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## Draft Revised 10-year Financial Plan



### **Acknowledgement of Traditional Owners and Aboriginal and Torres Strait Islander people**

Darebin City Council acknowledges the Wurundjeri Woi-wurrung people as the traditional owners and custodians of the land and waters we now call Darebin and affirms that Wurundjeri Woi-wurrung people have lived on this land for millennia, practising their customs and ceremonies of celebration, initiation and renewal. Council acknowledges that Elders past, present and emerging are central to the cohesion, intergenerational wellbeing and ongoing self-determination of Aboriginal communities. They have played and continue to play a pivotal role in maintaining and transmitting culture, history and language.

Council respects and recognises Aboriginal and Torres Strait Islander communities' values, living culture and practices, including their continuing spiritual connection to the land and waters and their right to self-determination. Council also recognises the diversity within Aboriginal and Torres Strait Islander communities.

Aboriginal and Torres Strait Islander people and communities have had and continue to play a unique role in the life of the Darebin municipality. Council recognises and values this ongoing contribution and its significant value for our city and Australian society more broadly.

*Extract from Darebin City Council's Statement of commitment to Traditional Owners and Aboriginal and Torres Strait Islander people 2019*

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## 1. EXECUTIVE SUMMARY

This Financial Plan was established in 2021 at the beginning of the four-year Council term and a full review was planned for 2026 at the beginning of the next four-year Council Term. However, changes in the external environment in 2022 has been significant and forecast long term conditions have changed. There was a clear need to review the assumptions mid-term to account for significant changes in the borrowing interest rates, inflation including very high construction sector and energy sector inflation. Underlying contributing causes of the new inflationary context including supply chain disruptions arising from COVID and the war in Ukraine, and very high workforce participation.

The mid-term review identified key changes to assumptions including borrowing interest rate, inflation, utility cost, material and service costs coupled with a low unemployment rate leading to higher salaries and wages demand.

When these assumptions are used as the basis of financial planning, it is clear they put significant pressure on Council financially and that it is essential to tighten budgets to ensure financial viability. To respond to this, the mid-term update to the Financial Plan outlined in this document embeds the following changes:

- a) A tighter capital and operating budget envelope overall, including operational efficiencies that have been embedded in 2023/34 with further service reviews over the next two years to seek innovative and improved ways of working;
- b) As a result of exceptionally high construction costs, some construction work is deferred;
- c) To reduce the impact of higher borrowing costs, the previous overall planned borrowing has been reduced to that approved in the 2022/23 Budget;
- d) Rapid increase in energy costs has compelled Council to reduce other operational expenditure, including setting a limit on the level of projects and initiatives as part of the action plan in delivering the Council Plan;
- e) Investment in tools and technology necessary to achieve service delivery efficiencies during the 10-year period of the Plan with a proposed significant investment to be made in 2025/26 to 2028/29 for an Enterprise Resource Program (ERP). The long-term benefits from this proposed investment have been included from 2028/29 and are expected to continue over a 10-year period;
- f) A slight slowing in the municipal growth expected over the next two years as shown in reduced supplementary rate income as well as development income due to the issues facing the residential building market;
- g) The Financial Plan Statements and outcomes also demonstrate that Council has responded to the Monitors recommendations and the Minister for Local Government's directions as received in April 2023.

Deliberative engagement undertaken in April and May 2023 to inform the review of the 10-year Financial Plan. Through the deliberative engagement process, a set of key considerations were developed to guide Council decision making regarding capital investment and the balance between maintenance, renewal and new capital investment. Further work will be undertaken to consider how this work guides future decision making. Key considerations were also developed to guide Council's establishment of a Lease and Licensing Policy, with consideration to community outcomes, subsidy and cost recovery for the long-term benefit of the municipality.

Section 4 – Financial Performance Indicators highlights that Council achieves a low risk rating across the 10-year period for Net Result, Liquidity, Indebtedness and Loans and Borrowings payments. As noted at point b), Council has developed a sustainable level of Capital Works funding over the next four years and also noted at point e) above, Council has included funding for an investment into an ERP system, as an operating expense, that demonstrates this funding can be support whilst maintaining sufficient cash and investment balances.

## 2. LEGISLATIVE REQUIREMENTS

The *Local Government Act 2020* (section 91) requires Council to prepare a Financial Plan to cover a minimum period of ten years following each Council election. The 10-year Financial Plan establishes Council's approach to ensure the long-term financial viability and sustainability of Council. It supports the achievement of the 2041 Community Vision and establishes investment and spending thresholds. The Financial Plan provides a clear view of the financial capacity and constraints of Council, which is essential for setting total budgets each year such that the organisation is financially viable and sustainable. The Financial Plan ensures that financial risk and potential volatility or unexpected changes can be managed.

The Financial Plan helps Council understand and plan its total financial resources, which is essential for considering how Council can have most impact towards the Community Vision with the resources available. Council's strategic approach for using its resources is set out in the Council Plan and various strategies and plans.

The financial plan must include statements describing the financial resources required to achieve Council Plan, information about the decision and assumptions that underpin the forecast and statements describing any other resource requirement that the Council considers appropriate.

This section describes how the Financial Plan links to the achievement of the Community Vision and the Council Plan within the Integrated Strategic Planning & Reporting framework. This framework guides the 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).

The following diagram provides an overview of the core legislated elements of an integrated strategic planning and reporting framework and outcomes.

**Diagram 1 – Council's Integrated Planning and Reporting Framework**



## **1.1 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:

- a) Council has an integrated approach to planning, monitoring and performance reporting.
- b) Council 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.
- c) 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.
- d) Council's strategic planning principles identify and address the risks to effective implementation of the Financial Plan. The financial risks are included at section 1.2.2 below.
- e) The Financial Plan provides for the strategic planning principles of progress monitoring of progress and reviews to identify and adapt to changing circumstances.

## **1.2 Financial Management Principles**

The Financial Plan demonstrates the following financial management principles:

- a) Revenue, expenses, assets, liabilities, investments and financial transactions are managed in accordance with Council's financial policies and strategic plans.
- b) Management of the following financial risks: the financial viability of the Council (refer to section 2.2 Financial Policy Statements).and the management of current and future liabilities of the Council. The estimated 10 year-liabilities are disclosed in section 3.2 Balance Sheet projections.
- c) Financial policies and strategic plans are designed to provide financial stability and predictability to the community.
- d) Council maintains accounts and records that explain its financial operations and financial position (refer section 3 Financial Statements)

## **1.3 Engagement Principles**

The level of engagement is based on Council's appetite for community input and the extent this input will impact the decision-making process and is guided by the Community Engagement Policy adopted by Council. The Financial Plan is required, by the Local Government Act 2020 (section 91) to be established or reviewed using deliberative engagement practices, established by Council through its Community Engagement Policy.

## **1.4 Service Performance Principles**

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

- a) 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.
- b) Services are accessible to the relevant users within the community.
- c) 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.

- d) Council is developing a performance monitoring framework to continuously improve its service delivery standards.
- e) Council is developing a service delivery framework that considers and responds to community feedback and complaints regards service provision.

## 1.5 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 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 was established by Council on 30 June 2022 in accordance with the *Local Government Act 2020 (section 92)*. 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, Asset Policies (Asset Management Policy and Asset Disposal Policy) and Asset Management Strategy provide Council with a sound base to understand the risk associated with managing its assets for the community's benefit.

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

Council currently has individual Asset Management Plan's for the following Asset classes, which sit under the overarching 10 Year Asset Plan:

- Road Asset Management Plan
- Open Space Asset Management Plan
- Building Asset Management Plan
- Drainage Asset Management Plan

Council is working to establish the following Asset Management Plans:

- Cultural assets
- Public Lighting

## 2. FINANCIAL PLAN CONTEXT

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

### 2.1 Need for mid-term review 2023

This Financial Plan was established in 2021 at the beginning of the four-year Council term and full review was planned for 2026 at the beginning of the next four-year Council Term. However, change in the external environment in 2022 has been significant and forecast long term conditions have changed. There is a clear need to review the assumptions mid-term to account for significant changes in inflation including very high construction sector and energy sector inflation. Underlying contributing causes of the new inflationary context including supply chain disruptions arising from COVID and the war in Ukraine, and very high workforce participation. The change in context was rapid, changing from a very low inflation environment during COVID where many governments sought to support economies through public sector investment to one where Central Banks around the world have increased interest rates progressively to minimise overall inflationary pressure.

### 2.2 Financial Policy Statements

This section defines the policy statements, and associated measures, that demonstrates Council's financial sustainability to fund the aspirations of the Community Vision and the Council Plan.

- Consistent underlying surplus results.
- Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due.
- Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.
- That Council applies loan funding to new capital and maintains total borrowings in line with rate income and growth of the municipality.
- Council maintains sufficient unrestricted cash to ensure ongoing liquidity as well as to address unforeseen cash imposts if required.
- Council generates sufficient revenue from rates plus fees and charges to ensure a consistent funding for new and renewal capital.

### 2.3 Strategic Actions

The Financial Plan has used the Community Vision and Council Plan 2021-25, as well as Council's recent annual budgets and financial reports as the basis for financial modelling and planning for the future. It has used them to understand and plan:

- for new needs or changes to Services; and
- expected operating costs and revenues.

Council sets its priorities via its annual and four-year Budget and Council Plan development.

Strategic Directions, and key priorities incorporated into the Financial Plan are as follows:

#### ***Darebin 2041 Community Vision***

Darebin is equitable, vibrant, green and connected. We respect First Nations peoples, our diverse communities and places. We are committed to a sustainable, climate safe future.

#### ***Strategic Directions (these are the same as the vision priorities)***

- Vibrant, Respectful and Connected
- Prosperous, Liveable and Flourishing
- Climate, Green and Sustainable
- Responsible, Transparent and Responsive



A highlight of the priorities by the 4 Council Plan strategic directions, are provided below:

### **Vibrant, Respectful and Connected**

- Continued implementation of Age Friendly Darebin
- Establishment of a volunteer program for the Darebin community
- Improved access to digital for communities that don't traditional use digital tools
- Greater access to Reservoir library with extended opening hour to Sundays and increased hours during the week as part of the After Dark program
- Develop a partnership with Wurundjeri Woi-wurrung Cultural Heritage Corporation to support to the delivery of mutual goals

### **Prosperous, Liveable and Flourishing**

- Redevelopment of major facilities, including Northcote Aquatic and Recreation Centre, BT Connor Pavilion and Preston Precinct Intercultural Centre.
- Improving the appearance, safety, lighting and viability of shopping strips, streetscapes and business activity areas.
- Additional spaces for 3-year old to attend kinder, through redevelopment of existing kindergartens
- Focus on supporting Darebin multicultural communities, through reduction in racism, opportunities for culture diverse community groups through the establishment of Community Leader network and greater focus improving access to Council's services for non-English speaking communities.
- Community designed programs for the East Preston and East Reservoir to improve the local built environment and health and wellbeing of these communities
- Expansion of the assertive outreach program to support people rough sleeping and experiencing homelessness

### **Climate, Green and Sustainable**

- A focus on improving the amenity and usage at Edwardes Lake Precinct, including improved biodiversity and water quality and Investment in the Boathouse to support a long-term lease arrangement
- Continue increasing canopy cover across the municipality, with a focus on biodiversity & shopping areas
- Undertake waste reform and take action toward a circular economy, and the introduction Food Waste into Green Bins
- Review of the Climate Emergency Plan and work to have the greatest impact in improving resilience to climate risk and cutting emissions for both Council and community.

### **Governance, Service and Financial Sustainability**

- Communications Strategy that focuses on ensuring Council's publications reflect the diversity in the community
- Development of an Advocacy Framework and four-year Advocacy Plan to influencing public policy change and attracting support and funding for Councils priorities
- Reforms to the Statutory Planning scheme, underpinned by a community engagement process
- Supporting the business community to ensure that businesses are not adversely affected during level crossing removal
- Continued protection of Preston market to be retained as a central place of significance for the community
- Development of a Business Plan to support the procurement and implementation of an Enterprise Resource Program (ERP)

## 2.4 Assumptions to the Financial Plan Statements

This section presents information regarding the assumptions to the Comprehensive Income Statement for the 10 years from 2023/24 to 2032/33. The assumptions comprise the annual escalations / movement for each line item of the Comprehensive Income Statement.

Escalation Factors % movement	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Growth	1.25%	1.25%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Rates and charges	3.50%	2.50%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Statutory fees and fines	1.75%	1.75%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
User fees	3.50%	2.50%	2.50%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Grants - Operating	1.75%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other income	1.5%	1.75%	1.75%	1.75%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Employee costs #	EBA	EBA	80% of RC	80% of RC	80% of RC	80% of RC	80% of RC	80% of RC	80% of RC	80% of RC
Materials and services *	8.20%	9.70%	6.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
Depreciation & Amortisation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Other expenses	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

# Employee costs are escalated through the Enterprise Bargaining Agreement, which is currently being re-negotiated. Future escalations are estimated to be set at 80% of the Rates Cap as set under the Fair Go Rates System. In addition, a progression allowance is also included.

\* Materials and Services is a combination of Contract Payments, Materials and Utilities and the increase in 2024/25 is due to the expected timing of certain contracts requiring to be re-tendered.

Income for Capital expenditure such as Capital Grants and Development Contributions have been included for known grants and estimated level of development activity.

### 2.4.1 Rates and charges

In developing the LTFP, rates and charges were identified as an important source of revenue. Planning for future rate increases has therefore been an important component of the financial planning process. The Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year. For 2023-24 the FGRS cap has been set at 3.50%. The cap applies to Council's general rates and is calculated on the basis of the base average rates and charge.

The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the community.

To achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate will increase by 3.50% in line with the rate cap, with estimated future annual increases of 2.5% per annum for the following two years then decreasing to 2.0% for the ensuing years of the long-term financial plan. In addition, it is expected that during the 2023/24 year a further increase of \$450,000 per annum will be received for growth (additional properties) as a result of supplementary rates.

The Financial Plan embeds within the assumptions continued hardship provisions and concessions within charges to help support those most in need in our community.

#### **2.4.2 Statutory fees and fines**

The Financial Plan indexes statutory fees, that are set by legislation and often based on unit rates, at the estimated annual rate of CPI. This is often a best-case scenario given some fees are outside of the control by Council and therefore may be subject to increases less than CPI.

#### **2.4.3 User fees**

Revenue from user fees is expected to remain consistent for the 2023/24 year. Details of user fees for the 2023/24 budget year can be found in Council's schedule of Fees and Charges that is adopted in conjunction with the budget.

Revenue increases for the ensuing years are based on conservative annual increases in line with the state government rate cap.

#### **2.4.4 Grants**

Council currently receives grants for tied (specific purpose grants) and un-tied Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGGC). Operating grants are expected to increase on an annual basis by approximately 1.75% for the next two years and then 2.00% ongoing.

#### **2.4.5 Contributions**

Council receives contributions from developers. These contributions represent funds to enable council to provide the necessary infrastructure and infrastructure improvements to accommodate development growth. The contributions are for specific purposes and often require Council to outlay funds for infrastructure works often before receipt of this income source. These contributions are statutory contributions and are transferred to a restricted reserve until utilised for a specific purpose through the capital works program or delivered as works in kind by developers.

#### **2.4.6 Other income**

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

#### **2.4.7 Employee costs**

The 2023/24 year includes an increase for employee costs that reflects the salary increase for all staff pursuant to the Enterprise Bargaining Agreement (currently subject to negotiation) as well as a further 0.5% to fund the increase in the Superannuation Guarantee Contribution to 11%. The following two years also reflect an increase of 0.5% increase in the Superannuation Guarantee Contribution.

The ensuing years from 2026/27 reflect annual increases linked to 80% of the Rate Cap as annual EBA increases.

#### **2.4.8 Materials and Services**

Material costs include items required for the maintenance and repairs of Council buildings, roads, drains and footpaths which are more governed by market forces based on availability than just CPI as well as the costs related to Council's Waste Management operations. Council's payments to family day care are also included under this category. Other associated costs included under this category are utilities, materials for the supply of meals on wheels and consumable items for a range of services. These costs are kept to within CPI levels year on year

#### **2.4.9 Depreciation & amortisation**

Depreciation estimates have been based on the projected capital spending contained within this LTFS document. Depreciation has been further increased by the indexing of the replacement cost of Council's fixed assets.

#### **2.4.10 Borrowing costs**

Borrowing costs comprise the interest expense to service Council's loan portfolio that is described in Section 5.1 Borrowing Plan.

#### **2.4.11 Other expenses**

Other expenses include administration costs such as Councillor allowances, election costs, sponsorships, partnerships, community grants, lease expenditure, fire services property levy, audit costs and other costs associated with the day to day running of Council. Council also utilises external expertise on a range of matters, including legal services and audit. This category also includes the budget for the actions to achieve the strategic actions identified in the Council plan.

### 3. FINANCIAL PLAN STATEMENTS

This section presents information regarding the Financial Plan Statements for the 10 years from 2023/24 to 2032/33.

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

#### Notes:

1. Provisions contained in the Balance Sheet represent a number of Employee leave types. At this point in drafting the LTFP, it has been assumed that the annual leave provision increment expense has been recognised within the Comprehensive Income Statement in full and therefore both this liability and the cash balance has not increased in the Balance Sheet.

### 3.1 Comprehensive Income Statement

	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
<b>Income</b>										
Rates and charges	152,464	158,292	163,577	168,542	173,657	178,926	184,354	189,945	195,706	201,641
Statutory fees and fines	8,775	9,214	9,674	10,158	10,666	11,199	11,759	12,347	12,965	13,613
User fees	12,681	12,903	13,193	13,490	13,794	14,104	14,421	14,746	15,078	15,417
Grants - Operating	18,841	19,171	19,554	19,945	20,344	20,751	21,166	21,589	22,021	22,462
Grants - Capital	1,865	1,074	1,799	3,857	1,144	1,184	2,172	2,422	2,772	2,772
Contributions - monetary	6,539	7,140	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800
Contributions - non-monetary	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	1,436	750	750	750	750	750	750	750	750	750
Fair value adjustments for investment property	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) on disposal of investment property	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) on disposal of intangible assets	-	-	-	-	-	-	-	-	-	-
Share of net profits/(losses) of associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Other income	3,134	3,158	3,182	3,206	3,231	3,255	3,280	3,306	3,331	3,357
<b>Total Income</b>	<b>205,735</b>	<b>211,701</b>	<b>221,530</b>	<b>229,749</b>	<b>233,385</b>	<b>239,970</b>	<b>247,703</b>	<b>254,905</b>	<b>262,423</b>	<b>269,811</b>
<b>Expenses</b>										
Employee costs	(98,723)	(99,609)	(103,283)	(105,915)	(108,521)	(110,322)	(110,997)	(111,386)	(111,876)	(112,466)
Materials and services	(56,012)	(61,445)	(65,425)	(68,421)	(71,563)	(74,859)	(78,317)	(81,947)	(85,756)	(89,756)
Depreciation	(26,714)	(27,273)	(28,091)	(28,933)	(29,801)	(30,696)	(31,616)	(32,565)	(33,542)	(34,548)
Amortisation - intangible assets	(514)	(545)	(562)	(579)	(596)	(614)	(632)	(651)	(671)	(691)
Amortisation - right of use assets	3	1	-	-	-	-	-	-	-	-
Bad and doubtful debts	(1,436)	(975)	(980)	(980)	(980)	(980)	(980)	(980)	(980)	-
Borrowing costs	(1,735)	(1,583)	(1,424)	(1,259)	(1,087)	(908)	(722)	(528)	(327)	(117)
Finance Costs - leases	(2)	(1)	-	-	-	-	-	-	-	-
Other expenses	(9,272)	(7,082)	(10,010)	(14,947)	(16,787)	(16,031)	(5,978)	(6,129)	(6,283)	(7,242)
<b>Total Expenses</b>	<b>(194,406)</b>	<b>(198,511)</b>	<b>(209,775)</b>	<b>(221,033)</b>	<b>(229,335)</b>	<b>(234,409)</b>	<b>(229,242)</b>	<b>(234,185)</b>	<b>(239,435)</b>	<b>(244,819)</b>
<b>Surplus/(deficit) for the year</b>	<b>11,329</b>	<b>13,190</b>	<b>11,755</b>	<b>8,716</b>	<b>4,050</b>	<b>5,560</b>	<b>18,460</b>	<b>20,720</b>	<b>22,988</b>	<b>24,992</b>
<b>Other comprehensive income</b>										
Items that will not be reclassified to surplus or deficit in future periods:										
Net asset revaluation increment/(decrement)	-	-	32	-	34	36	38	40	42	44
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Items that may be reclassified to surplus or deficit in future periods	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive result</b>	<b>11,329</b>	<b>13,190</b>	<b>11,787</b>	<b>8,716</b>	<b>4,084</b>	<b>5,596</b>	<b>18,498</b>	<b>20,760</b>	<b>23,030</b>	<b>25,037</b>

### 3.2 Balance Sheet

	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
<b>Assets</b>										
<b>Current assets</b>										
Cash and cash equivalents	43,085	49,266	55,362	54,300	49,417	41,262	40,697	39,249	38,851	39,196
Trade and other receivables	15,450	16,521	17,377	18,108	18,373	18,969	19,534	20,139	20,713	22,378
Other financial assets	10,001	10,001	10,001	10,001	10,001	10,001	10,001	10,001	10,001	10,001
Inventories	101	101	102	102	102	102	102	103	103	103
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Other assets	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701
<b>Total current assets</b>	<b>71,338</b>	<b>78,590</b>	<b>85,542</b>	<b>85,212</b>	<b>80,594</b>	<b>73,035</b>	<b>73,036</b>	<b>72,193</b>	<b>72,368</b>	<b>74,379</b>
<b>Non-current assets</b>										
Trade and other receivables	3,385	3,402	3,419	3,436	3,453	3,470	3,488	3,505	3,523	3,540
Other financial assets	6	6	6	6	6	6	6	6	6	6
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Property, infrastructure, plant & equipment	1,673,427	1,676,211	1,678,149	1,684,182	1,689,414	1,698,755	1,712,376	1,729,852	1,748,382	1,767,058
Right-of-use assets	83	-	-	-	-	-	-	-	-	-
Investment property	2,643	2,643	2,643	2,643	2,643	2,643	2,643	2,643	2,643	2,643
Intangible asset	315	(230)	(792)	(1,370)	(1,966)	(2,580)	(3,212)	(3,863)	(4,534)	(5,225)
Landfill rehabilitation intangible asset	-	-	-	-	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>1,679,859</b>	<b>1,682,032</b>	<b>1,683,425</b>	<b>1,688,896</b>	<b>1,693,550</b>	<b>1,702,294</b>	<b>1,715,301</b>	<b>1,732,142</b>	<b>1,750,019</b>	<b>1,768,023</b>
<b>Total assets</b>	<b>1,751,197</b>	<b>1,760,622</b>	<b>1,768,967</b>	<b>1,774,108</b>	<b>1,774,144</b>	<b>1,775,329</b>	<b>1,788,336</b>	<b>1,804,335</b>	<b>1,822,388</b>	<b>1,842,402</b>
<b>Liabilities</b>										
<b>Current liabilities</b>										
Trade and other payables	10,364	10,785	11,604	12,456	13,005	13,371	12,843	13,239	13,619	14,165
Trust funds and deposits	5,938	5,938	5,938	5,938	5,938	5,938	5,938	5,938	5,938	5,938
Unearned income/revenue	2,615	2,615	2,615	2,615	2,615	2,615	2,615	2,615	2,615	2,615
Provisions	20,840	20,840	20,840	20,840	20,840	20,840	20,840	20,840	20,840	20,840
Interest-bearing loans and borrowings	4,102	4,261	4,426	4,598	4,777	4,963	5,157	5,358	5,568	0
Lease liabilities	83	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>43,942</b>	<b>44,439</b>	<b>45,423</b>	<b>46,447</b>	<b>47,175</b>	<b>47,727</b>	<b>47,393</b>	<b>47,990</b>	<b>48,581</b>	<b>43,558</b>
<b>Non-current liabilities</b>										
Provisions	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846
Interest-bearing loans and borrowings	39,109	34,848	30,422	25,824	21,047	16,084	10,927	5,568	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>40,955</b>	<b>36,694</b>	<b>32,268</b>	<b>27,670</b>	<b>22,893</b>	<b>17,930</b>	<b>12,773</b>	<b>7,414</b>	<b>1,846</b>	<b>1,846</b>
<b>Total liabilities</b>	<b>84,897</b>	<b>81,133</b>	<b>77,691</b>	<b>74,116</b>	<b>70,068</b>	<b>65,657</b>	<b>60,166</b>	<b>55,405</b>	<b>50,427</b>	<b>45,404</b>
<b>Net assets</b>	<b>1,666,299</b>	<b>1,679,489</b>	<b>1,691,276</b>	<b>1,699,992</b>	<b>1,704,076</b>	<b>1,709,673</b>	<b>1,728,171</b>	<b>1,748,931</b>	<b>1,771,961</b>	<b>1,796,998</b>
<b>Equity</b>										
Accumulated surplus	596,663	609,853	621,608	630,323	634,374	639,934	658,394	679,114	702,102	727,095
Reserves	1,069,636	1,069,636	1,069,668	1,069,668	1,069,703	1,069,739	1,069,776	1,069,816	1,069,859	1,069,903
<b>Total equity</b>	<b>1,666,299</b>	<b>1,679,489</b>	<b>1,691,276</b>	<b>1,699,992</b>	<b>1,704,076</b>	<b>1,709,673</b>	<b>1,728,171</b>	<b>1,748,931</b>	<b>1,771,961</b>	<b>1,796,998</b>



### 3.3 Statement of Cash Flows

	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
	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	151,231	156,763	162,485	167,484	172,631	177,795	183,248	188,827	194,617	200,446
Statutory fees and fines	9,605	10,072	10,591	11,121	11,680	12,261	12,877	13,522	14,200	14,908
User fees	13,880	14,123	14,459	14,786	15,122	15,459	15,810	16,167	16,534	16,902
Grants - operating	18,672	18,999	19,428	19,820	20,225	20,621	21,041	21,464	21,901	22,332
Grants - capital	1,848	1,127	1,732	3,674	1,357	1,175	2,083	2,392	2,733	2,760
Contributions - monetary	6,539	7,140	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800
Interest received	753	753	753	753	753	753	753	753	753	753
Trust funds and deposits taken	-	-	-	-	-	-	-	-	-	-
Other receipts	3,185	3,226	3,349	3,613	3,645	3,667	3,699	3,729	3,761	3,785
Net GST refund / payment	3,349	3,539	3,873	4,556	4,995	5,183	4,510	4,708	5,005	5,392
Employee costs	(98,776)	(99,564)	(103,142)	(105,814)	(108,432)	(110,242)	(110,971)	(111,371)	(111,869)	(112,431)
Materials and services	(61,694)	(67,012)	(71,559)	(74,958)	(78,420)	(81,990)	(85,798)	(89,773)	(93,970)	(98,303)
Trust funds and deposits repaid	-	-	-	-	-	-	-	-	-	-
Other payments	(10,210)	(7,992)	(10,743)	(15,996)	(18,304)	(17,704)	(7,480)	(6,729)	(6,900)	(7,883)
<b>Net cash provided by/(used in) operating activities</b>	<b>38,382</b>	<b>41,173</b>	<b>41,026</b>	<b>38,839</b>	<b>35,052</b>	<b>36,779</b>	<b>49,570</b>	<b>53,488</b>	<b>56,566</b>	<b>58,460</b>
<b>Cash flows from investing activities</b>										
Payments for property, infrastructure, plant and equipment	(29,982)	(30,057)	(29,996)	(34,966)	(35,000)	(40,000)	(45,200)	(50,000)	(52,030)	(53,180)
Proceeds from sale of property, infrastructure, plant and equipment	1,436	750	750	750	750	750	750	750	750	750
Payments for investment property	-	-	-	-	-	-	-	-	-	-
Proceeds from investment property	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by/(used in) investing activities</b>	<b>(28,546)</b>	<b>(29,307)</b>	<b>(29,246)</b>	<b>(34,216)</b>	<b>(34,250)</b>	<b>(39,250)</b>	<b>(44,450)</b>	<b>(49,250)</b>	<b>(51,280)</b>	<b>(52,430)</b>
<b>Cash flows from financing activities</b>										
Finance costs	(1,735)	(1,583)	(1,424)	(1,259)	(1,087)	(908)	(722)	(528)	(327)	(117)
Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(3,950)	(4,102)	(4,261)	(4,426)	(4,598)	(4,777)	(4,963)	(5,157)	(5,358)	(5,568)
Interest paid - lease liability	(2)	(1)	-	-	-	-	-	-	-	-
Repayment of lease liabilities	2	1	-	-	-	-	-	-	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>(5,685)</b>	<b>(5,685)</b>	<b>(5,685)</b>	<b>(5,685)</b>	<b>(5,685)</b>	<b>(5,685)</b>	<b>(5,685)</b>	<b>(5,685)</b>	<b>(5,685)</b>	<b>(5,685)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>4,151</b>	<b>6,181</b>	<b>6,095</b>	<b>(1,062)</b>	<b>(4,883)</b>	<b>(8,156)</b>	<b>(565)</b>	<b>(1,447)</b>	<b>(399)</b>	<b>345</b>
Cash and cash equivalents at the beginning of the financial year	38,934	43,085	49,266	55,362	54,300	49,417	41,262	40,697	39,249	38,851
Cash and cash equivalents at the end of the financial year	43,085	49,266	55,362	54,300	49,417	41,262	40,697	39,249	38,851	39,196



### 3.4 Statement of Capital Works

	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
<b>Property</b>										
Land	600	-	-	-	-	-	-	-	-	-
Land improvements	350	450	450	450	250	250	450	450	500	500
<b>Total land</b>	<b>950</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>250</b>	<b>250</b>	<b>450</b>	<b>450</b>	<b>500</b>	<b>500</b>
Buildings	5,350	9,800	8,850	10,500	8,200	18,000	8,750	9,500	9,000	8,500
Leasehold improvements	-	-	-	-	-	-	-	-	-	-
<b>Total buildings</b>	<b>5,350</b>	<b>9,800</b>	<b>8,850</b>	<b>10,500</b>	<b>8,200</b>	<b>18,000</b>	<b>8,750</b>	<b>9,500</b>	<b>9,000</b>	<b>8,500</b>
<b>Total property</b>	<b>6,300</b>	<b>10,250</b>	<b>9,300</b>	<b>10,950</b>	<b>8,450</b>	<b>18,250</b>	<b>9,200</b>	<b>9,950</b>	<b>9,500</b>	<b>9,000</b>
<b>Plant and equipment</b>										
Plant, machinery and equipment	1,850	1,865	1,865	1,865	1,840	1,840	2,340	2,740	2,550	2,800
Computers and telecommunications	2,600	2,700	2,700	2,700	3,500	3,000	4,500	4,500	5,000	5,000
Library books	750	800	800	800	800	800	900	900	900	900
<b>Total plant and equipment</b>	<b>5,200</b>	<b>5,365</b>	<b>5,365</b>	<b>5,365</b>	<b>6,140</b>	<b>5,640</b>	<b>7,740</b>	<b>8,140</b>	<b>8,450</b>	<b>8,700</b>
<b>Infrastructure</b>										
Roads	4,750	4,500	4,850	5,650	5,750	5,900	10,750	11,450	13,100	13,100
Bridges	-	600	1,000	-	-	-	600	600	-	-
Footpaths and cycleways	2,750	3,000	3,000	3,250	3,000	3,000	3,000	5,000	5,000	5,000
Drainage	1,580	1,700	1,830	2,280	2,480	3,080	4,080	4,080	5,080	5,080
Recreational, leisure and community facilities	5,520	200	200	450	500	500	2,600	750	1,350	750
Waste management	350	550	550	400	350	300	750	550	550	550
Parks, open space and streetscapes	3,432	3,792	3,801	6,121	8,230	3,230	6,380	9,380	8,900	10,900
Off street car parks	100	100	100	500	100	100	100	100	100	100
<b>Total infrastructure</b>	<b>18,482</b>	<b>14,442</b>	<b>15,331</b>	<b>18,651</b>	<b>20,410</b>	<b>16,110</b>	<b>28,260</b>	<b>31,910</b>	<b>34,080</b>	<b>35,480</b>
<b>Total capital works expenditure</b>	<b>29,982</b>	<b>30,057</b>	<b>29,996</b>	<b>34,966</b>	<b>35,000</b>	<b>40,000</b>	<b>45,200</b>	<b>50,000</b>	<b>52,030</b>	<b>53,180</b>
<b>Represented by:</b>										
New asset expenditure	2,300	610	1,810	1,810	1,985	1,960	3,930	3,180	2,780	2,780
Asset renewal expenditure	23,026	25,641	22,505	27,237	27,428	31,628	34,133	38,795	40,588	41,825
Asset expansion expenditure	2,700	2,825	3,963	4,213	4,475	5,550	4,275	5,650	5,250	5,750
Asset upgrade expenditure	1,956	981	1,719	1,706	1,113	863	2,863	2,375	3,413	2,825
<b>Total capital works</b>	<b>29,982</b>	<b>30,057</b>	<b>29,996</b>	<b>34,966</b>	<b>35,000</b>	<b>40,000</b>	<b>45,200</b>	<b>50,000</b>	<b>52,030</b>	<b>53,180</b>

### 3.5 Statement of Changes in Equity

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2023/24</b>				
Balance at beginning of the financial year	1,654,970	586,762	1,055,675	12,533
Surplus/(deficit) for the year	11,329	11,329	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	(1,428)	-	1,428
<b>Balance at end of financial year</b>	<b>1,666,299</b>	<b>596,663</b>	<b>1,055,675</b>	<b>13,961</b>
<b>2024/25</b>				
Balance at beginning of the financial year	1,666,299	596,663	1,055,675	13,961
Surplus/(deficit) for the year	13,190	13,190	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>1,679,489</b>	<b>609,853</b>	<b>1,055,675</b>	<b>13,961</b>
<b>2025/26</b>				
Balance at beginning of the financial year	1,679,489	609,853	1,055,675	13,961
Surplus/(deficit) for the year	11,755	11,755	-	-
Net asset revaluation increment/(decrement)	32	-	32	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>1,691,276</b>	<b>621,608</b>	<b>1,055,707</b>	<b>13,961</b>
<b>2026/27</b>				
Balance at beginning of the financial year	1,691,276	621,608	1,055,707	13,961
Surplus/(deficit) for the year	8,716	8,716	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>1,699,992</b>	<b>630,323</b>	<b>1,055,707</b>	<b>13,961</b>
<b>2027/28</b>				
Balance at beginning of the financial year	1,699,992	630,323	1,055,707	13,961
Surplus/(deficit) for the year	4,050	4,050	-	-
Net asset revaluation increment/(decrement)	34	-	34	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>1,704,076</b>	<b>634,374</b>	<b>1,055,742</b>	<b>13,961</b>
<b>2028/29</b>				
Balance at beginning of the financial year	1,704,076	634,374	1,055,742	13,961
Surplus/(deficit) for the year	5,560	5,560	-	-
Net asset revaluation increment/(decrement)	36	-	36	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>1,709,673</b>	<b>639,934</b>	<b>1,055,778</b>	<b>13,961</b>
<b>2029/30</b>				
Balance at beginning of the financial year	1,709,673	639,934	1,055,778	13,961
Surplus/(deficit) for the year	18,460	18,460	-	-
Net asset revaluation increment/(decrement)	38	-	38	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>1,728,171</b>	<b>658,394</b>	<b>1,055,815</b>	<b>13,961</b>
<b>2030/31</b>				
Balance at beginning of the financial year	1,728,171	658,394	1,055,815	13,961
Surplus/(deficit) for the year	20,720	20,720	-	-
Net asset revaluation increment/(decrement)	40	-	40	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>1,748,931</b>	<b>679,114</b>	<b>1,055,855</b>	<b>13,961</b>
<b>2031/32</b>				
Balance at beginning of the financial year	1,748,931	679,114	1,055,855	13,961
Surplus/(deficit) for the year	22,988	22,988	-	-
Net asset revaluation increment/(decrement)	42	-	42	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>1,771,961</b>	<b>702,102</b>	<b>1,055,898</b>	<b>13,961</b>
<b>2032/33</b>				
Balance at beginning of the financial year	1,771,961	702,102	1,055,898	13,961
Surplus/(deficit) for the year	24,992	24,992	-	-
Net asset revaluation increment/(decrement)	44	-	44	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>1,796,998</b>	<b>727,095</b>	<b>1,055,942</b>	<b>13,961</b>

#### 4. 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 Council's objectives and financial management principles.

Indicator	Target	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Net result	More than 0%	5.7%	6.3%	5.3%	3.8%	1.7%	2.3%	7.5%	8.2%	8.8%	9.3%
Adjusted underlying result	More than 5%	2.0%	2.8%	0.4% ERP	(1.8%) ERP	(2.6%) ERP	(1.9%) ERP	3.4%	4.2%	4.9%	5.6%
Liquidity	More than 1.0	1.63	1.77	1.89	1.84	1.71	1.53	1.55	1.51	1.49	1.71
Unrestricted Cash	More than 80%	84.6%	97.5%	108.9%	104.4%	92.6%	74.4%	73.9%	69.8%	68.0%	76.6%
Internal financing	More than 100%	128.6%	137.1%	136.8%	111.1%	100.1%	91.9%	109.7%	107.0%	108.7%	109.9%
Indebtedness	40% or Less	22.9%	19.9%	16.9%	14.1%	11.3%	8.6%	6.0%	3.4%	0.8%	0.8%
Capital replacement ratio	More than 1.5	1.12	1.10	1.07	1.21	1.17	1.30	1.43	1.54	1.55	1.54
Renewal gap ratio	More than 1.0	0.94	0.98	0.86	1.00	0.96	1.06	1.17	1.26	1.31	1.29
Loans and Borrowings payments	Less than 5%	3.8%	3.6%	3.5%	3.4%	3.3%	3.2%	3.1%	3.0%	2.9%	2.8%

Low Risk	Medium Risk	High Risk
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Notes:

- The Performance Indicators above show three years where the adjusted underlying result are in deficit. It should be noted that the ERP system expenditure is included from 2025/26 to 2028/29. During this period the level of cash and investments does not fall below \$50m.

3. The extended periods of medium risk for both the Capital Replacement and Renewal Gap ratio's is due to Council reducing the funding available over the medium-term for Capital Works, so as to maintain a sustainable level of cash and investments.

## 5. STRATEGIES AND PLANS

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

### 5.1 Borrowing Strategy

#### 5.1.1 Current Debt Position

The total amount borrowed as at 30 June 2023 is \$47.161m .

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

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	47,161	43,211	39,109	34,848	30,422	25,824	21,047	16,084	10,927	5,568
Plus New loans	0	0	0	0	0	0	0	0	0	0
Less Principal repayment	(3,950)	(4,102)	(4,261)	(4,426)	(4,598)	(4,777)	(4,963)	(5,157)	(5,358)	(5,568)
Closing balance	43,211	39,109	34,848	30,422	25,824	21,047	16,084	10,927	5,568	0
Interest payment	(1,735)	(1,583)	(1,424)	(1,259)	(1,087)	(908)	(722)	(528)	(327)	(117)

### 5.2 Reserves Strategy

#### 5.2.1 Current Reserves

##### Public Open Space Reserve

- Purpose - The Open Space Reserve holds funds contributed by developers for works associated with developing and improved public open space and recreational facilities within Council. Funds are contributed in accordance with Section 18 of the Subdivision Act and transfers are restricted to the purpose of creating open space such as parks, playgrounds, pavilions and other such items where it is deemed that these works should occur at a later point than the initial development.
- Movements - transfers to the reserve (inflows) comprise contribution income from developers in lieu of the 5.0% Public Open Space requirement. Transfers from the reserve (outflows) are applied to fund Open Space capital projects on an annual basis.

##### Development Contributions Reserve

- Purpose – This reserve retains funds received from developers for infrastructure provision related to Council's Development Contributions Plans. Council has two (2) Development Contribution Plans with currently two reserves established to manage levy income contributed by developers. Development Contribution Plan reserves were introduced to manage proceeds from the recently adopted Precinct Structure Plans within the district A and district B within the municipality.
- Movements – Transfers from this reserve will be for nominated capital works for Development Infrastructure projects and Community Infrastructure projects. These funds are tied directly to the

income received or cash funds refunded to developers for capital works completed directly by the developer.

#### Unspent Grants and Contributions Reserve

- Purpose – This reserve is used to fund future grant funded projects.
- Movements – Revenue from grants and contribution is initially recognised in the comprehensive income statement and then transferred to the reserve from accumulated surplus to facilitate the tracking of the total funds received but not yet spent.

#### Car Park Development Reserve

- Purpose – This reserve is used to provide funding for future development and ongoing maintenance of car parks within the municipality.
- Movements – Funding is derived from unspent contributions from commercial developers for cash in lieu of constructed car parks. This funding is initially recognised in the comprehensive income statement and then transferred to the reserve from accumulated surplus to facilitate separate tracking of the total funds received but not yet spent.

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