



# Warrnambool City Council Long-Term Financial Plan 2025-2035



Warrnambool City Council Long-Term Financial Plan 2025-2025

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# 1 Executive summary

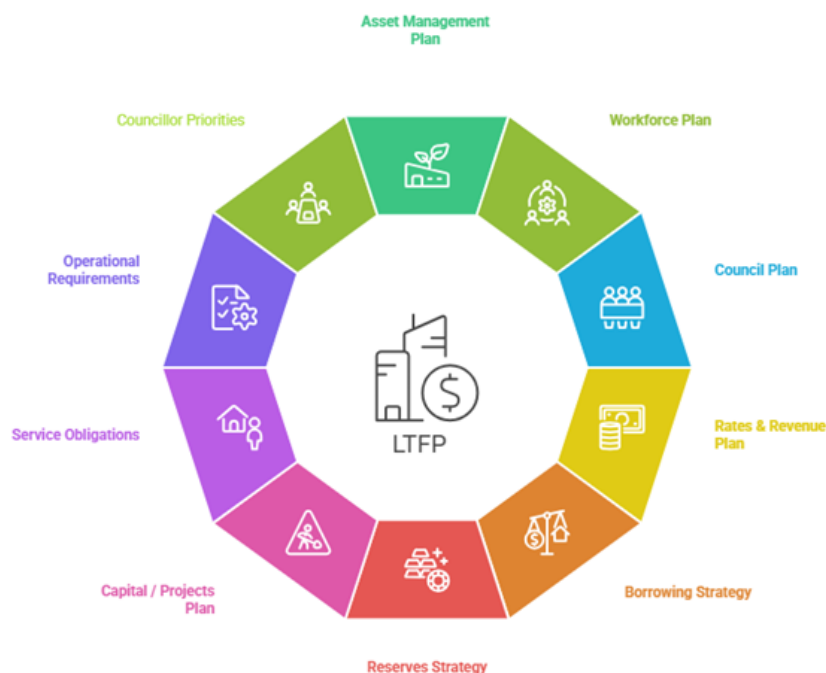
## 1.1 Purpose of the Long-Term Financial Plan

The Financial Plan provides a 10 year financially sustainable projection regarding how the actions of the Council Plan may be funded to achieve Council's role in the delivery of its responsibilities in the Community Vision.

The Long-Term Financial Plan (LTFP) sets out Council's strategic financial framework to guide decision-making and ensure sustainable service delivery for the community. Its primary purpose is to:

- Establish a prudent and integrated financial framework that combines Council's financial strategies to achieve planned outcomes.
- Provide a clear basis for measuring Council's strategies, policies, and financial performance.
- Ensure compliance with sound financial management principles under the Local Government Act 2020, including long-term financial sustainability (Section 101).
- Meet legislative requirements to prepare, adopt, and maintain a Financial Plan covering at least the next 10 financial years, supported by deliberative engagement (Section 91).
- Support the objectives of the Local Government Act 2020 to promote the social, economic, and environmental sustainability of the municipality, including planning for and mitigating climate change risks, while safeguarding Council's ongoing financial viability (Sections 9(2)(c) and 9(2)(g)).

The Long-Term Financial Plan provides a comprehensive framework for integrating Council's financial strategies with its broader strategic objectives. It brings together the outcomes of key planning areas including service delivery, asset management, infrastructure planning, and economic development into a single set of long-term financial projections. These projections set the financial direction for Council, ensuring resources are managed sustainably to meet community needs now and into the future.





## 1.2 Objectives of the Long-Term Financial Plan

The key objectives of the financial plan are to:




- Maintain a prudent balance between meeting the current and future service needs of the community and ensuring long-term financial sustainability for future generations.
- Strengthen Council's capacity to fund capital works and meet asset renewal requirements in line with asset management plans.
- Sustain Council's financial position in an environment of rate capping and limited growth in government grants by controlling net operating costs and optimising available funding for capital investment.

Several measures are used for planning, monitoring and reporting of Council's financial health. These measures are mainly based on the Local Government Performance Reporting Framework which provides a consistent and transparent reporting framework for the sector including Council financial policies as outlined in item 3.1.

These measures are designed to assess the financial health of the organisation over 5 key pillars of financial health:

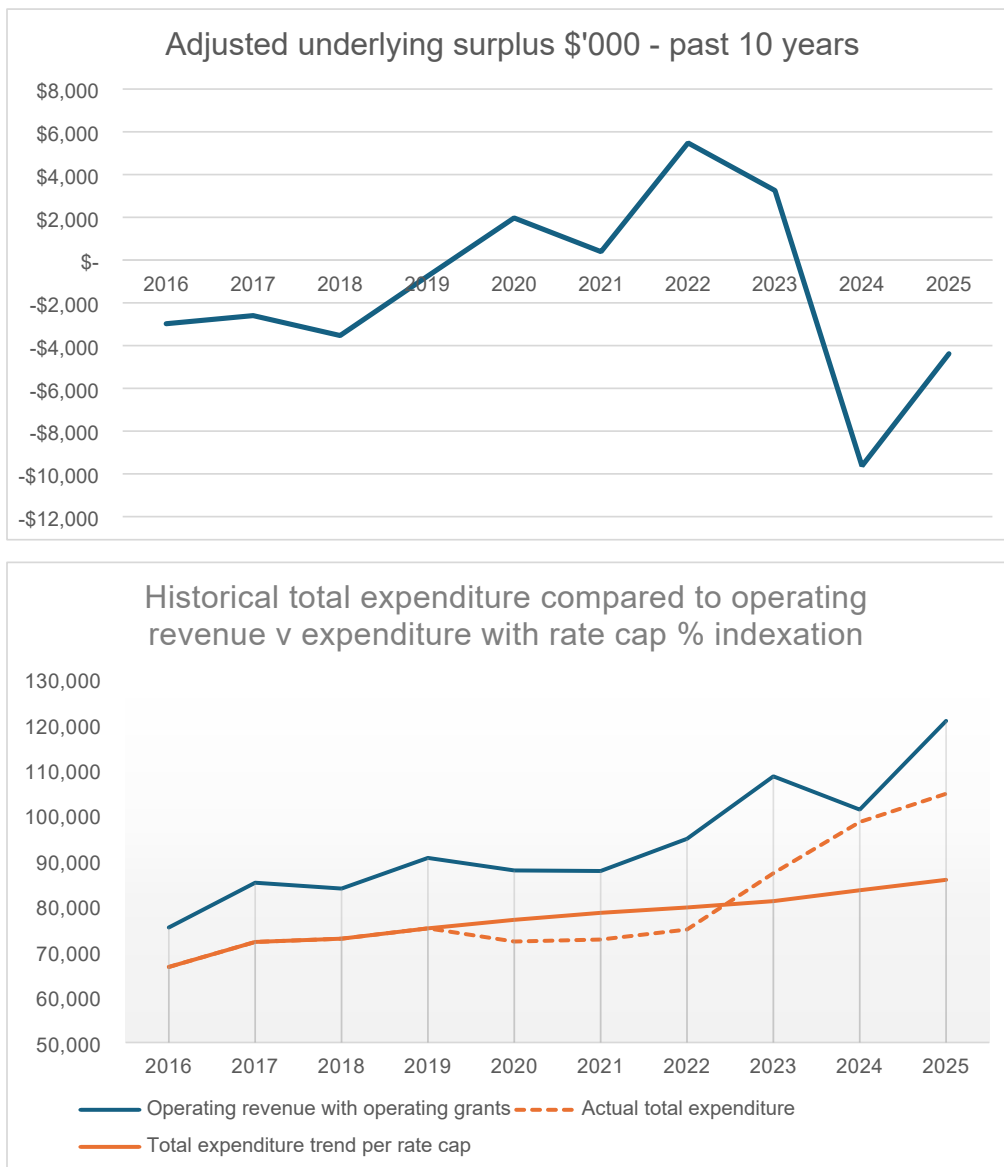
- Operating efficiency and position – the ability to operate efficiently, provide service on an ongoing basis to the community and fund capital works.
- Asset Management – maintain assets for community needs now and into the future.
- Liquidity – the ability to maintain sufficient working capital and cash balances to meet its financial obligations.
- Obligations – measures the level of debt and other financial commitments and the ability to service them sustainably.
- Stability – evaluate the predictability and resilience of rate revenue within economic and legislative environments.

For the purposes of this strategy, financial sustainability can be defined in the below diagram – consistent achieving the financial policy targets (refer 3.1):

	<b>Short Term (1-2 Years)</b>	Neutral-Negative adjusted operating result
		Renewal gap increasing - renewal investment below required rate
		Limited unrestricted cash - reducing general committed reserve
		High risk to operational service continuity
	<b>Medium Term (3-5 Years)</b>	Minor adjusted operating result
		Renewal gap reducing but still present
		Maintaining unrestricted cash level - not increasing to fund key projects
	<b>Long Term (6-10 Years)</b>	Low risk to operational service continuity
		Positive adjusted operating result sufficient to fund capital works
		Renewal gap closed so that renewal investment matches or exceeds requirements
		Unrestricted cash level increased - supporting Reserve strategy
		Sustain agreed service levels

Over the past 10 years, the financial position has come under increasing pressure due to escalating costs, additional service provision and infrastructure renewal requirements which have outpaced Council's ability to generate additional revenue within the constraints of the rate cap. At present Council has key financial pillars not meeting the required ratio which impact the long-term financial sustainability.

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The historical adjusted underlying surplus result has been influenced by:

- COVID – increased revenue with reduced service delivery between 2020-2023;
- Additional service delivery – animal shelter, new library;
- Escalating costs when services returned post COVID;
- Cost shifting – funding no longer covering all costs;
- Rate indexation below the rate cap in 2024;

This evolving financial environment highlights the importance of strategic long-term planning to ensure Council can continue to meet community expectations, maintain service levels, and invest in critical infrastructure while preserving financial sustainability.

### 1.3 Key sector challenges

Council has prepared this Long-Term Financial Plan at a time when local government is facing many challenges. Predicting the economy over the long term is challenging, particularly with the effects of

rising inflation and cost-of-living pressures affecting both our community and the services Council provides.

This plan acknowledges a step change is required in future years as substantial financial pressure has already been absorbed over an extended period of rate capping.

This financial pressure was acknowledged by the essential services commission in their granting of a Rate Cap exemption in 2019 for a two-year period. With the advent of the Covid outbreak only 1 year of the exemption was taken up by Council.

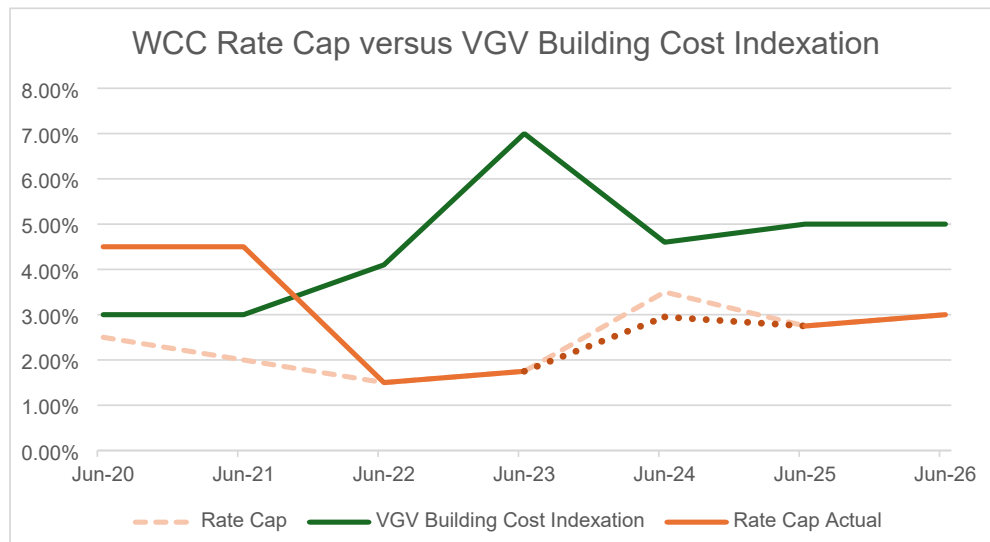
The LTFP is based on the most up-to-date and reliable information available based on existing service delivery but will need to be adjusted as economic conditions change. A key challenge is that the cost of providing services and delivering projects is increasing at a much faster rate than the annual rate cap allows for. This means Council's income growth is not keeping pace with inflation and cost pressures, which puts strain on our financial position, long-term sustainability and the ability to contribute to new projects in the longer term.

These external pressures will have a significant effect on our finances for years to come, as we face both growing demand for services and rising costs to deliver them. Like households and businesses, Council is experiencing higher energy and construction costs, increased staffing costs and skills shortages across key areas.

This Long-Term Financial Plan including the strategic actions, seeks to balance the challenges we face with the need to continue delivering services, investing in new capital projects, and renewing our existing assets to maintain current service levels.

However, to remain financially sustainable in the face of rising costs and rate capping, Council will need to carefully review how services are delivered. This includes assessing what service levels can realistically be provided within the limits of the rate cap. The biggest challenge over the next decade will be keeping rates affordable while other revenue sources remain under pressure and service delivery and construction costs continue to grow faster than the rate cap allows.

Council will also explore opportunities to increase its own-source income, alongside undertaking service reviews across all programs to identify efficiency savings and reduce costs. In addition, options for shared service models with other local councils will be investigated to reduce duplication, leverage economies of scale, and improve service delivery outcomes.



## 1.4 Key outcomes of this Long-Term Financial Plan

This financial plan is adopted following the general election held in 2024 and after adoption of the 2025-26 budget including the budget forecast period for the 2027-2029 years. As part of the long-term financial plan development process, **the budget forecast for 2027-2029 has been adjusted** in the long-term financial plan to reflect the assumptions adopted in this plan. The adopted budget for 2025-26 remain unchanged.

The 2025-26 budget contains a strong focus on “asset renewal” – looking after the community facilities and infrastructure we already have. This was one of the themes to emerge during consultation with the community about the Budget and Council Plan. This focus remains in the Long-Term Financial Plan balancing between renewal and new capital works.

Focusing on efficient service delivery, sustainable growth, and targeted investment in renewal of essential infrastructure, we aim to strike a balance between financial prudence and maintaining the vibrant, liveable city our community deserves.

### Service delivery

Council is committed to maintaining the services our community, from waste collection, parks and recreation, and library services, to community programs, local roads, and essential infrastructure. We will also continue to invest in arts, culture, and tourism, building on our recent city award recognition and strengthening our profile as a vibrant and attractive destination.

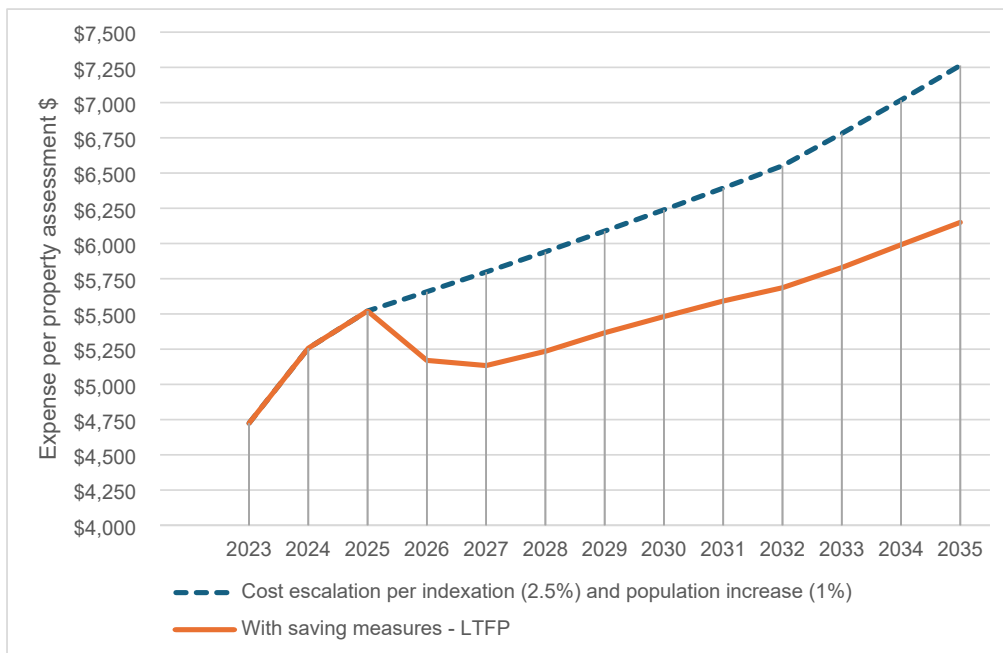
Warrnambool provides many services for the community that are not typically offered by all regional councils, which results in higher service delivery costs. These include specialised programs, enhanced cultural and recreational facilities, and a strong focus on tourism and events that support our local economy and community wellbeing. Warrnambool has a substantially lower rate base than other Regional Cities and as such is reliant on a higher proportion of own source revenue than other cities.

An example of the facilities we provide both for locals and to the broader region are detailed below.

- Airport
- Port of Warrnambool
- Library
- Lighthouse Theatre
- Art Gallery
- Flagstaff Hill – tourism
- Economic development
- Animal shelter
- Recreational facilities – Aquazone

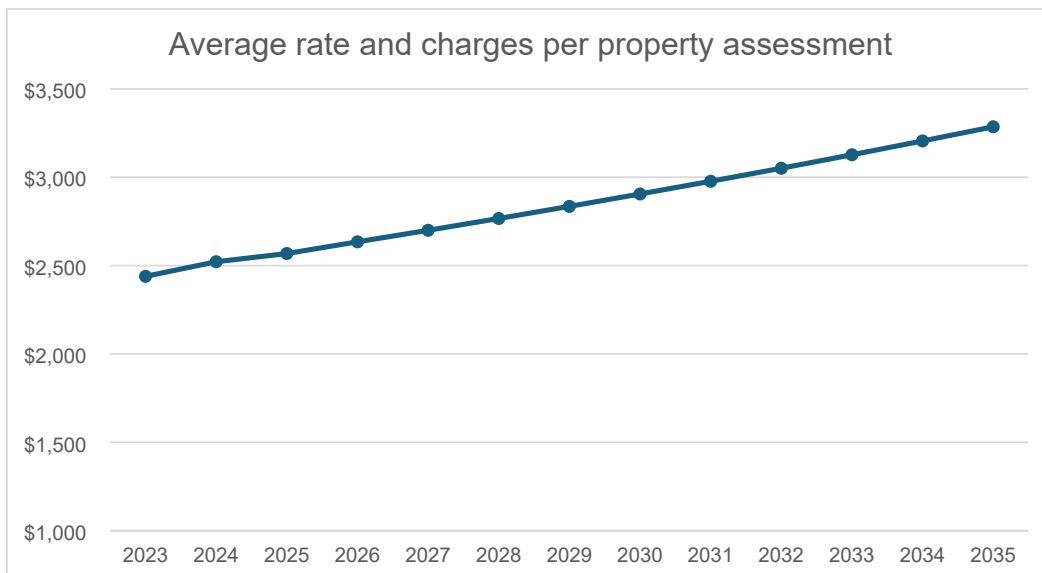
This Long-Term Financial Plan demonstrates that Council must implement its strategic objectives to ensure services can continue in a financially sustainable way, with expenses per assessment (refer graph) reflecting the ongoing cost of delivery. To maintain financial sustainability and manage the growing gap between funding and expenditure, Council has identified strategic actions to improve the cost-of-service delivery. Savings will be essential to ease financial pressure, limit growth in costs, and ensure resources are directed towards maintaining services and supporting the community. Implementing these saving measures will be essential to deliver services sustainably while keeping expenses affordable for the community.

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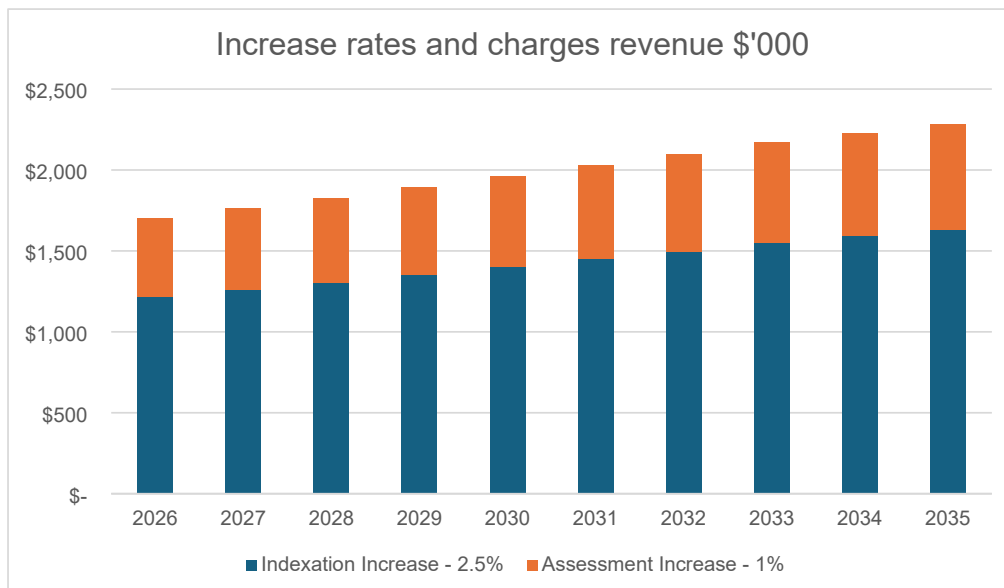
### Rates and other charges

Over the life of this Long-Term Financial Plan, Council's rate revenue is expected to increase steadily, largely in line with population and assessment growth (at 1%) and expected annual indexation increase in the rate cap (at 2.5%).





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### Financial Assistance (FA) grant funding

The investment pool available for Financial Assistance (FA) grant funding to councils via the Victorian Local Government Grants Commission does not match the cost increases at CPI or higher, creating a funding gap between this major income source for Council and operating costs. The assumptions include an annual increase at 2.5% based on the 2026 budget amount.

### Revenue earning capacity

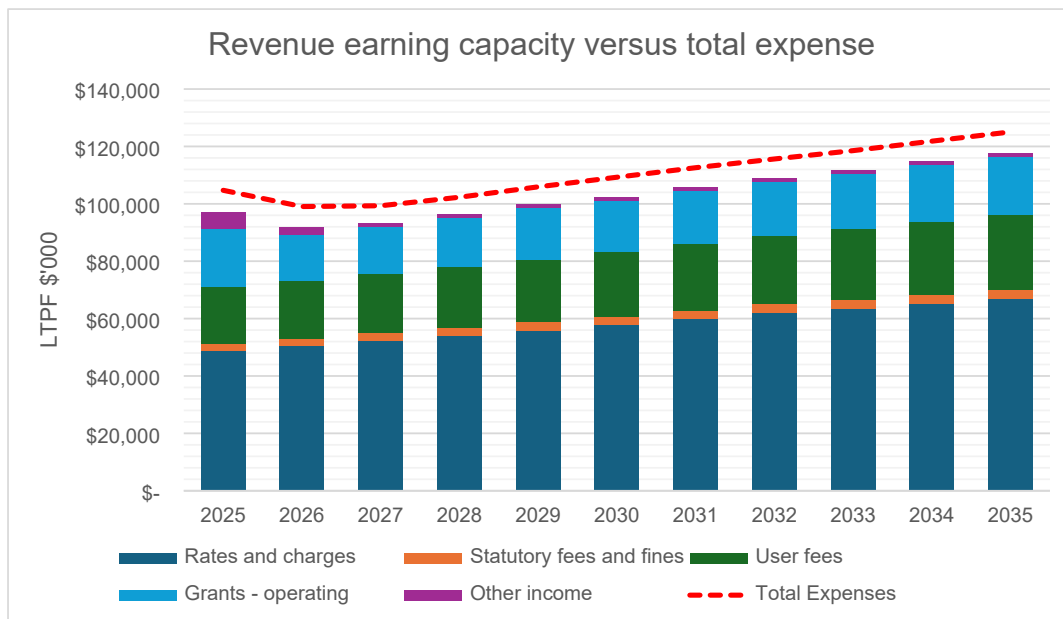
The Long-Term Financial Plan (LTFP) demonstrates that Council's expenditure will be funded through a combination of rates revenue, user fees and charges, operating grants, and other income sources. Rates remain the primary and most stable source of funding, supported by external funding streams that are critical to balancing the cost-of-service delivery and infrastructure renewal.

The LTFP assumes that recurrent grant funding will continue in line with the 2026 budget assumptions. However, there is a risk that changes to government policy or funding allocations may reduce the level of recurrent grants available to Council. Any reduction would place further pressure on Council's capacity to deliver services and maintain financial sustainability.

In addition, the ongoing issue of cost shifting—where responsibilities are transferred from other levels of government to councils without matching funding—creates further financial challenges. This means Council is expected to deliver more services, often with no additional funding, while still working within the constraints of rate capping.

At the same time, cost escalation and service delivery are growing at a faster pace than the annual rate cap allows. This has created a funding shortfall, where revenue growth is not keeping up with the rising cost of providing services and maintaining assets.

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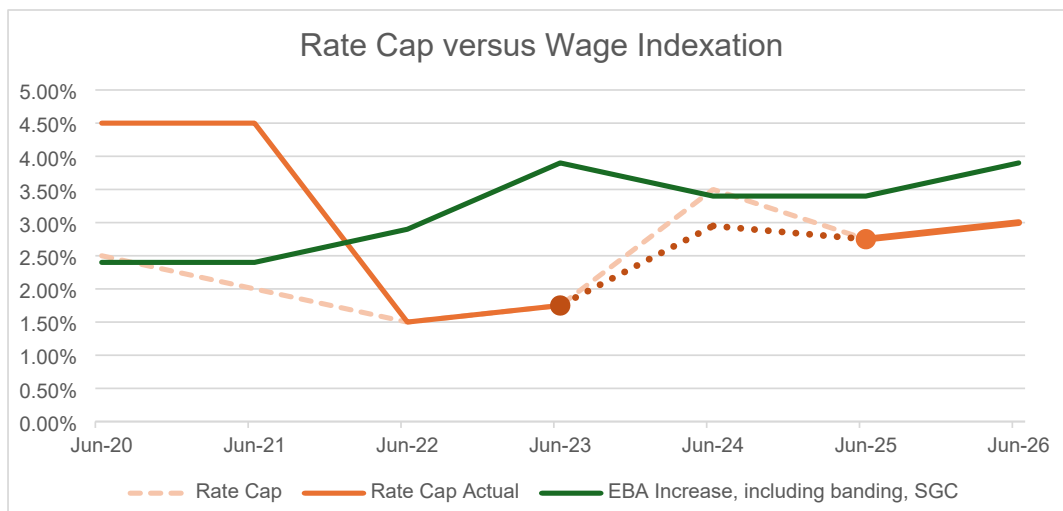


Funding the annual renewal and upgrade of infrastructure will require a careful balance of revenue from rates, user charges, recurrent grants, and external funding. Council remains committed to seeking efficiency savings, reviewing service delivery models, and advocating for fair funding arrangements with other levels of government to ensure that long-term renewal and upgrade needs can be met.

### Employee costs

Employee cost increases represent the largest component of Council's expenditure (average 59 per cent excluding depreciation/amortisation expense). Council's Enterprise Agreement (EA) 2025 was approved by the Fair Work Commission and will take effect 1 July 2025. This agreement provides for a 3.50 per cent increase (consistent with the rate cap) in 2025-26 and 2026-27.

It also needs to be kept in mind the EA is not the only source of increased wage costs, with annual employee movements along the banding structures equating to a 0.4 per cent increase per annum and Council also paying an additional 0.5 per cent per annum in superannuation increases since 1 July 2021 and Workcover premium costs.



Since June 2020, the rate cap has consistently been set at levels significantly below the actual escalation of wage-related costs. This gap has created ongoing financial pressure, as the rate cap does not reflect the true cost increases Council must meet.

Increases for employee costs reflect the salary increase for all staff pursuant to Council's Enterprise Bargaining Agreement. The increase in the Superannuation Guarantee of 0.5 percent each year through to 2025-26 and the EA increases have been factored into the employee cost increases. No provision or allowance has been made for any call from the Defined Benefits fund.

The long-term financial plan is based on actual employee costs in 2025 taking into account annual savings filling vacancies, current vacancies not filled due to staff shortages and efficiencies in service delivery. The assumptions include an annual increase at 3% based on the 2025 actual cost and annual savings as noted in Item 5.6.

### Key projects

Council's forward capital investment decisions, along with the associated operational and infrastructure servicing costs (whole-of-life considerations), will require a shift in strategic focus over the medium to long term.

Over the ten-year LTFP period, total capital works funded from operations amounts to \$242 million, of which \$51 million is allocated to new projects. Whilst road renewals have been adequately addressed within the LTFP, some other asset classes continue to face renewal gaps.

This presents an ongoing challenge for Council to balance community investment in new infrastructure with the funding required to maintain existing assets at current service levels.

Key capital projects included in this LTFP (\$'000) and subject to receiving adequate grant funding and additional borrowing:

- Shipwreck Bay key worker accommodation - \$5.2m;
- Wollaston Road upgrade & relocation power lines - \$7.2m;
- Brierly Sport and Community Hub \$13.5m;
- Kindergarden Upgrades - \$6.1m;
- Aquazone outdoor pool - \$10.6m;
- Animal shelter upgrade - \$2.5m;
- Parks & Open Spaces - \$3m;
- Bridges - \$8.1m;
- Public Toilet Upgrades - \$1.8m

## 1.5 Advocating for outcomes not included in this plan

While the following projects are not currently directly included in the Long-Term Financial Plan, Council will continue to advocate for funding opportunities to support potential improvements and upgrades to infrastructure. These projects may proceed if they can be delivered in a manner consistent with the Long-Term Business Plans established for each project and aligned with Council's long-term financial sustainability objectives. These projects need to be supported by adequate and secure funding without placing an increased operational cost burden on future generations as a result of completing these capital works. Council continues to seek all available funding options to meet these aspirational projects and will continue to act fiscally prudently in their development:

- Aquazone Redevelopment
- Breakwater Rehabilitation works
- Flagstaff Hill
- Kindergarten's redevelopment or expansion
- Saleyard rezoning and development
- Warrnambool Airport upgrades
- Warrnambool Surf Life Saving Club
- Warrnambool Art Gallery redevelopment

## 1.6 Strategic outcomes contained in this plan

To ensure Council remains financially sustainable and able to deliver on the objectives of this Long-Term Financial Plan (LTFP), a number of strategic actions will be required. These actions will focus on balancing

the community's service needs with the financial realities of rate capping, rising costs, and external funding pressures.

<b>Financial sustainability</b>	<ol style="list-style-type: none"> <li>1. That Council revise its 10-year forward financial plan on an annual basis with the expectation of neutral budgeted result.</li> <li>2. That Council incorporate financial indicators into the monthly reporting aligned to the LTFP.</li> <li>2. That Council improve the underlying operational result with committed savings to fund capital works, improve the renewal gap and improve the unrestricted cash result.</li> <li>3. That Council seek to increase its capital works investment, funded from operational and alternative sources to a sufficient level that allows it to adequately fund its asset renewal requirements and continue to deliver major project funding (subject to the impacts of rate capping).</li> <li>4. Agreed measure for "unrestricted reserves" for ongoing measurement</li> </ol>
<b>Service delivery &amp; cost savings</b>	<ol style="list-style-type: none"> <li>1. Review all programs to ensure the most efficient use of resources are occurring now and into the future (within the next two years).</li> <li>2. Reduce corporate operational costs and risks by implementing shared service model with other local Councils.</li> <li>3. Continue to be at the forefront of waste minimisation and innovation.</li> <li>4. Explore partnerships with other organisations to deliver better outcomes for the community.</li> <li>5. Continue to invest in climate change initiatives and decreasing Councils emissions output.</li> <li>6. Consider reduction or cessation of service delivery not aligned to the long-term financial objectives or not adequately funded by other levels of government.</li> <li>7. Improve on internal processes to generate efficiency.</li> </ol>
<b>Revenue</b>	<ol style="list-style-type: none"> <li>1. Investigate opportunities for new revenue generation.</li> <li>2. Advocate for on-going grant funding including asset renewal.</li> <li>3. Increase of fees and charges to support sustainable service delivery.</li> </ol>
<b>Capital works strategy and asset management</b>	<ol style="list-style-type: none"> <li>1. Increase investment in renewal capital to reduce the escalating risk and maintenance of infrastructure.</li> <li>2. Consider full-life-cycle cost of projects as part of strategic decision making. Commit to new projects that will align to the long-term financial objectives.</li> <li>3. Reduction of annual rollover of incomplete projects.</li> <li>4. Review and stage the capital works plan</li> </ol>
<b>Financial Reserve Strategy</b>	<ol style="list-style-type: none"> <li>1. Establish of reserve management policy.</li> <li>2. Establish key reserves to assist with fleet &amp; asset renewal requirements.</li> </ol>
<b>Strategic decision making</b>	<ol style="list-style-type: none"> <li>1. Incorporate financial data into all strategic plans and business plans to be assessed against the LTFP.</li> </ol>
<b>Borrowing Strategy</b>	<ol style="list-style-type: none"> <li>1. Debt funding to be applied to growth infrastructure and generational assets where necessary.</li> </ol>

## 2 Statutory and regulatory requirements

### 2.1 Strategic planning principles

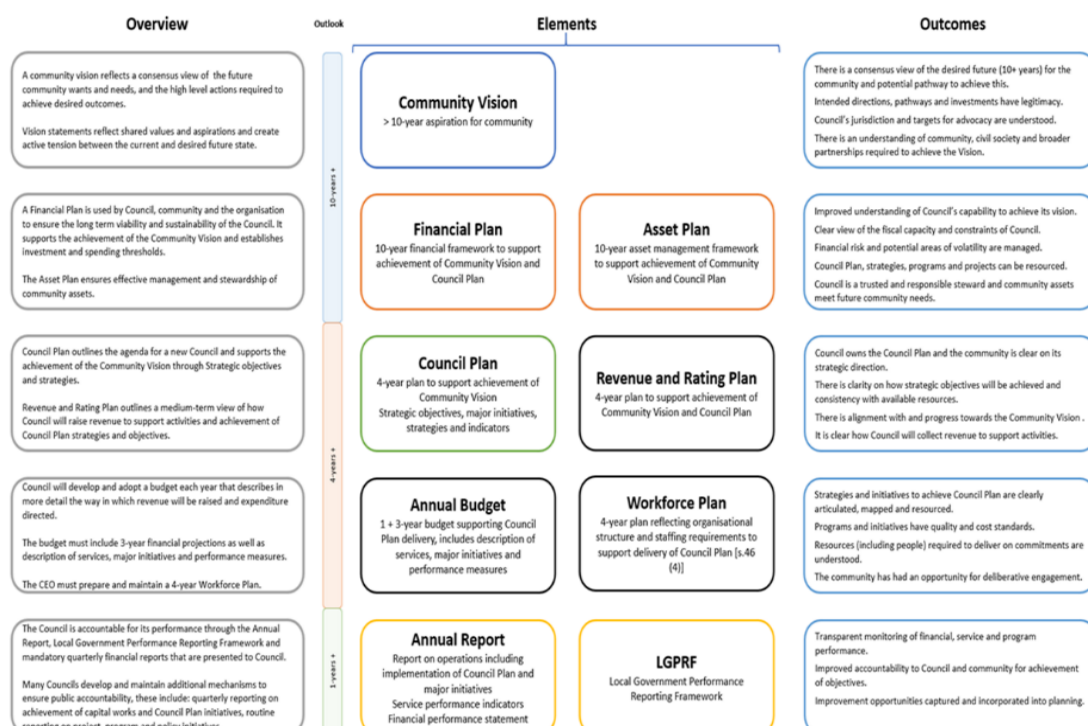
Part 4 of the Local Government Act 2020 addresses planning and financial management and Division 1 covers strategic planning. The Financial Plan is developed and subject to the Strategic planning principles outlined in Section 89 of the Act.

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

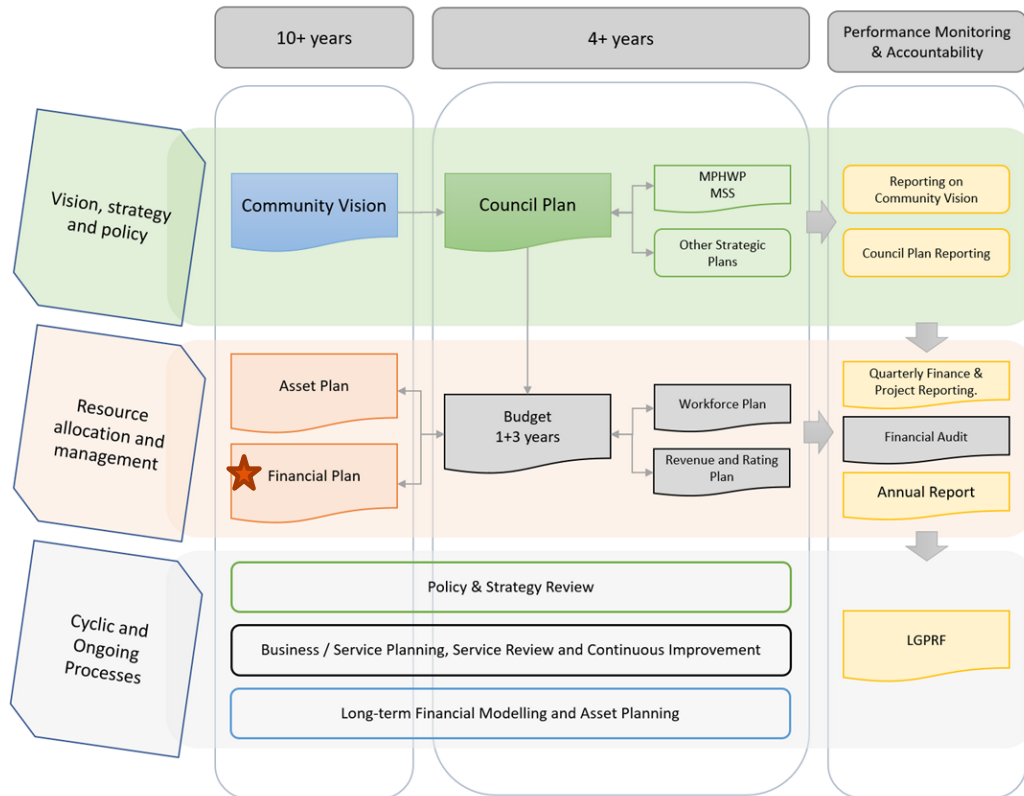
This section describes how the Financial Plan links to the achievement of the Community Vision (Warrnambool 2040) and the Council Plan within the Integrated Strategic Planning & Reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Community 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.





The following figure demonstrates how each element might inform or be informed by other parts of the integrated framework.



## 2.2 Financial Plan

The Financial Plan provides a 10 year financially sustainable projection regarding how the actions of the Council Plan may be funded to achieve the Community Vision. The Local Government Act 2020 requires Victorian councils to develop, adopt and keep in force a Financial Plan covering at least the next 10 financial years that is publicly accessible. The specific legislative requirements for a Financial Plan are set out in section 91 of the Act as follows:

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

## 2.3 Financial management principles

Division 4 of Part 4 of the Local Government Act 2020 addresses financial management principles. This financial plan is based on the following financial management principles as outlined in Section 101 of the Act:

- a) Revenue, expenses, assets, liabilities, investments and financial transactions are managed in accordance with Council's financial policies and strategic plans.
- b) Key financial risks are managed with regard to economic circumstance, including current risk identified:
  - Protecting the long-term financial sustainability of Council;
  - Managing cost increases that outpace revenue growth;
  - Maintaining sufficient cash flow and working capital;
  - Aligning long-term financial planning with strategic decision-making.

For the purposes of the financial management principles, financial risk includes any risk relating to:

- The financial viability of the Council;
  - The management of current and future liabilities of the Council;
  - The beneficial enterprises of the Council;
- 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.

## 2.4 Service performance principles

Council services are designed to be 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.

## 2.5 Engagement principles

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

Council has adopted a comprehensive community engagement framework. Council has implemented the following consultation process to ensure due consideration and feedback is received from relevant stakeholders.

- a) Draft Financial Plan prepared by management and engagement with internal stakeholders;
- b) Draft Financial Plan placed on public exhibition at a Council meeting in line with Council's community engagement policy, and calling for public submissions;
- c) Community engagement is conducted using local news outlets and social media;
- d) Draft Financial Plan, including any revisions, presented to Council meeting (October);

### 3 Financial Plan

Council's Long-Term Financial Plan is underpinned by a framework of financial policies and planning assumptions designed to support ongoing financial sustainability.

#### 3.1 Financial policy statements

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

Warrnambool City Council Long-Term Financial Plan 2025-2025

Policy Statement	Measure	Target	Actual 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Consistent underlying surplus result	Adjusted underlying result	2%	-4%	-6%	-6%	-6%	-6%	-6%	-6%	-5%	-5%	-6%	-6%
	Adjusted underlying result	\$2m	(7,309)	(5,590)	(5,515)	(5,525)	5,588	(6,288)	(6,349)	(6,031)	(6,091)	(6,464)	(6,692)
Ensure Council maintain sufficient working capital to meet its debt obligations as they fall due	Current Assets / Current Liabilities > 1.25	1.25	2.31	1.75	1.61	1.37	1.59	1.51	1.46	1.72	1.79	1.65	1.85
Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.	Asset renewal and upgrade / Depreciation > 100%	100%	74%	149%	84%	97%	58%	80%	100%	56%	56%	83%	58%
That Council applies loan funding to new capital works and maintains total borrowings in line with rate income and growth of the municipality.	Total borrowings / rate revenue to remain below 50%	50%	14%	18%	15%	23%	19%	21%	17%	14%	11%	9%	6%
Council maintains sufficient unrestricted cash to ensure ongoing liquidity as well as to address unforeseen cash requirements.	Total Cash & TD - Committed reserves / current liabilities to be maintained above 80%	80%	37%	36%	19%	28%	43%	38%	24%	36%	47%	32%	45%
Council maintains sufficient unrestricted cash to ensure ongoing liquidity as well as to address unforeseen cash requirements.	Unrestricted Cash/liabilities + restricted reserves + 70% of provisions	>\$5m	12,016	15,717	4,297	1,829	(719)	1,100	2,734	2,335	8,124	9,963	7,479
Council generates sufficient revenue from rates plus fees and charges to ensure consistent funding for new and renewal projects	Capital works as % of own source revenue to remain above 30%	30%	35%	48%	27%	49%	18%	39%	30%	17%	20%	24%	17%



### 3.2 Impact of strategic decisions

Strategic Action Outcomes	2027	2028	2029	2030	2031	2032	2033	2034	2035
LTFP - Adjusted underlying result	(5,590)	(5,515)	(5,525)	(5,588)	(6,288)	(6,349)	(6,031)	(6,091)	(6,464)
Program Reviews - Savings/Additional Revenue		5,500	5,500	5,500	6,300	6,500	6,000	6,000	6,500
Adjusted underlying result	(5,590)	(15)	(25)	(88)	12	151	(31)	(91)	36
Savings/Additional Revenue as % of Adjusted Revenue		5.65%	5.45%	5.31%	5.90%	5.90%	5.31%	5.18%	5.47%

\*. Savings are required annually through the life of the LTFP.

### 3.3 Assumptions to the Financial Plan Statements

This section presents information regarding the assumptions for the 10 years from 2025-26 to 2034-35, with 2025-26 approved budget the starting base. The assumptions comprise the annual escalations / movement for each line item from 2026/27:

Item	Type	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Rates & Charges	Indexation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rates & Charges	Assessment Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
User Fees	Indexation	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Grants - Recurrent	Indexation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Capital	Indexation	Linked to projects								
Interest Received	Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Employee Expense	Indexation	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Employee Expense - Workcover	Indexation	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Employee Expense	FTE	453.2	453.2	453.2	453.2	453.2	453.2	453.2	453.2	453.2
Materials & Services	Indexation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials & Services - Utilities	Indexation	5%	5%	5%	5%	5%	5%	5%	5%	5%
Materials & Services - Insurance	Indexation	5%	5%	5%	5%	5%	5%	5%	5%	5%
Materials & Services - Increase for capitalised works	Escalating costs	0.5% per annum for new & upgrade assets commencing year after completion (as confirmed Assets & Projects)								
Interest Expense - Borrowing	Rate	5%	5%	5%	5%	5%	5%	5%	5%	5%
All Asset Classes	Depreciation	4-year historical average rate, except for Buildings 2%, Roads 1.9%, Drainage 0.9% and Recreational 1.97% (closer aligned to the 2025 actual rate)								
All Asset classes - rate	Revaluation	1.5% - at periodic interval - expecting limited increase given valued at CRC considering current renewal gap within LTFP and modern equivalent replacement at reduced cost								
All Asset classes - period	Revaluation	Periodically every 4-year intervals. One off revaluation adjustment 2026/27 to align to actual 2024/25 position and assumption change for 2025/26 budget.								

### 2.3.1 Rates and charges

Base rate revenue will increase by 3% for the 2025-26 year, based on the actual state government rate cap, with estimated future annual increases to remain within the expected state government rate cap ranging at 2.5% for the ensuing years of the long-term financial plan. In addition, Council is expecting to experience growth in property numbers of 1.0% per year.

Waste charges are proposed to increase in 2025-26 in line with the State Government's Landfill Levy, before returning to cost indexation in line with the rate cap at 2.5% for the remaining of the plan.

### 2.3.2 Statutory fees and fines

The Financial Plan indexes statutory fees, set by legislation, according on the estimated annual rate of 2.5%. This is often a best-case scenario given some fees are outside of the control by Council and therefore may be subject to increases that are higher or lower than CPI.

### 2.3.3 User fees

Revenue from user fees is expected to increase by 2.19% for the 2025-26 financial year. Details of user fees for the 2025-26 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 an increase of in line with treasury CPI forecasts at 3%. Service growth of 0% has been factored into the long-term financial plan to account for the customer population increases.

### 2.3.4 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 in line with CPI assumptions at 2.5%.

### 2.3.5 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. The long-term plan account for these contributions based on when the works is expected to be completed.

### 2.3.6 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.

### 2.3.7 Employee costs

The 2025-26 year includes a 3.9% increase for employee costs that mainly reflects the salary increase for all staff pursuant to the Enterprise Bargaining Agreement which includes a base % increase and allows for movements within bandings. This year's increase also includes the last legislated increase to the Superannuation Guarantee rate, which was legislated by the Commonwealth Government and has been slowly increasing from 9.5% to 12.0% over the previous four years.

The ensuing years reflect annual increases to provide for annual EBA increases, some required increases to staff salaries as well as a marginal increase to the delivery of existing services. The statement of Human Resources (Item 5.6) outlines dedicated savings to achieve the financial objectives of this financial plan.

### 2.3.8 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 CPI. Other associated costs

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included under this category include utilities, insurances and materials for the supply of meals on wheels and consumable items for a range of services. Council also utilises external expertise on a range of matters, including legal services and audit. Cost escalations have been noted in the assumptions table for different classes of expenditure.

### **2.3.9 Depreciation & amortisation**

Depreciation estimates have been based on the projected capital spending contained within this Financial Plan document. Depreciation rates assumptions are noted within the assumption table.

### **2.3.10 Borrowing costs**

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

### **2.3.11 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.

## 4 Integrated planning context

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

### 4.1 Council Plan

In developing the long-term financial plan, Council needs to meet the objectives set out in the Council Plan. The Warrnambool City Council Plan 2025-2029 is due for adoption in June 2025 and will be reviewed annually. The following table lists the Strategic pillars as described in the Warrnambool Council Plan 2025-2029.

Strategic Pillar	Strategic Goal
<b>City Futures</b>	Activating a vibrant, liveable and safe city through enhancing outcomes for all.
<b>City Wellbeing</b>	Working to enable everyone at every stage of life to participate in welcoming and inclusive environments which foster learning connection health and wellbeing.
<b>City Sustainability</b>	Caring for our natural environment by promoting energy efficiency, best practice circular economy and embracing new technology.
<b>City Infrastructure</b>	Renewal and maintenance of Council's infrastructure while balancing the needs of our growing city through sound asset management.
<b>City Leadership</b>	Advocate for our community, operate efficiently, maintain sound governance, care for our team, and embrace a rapidly changing technological landscape.

### 4.2 Asset management

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

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

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

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



### 4.3 Workforce planning

This Long-Term Financial Plan is closely aligned with Council's Workforce Plan, recognising that staff are both the organisation's greatest asset and its largest cost. Continuing to deliver services into the future require balancing our workforce capacity with the financial objectives outlined in this plan.

To achieve long-term financial sustainability, Council must also take forward the strategic actions identified in this LTFP. A key part of this will be undertaking comprehensive service reviews across all programs to ensure resources are being used efficiently and services remain aligned to community priorities and the Council Plan. These reviews, combined with workforce planning and other financial policies, will enable Council to balance affordability with quality service delivery, asset renewal, and future investment.

### 4.4 Other planning

This Long-Term Financial Plan does not stand alone. It is informed by, and aligned with, a range of other strategic plans and frameworks that guide the progression of Council's priorities and the delivery of services to meet community expectations. These plans were developed to support and guide Council's planning and provision of services at underpin the financial forecasts in the LTFP.

These adopted strategies and plans, have been considered in preparing this LTFP to ensure that Council's financial planning supports both current service delivery and the long-term aspirations of our community.

- Active Warrnambool Strategy 2019-30
- Warrnambool Aquatic Strategy
- Asset management strategy & plans
- Brierly Recreation Reserve Community Hub Feasibility Study
- Creative Strategy 2025-2029
- Events Strategy 2024-2028
- Green Warrnambool
- Play Space Strategic Framework 2025-2034
- Retail Strategy
- Rate and Revenue Plan 2025-2029
- Waste Strategy 2021-2025

## 4.5 Borrowing Strategy

### 4.3.1 Current debt position

The total amount borrowed as at 30 June 2025 is \$6.83 million.

Council has accessed debt funding to complete a range of major infrastructure projects including the construction of the Learning and Library Hub, the Reid Oval upgrade, as well as investing in energy saving initiatives such as smart street lighting upgrade (LED lights) and the smart buildings project (solar panels).

### 4.3.2 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

	Actual										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>	8,512	6,833	12,710	10,943	12,129	13,707	13,675	16,042	14,075	11,452	8,757
Plus New loans	0	4,000	0	6,500	0	3,183	0	0	0	0	0
Less Principal repayment	-1,679	-1,570	-1,446	-1,624	-2,072	-1,579	-1,841	-1,925	-1,349	-1,418	-1,490
<b>Closing balance</b>	<b>6,833</b>	<b>9,263</b>	<b>11,264</b>	<b>15,819</b>	<b>10,057</b>	<b>15,311</b>	<b>11,834</b>	<b>14,117</b>	<b>12,726</b>	<b>10,034</b>	<b>7,267</b>
Interest payment	179	191	301	338	520	494	546	471	398	329	257

### 4.3.3 Performance Indicators

Council maintains its loan borrowing within prudent and management limits as set out in its Borrowing Strategy and within the range of debt management performance indicators.

## 4.6 Reserves Strategy

### 4.4.1 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 subdividers 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.
- 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.

#### Other Reserves

- Purpose – Council has numerous other reserves which are used to manage working capital and for investment in high-cost areas such as drainage and car parking.
- Movements – Inflows to the reserve are mainly sourced from levy's that come in as a % of the rate revenue and net recharge result from fleet usage. Transfers from the reserve are aligned to Council's to major capital works for these areas.

### 5.2.2 Reserve Usage Projections

The table below discloses the balance and annual movement for each reserve over the 10-year life of the Financial Plan. Total amount of reserves, for each year, is to align with the Statement of Changes in Equity. Restricted reserves are to be included to the disclosure of restricted cash assets.

Reserves	Restricted / Discretionary	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s	2031/32 \$000s	2032/33 \$000s	2033/34 \$000s	2034/35 \$000s
<b>Public Open Space Reserve</b>		<b>Restricted</b>										
Opening balance		732	952	1152	1352	1552	1752	1952	2152	2352	1552	1752
Transfer to reserve		220	200	200	200	200	200	200	200	200	200	200
Transfer from reserve		0	0	0	0	0	0	0	0	-1000	0	0
<b>Closing balance</b>		<b>952</b>	<b>1152</b>	<b>1352</b>	<b>1552</b>	<b>1752</b>	<b>1952</b>	<b>2152</b>	<b>2352</b>	<b>1552</b>	<b>1752</b>	<b>1952</b>
<b>Development Contributions Reserve</b>		<b>Restricted</b>										
Opening balance		3,830	5,443	2,861	2,861	2,861	2,861	2,861	2,861	2,861	1,861	1,861
Transfer to reserve		1613	0	0	0	0	0	0	0	0	0	0
Transfer from reserve		0	-2582	0	0	0	0	0	0	-1000	0	0
<b>Closing balance</b>		<b>5,443</b>	<b>2,861</b>	<b>2,861</b>	<b>2,861</b>	<b>2,861</b>	<b>2,861</b>	<b>2,861</b>	<b>2,861</b>	<b>1,861</b>	<b>1,861</b>	<b>1,861</b>
<b>Reserves Summary</b>		<b>Total Restricted</b>										
Opening balance		4,562	6,395	4,013	4,213	4,413	4,613	4,813	5,013	5,213	3,413	3,613
Transfer to reserve		1833	200	200	200	200	200	200	200	200	200	200
Transfer from reserve		0	-2582	0	0	0	0	0	0	-2000	0	0
<b>Closing balance</b>		<b>6,395</b>	<b>4,013</b>	<b>4,213</b>	<b>4,413</b>	<b>4,613</b>	<b>4,813</b>	<b>5,013</b>	<b>5,213</b>	<b>3,413</b>	<b>3,613</b>	<b>3,813</b>

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Reserves	Restricted / Discretionary	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s	2031/32 \$000s	2032/33 \$000s	2033/34 \$000s	2034/35 \$000s
<b>Other Reserves Discretionary</b>												
Opening balance		13,096	21,337	12,985	14,488	9,777	10,583	12,106	13,994	15,847	17,663	18,436
Transfer to reserve		20,296	11804	3850	3850	3,850	3850	3850	3850	3850	3850	3850
Transfer from reserve		-12,055	-20,156	-2347	-8561	-3044	-2327	-1962	-1997	-2034	-3077	-2121
<b>Closing balance</b>		<b>21,337</b>	<b>12,985</b>	<b>14,488</b>	<b>9,777</b>	<b>10,583</b>	<b>12,106</b>	<b>13,994</b>	<b>15,847</b>	<b>17,663</b>	<b>18,436</b>	<b>20,165</b>
<b>Reserves Summary Restricted &amp; Discretionary</b>												
Opening balance		17,658	27,732	16,998	18,701	14,190	15,196	16,919	19,007	21,060	21,076	22,049
Transfer to reserve		22,129	12,004	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050
Transfer from reserve		-12,055	-22,738	-2,347	-8,561	-3,044	-2,327	-1,962	-1,997	-4,034	-3,077	-2,121
<b>Closing balance</b>		<b>27,732</b>	<b>16,998</b>	<b>18,701</b>	<b>14,190</b>	<b>15,196</b>	<b>16,919</b>	<b>19,007</b>	<b>21,060</b>	<b>21,076</b>	<b>22,049</b>	<b>23,978</b>



## 5 Financial Plan Statements

This section presents information regarding the Financial Plan Statements for the 10 years from 2025-26 to 2034-35.

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

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## 5.1 Comprehensive Income Statement

	Forecast	Budget									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income / Revenue</b>											
Rates and charges	48,727	<b>50,471</b>	52,237	54,065	55,958	57,916	59,943	62,041	63,592	65,182	66,812
Statutory fees and fines	2,603	<b>2,642</b>	2,714	2,782	2,852	2,923	2,996	3,071	3,148	3,226	3,307
User fees	19,506	<b>19,932</b>	20,530	21,146	21,780	22,433	23,106	23,800	24,514	25,249	26,007
Grants - operating	17,181	<b>16,255</b>	16,661	17,078	18,005	17,943	18,391	18,851	19,322	19,805	20,300
Grants - capital	7,257	<b>5,768</b>	3,435	13,783	1,966	13,339	7,891	2,028	2,056	1,796	2,001
Contributions - monetary	2,674	<b>3,477</b>	1,077	1,104	1,332	1,511	1,391	1,421	1,252	1,284	1,297
Contributions - non-monetary	7,500	<b>5,000</b>	6,341	5,243	8,565	1,865	3,791	600	4,693	636	918
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	379	<b>344</b>	-	-	-	-	-	-	-	-	-
Other income	4,183	<b>2,656</b>	1,191	1,198	1,205	1,212	1,219	1,226	1,234	1,242	1,250
<b>Total income / revenue</b>	<b>110,010</b>	<b>106,545</b>	104,186	116,399	111,663	119,142	118,728	113,038	119,811	118,420	121,892
<b>Expenses</b>											
Employee costs	45,071	<b>46,843</b>	46,332	47,722	49,153	50,628	52,147	53,711	55,322	56,982	58,691
Materials and services	36,562	<b>30,299</b>	30,624	31,555	32,510	33,575	34,564	35,847	36,937	37,991	39,109
Depreciation	19,031	<b>20,456</b>	21,351	21,958	23,001	23,822	24,560	24,812	25,070	25,699	26,151
Depreciation - right of use assets	501	<b>544</b>	500	500	500	500	500	500	500	500	500
Bad and doubtful debts	150	<b>153</b>	157	160	164	169	173	177	181	186	191
Borrowing costs	179	<b>191</b>	301	338	520	494	546	471	398	329	257
Finance costs - leases	49	<b>48</b>	36	25	14	13	11	11	13	13	13
Net Loss on Disposal of Assets	-		-								
Other expenses	544	<b>517</b>	531	545	560	574	590	605	621	638	655
<b>Total expenses</b>	<b>102,087</b>	<b>99,051</b>	99,832	102,803	106,422	109,775	113,091	116,134	119,042	122,338	125,567
<b>Surplus/(deficit) for the year</b>	<b>7,923</b>	<b>7,494</b>	4,354	13,596	5,241	9,367	5,637	(3,096)	769	(3,918)	(3,675)

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**Other comprehensive income**

**Items that will not be reclassified to surplus or deficit in future periods**

Net asset revaluation gain/(loss)

12,316	16,369	(28,956)	3,146	8,809	-	3,826	2,600	4,311	3,967	4,363
12,316	16,369	(28,956)	3,146	8,809	-	3,826	2,600	4,311	3,967	4,363
20,239	23,863	(24,602)	16,742	14,050	9,367	9,463	(496)	5,080	49	688

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## 5.2 Balance Sheet

	Forecast 2024/25 \$'000	Budget 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
<b>Current assets</b>											
Cash and cash equivalents	4,811	4,637	3,278	6,170	6,966	6,041	4,657	8,699	10,792	8,540	13,164
Trade and other receivables	5,702	4,659	3,632	3,682	3,560	3,614	3,537	3,457	3,413	3,365	3,320
Other financial assets	29,917	18,917	18,917	13,367	16,367	19,022	19,455	19,858	20,229	20,562	20,856
Inventories	195	180	181	183	185	187	189	192	195	197	199
Prepayments	1,025	833	841	867	893	923	951	987	1,017	1,047	1,078
Other assets	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194
<b>Total current assets</b>	43,844	31,420	29,043	26,463	30,165	31,981	30,983	35,387	37,840	35,905	40,811
<b>Non-current assets</b>											
Other financial assets	2	2	2	2	2	2	2	2	2	2	2
Property, infrastructure, plant & equipment	818,811	856,327	832,629	857,131	865,779	876,571	885,169	878,328	880,148	881,209	876,048
Right-of-use assets	1,767	1,823	1,973	2,123	2,123	2,123	2,073	2,023	2,023	2,023	2,023
<b>Total non-current assets</b>	820,580	858,152	834,604	859,256	867,904	878,696	887,244	880,353	882,173	883,234	878,073
<b>Total assets</b>	864,424	889,572	863,647	885,719	898,069	910,677	918,227	915,740	920,013	919,139	918,884
<b>Liabilities</b>											
<b>Current liabilities</b>											
Trade and other payables	5,941	4,825	4,872	5,022	5,176	5,349	5,509	5,719	5,896	6,066	6,246
Trust funds and deposits	1,215	1,175	1,187	1,199	1,211	1,223	1,235	1,247	1,260	1,272	1,285
Contract and other liabilities	2,444	2,202	2,010	2,052	1,997	3,128	2,628	2,088	2,138	2,160	2,230
Provisions	7,465	7,643	7,825	8,012	8,203	8,398	8,598	8,802	9,011	9,225	9,444
Interest-bearing liabilities	1,492	1,446	1,498	2,072	1,517	1,841	1,925	1,349	1,418	1,490	1,438
Lease liabilities	448	711	652	960	922	1,222	1,284	1,349	1,418	1,490	1,438
<b>Total current liabilities</b>	19,005	18,002	18,044	19,317	19,026	21,161	21,179	20,554	21,141	21,703	22,081
<b>Non-current liabilities</b>											
Provisions	923	937	952	967	983	998	1,014	1,031	1,048	1,065	1,083
Interest-bearing liabilities	5,341	7,818	6,320	10,622	9,104	10,385	8,460	7,111	5,693	4,203	2,764

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Lease liabilities	1,272	1,066	1,187	927	1,020	830	808	774	781	769	869
<b>Total non-current liabilities</b>	7,536	9,821	8,459	12,516	11,107	12,213	10,282	8,916	7,522	6,037	4,716
<b>Total liabilities</b>	26,541	27,823	26,503	31,833	30,133	33,374	31,461	29,470	28,663	27,740	26,797
<b>Net assets</b>	837,883	861,749	837,144	853,886	867,936	877,303	886,766	886,270	891,350	891,399	892,087
<b>Equity</b>											
Accumulated surplus	289,140	307,371	310,019	328,126	332,361	340,005	343,554	338,405	339,158	334,267	328,663
Reserves	521,011	537,380	508,424	511,570	520,379	520,379	524,205	526,805	531,116	535,083	539,446
Other Reserves	27,732	16,998	18,701	14,190	15,196	16,919	19,007	21,060	21,076	22,049	23,978
<b>Total equity</b>	837,883	861,749	837,144	853,886	867,936	877,303	886,766	886,270	891,350	891,399	892,087

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## 5.3 Statement of Changes in Equity

	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
NOTES	\$'000	\$'000	\$'000	\$'000
<b>2025 Forecast Actual</b>				
Balance at beginning of the financial year	817,644	291,291	508,695	17,658
Surplus/(deficit) for the year	7,923	7,923	-	-
Net asset revaluation gain/(loss)	12,316	-	12,316	-
Transfers to other reserves	-	(22,129)	-	22,129
Transfers from other reserves	-	12,055	-	(12,055)
<b>Balance at end of the financial year</b>	<b>837,883</b>	<b>289,140</b>	<b>521,011</b>	<b>27,732</b>
<b>2026 Budget</b>				
Balance at beginning of the financial year	837,883	289,140	521,011	27,732
Surplus/(deficit) for the year	7,494	7,494	-	-
Net asset revaluation gain/(loss)	16,369	-	16,369	-
Transfers to other reserves	-	(12,004)	-	12,004
Transfers from other reserves	-	22,738	-	(22,738)
<b>Balance at end of the financial year</b>	<b>861,746</b>	<b>307,368</b>	<b>537,380</b>	<b>16,998</b>
<b>2027</b>				
Balance at beginning of the financial year	861,746	307,368	537,380	16,998
Surplus/(deficit) for the year	4,354	4,354	-	-
Net asset revaluation gain/(loss)	(28,956)	-	(28,956)	-
Transfers to other reserves	-	(4,050)	-	4,050
Transfers from other reserves	-	2,347	-	(2,347)
<b>Balance at end of the financial year</b>	<b>837,144</b>	<b>310,019</b>	<b>508,424</b>	<b>18,701</b>
<b>2028</b>				
Balance at beginning of the financial year	837,144	310,019	508,424	18,701
Surplus/(deficit) for the year	13,596	13,596	-	-
Net asset revaluation gain/(loss)	3,146	-	3,146	-
Transfers to other reserves	-	(4,050)	-	4,050
Transfers from other reserves	-	8,561	-	(8,561)
<b>Balance at end of the financial year</b>	<b>853,886</b>	<b>328,126</b>	<b>511,570</b>	<b>14,190</b>
<b>2029</b>				
Balance at beginning of the financial year	853,886	328,126	511,570	14,190
Surplus/(deficit) for the year	5,241	5,241	-	-
Net asset revaluation gain/(loss)	8,809	-	8,809	-
Transfers to other reserves	-	(4,050)	-	4,050
Transfers from other reserves	-	3,044	-	(3,044)
<b>Balance at end of the financial year</b>	<b>867,936</b>	<b>332,361</b>	<b>520,379</b>	<b>15,196</b>
<b>2030</b>				
Balance at beginning of the financial year	867,936	332,361	520,379	15,196
Surplus/(deficit) for the year	9,367	9,367	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	(4,050)	-	4,050
Transfers from other reserves	-	2,327	-	(2,327)

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<b>Balance at end of the financial year</b>	<b>877,303</b>	<b>340,005</b>	<b>520,379</b>	<b>16,919</b>
<b>2031</b>				
Balance at beginning of the financial year	877,303	340,005	520,379	16,919
Surplus/(deficit) for the year	5,637	5,637	-	-
Net asset revaluation gain/(loss)	3,826	-	3,826	-
Transfers to other reserves	-	(4,050)	-	4,050
Transfers from other reserves	-	1,962	-	(1,962)
<b>Balance at end of the financial year</b>	<b>886,766</b>	<b>343,554</b>	<b>524,205</b>	<b>19,007</b>
<b>2032</b>				
Balance at beginning of the financial year	886,766	343,554	524,205	19,007
Surplus/(deficit) for the year	(3,096)	(3,096)	-	-
Net asset revaluation gain/(loss)	2,600	-	2,600	-
Transfers to other reserves	-	(4,050)	-	4,050
Transfers from other reserves	-	1,997	-	(1,997)
<b>Balance at end of the financial year</b>	<b>886,270</b>	<b>338,405</b>	<b>526,805</b>	<b>21,060</b>
<b>2033</b>				
Balance at beginning of the financial year	886,270	338,405	526,805	21,060
Surplus/(deficit) for the year	769	769	-	-
Net asset revaluation gain/(loss)	4,311	-	4,311	-
Transfers to other reserves	-	(4,050)	-	4,050
Transfers from other reserves	-	4,034	-	(4,034)
<b>Balance at end of the financial year</b>	<b>891,350</b>	<b>339,158</b>	<b>531,116</b>	<b>21,076</b>
<b>2034</b>				
Balance at beginning of the financial year	891,350	339,158	531,116	21,076
Surplus/(deficit) for the year	(3,918)	(3,918)	-	-
Net asset revaluation gain/(loss)	3,967	-	3,967	-
Transfers to other reserves	-	(4,050)	-	4,050
Transfers from other reserves	-	3,077	-	(3,077)
<b>Balance at end of the financial year</b>	<b>891,399</b>	<b>334,267</b>	<b>535,083</b>	<b>22,049</b>
<b>2035</b>				
Balance at beginning of the financial year	891,399	334,267	535,083	22,049
Surplus/(deficit) for the year	(3,675)	(3,675)	-	-
Net asset revaluation gain/(loss)	4,363	-	4,363	-
Transfers to other reserves	-	(4,050)	-	4,050
Transfers from other reserves	-	2,121	-	(2,121)
<b>Balance at end of the financial year</b>	<b>892,087</b>	<b>328,663</b>	<b>539,446</b>	<b>23,978</b>



## 5.4 Statement of Cash Flows

	Forecast	Budget									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>											
Rates and charges	48,864	50,433	52,199	54,026	55,916	57,873	59,899	61,996	63,558	65,147	66,776
Statutory fees and fines	1,950	2,539	2,647	2,719	2,787	2,857	2,929	3,002	3,077	3,154	3,233
User fees	19,505	19,932	20,530	21,146	21,780	22,433	23,106	23,800	24,514	25,249	26,007
Grants - operating	16,732	16,086	16,503	17,725	17,334	18,656	18,159	18,451	19,367	19,825	20,364
Grants - capital	5,931	5,696	3,401	13,179	2,582	13,756	7,623	1,887	2,060	1,799	2,007
Contributions - monetary	2,674	3,477	1,077	1,104	1,332	1,511	1,391	1,421	1,252	1,284	1,297
Interest received	2,107	1,860	921	921	921	921	921	921	921	921	921
Trust funds and deposits taken	1,215	1,175	1,187	1,199	1,211	1,223	1,235	1,247	1,260	1,272	1,285
Other receipts	994	1,828	1,246	169	347	178	314	324	281	290	294
Employee costs	(44,882)	(46,650)	(46,134)	(47,520)	(48,947)	(50,417)	(51,931)	(53,490)	(55,096)	(56,751)	(58,455)
Materials and services	(35,738)	(31,205)	(30,586)	(31,433)	(32,383)	(33,432)	(34,436)	(35,679)	(36,793)	(37,851)	(38,961)
Trust funds and deposits repaid	(2,403)	(1,215)	(1,175)	(1,187)	(1,199)	(1,211)	(1,223)	(1,235)	(1,247)	(1,260)	(1,272)
Other payments	(544)	(517)	(531)	(545)	(560)	(574)	(590)	(605)	(621)	(638)	(655)
<b>Net cash provided by/(used in) operating activities</b>	16,405	23,439	21,285	31,503	21,121	33,774	27,397	22,040	22,533	22,441	22,841
<b>Cash flows from investing activities</b>											
Payments for property, infrastructure, plant and equipment	(26,062)	(36,604)	(20,664)	(38,480)	(14,700)	(33,196)	(26,004)	(15,254)	(18,388)	(22,679)	(16,245)
Proceeds from sale of property, infrastructure, plant and equipment	379	344	391	408	426	445	464	484	504	519	534
Payments for investments	(48,000)	(37,000)	(18,917)	(13,367)	(16,367)	(19,022)	(19,455)	(19,858)	(20,229)	(20,562)	(20,856)
Proceeds from sale of investments	61,083	48,000	18,917	18,917	13,367	16,367	19,022	19,455	19,858	20,229	20,562
<b>Net cash provided by/(used in) investing activities</b>	(12,600)	(25,260)	(20,273)	(32,522)	(17,274)	(35,406)	(25,973)	(15,173)	(18,255)	(22,493)	(16,005)
<b>Cash flows from financing activities</b>											

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Finance costs	(179)	<b>(191)</b>	(301)	(338)	(520)	(494)	(546)	(471)	(398)	(329)	(257)
Proceeds from borrowings	-	<b>4,000</b>	-	6,500	-	3,183	-	-	-	-	-
Repayment of borrowings	(1,679)	<b>(1,570)</b>	(1,446)	(1,624)	(2,072)	(1,579)	(1,841)	(1,925)	(1,349)	(1,418)	(1,490)
Interest paid - lease liability	(49)	<b>(48)</b>	(36)	(25)	(14)	(13)	(11)	(11)	(13)	(13)	(13)
Repayment of lease liabilities	(621)	<b>(544)</b>	(587)	(603)	(445)	(390)	(410)	(418)	(425)	(440)	(452)
<b>Net cash provided by/(used in) financing activities</b>	<b>(2,528)</b>	<b>1,647</b>	<b>(2,370)</b>	<b>3,910</b>	<b>(3,051)</b>	<b>707</b>	<b>(2,808)</b>	<b>(2,825)</b>	<b>(2,185)</b>	<b>(2,200)</b>	<b>(2,212)</b>
Net increase/(decrease) in cash & cash equivalents	1,277	<b>(174)</b>	(1,358)	2,891	796	(925)	(1,384)	4,042	2,093	(2,252)	4,624
Cash and cash equivalents at the beginning of the financial year	3,534	<b>4,811</b>	4,637	3,279	6,170	6,966	6,041	4,657	8,699	10,792	8,540
<b>Cash and cash equivalents at the end of the financial year</b>	<b>4,811</b>	<b>4,637</b>	<b>3,279</b>	<b>6,170</b>	<b>6,966</b>	<b>6,041</b>	<b>4,657</b>	<b>8,699</b>	<b>10,792</b>	<b>8,540</b>	<b>13,164</b>

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## 5.5 Statement of Capital Works

	Forecast	Budget									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>											
Land	-	-	-	427	-	227	467	481	495	510	263
Land improvements	132	-	-	-	-	-	-	-	-	-	-
<b>Total land</b>	132	-	-	427	-	227	467	481	495	510	263
Buildings	4,473	11,720	4,430	9,032	2,185	2,781	5,363	1,791	1,880	3,700	1,957
<b>Total buildings</b>	4,473	11,720	4,430	9,032	2,185	2,781	5,363	1,791	1,880	3,700	1,957
<b>Total property</b>	4,605	11,720	4,430	9,460	2,185	3,008	5,830	2,272	2,375	4,210	2,220
<b>Plant and equipment</b>											
Plant, machinery and equipment	2,722	1,791	1,494	1,538	1,584	1,632	1,681	1,731	1,783	1,837	1,892
Computers and telecommunications	2,092	3,732	288	297	306	315	325	334	344	355	365
Library books	340	177	288	297	306	315	325	334	344	355	365
Other Plant & Equipment	181	20	21	21	22	17	17	18	18	19	20
<b>Total plant and equipment</b>	5,335	5,720	2,091	2,154	2,218	2,279	2,348	2,418	2,490	2,565	2,642
<b>Infrastructure</b>											
Roads	6,304	13,157	5,760	6,583	3,988	5,171	6,552	4,808	4,489	4,624	6,027
Bridges	181	450	515	530	306	597	4,239	334	1,344	4,555	365
Footpaths and cycleways	2,218	2,058	2,081	2,143	2,207	4,545	2,342	2,412	2,484	2,559	2,636
Drainage	627	877	644	133	137	141	145	149	154	158	163
Recreational, leisure and community facilities	4,695	2,055	3,815	16,507	2,931	16,557	1,841	1,197	1,233	1,270	682
Parks, open space and streetscapes	539	402	556	573	590	608	626	645	3,664	684	705
Aerodromes	220	70	304	313	49	51	1,740	923	55	953	702
Off street car parks	897	-									
Other infrastructure	441	95	470	85	87	240	342	96	98	1,101	104
<b>Total infrastructure</b>	16,122	19,164	14,144	26,867	10,296	27,909	17,826	10,564	13,522	15,904	11,383
<b>Total capital works expenditure</b>	26,062	36,604	20,664	38,480	14,700	33,196	26,004	15,254	18,388	22,679	16,245
<b>Represented by:</b>											

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New asset expenditure	5,366	<b>6,055</b>	2,802	17,084	1,311	14,021	1,522	1,311	4,350	1,391	1,170
Asset renewal expenditure	11,144	<b>10,705</b>	9,478	9,229	9,403	9,685	9,976	10,275	10,583	10,901	11,228
Asset expansion expenditure	200	-	-	-	-	-	-	-	-	-	-
Asset upgrade expenditure	9,352	<b>19,844</b>	8,384	12,167	3,986	9,490	14,507	3,669	3,455	10,388	3,848
<b>Total capital works expenditure</b>	<b>26,062</b>	<b>36,604</b>	<b>20,664</b>	<b>38,480</b>	<b>14,700</b>	<b>33,196</b>	<b>26,004</b>	<b>15,254</b>	<b>18,388</b>	<b>22,679</b>	<b>16,245</b>
<b>Funding sources represented by:</b>											
Grants	7,257	<b>5,768</b>	3,435	13,783	1,966	13,339	7,891	2,028	2,056	1,796	2,001
Contributions	475	<b>2,316</b>	93	95	298	451	304	307	111	114	98
Council cash	18,330	<b>24,520</b>	17,137	18,101	12,436	16,223	17,809	12,919	16,221	20,769	14,146
Borrowings	-	<b>4,000</b>	-	6,500	-	3,183	-	-	-	-	-
<b>Total capital works expenditure</b>	<b>26,062</b>	<b>36,604</b>	<b>20,664</b>	<b>38,480</b>	<b>14,700</b>	<b>33,196</b>	<b>26,004</b>	<b>15,254</b>	<b>18,388</b>	<b>22,679</b>	<b>16,245</b>

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## 5.6 Statement of Human Resources

	Forecast	Budget									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Staff expenditure</b>											
Employee costs - operating	45,070	<b>46,843</b>	48,651	50,111	51,614	53,163	54,757	56,400	58,092	59,835	61,630
Employee costs - savings	-	-	(2,319)	(2,389)	(2,461)	(2,535)	(2,610)	(2,689)	(2,770)	(2,853)	(2,939)
Employee costs - capital	459	<b>569</b>	586	604	622	640	660	679	700	721	742
<b>Total staff expenditure</b>	<b>45,529</b>	<b>47,412</b>	<b>46,918</b>	<b>48,326</b>	<b>49,775</b>	<b>51,268</b>	<b>52,807</b>	<b>54,390</b>	<b>56,022</b>	<b>57,703</b>	<b>59,433</b>
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
<b>Staff numbers</b>											
Employees	439.8	<b>453.2</b>	453.2	453.2	453.2	453.2	453.2	453.2	453.2	453.2	453.2
<b>Total staff numbers</b>	<b>439.8</b>	<b>453.2</b>	<b>453.2</b>	<b>453.2</b>	<b>453.2</b>	<b>453.2</b>	<b>453.2</b>	<b>453.2</b>	<b>453.2</b>	<b>453.2</b>	<b>453.2</b>

## 6 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	Notes	Actual										
			2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Operating position													
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-4.10%	-5.98%	-5.85%	-5.68%	-5.54%	-6.08%	-5.95%	-5.48%	-5.39%	-5.58%	-5.63%
Liquidity													
Working Capital	Current assets / current liabilities	2	230.70%	174.54%	160.96%	136.99%	158.55%	151.13%	146.29%	172.17%	178.99%	165.44%	184.82%
Unrestricted cash	Unrestricted cash / current liabilities	3	-13.09%	-3.27%	-12.59%	3.08%	6.41%	0.03%	-7.98%	11.60%	30.78%	17.89%	38.79%
Obligations													
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	14.02%	18.36%	14.97%	23.48%	18.98%	21.11%	17.32%	13.64%	11.18%	8.73%	6.29%
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		3.44%	3.49%	3.35%	3.63%	4.64%	3.58%	3.99%	3.86%	2.75%	2.68%	2.62%
Indebtedness	Non-current liabilities / own source revenue		9.67%	12.91%	11.03%	15.80%	13.58%	14.46%	11.78%	9.89%	8.13%	6.36%	4.84%
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	5	73.92%	149.34%	83.66%	97.44%	58.21%	80.49%	99.68%	56.20%	55.99%	82.84%	57.65%
Stability													
Rates concentration	Rate revenue / adjusted underlying revenue	6	51.16%	52.70%	55.33%	55.52%	55.33%	55.72%	56.00%	56.19%	56.25%	56.20%	56.16%
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.42%	0.43%	0.43%	0.44%	0.44%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%

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Indicator	Measure	Notes	Actual										
			2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Efficiency													
Expenditure level	Total expenses/ no. of property assessments		\$5,521	\$5,170	\$5,134	\$5,235	\$5,366	\$5,481	\$5,592	\$5,686	\$5,829	\$5,991	\$6,150
Revenue level	Total rate revenue / no. of property assessments		\$2,568	\$2,634	\$2,700	\$2,767	\$2,835	\$2,905	\$2,977	\$3,051	\$3,127	\$3,205	\$3,285

### Notes to indicators

#### 1. Adjusted underlying result

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Council aims to keep this ratio at a net neutral position to ensure that ratepayer funding is being utilised in an efficient manner.

#### 2. Working Capital

Is calculated by dividing current assets by current liabilities. It is a measure of liquidity, meaning Councils ability to meet its payment obligations as they fall due.

#### 3. Unrestricted Cash

The cash not associated to a particular use within Council or a legislative requirement. Council maintains a healthy ratio over the forecast. period.

#### 4. Debt compared to rates

Council will continue to use debt as a funding strategy with historically low interest rates providing good value along with programs such as the Community Infrastructure Loan Scheme which enables Council to borrow directly from the Department of Treasury and Finance at a 50% discount on the already low interest rates. Council has a borrowing strategy that it adheres to when planning its long-term funding strategy.

#### 5. Asset renewal

This percentage indicates the extent of Council's renewal and upgrade against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets. Council has a significant backlog of asset renewal works which means that Council needs to consistently achieve over 100% to reduce this, when this ratio drops below 100% it indicates that Council won't be able to meet its current demand or reduce the existing backlog.

#### 6. Rates concentration

Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Councils reliance on rate revenue is to remain stable over time.