or new revenue opportunities needed to deliver the Financial Vision (completed, and service changes will be ongoing);

- 
- That the funding of asset renewal is a priority, and that capital works expenditure is limited to effectively renewal works only. Council will actively seek State and Federal Government funding, if new or extended assets are to be considered (completed, and ongoing); and
 - Creation of a 'grant funding reserve', if the rate cap variation is approved, which will mean funds will be available to allocate to government grant applications as 'matching' funds (ongoing).

This Financial Plan ensures that the objectives outlined within the Financial Vision are achieved:

- Ensure that cash reserves are sufficient to sustain service delivery for the community and to fulfill our obligations;
- Strive to have an amount of unallocated cash to provide a buffer so that we can adequately respond to any unforeseen emergencies;
- In the long-term, establish a reserve that can provide matching funds for grants received from other tiers of government to deliver for our future generations.

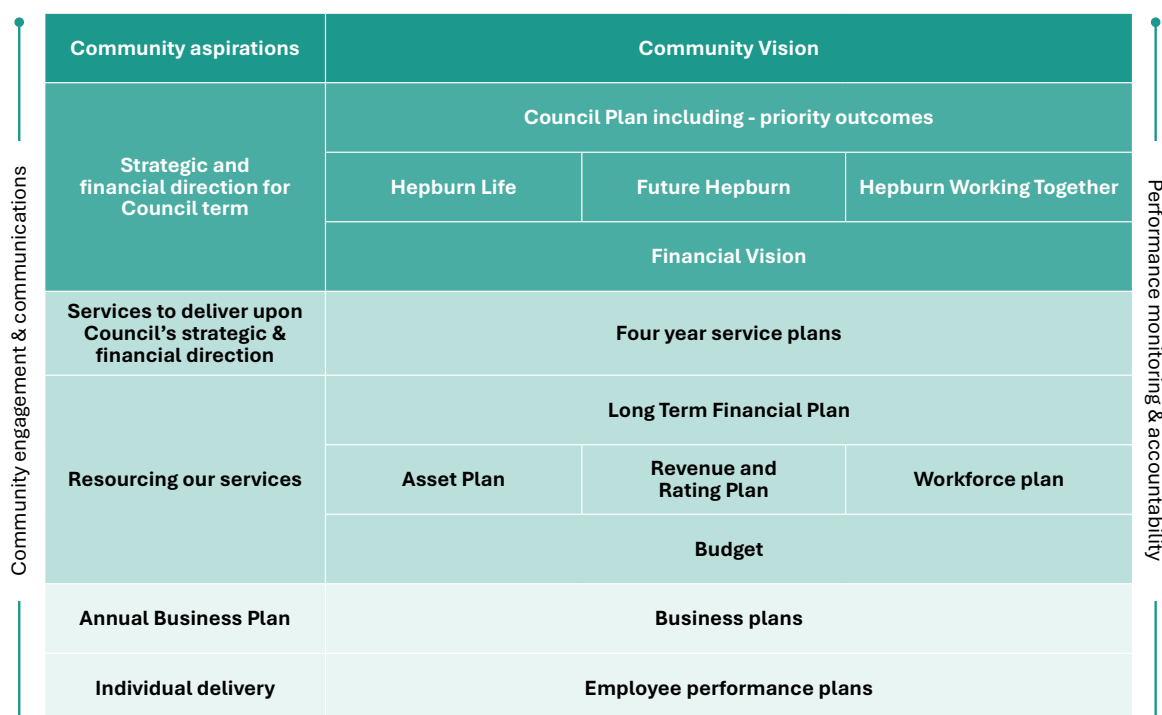


3

Integrated Strategic Planning and Reporting Framework

The Integrated Planning and Reporting Framework sets out the range of strategic documents Council is required to adopt under the Local Government Act 2020. The framework sets out Hepburn Shire's integrated approach to planning, monitoring, and performance reporting.

Council holds itself accountable through the Annual Report.



Layer	Description	Documents
Community aspirations	Community aspirations are set out in our Community Vision.	Community Vision
Strategic direction	The strategic and financial direction and priorities across the Council term.	Council Plan and Financial Vision
Council services	Services that will deliver upon Council's strategic and financial priorities.	Service Catalogue and Service Map
Resourcing	How we will resource our services to deliver Council's strategic and financial priorities.	Financial Plan, Asset Plan, Workforce Plan and Annual Budget
Annual business plan	The projects and initiatives funded through the annual Budget that will deliver on Council's strategic and financial priorities.	Annual Plan
Individual delivery	Individual employee plans that align our Council officers roles and responsibilities to Council's strategic and financial priorities.	Employee Performance Plans

3.1 Strategic planning principles

The Financial Plan provides a 10-year financially sustainable projection regarding how the actions of the Financial Vision and 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.
- Council's Financial Plan addresses the Community Vision by funding the aspirations of the Council Plan. The Council Plan outcomes and strategies are formulated in the context of the Community Vision.
- The Financial Plan statements articulate the 10-year financial resources necessary to implement the goals and aspirations of the Council Plan to achieve the Community Vision.
- Council's strategic planning principles identify and address the risks to effective implementation of the Financial Plan.
- The Financial Plan provides for the strategic planning principles of progress monitoring and reviews to identify and adapt to changing circumstances.

3.2 Financial management principles

The Financial Plan demonstrates the following financial management principles:

- Revenue, expenses, assets, liabilities, investments and financial transactions are managed in accordance with Council's financial policies and strategic plans.

- Management of the following financial risks:
 - The financial viability of the Council (refer to Section 5.1 Financial Policy Statement)
 - The management of current and future liabilities of Council. The estimated 10-year liabilities are disclosed in Section 6.2 Balance Sheet projections.
- Financial policies and strategic plans are designed to provide financial stability and predictability for the community.
- Council maintains accounts and records that explain its financial operations and financial position (refer to Section 6 Financial Plan Statements)

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.

3.4 Community engagement

The Local Government Act 2020 prescribes that community engagement be undertaken in accordance with Council's Community Engagement Policy and include deliberative engagement for the Financial Plan.

Consultancy group Conversation Co was contracted to develop and manage a Deliberative Engagement panel process to ensure community views and input were considered and included in the Council Plan. Details of the engagement process, and findings is included within the Council Plan and on Council's website.

The recent community engagement was further supplemented by the work undertaken with the Financial Vision 2024-2027 that was adopted by Council in September 2024.

3.5 Asset plan integration

Integration of 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 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 risks associated with managing its assets for the community's benefit.

The Asset Plan is designed to inform the 10-year Financial Plan by identifying the capital renewal gap 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. The intervention levels can be adjusted and adopted across a range of scenarios considering the longer-term financial capacity which is reviewed annually.

In addition to identifying the operational and strategic practices that ensure 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.



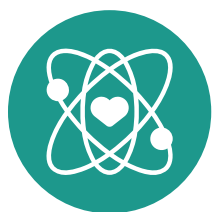
4

Council Plan 2025-2029

The Council Plan outlines the strategic framework that guides Council's planning and decision-making over the current Council term. It sets a clear direction for how the Council will work towards delivering long-term community aspirations while responding to current priorities and challenges.

Progress and outcomes will be reported through the Hepburn Shire Council Annual Report and quarterly business reports. Our work is measured annually against the Performance Statement in the Annual Report and the community rates our performance through the annual Community Satisfaction Survey.

Council delivers activities and initiatives under major service categories. Each contributes to the achievement of one of the domain strategies as set out in the four-year Council Plan 2025–2029. The three domain strategies described in the Council Plan are:



Hepburn Life

- | | |
|------------------|--|
| Outcome 1 | Connected communities that are resilient, adaptable, and empowered - able to respond to and recover from climate-related impacts, emergencies, and other community challenges. |
| Outcome 2 | A healthy and inclusive community, where all people regardless of background or stage of life and have the opportunity to participate and thrive. |
| Outcome 3 | An informed and engaged community. |



Future Hepburn

- | | |
|------------------|--|
| Outcome 1 | Preserve the unique character of our towns and communities, plan for future growth and protect our productive rural landscape. |
| Outcome 2 | Responsible management of infrastructure and environment to support wellbeing now and for future generations. |
| Outcome 3 | A dynamic, vibrant, and resilient economic environment. |



Hepburn Working Together

- | | |
|------------------|---|
| Outcome 1 | Future focused services that are easy to use and inclusive. |
| Outcome 2 | Maintain corporate governance to enable good Council decision making and to ensure long-term financial viability. |
| Outcome 3 | An engaged, safe, and skillful workforce. |



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 Financial policy statement

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

Policy Statement	Measure	Target	Forecast 2025	Budget 2026	Budget 2027	Budget 2028	Budget 2029	Budget 2030	Budget 2031	Budget 2032	Budget 2033	Budget 2034	Budget 2035
Consistent underlying surplus results	Adjusted underlying result (%) Adjusted underlying result / Adjusted underlying revenue to be maintained greater than 0%	>0%	-13.5%	1.2%	3.9%	4.2%	3.6%	4.5%	4.2%	4.2%	3.4%	4.1%	4.2%
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due	Working capital (ratio) Current assets / Current liabilities to be maintained above 1.25	>1.25	1.26	1.04	1.08	1.12	1.11	1.48	1.79	2.06	2.08	2.63	3.06
Ensure Council maintains the ability to finance planned investments from its own resources	Self-financing (%) Net operating cash flow / Adjusted underlying revenue to be maintained above 20%	>20%	32.0%	33.6%	27.2%	27.8%	27.0%	26.8%	27.0%	27.5%	26.8%	27.1%	27.1%
Ensure Council could repay long term obligations from the income it generates internally	Indebtedness (%) Non-current liabilities / Own source revenue to be maintained below 40%	<40%	41.6%	32.6%	25.2%	18.1%	11.2%	7.8%	5.4%	3.3%	1.3%	1.3%	1.3%
Council maintains total borrowings in line with rate income and growth of the Shire	Loans and borrowings (%) Total borrowings / Rate revenue to be maintained below 60%	<60%	51.9%	41.5%	33.6%	25.7%	18.0%	10.6%	6.9%	4.3%	2.1%	0.0%	0.0%
Council maintains debt service costs in line with rates income and growth of the Shire	Loans and borrowings payments (%) Repayment on loans / Rate revenue to be maintained below 10%	<10%	4.9%	8.7%	8.4%	8.2%	7.9%	7.7%	3.7%	2.7%	2.2%	2.1%	0.0%

5.2 Assumptions to the financial plan statements

This section outlines the assumptions for the Comprehensive Income Statement over the 10-year period from 2025/2026 to 2034/2035. It includes the annual escalations and movements for each line item of the Comprehensive Income Statement.

Further details on Council's approach and recommendations in relation to revenue are contained in Council's Revenue and Rating Plan, available on Council's website.

Escalation Factors % movement	Budget 2026	Budget 2027	Budget 2028	Budget 2029	Budget 2030	Budget 2031	Budget 2032	Budget 2033	Budget 2034	Budget 2035
Rate revenue cap	10.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Statutory fees and fines	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
User fees	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Grants - Operating	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Grants - Capital	as per estimates provided on specific capital projects									
Other income	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Employee costs	2.3%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Materials and services	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Depreciation & Amortisation	based on projected capital spending									
Other expenses	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Rates and charges

The base rate revenue will increase by 10 per cent for the 2025/2026 year, with future annual increases in line with the State Government rate cap, estimated as outlined in the long-term Financial Plan. The level of required rates and charges has been considered in the context of Financial Vision 2024-2027, with reference to Council's other income sources and planned community services and works expenditures.

A rate cap variation has been approved by the Essential Services Commission (ESC), aligning with Council's current and projected financial outlook. Consequently, the average revenue from the general rate will rise by 10 per cent, which includes:

- A permanent 7 per cent uplift to ensure Council's financial viability and long-term sustainability; and
- A 3 per cent increase as set by the Minister for Local Government for 2025/2026.

Statutory fees and fines

The Financial Plan applies a conservative indexation of 3.5 per cent for future years' statutory fees as they are outside of the control of Council, as these are predominately set by the State Government.

User fees

User fees are projected to rise by 4.5 per cent for the 2025/2026 fiscal year and are expected to continue increasing in subsequent years as outlined in the financial plan. Council is committed to making a concerted effort to boost revenue sources over the coming years. Detailed information about the user fees for the 2025/2026 Budget year can be found in Council's Fees and Charges Schedule, which is included in the budget document.

Grants

Operating grants are projected to increase annually by approximately 2.5 per cent while financial assistance grants are expected to grow by 4.0 per cent each year.

Capital grants, which include funds from state and federal sources for the capital works program, can vary significantly each year depending on the types of projects included. For this Financial Plan, the forecast is based on estimates provided for specific capital projects.

Other income

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

Employee costs

Hepburn Shire Council plans to introduce a new Enterprise Agreement starting in 2026, which will include provisions for employee remuneration increases until the agreement expires. This plan is based on an annual employee cost increase of 3.6 per cent from 2026/2027 onwards, which needs to take into account wage increases, superannuation increases, WorkCover insurance, training and development, and other employee related costs.

Materials and services

Material costs encompass items necessary for the maintenance and repair of Council buildings, roads, drains and footpaths which are more influenced by market availability than by consumer price index (CPI). This category also includes utilities and consumable items for various services. Additionally, Council relies on external expertise for various matters, such as legal services and audits. The plan anticipates an annual increase of 2.5 per cent to manage these costs.

Depreciation and amortisation

Depreciation estimates have been calculated based on the anticipated capital expenditures outlined in this plan.

Borrowing costs

Borrowing costs comprise of the interest expense to service Council's loan portfolio that is described in Section Borrowing Strategy. This part of the plan does not include any new loan funding.

Other expenses

Other expenses encompass administration costs such as Councillor allowances, election expenses, community grants, fire services property levy, audit fees, and various other costs related to the daily operations of Council.



6

Financial plan statements

This section presents details regarding the Financial plan statements for the 10-year period from 2025/2026 to 2034/2035.

- Comprehensive income statement

- Balance sheet
- Statement of changes in equity
- Statement of cash flows
- Statement of capital works
- Statement of human resources

6.1 Comprehensive income statement

	Forecast 2025 \$000	Budget 2026 \$000	Budget 2027 \$000	Budget 2028 \$000	Budget 2029 \$000	Budget 2030 \$000	Budget 2031 \$000	Budget 2032 \$000	Budget 2033 \$000	Budget 2034 \$000	Budget 2035 \$000
Income											
Rates and charges	26,936	28,951	29,791	30,714	31,660	32,629	33,622	34,641	35,685	36,755	37,851
Statutory fees and fines	894	908	1,044	1,080	1,118	1,157	1,197	1,239	1,283	1,328	1,374
User fees	741	792	827	865	904	944	987	1,031	1,078	1,126	1,177
Grants - operating	8,862	7,458	7,746	8,046	8,358	8,682	9,019	9,369	9,733	10,112	10,505
Grants - capital	8,087	3,962	1,841	1,938	1,938	1,938	1,938	1,938	1,938	1,938	1,938
Contributions - monetary	280	250	250	250	250	250	250	250	250	250	250
Net gain/-loss on disposal of property, infrastructure, plant & equipment	24	207	296	312	300	290	69	79	69	26	26
Other income	1,592	1,427	1,459	1,491	1,524	1,558	1,592	1,628	1,664	1,702	1,740
Total income	47,416	43,955	43,254	44,696	46,051	47,448	48,675	50,176	51,700	53,236	54,860
Expenses											
Employee costs	17,269	16,063	16,004	16,580	17,177	17,795	18,436	19,100	19,787	20,500	21,238
Materials and services	16,641	13,719	13,991	14,413	14,904	15,214	15,646	16,093	16,674	17,034	17,529
Depreciation	10,380	9,473	9,833	10,150	10,446	10,742	11,049	11,409	11,767	12,058	12,322
Bad and doubtful debts	15	5	5	5	5	5	5	5	5	5	5
Borrowing costs	401	555	480	403	322	237	109	103	62	24	-
Other expenses	1,064	973	1,021	1,031	1,277	1,083	1,127	1,138	1,416	1,195	1,244
Total expenses	45,769	40,788	41,333	42,581	44,130	45,077	46,372	47,848	49,711	50,816	52,338
Surplus/-deficit for the year	1,647	3,167	1,921	2,115	1,921	2,370	2,303	2,329	1,990	2,420	2,523
Other comprehensive income											
<i>Items that will not be classified to surplus or deficit in future periods</i>											
Net asset revaluation increment/-decrement	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive result	1,647	3,167	1,921	2,115	1,921	2,370	2,303	2,329	1,990	2,420	2,523

Adjusted underlying result

	Forecast 2025 \$000	Budget 2026 \$000	Budget 2027 \$000	Budget 2028 \$000	Budget 2029 \$000	Budget 2030 \$000	Budget 2031 \$000	Budget 2032 \$000	Budget 2033 \$000	Budget 2034 \$000	Budget 2035 \$000
Adjusted underlying result											
Total Income	47,416	43,955	43,254	44,696	46,051	47,448	48,675	50,176	51,700	53,235	54,861
Total Expense	45,769	40,788	41,333	42,581	44,130	45,077	46,372	47,848	49,711	50,816	52,338
Surplus / (deficit) for the year	1,647	3,167	1,921	2,115	1,921	2,370	2,303	2,328	1,989	2,420	2,523
Less non-operating income and expenditure											
Grants capital (non-recurrent)	6,828	2,412	-	-	-	-	-	-	-	-	-
Capital contributions other sources	280	250	250	250	250	250	250	250	250	250	250
Non-monetary contributions	-	-	-	-	-	-	-	-	-	-	-
Adjusted underlying surplus / (deficit)	(5,461)	505	1,671	1,865	1,671	2,120	2,053	2,078	1,739	2,170	2,273

The adjusted underlying result reflects the net surplus for the year, excluding non-recurrent capital grants, capital contributions from other sources, and non-monetary contributions. It serves as a crucial indicator of Council's financial health and its ability to achieve its service delivery goals.

The 10-year financial plan is aligned with the Financial Vision 2024–2027, which aims to establish a fiscally responsible budget and ensure financial sustainability for Council. This plan includes a reduction in operating

expenditure for 2025/2026 financial year of \$2.53 million. The plan considers the challenging environment faced by the Local Government sector, including increased capital delivery costs, general inflation and significant cost of living pressures on the community. As a result of the strategic direction to reduce operating expenditure while increasing revenue, Council has budgeted for an adjusted underlying surplus for 2025/2026 year. This positive trend in the adjusted underlying surplus is expected to continue throughout the duration of the plan.

6.2 Balance sheet

	Forecast 2025 \$000	Budget 2026 \$000	Budget 2027 \$000	Budget 2028 \$000	Budget 2029 \$000	Budget 2030 \$000	Budget 2031 \$000	Budget 2032 \$000	Budget 2033 \$000	Budget 2034 \$000	Budget 2035 \$000
Assets											
Current assets											
Cash and cash equivalents	7,697	6,198	6,360	6,808	6,814	8,056	9,735	11,670	11,983	14,110	17,168
Trade and other receivables	5,859	3,066	3,197	3,243	3,291	3,664	4,059	4,130	4,203	4,278	4,355
Inventories	5	5	5	5	5	5	5	5	5	5	5
Other assets	80	80	80	80	80	80	80	80	80	80	80
Total current assets	13,641	9,349	9,642	10,136	10,190	11,805	13,878	15,885	16,271	18,473	21,607
Non current assets											
Property, infrastructure, plant and equipment	491,611	495,206	494,691	494,245	493,970	492,420	491,586	491,117	492,079	491,506	490,926
Total non-current assets	491,611	495,206	494,691	494,245	493,970	492,420	491,586	491,117	492,079	491,506	490,926
Total assets	505,252	504,554	504,333	504,381	504,160	504,225	505,464	507,002	508,350	509,979	512,533
Liabilities											
Current liabilities											
Trade and other payables	2,810	2,525	2,410	2,447	2,489	2,452	2,520	2,568	2,667	2,609	2,640
Trust funds and deposits	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736
Unearned income	1,629	-	-	-	-	-	-	-	-	-	-
Provisions	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679
Interest-bearing liabilities	1,951	2,026	2,103	2,184	2,269	1,132	839	740	733	-	-
Total current liabilities	10,806	8,967	8,929	9,047	9,173	7,999	7,775	7,724	7,815	7,025	7,056
Non Current liabilities											
Provisions	537	537	537	537	537	537	537	537	537	537	537
Interest-bearing liabilities	12,026	10,000	7,897	5,713	3,444	2,312	1,473	733	-	-	-
Total non-current liabilities	12,563	10,537	8,434	6,249	3,981	2,849	2,009	1,270	537	537	537
Total Liabilities	23,369	19,504	17,362	15,296	13,153	10,848	9,784	8,993	8,352	7,561	7,592
Net assets	481,883	485,050	486,971	489,086	491,006	493,377	495,680	498,008	499,998	502,418	504,941
Equity											
Accumulated surplus	142,660	146,986	148,927	150,991	152,912	155,032	157,086	159,164	161,154	163,073	165,097
Reserves	339,223	338,064	338,044	338,094	338,094	338,344	338,594	338,844	338,844	339,344	339,844
Total equity	481,883	485,050	486,971	489,086	491,006	493,377	495,680	498,008	499,998	502,418	504,941

6.3 Statement of changes in equity

	Total \$000	Accumulated surplus \$000	Revaluation reserve \$000	Other reserves \$000
Forecast				
2025				
Balance at beginning of the year	480,237	140,192	334,040	6,005
Surplus/-deficit for the year	1,647	1,647	-	-
Transfers to other reserves	-	(900)	-	900
Transfers from other reserves	-	1,721	-	(1,721)
Balance at the end of the year	481,883	142,660	334,040	5,184
2026				
<i>Balance at beginning of the year</i>	481,883	142,660	334,040	5,184
Surplus/-deficit for the year	3,167	3,167	-	-
Transfers to other reserves	-	(1,403)	-	1,403
Transfers from other reserves	-	2,562	-	(2,562)
Balance at the end of the year	485,050	146,986	334,040	4,025
2027				
Balance at beginning of the year	485,050	146,986	334,040	4,025
Surplus/-deficit for the year	1,921	1,921	-	-
Transfers to other reserves	-	(900)	-	900
Transfers from other reserves	-	920	-	(920)
Balance at the end of the year	486,971	148,927	334,040	4,005
2028				
Balance at beginning of the year	486,971	148,927	334,040	4,005
Surplus/-deficit for the year	2,115	2,115	-	-
Transfers to other reserves	-	(200)	-	200
Transfers from other reserves	-	150	-	(150)
Balance at the end of the year	489,086	150,991	334,040	4,055
2029				
Balance at beginning of the year	489,086	150,991	334,040	4,055
Surplus/-deficit for the year	1,921	1,921	-	-
Transfers to other reserves	-	-	-	-
Transfers from other reserves	-	-	-	-
Balance at the end of the year	491,006	152,912	334,040	4,055
2030				
Balance at beginning of the year	491,006	152,912	334,040	4,055
Surplus/-deficit for the year	2,370	2,370	-	-
Transfers to other reserves	-	(250)	-	250
Transfers from other reserves	-	-	-	-
Balance at the end of the year	493,377	155,032	334,040	4,305

6.3 Statement of changes in equity (cont.)

	Total \$000	Accumulated surplus \$000	Revaluation reserve \$000	Other reserves \$000
2031				
Balance at beginning of the year	493,377	155,032	334,040	4,305
Surplus/-deficit for the year	2,303	2,303	-	-
Transfers to other reserves	-	(250)	-	250
Transfers from other reserves	-	-	-	-
Balance at the end of the year	495,680	157,086	334,040	4,555
2032				
<i>Balance at beginning of the year</i>	495,680	157,086	334,040	4,555
Surplus/-deficit for the year	2,328	2,328	-	-
Transfers to other reserves	-	(250)	-	250
Transfers from other reserves	-	-	-	-
Balance at the end of the year	498,008	159,164	334,040	4,805
2033				
Balance at beginning of the year	498,008	159,164	334,040	4,805
Surplus/-deficit for the year	1,989	1,989	-	-
Transfers to other reserves	-	-	-	-
Transfers from other reserves	-	-	-	-
Balance at the end of the year	499,998	161,154	334,040	4,805
2034				
Balance at beginning of the year	499,998	161,154	334,040	4,805
Surplus/-deficit for the year	2,420	2,420	-	-
Transfers to other reserves	-	(500)	-	500
Transfers from other reserves	-	-	-	-
Balance at the end of the year	502,418	163,073	334,040	5,305
2035				
Balance at beginning of the year	502,418	163,073	334,040	5,305
Surplus/-deficit for the year	2,523	2,523	-	-
Transfers to other reserves	-	(500)	-	500
Transfers from other reserves	-	-	-	-
Balance at the end of the year	504,941	165,097	334,040	5,805

6.4 Statement of cash flows

	Forecast 2025 \$000	Budget 2026 \$000	Budget 2027 \$000	Budget 2028 \$000	Budget 2029 \$000	Budget 2030 \$000	Budget 2031 \$000	Budget 2032 \$000	Budget 2033 \$000	Budget 2034 \$000	Budget 2035 \$000
Cash flows from operating activities											
Receipts											
Rates and charges	28,121	31,744	29,660	30,668	31,612	32,256	33,228	34,570	35,612	36,680	37,775
Statutory fees and fines	894	908	1,044	1,080	1,118	1,157	1,197	1,239	1,283	1,328	1,374
User fees	741	792	827	865	904	944	987	1,031	1,078	1,126	1,177
Grants - operating	9,523	6,550	7,746	8,046	8,358	8,682	9,019	9,369	9,733	10,112	10,505
Grants - capital	8,087	3,633	1,841	1,938	1,938	1,938	1,938	1,938	1,938	1,938	1,938
Contributions - monetary	280	250	250	250	250	250	250	250	250	250	250
Interest received	230	170	170	170	170	170	170	170	170	170	170
Other receipts	1,362	866	1,289	1,321	1,354	1,388	1,422	1,458	1,494	1,532	1,570
Payments											
Employee costs	(17,269)	(16,063)	(16,004)	(16,580)	(17,177)	(17,795)	(18,436)	(19,100)	(19,787)	(20,500)	(21,238)
Materials and services	(17,979)	(14,004)	(14,106)	(14,376)	(14,862)	(15,251)	(15,578)	(16,044)	(16,576)	(17,091)	(17,498)
Other payments	(1,079)	(978)	(1,026)	(1,036)	(1,282)	(1,088)	(1,132)	(1,143)	(1,421)	(1,200)	(1,249)
Net cash provided by/- used in operating activities	12,912	13,867	11,691	12,346	12,383	12,651	13,065	13,739	13,774	14,344	14,774
Cash flows from investing activities											
Payments for property, infrastructure, plant & equipment	(17,477)	(13,068)	(9,732)	(10,261)	(10,621)	(9,548)	(10,837)	(11,653)	(13,352)	(11,717)	(11,973)
Proceeds from sale of property, infrastructure, plant & equipment	235	207	710	869	750	645	692	792	692	257	257
Net cash provided by/- used in investing activities	(17,242)	(12,861)	(9,022)	(9,392)	(9,871)	(8,903)	(10,145)	(10,861)	(12,660)	(11,460)	(11,716)

6.4 Statement of cash flows (cont.)

	Forecast 2025 \$000	Budget 2026 \$000	Budget 2027 \$000	Budget 2028 \$000	Budget 2029 \$000	Budget 2030 \$000	Budget 2031 \$000	Budget 2032 \$000	Budget 2033 \$000	Budget 2034 \$000	Budget 2035 \$000
Cash flows from financing activities											
Finance costs	(401)	(555)	(480)	(403)	(322)	(237)	(109)	(103)	(62)	(24)	-
Proceeds from borrowings	5,528	-	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(932)	(1,951)	(2,026)	(2,103)	(2,184)	(2,269)	(1,132)	(839)	(740)	(733)	-
Net cash provided by/- used in financing activities	4,196	(2,506)	(2,506)	(2,506)	(2,506)	(2,506)	(1,241)	(943)	(801)	(757)	-
Net increase / -decrease in cash held	(134)	(1,499)	162	448	6	1,242	1,679	1,935	313	2,127	3,058
Cash and cash equivalents at the beginning of the year	7,832	7,697	6,198	6,360	6,808	6,814	8,056	9,735	11,670	11,983	14,110
Cash and cash equivalents at the end of the year	7,697	6,198	6,360	6,808	6,814	8,056	9,735	11,670	11,983	14,110	17,168

6.5 Statement of capital works

	Forecast 2025 \$000	Budget 2026 \$000	Budget 2027 \$000	Budget 2028 \$000	Budget 2029 \$000	Budget 2030 \$000	Budget 2031 \$000	Budget 2032 \$000	Budget 2033 \$000	Budget 2034 \$000	Budget 2035 \$000
Property											
Buildings	3,392	2,212	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249	1,280
Total property	3,392	2,212	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249	1,280
Plant and equipment											
Plant, machinery and equipment	1,287	1,331	1,611	2,222	2,245	2,057	2,674	3,541	2,200	1,071	1,098
Computers and tele-communications	265	610	830	215	221	226	232	238	244	250	256
Library books	50	62	63	65	66	68	70	71	73	75	77
Total plant and equipment	1,602	2,003	2,504	2,502	2,532	2,351	2,976	3,850	2,517	1,396	1,431

6.5 Statement of capital works (cont.)

	Forecast 2025 \$000	Budget 2026 \$000	Budget 2027 \$000	Budget 2028 \$000	Budget 2029 \$000	Budget 2030 \$000	Budget 2031 \$000	Budget 2032 \$000	Budget 2033 \$000	Budget 2034 \$000	Budget 2035 \$000
Infrastructure											
Roads	3,617	6,589	5,034	4,783	5,646	4,888	5,061	5,239	6,623	7,438	7,587
Bridges	3,266	276	236	1,077	248	255	261	267	1,218	281	288
Footpaths and cycleways	195	229	210	215	221	226	232	238	244	250	256
Drainage	98	320	103	106	108	111	114	116	119	122	125
Recreational, leisure and community facilities	2,020	858	226	248	237	243	267	273	262	287	294
Parks, open spaces and streetscapes	3,178	581	368	253	524	343	768	480	1,149	694	712
Other infrastructure	110	-	-	-	-	-	-	-	-	-	-
Total infrastructure	12,483	8,853	6,177	6,682	6,984	6,066	6,701	6,614	9,617	9,072	9,262
Total capital works expenditure	17,477	13,068	9,732	10,261	10,621	9,548	10,837	11,653	13,352	11,717	11,973
Represented by:											
New asset expenditure	2,511	2,284	-	-	-	-	-	-	-	-	-
Asset renewal expenditure	13,891	10,298	9,732	10,261	10,621	9,548	10,837	11,653	13,352	11,717	11,973
Asset upgrade expenditure	1,075	485	-	-	-	-	-	-	-	-	-
Total capital works expenditure	17,477	13,068	9,732	10,261	10,621	9,548	10,837	11,653	13,352	11,717	11,973
Funding sources represented by:											
Grants	8,087	3,962	1,841	1,938	1,938	1,938	1,938	1,938	1,938	1,938	1,938
Contributions	40	30	-	-	-	-	-	-	-	-	-
Council cash	3,822	9,075	7,891	8,323	8,683	7,610	8,899	9,715	11,414	9,779	10,035
Borrowings	5,528	-	-	-	-	-	-	-	-	-	-
Total capital works expenditure	17,477	13,068	9,732	10,261	10,621	9,548	10,837	11,653	13,352	11,717	11,973

6.6 Statement of human resources

	Forecast 2025	Budget 2026	Budget 2027	Budget 2028	Budget 2029	Budget 2030	Budget 2031	Budget 2032	Budget 2033	Budget 2034	Budget 2035
Staff expenditure											
Employee costs - operating (\$'000)	17,269	16,063	16,004	16,580	17,177	17,795	18,436	19,100	19,787	20,500	21,238
Employee costs - capital (\$'000)	1,045	1,043	1,080	1,119	1,160	1,201	1,245	1,289	1,336	1,384	1,434
Total staff expenditure	18,314	17,106	17,084	17,699	18,337	18,997	19,681	20,389	21,123	21,883	22,671
Staff numbers											
Employees (FTE)	174.3	156.2	156.2	156.2	156.2	156.2	156.2	156.2	156.2	156.2	156.2
Total staff numbers	174.3	156.2	156.2	156.2	156.2	156.2	156.2	156.2	156.2	156.2	156.2

A summary of human resources expenditure categorised according to the 2024/2025 organisational structure of Hepburn Shire Council is included below:

Directorate	Budget 2025/26	Permanent		Temporary	
	\$'000	Full time \$'000	Part time \$'000	Fixed term & casual \$'000	Contractors \$'000
Executive services	410	410	-	-	-
Development and community	4,461	3,230	515	717	-
Infrastructure and delivery	9,356	7,384	974	977	22
Performance and transformation	3,209	2,461	747	-	-
Total permanent staff expenditure	15,720	13,485	2,235		
Total fixed term & casual staff	1,695			1,695	
Total contractors costs	22				22
Operational staff efficiencies to be determined	(330)	(330)			
Subtotal - all staffing costs	17,106	13,155	2,235	1,695	22
Capitalised labour costs	(1,043)	(1,043)	-	-	-
Total expenditure	16,063	12,112	2,235	1,695	22

A summary of the number of full-time equivalents (FTE) Council staff in relation to the above expenditure is included below.

Directorate	Budget 2025/26	Comprises		Temporary	
		Permanent Full time	Part time	Fixed term & casual	Contractors
Executive Services	2.0	2.0	-	-	-
Development and Community	39.8	26.0	4.7	8.9	0.2
Infrastructure and Delivery	92.8	73.0	8.6	11.0	0.2
Performance and Transformation	24.9	18.0	6.9	-	-
Operational Staff efficiencies to be determined (est.)	(3.3)	(3.3)	-	-	-
Total staff	156.2	115.7	20.2	19.9	0.4

Planned human resources expenditure

	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Executive services										
Permanent - full time	410	425	440	456	468	479	491	504	516	529
Women	106	109	113	118	120	123	127	130	133	136
Men	305	316	327	339	347	356	365	374	383	393
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Total executive services	410	425	440	456	468	479	491	504	516	529
Development and Community										
Permanent - full time	3,230	3,238	3,351	3,467	3,525	3,683	3,851	3,982	4,125	4,280
Women	1,765	1,721	1,779	1,839	1,856	1,972	2,092	2,179	2,276	2,385
Men	1,178	1,220	1,264	1,309	1,342	1,376	1,416	1,451	1,488	1,525
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant Positions	287	297	308	319	327	335	343	352	361	370
Permanent - part time	515	533	552	572	586	601	616	631	647	663
Women	391	406	420	435	446	457	469	480	492	505
Men	123	128	132	137	140	144	147	151	155	159
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Total development and community	3,744	3,771	3,903	4,039	4,111	4,284	4,467	4,614	4,772	4,943

	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	2031/32 \$000	2032/33 \$000	2033/34 \$000	2034/35 \$000
Infrastructure and delivery										
Permanent - full time	7,384	7,439	7,702	7,976	8,115	8,468	8,830	9,250	9,682	10,124
Women	1,655	1,508	1,562	1,618	1,638	1,754	1,873	2,020	2,171	2,325
Men	5,559	5,755	5,958	6,169	6,283	6,515	6,753	7,022	7,298	7,580
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant Positions	170	176	182	189	193	198	203	208	213	219
Permanent - part time	974	905	937	971	995	1,020	1,046	1,072	1,099	1,126
Women	722	748	775	803	823	844	865	886	909	931
Men	191	94	97	101	104	106	109	111	114	117
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant Positions	60	62	65	67	69	70	72	74	76	78
Total infrastructure and delivery	8,357	8,343	8,639	8,947	9,110	9,488	9,875	10,322	10,780	11,250
Performance and transformation										
Permanent - full time	2,461	2,427	2,511	2,597	2,662	2,765	2,871	2,980	3,091	3,206
Women	1,767	1,707	1,765	1,824	1,870	1,953	2,039	2,127	2,217	2,310
Men	589	610	632	655	671	688	705	723	741	760
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant Positions	106	109	113	118	120	123	127	130	133	136
Permanent - part time	747	671	694	720	738	756	775	795	815	835
Women	705	627	649	673	690	707	725	743	761	780
Men	42	44	45	47	48	49	51	52	53	55
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Total performance and transformation	3,209	3,097	3,205	3,317	3,400	3,522	3,647	3,775	3,906	4,041
Casuals, temporary and other expenditure	1,716	1,778	1,842	1,909	1,909	1,909	1,909	1,909	1,909	1,909
Operational staff efficiencies to be determined	(330)	-	-	-	-	-	-	-	-	-
Total staff expenditure	17,106	17,084	17,699	18,337	18,997	19,681	20,389	21,123	21,883	22,671
<i>Of which:</i>										
Capitalised labour costs	1,043	1,080	1,119	1,160	1,201	1,245	1,289	1,336	1,384	1,434

Planned human resources – full time equivalents

	2025/26 FTE	2026/27 FTE	2027/28 FTE	2028/29 FTE	2029/30 FTE	2030/31 FTE	2031/32 FTE	2032/33 FTE	2033/34 FTE	2034/35 FTE
Executive services										
Permanent - full time	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Women	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Men	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Total executive services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Development and community										
Permanent - full time	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0
Women	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Men	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant Positions	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Permanent - part time	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Women	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Men	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Total development and community	30.7	30.7	30.7	30.7	30.7	30.7	30.7	30.7	30.7	30.7

	2025/26 FTE	2026/27 FTE	2027/28 FTE	2028/29 FTE	2029/30 FTE	2030/31 FTE	2031/32 FTE	2032/33 FTE	2033/34 FTE	2034/35 FTE
Infrastructure and delivery										
Permanent - full time	73.0	73.0	73.0	73.0	73.0	73.0	73.0	73.0	73.0	73.0
Women	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Men	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant positions	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Permanent - part time	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
Women	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Men	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant positions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total infrastructure and delivery	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6
Performance and transformation										
Permanent - full time	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Women	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Men	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Persons of self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant positions	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Permanent - part time	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Women	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
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	-	-	-	-	-	-	-	-	-	-
Total performance and transformation	24.9	24.9	24.9	24.9	24.9	24.9	24.9	24.9	24.9	24.9
Casuals, temporary and other expenditure	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3
Operational staff efficiencies to be determined	(3.3)	-	-	-	-	-	-	-	-	-
Total staff expenditure	156.2	156.2	156.2	156.2	156.2	156.2	156.2	156.2	156.2	156.2
<i>Of which:</i>										
Capitalised labour costs	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8



7 Financial performance indicators

The following table highlights Council's projected performance across a range of key financial performance indicators. These indicators provide an analysis of Council's 10-year financial projections and should be interpreted in the context of the organisation's objectives and financial management principles.

Indicator	Measure	Forecast 2025	Budget 2026	Budget 2027	Budget 2028	Budget 2029	Budget 2030	Budget 2031	Budget 2032	Budget 2033	Budget 2034	Budget 2035	Trend +/-
Operating position													
Adjusted underlying result	Adjusted underlying surplus-deficit / Adjusted underlying revenue	-13.5%	1.2%	3.9%	4.2%	3.6%	4.5%	4.2%	4.2%	3.4%	4.1%	4.2%	+
Liquidity													
Working capital	Current assets / Current liabilities	126%	104%	108%	112%	111%	148%	179%	206%	208%	263%	306%	+
Unrestricted cash	Unrestricted cash / Current liabilities	10%	22%	24%	30%	30%	50%	73%	99%	101%	143%	186%	+
Obligations													
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	51.9%	41.5%	33.6%	25.7%	18.0%	10.6%	6.9%	4.3%	2.1%	0.0%	0.0%	+
Loans and borrowings commitments	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	4.9%	8.7%	8.4%	8.2%	7.9%	7.7%	3.7%	2.7%	2.2%	2.1%	0.0%	+
Indebtedness	Non-current liabilities / own source revenue	41.6%	32.6%	25.2%	18.1%	11.2%	7.8%	5.4%	3.3%	1.3%	1.3%	1.3%	+
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	144.2%	113.8%	99.0%	101.1%	101.7%	88.9%	98.1%	102.1%	113.5%	97.2%	97.2%	-
Stability													
Rates concentration	Rate revenue / Adjusted underlying revenue	66.8%	70.1%	69.3%	69.1%	69.1%	69.1%	69.4%	69.4%	69.4%	69.4%	69.3%	+
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	o
Efficiency													
Expenditure level	Total expenses / Number of property assessments	\$3,852	\$3,404	\$3,444	\$3,523	\$3,621	\$3,667	\$3,741	\$3,827	\$3,943	\$3,996	\$4,116	+
Revenue level	Total revenue / Number of property assessments	\$2,267	\$2,416	\$2,483	\$2,541	\$2,597	\$2,654	\$2,712	\$2,771	\$2,830	\$2,891	\$2,977	+

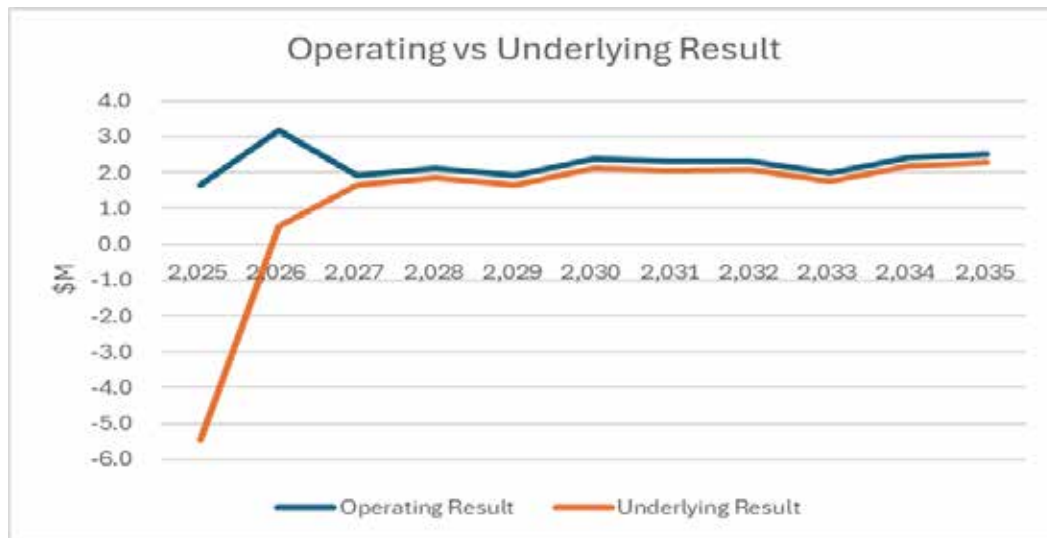
Key to Forecast Trend

+ Forecasts improvement in Council's financial performance/financial position indicator

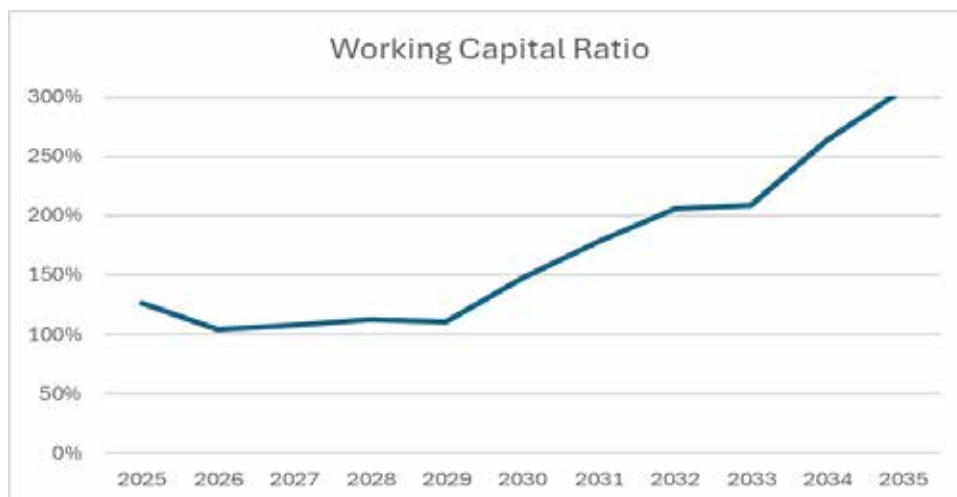
o Forecasts that Council's financial performance/financial position indicator will be steady

- Forecasts deterioration in Council's financial performance/financial position indicator

Graphs – key performance indicators

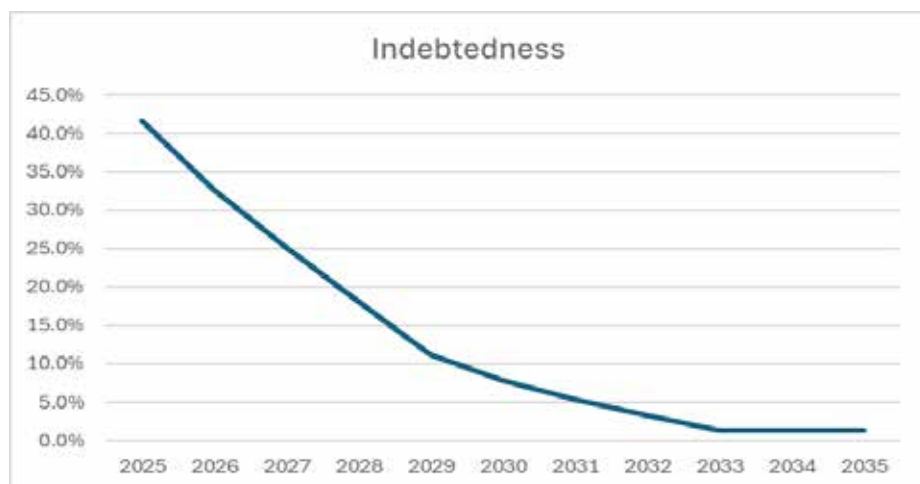


- Adjusted underlying result – an indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. The positive result for this indicator identifies an adjusted underlying surplus and the trend indicates improving underlying surpluses over the strategic resource plan.
- Positive outcomes for both operating and adjusted underlying result.
- Combination of increasing revenues and decreasing operating expenditures.
- Promising financial health and shows ability to achieve Councils service delivery goals.



- Working capital – the proportion of current liabilities represented by current assets. The indicator shows an increase over most of the plan, primarily due to rising cash balances and decreasing expenditure on loan interest and loan principal repayments.
- Significant improvements in the latter part of the plan will allow for increased allocation of capital works expenditure or the ability for Council to respond to increased costs, or unforeseen costs.
- Increasing cash balances and reducing debt levels.

Graphs – key performance indicators



- Indebtedness – to assess Council’s ability to cover its medium to long-term liabilities with revenue not sourced by grants, monetary contributions, or non-monetary contributions.
- Improvements to the indicator throughout as the repayment of debt obligations occur.
- Within the State Government target of between 0-40 per cent with capacity for future borrowings subject to any new capital



- 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 that Council is maintaining its existing assets, while a percentage less than 100 indicates that assets are deteriorating faster than they are being renewed, necessitating future capital expenditure for asset renewal.
- 2025 is artificially high as it includes carry-forward projects in addition to the annual allocation.

Unrestricted cash position

	Forecast 2025 \$000	Budget 2026 \$000	Budget 2027 \$000	Budget 2028 \$000	Budget 2029 \$000	Budget 2030 \$000	Budget 2031 \$000	Budget 2032 \$000	Budget 2033 \$000	Budget 2034 \$000	Budget 2035 \$000
Cash and cash equivalents	7,697	6,198	6,360	6,808	6,814	8,056	9,735	11,670	11,983	14,110	17,168
Trust funds and deposits	(1,736)	(1,736)	(1,736)	(1,736)	(1,736)	(1,736)	(1,736)	(1,736)	(1,736)	(1,736)	(1,736)
Total statutory reserves	(3,272)	(2,488)	(2,468)	(2,318)	(2,318)	(2,318)	(2,318)	(2,318)	(2,318)	(2,318)	(2,318)
Total discretionary reserves	(1,911)	(1,536)	(1,536)	(1,736)	(1,736)	(1,986)	(2,236)	(2,486)	(2,486)	(2,986)	(3,486)
Unrestricted Cash	777	437	619	1,017	1,023	2,015	3,444	5,129	5,442	7,069	9,627

- Unrestricted cash – This indicator represents Council’s ability to meet its short-term commitments without using funds allocated for other purposes.
- Remains positive throughout the plan but requires ongoing attention.
- Aligns with our Financial Vision, starting on the lower side in the early years and improving over the medium term.



8

Strategies and plans

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

8.1 Borrowing Strategy

Current debt position

Council's adopted Treasury Management Policy (50C) specifies the conditions under which borrowings can be used as a funding source. This policy acknowledges the principles of inter-generational equity funding and states that borrowings should be for specific purposes, such as strategically significant capital works that cannot be funded within the required timeframe. Additionally, it mandates that future borrowings must align with the Financial Plan's capacity to cover debt servicing costs throughout the loan's duration.

Council has utilised debt funding for several major infrastructure projects, including the completion of Djuwang Baring – All abilities mountain biking project and the Daylesford Town Hall roof and electrical works.

The total amount outstanding as at 30 June 2026 is projected to be \$12.03 million.

Future borrowing requirements

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

Future borrowing requirements

	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	9,382	13,978	12,027	10,001	7,897	5,713	3,444	2,313	1,473	734	-
Plus new loans	5,528	-	-	-	-	-	-	-	-	-	-
Less principal repayment	(932)	(1,951)	(2,026)	(2,103)	(2,184)	(2,269)	(1,132)	(839)	(740)	(734)	-
Closing balance	13,978	12,027	10,001	7,897	5,713	3,444	2,313	1,473	734	-	-
Interest payment	401	555	480	403	322	237	109	103	62	24	-

Performance indicators

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

Performance indicator	Target	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total borrowings / rate revenue	Below 60%	51.9%	41.5%	33.6%	25.7%	18.0%	10.6%	6.9%	4.3%	2.1%	0.0%	0.0%
Debt servicing (interest) / rate revenue	Below 5%	1.5%	1.9%	1.6%	1.3%	1.0%	0.7%	0.3%	0.3%	0.2%	0.1%	0.0%
Debt commitment (interest & principal) / rate revenue	Below 10%	4.9%	8.7%	8.4%	8.2%	7.9%	7.7%	3.7%	2.7%	2.2%	2.1%	0.0%
Indebtedness/ own source revenue	Below 40%	41.6%	32.6%	25.2%	18.1%	11.2%	7.8%	5.4%	3.3%	1.3%	1.3%	1.3%

Council maintains its loan borrowing within prudent and management limits as demonstrated by the following performance indicators, and the medium-long term of this plan allows the capacity to borrow for appropriate projects if Council resolves too.

Total borrowings / rate revenue

This evaluates the use of debt to finance Council's long-term projects in relation to rates and charges revenue. Since it is within the 60 per cent target, Council can borrow funds for major capital projects in the future. The financial plan does not include any new borrowings.

Debt Servicing / rate revenue

This indicates Council's capacity to meet its debt obligations using the revenue generated from rates. Being significantly below the 5 per cent target demonstrates that Council can cover its loan interest payments through rates without needing to seek alternative funding sources.

Debt commitment / rate revenue

This evaluates how dependent Council is on revenue from rates and charges to meet its interest and principal loan repayments. With ratios below the 10 per cent target, it indicates that Council can fulfill its debt obligations without needing to seek alternative funding sources.

Indebtedness / own source revenue

This measures Council's capacity to meet its long-term obligations using internally generated revenue (excluding external grants and contributions). The indebtedness target is higher in the initial years but remains within the target of 40 per cent.

8.2 Reserves strategy

Council maintains both statutory and discretionary reserves in accordance with standard practice. Financial reserves are funds set aside from operating and capital incomes for future funding of capital projects. From an accounting perspective, these funds are recorded under 'Equity' in Council's balance sheet. The nature, purpose, and any usage restrictions of major reserves are outlined below.

- **Public Open Space Reserve** - The Public Open Space Reserve is used to hold developer contributions towards public open space infrastructure arising from 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 Public Open Space Reserve is restricted by legislation.
- **Mineral Springs Financial Reserve** - The purpose of this reserve is to fund future works associated with mineral springs across the shire and the refurbishment of the spa complex. 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.
- **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 has continued with the Waste Strategy during 2024/2025 which informs 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.
- **Staff Accommodation and Community Facilities Reserve** - This reserve is the surplus from the sale of The Rex and the repayment of the loan drawn down to purchase The Rex. This reserve is to be allocated to projects associated with accommodation for Hepburn Shire Staff and Community Facilities within the Birch Ward.
- **Grant Funding Reserve** - A newly established reserve, through the Financial Vision, designed to provide 'match' funding for government grants. This reserve ensures that the necessary co-contributions for future projects are available, facilitating the allocation of funds to government grant applications. Allocations to this reserve will depend on the available cash surpluses and will be reviewed annually.

Reserve usage projections

The table below presents the balance and projected annual movement for each reserve over the 10-year duration of the Financial Plan.

The total amount of reserves for each year aligns with the Statement of Changes in Equity, excluding the Asset Revaluation Reserve.

	Forecast 2025 \$000	Budget 2026 \$000	Budget 2027 \$000	Budget 2028 \$000	Budget 2029 \$000	Budget 2030 \$000	Budget 2031 \$000	Budget 2032 \$000	Budget 2033 \$000	Budget 2034 \$000	Budget 2035 \$000
Statutory											
Public Open Space	1,853	1,379	879	879	879	879	879	879	879	879	879
Mineral Springs	703	-	580	580	580	580	580	580	580	580	580
Waste Management	716	1,109	1,009	859	859	859	859	859	859	859	859
Total statutory reserves	3,272	2,488	2,468	2,318	2,318	2,318	2,318	2,318	2,318	2,318	2,318
Discretionary											
Other	102	102	102	102	102	102	102	102	102	102	102
Accommodation and Community Facilities	1,809	1,434	1,434	1,434	1,434	1,434	1,434	1,434	1,434	1,434	1,434
Grant Reserves	-	-	-	200	200	450	700	950	950	1,450	1,950
Total discretionary reserves	1,911	1,536	1,536	1,736	1,736	1,986	2,236	2,486	2,486	2,986	3,486
Total reserves	5,184	4,025	4,005	4,055	4,055	4,305	4,555	4,805	4,805	5,305	5,805

8.3 Treasury management approach and investment strategy

Council's Treasury Management Policy (50C) governs the management of its financial resources, including cash and investments.

Council must maintain adequate cash and cash equivalents to meet all reasonably anticipated cash flow needs as they arise. For any surplus cash, Council will invest in term deposits, ensuring that investments with any single financial institution does not exceed the policy's specified limits. Speculative investments are strictly prohibited.



PO Box 21 Daylesford 3460
P: 03 5348 2306
F: 03 5348 2911

shire@hepburn.vic.gov.au
www.hepburn.vic.gov.au
 www.facebook.com/hepburncouncil

COUNCIL OFFICES

DAYLESFORD

24 Vincent Street
Daylesford

CRESWICK

68 Albert Street
Creswick

CLUNES

The Warehouse - Clunes
36 Fraser Street, Clunes

TRENTHAM

66 High Street
Trentham