

Financial Plan

2025-26 to 2034-35

DRAFT FOR
CONSULTATION



Acknowledgement of Country

Macedon Ranges Shire Council acknowledges the **Dja Dja Wurrung**, **Taungurung** and **Wurundjeri Woi-wurrung** Peoples as the Traditional Owners and Custodians of this land and waterways. Council recognises their living cultures and ongoing connection to Country and pays respect to their Elders past, present and emerging.

Council also acknowledges local Aboriginal and/or Torres Strait Islander residents of Macedon Ranges for their ongoing contribution to the diverse culture of our community.

Artwork by Taungurung artist Maddie Moser. *Artwork used with permission.*



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About this **Plan**

The Financial Plan 2025-26 to 2034-35 (the Plan) is a ten-year plan that outlines Macedon Ranges Shire Council's funding approach that enables Macedon Ranges Shire Council (Council) to deliver on its strategic goals in a financially sustainable way. It supports long-term planning by ensuring Council can maintain service levels, invest in critical infrastructure, and make informed revenue and asset management decisions.

The Plans assumptions have been discussed with Councillors at a workshop in May 2025.

The plan aligns with the aspirations set out in the Community Vision and Council Plan, identifying how these priorities can be achieved within Council's financial capacity. It also ensures compliance with the *Local Government Act 2020*, which requires a 10-year financial plan supported by sound financial principles.

The Plan is reviewed annually to reflect changes in economic conditions, community expectations, and new initiatives. This review process is informed by community engagement, Council input, and oversight from the Audit and Risk Committee.

The first four years of the Plan are based on the 2024-25 Forecast financial position and the 2025-26 proposed budget, while years five to ten provide projections built on current data and assumptions. This planning framework ensures transparency in how Council raises and allocates funds and helps guide future decision-making to meet the evolving needs of the community.

The Victorian Government has announced that the Fire Services Property Levy (FSPL) will be replaced with the new Emergency Services and Volunteers Fund (ESVF) from 1 July 2025. The new levy sees a significant increase in the rates applied to ratable properties. The increase will place a significant extra financial burden on rate payers. The flow on effect for Council may include an increase in financial hardship applications and a rise in outstanding trade and other receivables.



How this Plan was Developed

Legislative Requirements

The *Local Government Act 2020* Section 91 requires Council to develop, adopt and keep in force a Financial Plan in accordance with its deliberative engagement practices with an outlook of at least 10 years to show how the viability and financial sustainability of Council will be achieved and maintained, and to define the broad fiscal boundaries for the Council Plan within the Integrated Strategic Planning and Reporting Framework and other strategic plans of Council.

Integrated Strategic Planning Framework

The Integrated Strategic Planning Framework provides guidance to Council in identifying community needs and aspirations over the long term (Community Vision), medium term (Council Plan) and short term (Budget) and then holding itself accountable (Annual Report).

'Figure 1' on page 7 provides an overview of the core legislated elements of an Integrated Strategic Planning and Reporting Framework.

Source: Department of Jobs, Precincts and Regions
MPHWP – Municipal Public Health and Wellbeing Plan
MSS – Municipal Strategic Statement LGPRF – Local Government Performance Reporting Framework

Figure 1. Integrated Strategic Planning Framework

Integrated Strategic Planning Framework

Our long-term vision (guiding all that we do)	Community Vision (every 10 years) Council Plan (every 4 years) incorporating the: Municipal Public Health and Wellbeing Plan, Disability Action Plan
Our strategic direction (providing specific priorities and objectives)	
Our long-term resource allocation	Financial Plan and Asset Plan (every 10 years)
	Workforce Plan and Revenue and Rating Plan (every 4 years)
Our yearly Commitments (what we will deliver each financial year)	Council Plan Action Plan and Budget (annually, ahead of each financial year)
	Quarterly Reporting (quarterly, within each financial year)
Our reporting (for accountability and transparency)	Annual Report (annually, after each financial year)

Ongoing review and continuous improvement

Long-Term Strategic Plans (10+ Years)

The Integrated Strategic Planning Framework contains three longer term plans, these include:

Council Plan (Shaping the Ranges)	Financial Plan	Asset Plan
Clearly expresses our vision, mission, and objectives, encouraging long-term decision-making in the best interest of the community. Sets out the roadmap for future actions, enabling us to respond proactively to new challenges and opportunities, ultimately contributing to the overall wellbeing and development of the Macedon Ranges community.	Outlines Council's long-term allocation of financial resources. Ensures Council delivers on its strategic goals in a financially sustainable way.	Outlines Council's long-term approach to our capital assets. Sets out how Council will acquire, build, look after, and use assets over the next 10 years and beyond.

Strategic Planning Principles

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

- Council has an integrated approach to planning, monitoring and performance reporting.
- Council's Financial Plan addresses the Community Vision by funding the aspirations of the Council Plan. The Council Plan aspirations and actions are formulated in the context of the Community Vision.
- Council's Community Vision is for a regional community protecting the environment, supporting local businesses and caring for our people.
- 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, and Financial Risks are outlined below.
- The Financial Plan provides for the strategic planning principles of progress monitoring and reviews to identify and adapt to changing circumstances.

Financial Management Principles

All Victorian Councils are currently subject to a State Government rate capping regime, which limits their ability to generate revenue from rates. Concurrently, Councils face rising cost pressures and ongoing cost shifts from other government levels, a trend expected to persist.

The Macedon Ranges is experiencing significant growth, particularly in the southern areas of the Shire, which, while generating additional rates and developer contributions, also presents challenges related to increased service demands and the maintenance and renewal of infrastructure assets, such as roads and community facilities. The Plan addresses these growth-related needs.

Its primary aim is to ensure that the Council can maintain and expand service levels sustainably and allocate sufficient funding for the new, renewal, expansion, and upgrade of infrastructure. The Plan establishes a sound financial framework that integrates various financial strategies to achieve planned outcomes, aligning with the *Local Government Act 2020* to ensure long-term financial sustainability.

Key financial management principles outlined in the Financial Plan include:

- Management of revenue, expenses, assets, liabilities, investments, and transactions according to the Council's financial policies and strategic plans.
- Addressing financial risks related to the Council's viability and managing current and future liabilities, including loans that comply with the Borrowing Policy.
- Providing financial stability and predictability for the community through well-designed financial policies and strategic plans.
- Maintaining transparent accounts and records that clarify the Council's financial operations and position.
- Planning for population growth and household increases, along with the accompanying challenges of service provision expansion.



Asset Plan **Integration**

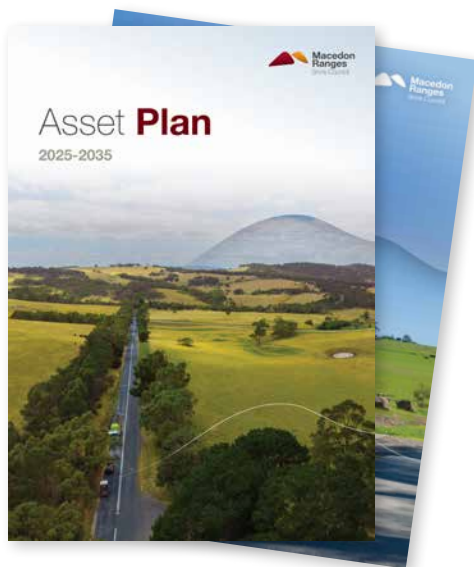
The integration of the Asset Plan is a fundamental aspect of the Council's strategic financial planning, aimed at ensuring future funding aligns with service delivery and effective asset management. Accompanying the Asset Plan is the annual Asset Status Report, which offers insights into the current value and condition of assets. This report is part of a broader set of asset management documents, including the Asset Management Policy, Strategy, and Plans, which assess the Council's ability to renew assets promptly.

The Asset Management Plans provide detailed management strategies for various asset classes—such as Roads, Drainage, Buildings, and Open Space—while forecasting future funding needs for maintenance, upgrades, or new assets. There are plans to update the Asset Management Strategy and Plans to current standards.

The Asset Plan outlines operational and strategic practices that enable the Council to manage assets sustainably throughout their life cycle. It serves as a foundation for understanding the risks involved in asset management for community benefit. Additionally, the Asset Plan informs the 10-year Financial Plan by detailing the capital renewal, backlog, and maintenance funding required for each asset category, considering asset condition and risk assessments.

The renewal and upgrade amounts included in the Asset Plan are higher than those included in this Plan. This is due to the Asset Plan including maintenance costs in the renewal and upgrade calculations.

Overall, the Asset Plan quantifies the asset portfolio and its financial implications, striving to align projected investment needs with available budgets.





Engagement Principles

We engaged with the community through targeted and general methods. Targeted engagement focused on specific groups or issues to gather detailed insights, while general engagement reached out to the broader community to gather feedback on the existing Plan through platforms like Council's Have Your Say online engagement platform.

Deliberative engagement was also conducted with a Community Assembly, consisting of members independently selected to reflect our diverse population. The assembly tested ideas and helped shape the Financial Plan through in-depth conversations and deliberations, at several independently facilitated in-person sessions.

While many of the assumptions in the Plan reflect the continuation of current services, and the maintenance and renewal of Council's existing assets (that is, business as usual), there are key decisions that Council makes each year regarding new services and assets to meet the changing needs of the community that will be shaped by these engagement activities.

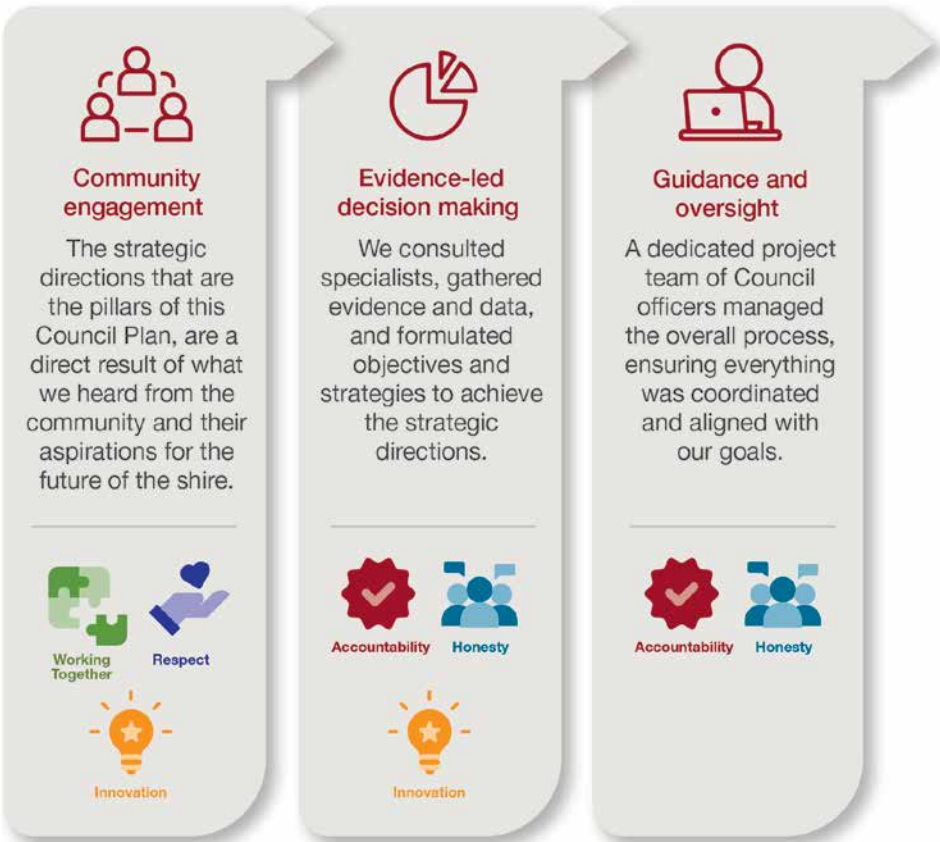
The Community Assembly focused on testing the principles and decision-making factors to help to provide Council advice and direction on the most important considerations when making decisions regarding how to best allocate resources to achieve the Community's aspirations.

Using the community engagement results, we consulted specialists and technical experts to deepen our understanding of the opportunities and limitations that Council face in trying to achieve these goals.

A draft plan was then developed, taking into consideration the engagement findings. The draft Plan was published online for community feedback following the July Council meeting.

Community submissions were then considered and where appropriate incorporated into the plan which was adopted at the September Council Meeting.

Figure 2. Community engagement process for the Plan



Service Performance Principles

The Council is committed to delivering services that are aligned with community needs while ensuring value for money for its residents. This approach is guided by a set of service performance principles designed to enhance efficiency and effectiveness in service delivery. The service performance principles are listed below:

- Services are provided in an equitable manner and are responsive to the diverse needs of the community. The Council Plan is designed to identify the key services and projects to be delivered to the community. The Plan provides the mechanism to demonstrate how the service aspirations within the Council Plan may be funded.
- Services are accessible to the relevant users within the community.
- Council delivers quality services seeking to provide value for money to the community. The Local Government Performance Reporting Framework (LGPRF) is designed to communicate Council's performance regarding the delivery of services. Details can be viewed by the public here: knowyourcouncil.vic.gov.au

Council has initiated a service review program to develop a performance monitoring framework, designed to enhance and continuously improve its service delivery standards.



Financial Plan

Context and Challenges

Overview

Our shire covers an area of about 1,750 square kilometres and is situated in central Victoria, just under an hour's drive from Melbourne, comprising of a mix of urban and rural areas where our 56,000-or-so residents reside.

The Macedon Ranges is part of the broader Daylesford and Macedon Ranges tourism region, and we are known for our outdoor attractions and natural beauty such as Hanging Rock and Mount Macedon, as well as the unique rural character of our heritage villages and local artisan culture.

Future Growth

Our shire has experienced significant growth over the past decade, particularly in and around Gisborne. This growth is expected to continue, with our shire projected to be home to 75,303 people by 2046, a growth of 34%.

The Statement of Planning Policy and other strategic documents have guided and managed this growth over the past 10 years, directing development to six townships within our shire: Gisborne, Kyneton, Romsey, Riddells Creek, Woodend, and Lancefield. The recently released Plan for Victoria identifies a housing target of 13,200 new dwellings in our shire by 2051. Our shire has a shortage of diverse and affordable housing, with most dwellings being larger in size, resulting in higher housing prices.

Economy

The local economy shows a strong employment base, with an employment rate of 63.3% among residents, including 12.5% for those needing assistance. However, 5.4% of young people aged 15 - 25 are not

engaged in work or study, indicating a need for targeted support. Volunteering remains strong, with 19.2% of residents aged 15 and over contributing their time. The top five employment sectors are Education & Training, Retail, Construction, Accommodation & Food, and Residential Care & Social Assistance, with Construction and Residential Care & Social Assistance expected to experience the highest growth. Notably, Construction, Electricity, and Sports sectors show significant flow-on benefits to the local supply chain, further underpinning the region's economic resilience.

Environment and Climate Risk

In 2021, Council joined over 30 councils in Victoria and almost 100 councils across Australia in passing a motion at our Council meeting on 24 March 2021 to declare a climate emergency. This declaration recognises the urgent need to address the causes and impacts of climate change across all aspects of our operations, and in our work with community.

Assets

Provision of infrastructure will remain a delicate balance for Council to consider existing levels of service, increasing community expectations and available resources. Negotiating the current levels of asset-related services identified in the organisation's Asset Management Plans and the required funding to maintain these services in future years will continue to be a challenge. This will require better use of current assets – including community buildings, pools and shared spaces – rather than new assets.

Council tests its assumptions and funding strategies related to maintaining existing service levels through asset modelling. This allows the organisation to understand the implications of expenditure profiles on the serviceability of its existing asset base and deliverability of related services. As part of this Plan, from 2026/2035 allocations for renewal and upgrade projects have been prioritised. As the Council's asset modelling improves, in future iterations of the Plan it is intended that growth factors will be applied to reflect expected asset base growth.

Council will work collaboratively across all business units for a framework and set of criteria to assess whether there are some assets in the community that are no longer required and could be deemed as surplus to requirements. This may result in some assets being considered for sale or usage in line with other adopted strategies. Any consideration of disposing of assets will be matched with a level of community engagement and information.

Another measure of this trend is seen through the VAGO Capital Replacement and Renewal Gap ratios, the Plan address this over the life of the plan by matching annual renewal funding investment to annual depreciation recognition.

Grants and Partnerships

Council has identified several major priority projects to be undertaken alongside numerous initiatives from various strategies and master plans. However, these projects are not currently incorporated into this plan. Council's financial position allows for the advancement of a new works program, provided there is support from State or Federal funding, new loan borrowings, and existing cash reserves. At this time, the total cost to implement all projects outlined in the Council's master plans and strategies are not fully costed.

In recent years, several major projects such as Macedon Regional Sports Precinct Stages 1 and 2 and the Woodend to Riddells Creek

shared trail have been committed to, resulting in substantial expenditure. These projects have been funded with a combination of Council raising rates, drawing down new borrowings to fund a contribution as well as significant State and/or Federal Government funding. With the introduction of the rate cap, Council can no longer raise rates beyond this level for a specific project or initiative without first applying to exceed the rate cap. Future investment decisions in major projects will require the consideration of several factors, including re-prioritisation of expenditure commitments.

Council will investigate ways that it can continue to equitably manage an increasingly competitive funding environment for community facilities.

Cost Shifting

Local Government provides a service to the community on behalf of the State and Commonwealth Government. Over time the funds received by local governments have not increased in line with real cost increases. Examples of services that are subject to cost shifting include maternal and child health, school crossing supervisors and library services. In the Financial Plan, government grants and statutory fees are forecast to increase in line population growth and the funding shortfall for providing these services has been absorbed by Council's own source revenue and savings in expenditure through efficiency gains.

Since the introduction of rate capping in 2015, it is vital that councils have robust service planning and review processes to ensure the services they provide are both cost effective and meeting community needs.

In developing the Financial Plan, Council must consider the context and external/internal environment in which it operates. This informs the 10-year financial projections and assumptions.

Financial Risk Management

Council uses the VAGO sustainability ratios to assess risk whilst also utilising its own Risk Management framework to document strategic and operational risks. Through the assessment of the internal and external environment that impacts Council, Financial Sustainability has been assessed as a strategic risk. There are a number in controls in place to manage this risk. Without these controls and regular assessment, this risk could limit Council's ability to operate for the community.

Below is a summary of causes and controls around Council's financial sustainability strategic risk.

Strategic Risk: of Council being unable to provide agreed or legislated services to the community.

Risk causes

- Increasing costs of materials, supplies and utilities
- Cost shifting by federal and state government
- Sustainability costs making service provision uneconomical
- Reduction in grant and government funding allocations
- Inability to borrow funds for significant projects (poor credit rating/constraints on borrowing)
- Revenue constraints including rate capping
- Ability to obtain best-value procurement contracts
- Lack of alternative revenue streams to rates
- Insurance premiums increasing
- CPI and cost of living increases

Controls in place

- 10 year financial plan and 4-year Revenue & Rating Plan which focuses on maintaining good working capital; appropriate reserves and surplus positions
- Procurement and delegation framework
- Strong policy framework, Asset capitalisation, borrowing and finance reserves
- Monthly, quarterly and annual financial reporting
- Advocacy and long-term relationships across government and region
- Service review program
- Strong focus on Asset Management and funding of renewals
- Finance systems; qualified staff across the organisation
- Relevant training and inductions for staff and Councillors.



Financial Sustainability Indicators

The table below provides the Council's financial sustainability indicators over the next 10 years based on the modelled financials:

Table 1. Financial Sustainability Indicators

Indicator	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032	30 June 2033	30 June 2034	30 June 2035
Liquidity Current assets / Current Liabilities	1.530%	1.610%	1.650%	1.620%	1.59%	1.56%	1.55%	160%	167%	186%	201%
Indebtedness Non-Current Liabilities / Own Source Revenue	24%	23%	20%	16%	13%	11%	8%	5%	4%	3%	3%
Asset Renewal and Upgrade Asset Renewal and Upgrade / Depreciation	130%	93%	104%	103%	100%	105%	1.09%	1.00%	1.07%	1.02%	1.04%
Adjusted Underlying Result Adjusted Underlying Surplus / (Deficit)	1.70%	1.20%	3.90%	2.10%	1.50%	0.10%	0.60%	1.00%	1.20%	1.80%	2.10%
Obligations Borrowings / Rates Revenue	29.17%	24.48%	21.83%	18.50%	15.24%	12.04%	8.91%	5.84%	2.82%	1.11%	0.38%
Obligations (Repayments) Borrowings / Rates Revenue	3.42%	7.51%	3.95%	3.59%	3.47%	3.36%	3.25%	3.15%	3.05%	1.70%	0.74%
Rates Concentration Rates / Total Adjusted Revenue	71.32%	74.81%	74.95%	75.09%	75.23%	75.36%	75.48%	75.60%	75.72%	75.84%	75.95%
Unrestricted Cash Unrestricted Cash / Current Liabilities	24.00%	25.40%	25.90%	19.30%	11.40%	2.20%	-2.50%	-1.50%	-4.10%	5.40%	14.24%

The following comments and policy statements support these ratios:

Working capital: Council will ensure sufficient working capital is maintained to meet its obligations as they fall due. Council is forecasting that it will have cash or short-term assets available to convert to cash to meet liabilities. Low risk when assessed using VAGO ratios.

Unrestricted cash: Council will maintain a sufficient level of unrestricted cash to support operations. Low risk when assessed using VAGO ratios.

Indebtedness: Council will apply loan funding to new capital for specific projects after consideration of intergenerational equity and will maintain total borrowings which are affordable when compared to the income and the growth of the municipality. Council continues to plan to utilise debt to fund new capital expenditure. Borrowings are forecast to slowly decrease over time, noting no new loans are included in the modelled financials. Low risk when assessed using VAGO ratios.

Asset renewal and upgrade: Council seeks to allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life. This ratio indicates that Council will remain in the low-risk category. It is acknowledged that there are issues with this measure – and more details will be contained within the Asset Plan for Council, due in 2025. This is a Low risk when assessed using VAGO ratios.

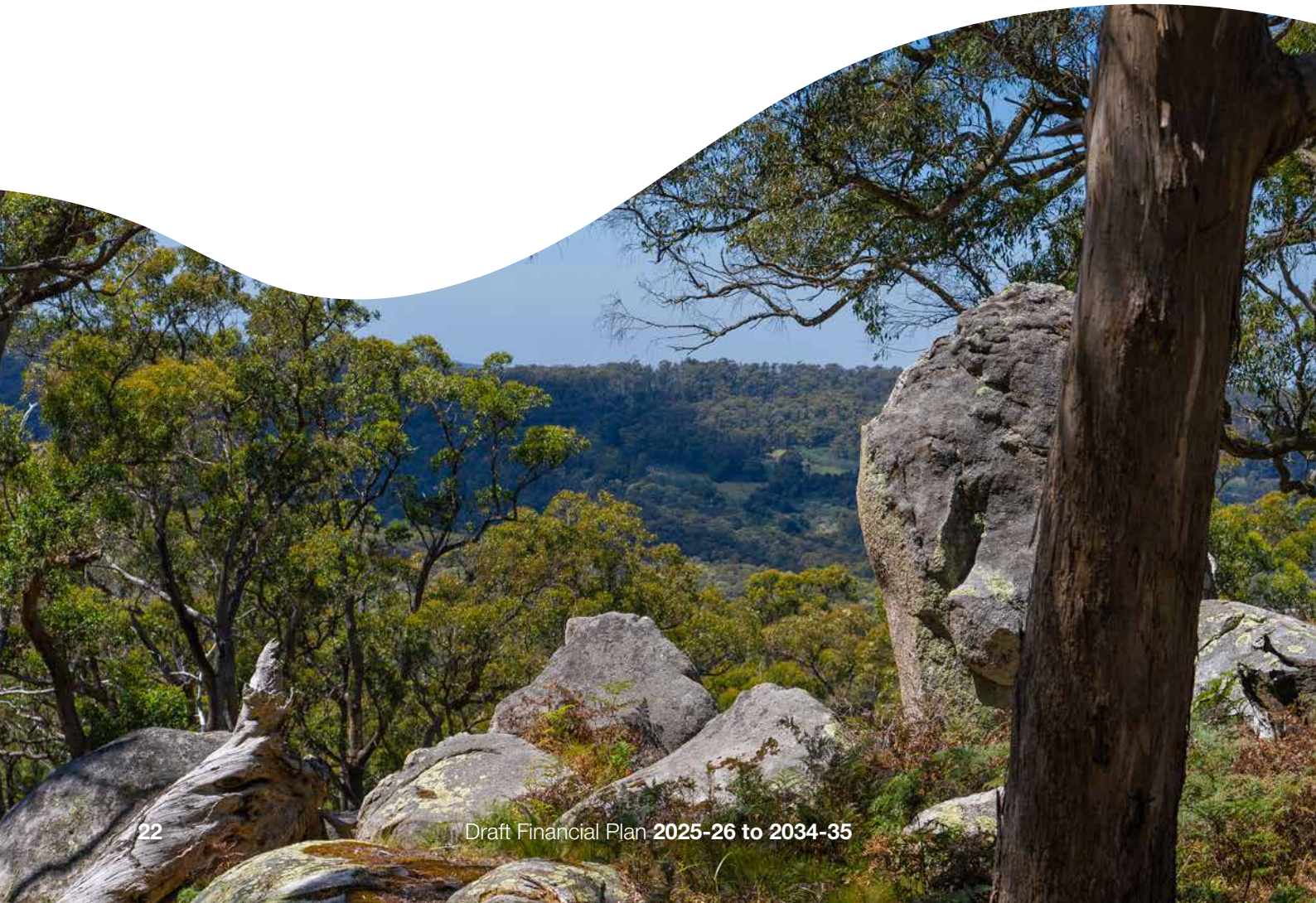
Adjusted underlying result: Council seeks to move the adjusted underlying result towards the low-risk measure. Currently this result is rated as a medium risk when assessed using VAGO ratios. This is primarily because depreciation charges on Council assets are high, and by definition underlying surplus removes other (non-ongoing) government funding – on which the Council will continue to be dependent. The modelled financials build in a gradual improvement in the underlying result over the 10 years.

Rates concentration: Rates compared to adjusted underlying revenue remains steady over time. Low risk per VAGO ratios.

Key Financial **Assumptions**

Council's Plan incorporates various assumptions:

- Cost increases in relation to inputs, and price increases relating to outputs (refer to 'Table 2' on page 23)
- CPI per Australian Bureau of Statistics - Victorian economic forecasts
- Rates income continues to be capped in accordance with the Victorian State Government Fair Go Rates system
- Continued increase in rateable properties (in line with historical growth)
- Future loan borrowings for 2025/26 are based on those recommended to Council as part of the adoption of the 2025/26 Budget. The Financial model does not have any future borrowings included in the Plan, future borrowings will be considered by Council for approval as part of the adoption of each year's Budget when larger priority projects are to be included in the Budget.
- Operational services in the model have been forecast to continue at similar levels of service – noting the pressures described elsewhere in this document
- Employee costs are determined by Council's Enterprise Agreement and have been modelled in line with CPI through the life of the plan.



A summary of assumptions is provided in the following table:

Table 2. Movement (%)

Escalation Factors	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
CPI	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rates Revenue	1.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate Growth	2.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Waste Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Statutory Fees and Fines	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User Fees	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Operating	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Capital	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Contributions - Monetary	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee Costs	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials and services	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other expenses	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Contributions non-monetary are projected at \$6 million from 2025/26 onwards. This amount is the average of the previous year's non-monetary contributions received.

Council has obligations under the defined benefits superannuation scheme that may result in the need to make additional contributions to the scheme.

Currently Council does not have any outstanding or forecasts any legal proceedings that will significantly impact operations.

Council has modelled services at relatively similar levels but also seeks to review these periodically to ensure they are equitable and provide value. The 10-year plan has materials and services expenses increasing annually (with CPI) to support this objective.

The financial model also includes a forecasted increase in trade receivable balances. This anticipated rise is due to uncertainty surrounding residents' capacity to pay the recently revised Fire Services Property Levy, now known as the Emergency Services and Volunteer Fund. Given the significant increase in the levy, Council expects a higher level of outstanding balances as at 30 June.

Capital expenditure assumptions:

The following assumptions contain significant capital expenditures with a high likelihood of implementation which have been included within the current model. There are many capital projects which will be part of an annual competitive bidding process. This Plan models available capacity for capital expenditure, rather than identifying specific projects.

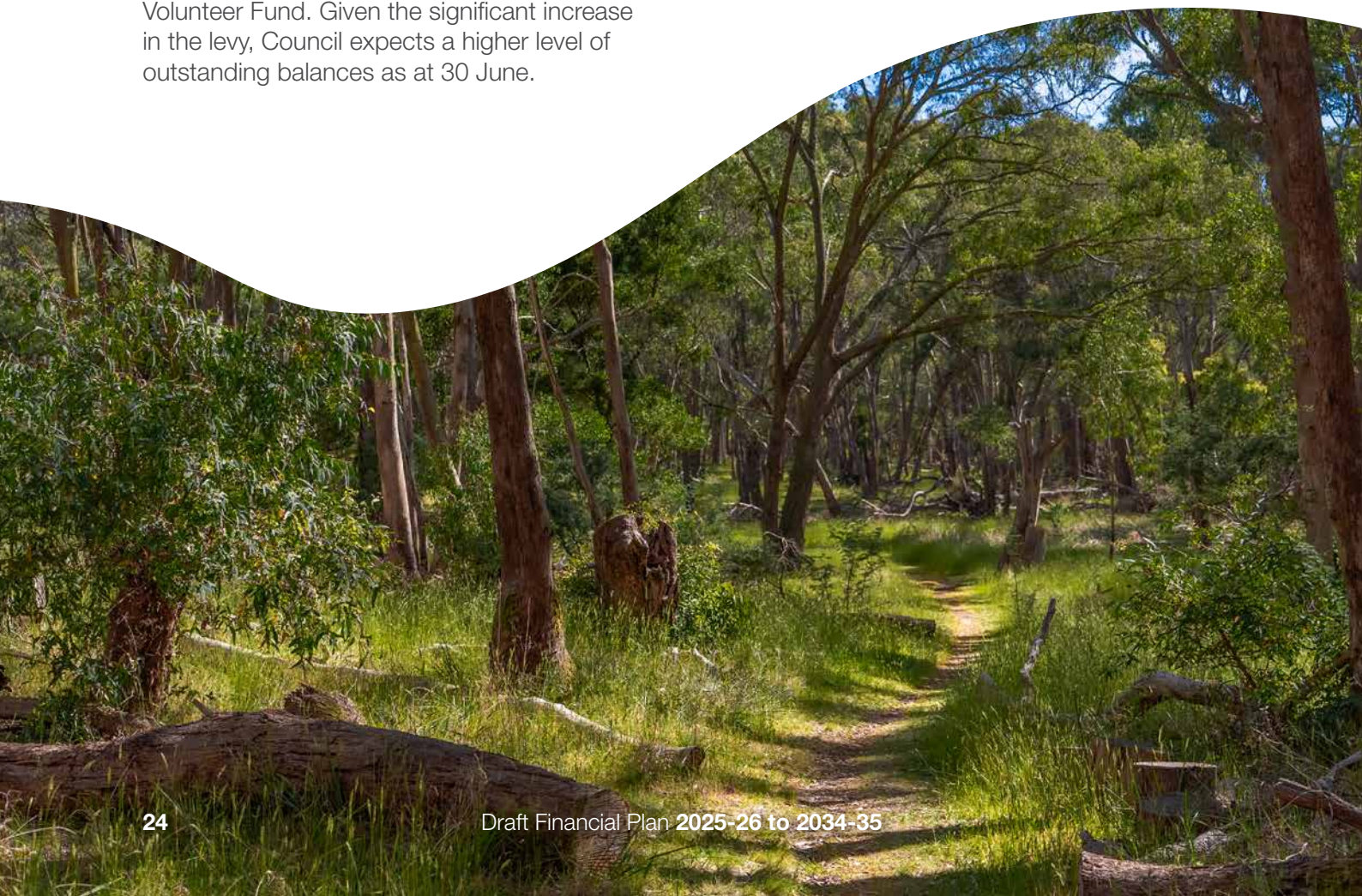


Table 3. Capital Expenditure Assumptions (\$'000)

Capital Works Category	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032	30 June 2033	30 June 2034	30 June 2035
Renewal Investment	22,191	13,444	18,343	18,979	18,540	16,815	21,498	15,079	21,303	21,923	22,742
Upgrade Investment	1,017	3,580	920	500	1,055	4,147	649	5,658	1,182	-	-
New Investment	2,908	11,460	2,500	300	300	500	500	500	500	500	500
Total Capital Works	26,116	28,484	21,763	19,779	19,895	21,462	22,647	21,237	22,984	22,423	23,242

Throughout the duration of the Plan, Council has designated \$206.357 million for the renewal and upgrading of its asset network. The "New Investment" category includes funding for projects approved in the current 2024/25 budget. In 2024/25 - 2026/27 financial years, the new investment focuses on the delivery of the Macedon Ranges Regional Sports Precinct – Stage 2, as well as the completion of the Woodend to Riddells Creek Shared Trail project.

In subsequent years, the new investment will also support the implementation of a Shire-wide footpath program, with allocations for new footpath installations exceeding \$4 million.

Each year, the renewal and upgrade allocation match or exceeds the annual depreciation charge reflected in the financial model, demonstrating that the Council is renewing its assets at a rate of 100% of annual consumption.

There are several projects that are at various pre-construction stages that will require a level of Council funding and funding from other sources.

Assessment of the Council's projected financial position

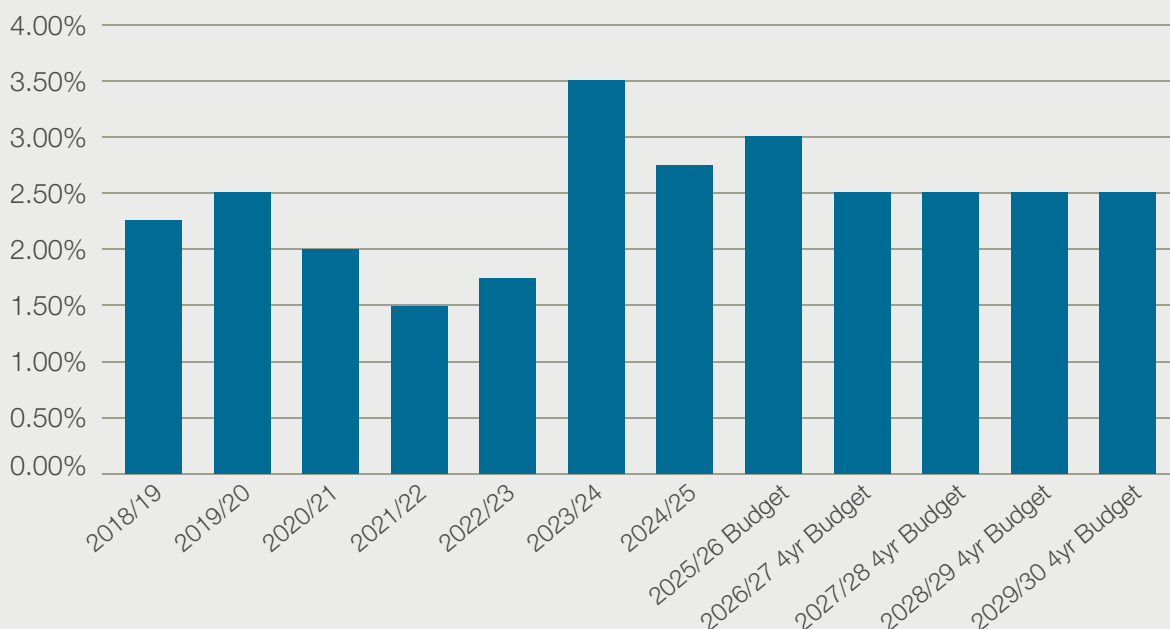
The following graphs illustrate the forecast financial position of Council within the Financial Plan model. Revenues over the period are forecast to increase from \$124 million to \$146 million, with 59% of this revenue being raised from rates each year. The Revenue & Rating Plan adopted by Council in June 2025 has more details on the approach Council takes with regards to rates revenue and pricing.

Rates – Historical and Projected Annual Increases

This graph below shows the historical annual rate increase that Council applied as part of the annual budgeting process. For 2025/26 Council has a 3.0 per cent rate increase in line with the cap set by the State Government under the Fair Go Rates System.

Prior year increases are also in line with the maximum annual increased with the Fair Go Rates System. Future year increases are in line with CPI forecasts.

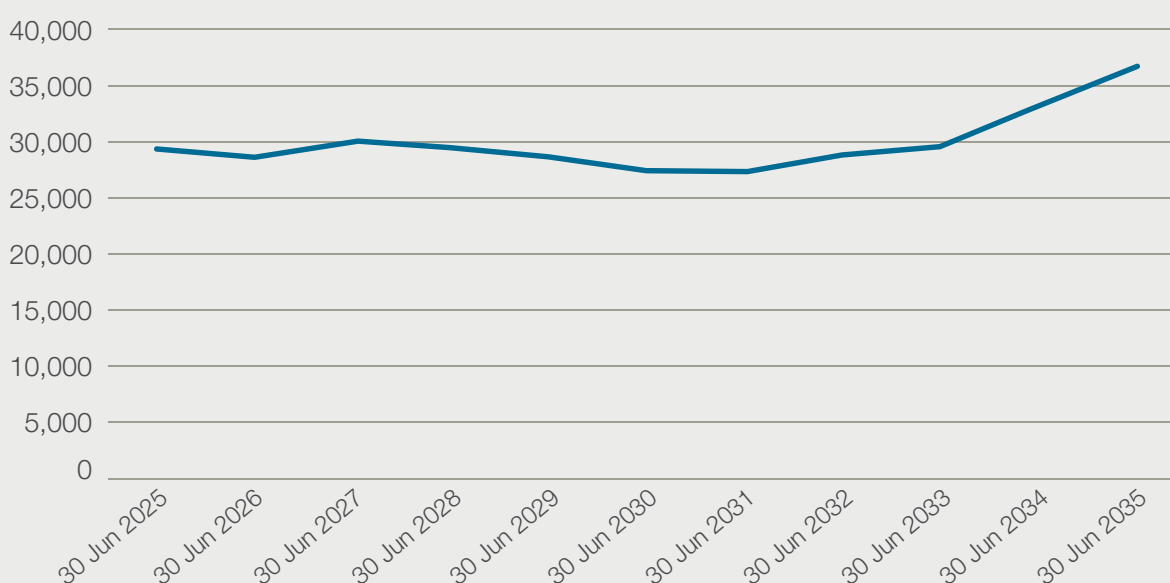
Figure 3. Annual Rate Increase MRSC



Cash Balances

Council's cash holdings are projected to remain relevant stable over the next seven years. This would indicate that cash surpluses generated from operations is able to maintain the renewal commitments of Councils asset network. Cash balances are forecast to increase over the final three years of the Plan. Increasing cash balances will ensure cash is available to contribute any future new capital works projects. The current model takes a conservative approach to future debt drawdowns, noting post 2026/27 there are no new debt drawdowns in the financial model. Council aims to manage and control expenditure in line with CPI.

Figure 4. Cash and Cash Equivalents Balance



Borrowings

During 2025/26 Council retires a loan that was drawn down as an interest only loan. The \$2,400,000 loan was part of the wider borrowing opportunity provided to the Local Government sector known as the Local Government Funding Vehicle.

The remaining modelled loans are attributable to several capital works projects that are currently being delivered and will be finalised by the 2026/27 financial year. The projects have been budgeted as multiyear projects for delivery purposes.

Council's borrowing balance at 30 June 2035 is \$341,000. With no new loans included in the modelled financials, these low levels provide Council the opportunity to draw down new loans should they be required to deliver Council's capital works program. These low levels of borrowings ensure Council remains within the low risk for liquidity in the VAGO sustainability indicators.

Figure 5. Interest Bearing Liabilities Balance

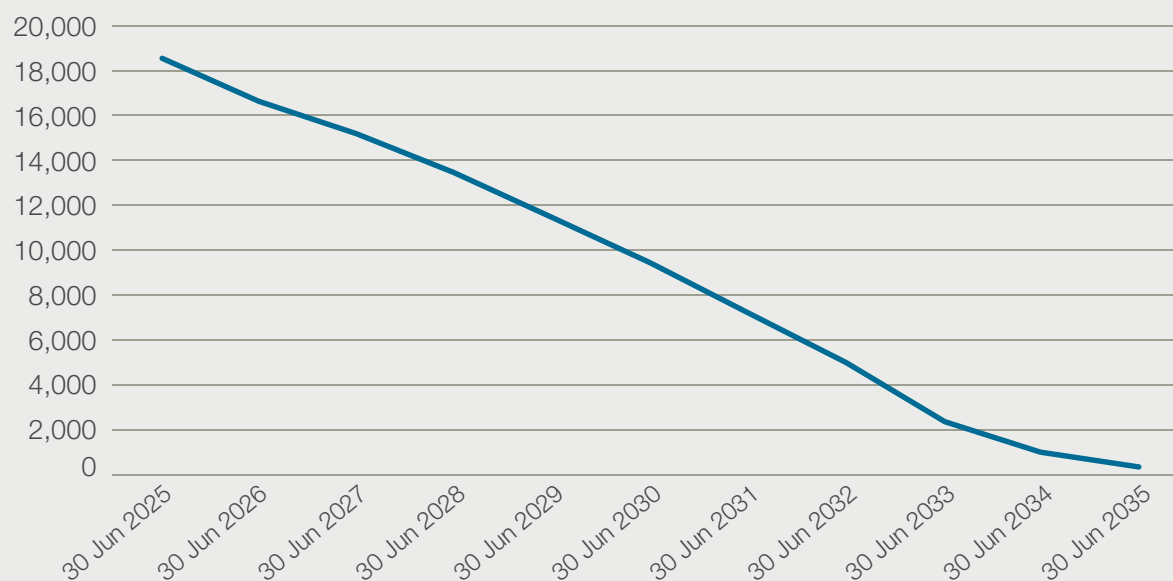


Table 4. Summary of Council's borrowing and annual movement (\$'000)

	30 Jun 2025	30 Jun 2026	30 Jun 2027	30 Jun 2028	30 Jun 2029	30 Jun 2030	30 Jun 2031	30 Jun 2032	30 Jun 2033	30 Jun 2034	30 Jun 2035
Opening Balance	17,417	18,560	16,436	15,156	13,277	11,304	9,233	7,059	4,776	2,379	972
New Borrowings	2,500	2,050	700	-	-	-	-	-	-	-	-
Loan Repayments	(1,357)	(4,174)	(1,980)	(1,879)	(1,973)	(2,071)	(2,174)	(2,283)	(2,397)	(1,407)	(631)
Interest Repayments	(821)	(870)	(760)	(698)	(604)	(506)	(403)	(294)	(180)	(75)	(33)
Closing Balance	18,560	16,436	15,156	13,277	11,304	9,233	7,059	4,776	2,379	972	341

Financial Policy Statements

The following policy statements and associated measures demonstrate Council's financial sustainability to fund the aspirations of the Community Vision and the Council Plan.

The policy statements and measures below have been taken from the sector model that was provided by Local Government Victoria. The achievement of these targets will ensure Council remains at low risk for each of the measures, which ultimately enables Council to be financially sustainable for the period of this plan.

Table 5. Policy statements, measures and targets

Policy statement	Measure	Target
Consistent underlying surplus results	Adjusted underlying result	0–5%
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due	Current assets/current liabilities	>100%
Allocate adequate funds towards renewal capital to replace assets and infrastructure as they reach the end of their service life	Asset renewal and upgrade expenses/depreciation	>100%
Council applies loan funding to new capital, and maintains total borrowings in line with rate income and growth of the shire	Total borrowings/rate revenue	<40%
Council maintains unrestricted cash to ensure ongoing liquidity, as well as to address unforeseen cash imposts if required	Unrestricted cash/current liabilities	>20%
Council generates sufficient revenue from rates plus fees and charges to ensure a consistent funding for new and renewal capital	Capital outlays as a percentage of own source revenue	>30%

How we will report **the Plan**

Once the annual budget is adopted, progress on its implementation will be reported throughout the year to ensure that the funded actions of the Council Plan are being executed in alignment with the Plan.

Council will provide updates through the Report of Operations, which is presented to Councillors for adoption each quarter and subsequently published on Council's website. This report will cover:

- Progress on actuals versus budget in relation to operations
- Advancements in the delivery of Council's Capital Works program
- Investment balances
- Reserve balances



Appendix A:

Financial Plan Statements

The following pages contain Financial Plan Statements for the 10 years from 2025/26 to 2034/35, including the:

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

Table 6. Budgeted Comprehensive Income Statement

Macedon Ranges Shire Council											
Budgeted Comprehensive Income Statement	Forecast	Budget	Projections								
For the ten years ending 30 June 2035	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
Income											
Rates and charges	64,347	67,737	70,033	72,390	74,809	77,291	79,839	82,453	85,136	87,888	90,713
Statutory fees and fines	3,489	3,617	3,707	3,800	3,895	3,992	4,092	4,195	4,299	4,407	4,517
User fees	8,640	9,464	9,731	9,975	10,224	10,480	10,742	11,010	11,285	11,568	11,857
Grants - Operating	21,291	19,162	19,641	20,132	20,635	21,151	21,680	22,222	22,778	23,347	23,931
Grants - Capital	20,217	13,225	6,438	3,000	3,000	2,875	3,908	3,160	3,375	3,800	2,500
Contributions - monetary	3,581	1,751	1,795	1,840	1,886	1,933	1,981	2,031	2,081	2,133	2,187
Contributions - non-monetary	6,611	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	300	300	300	300	300	300	300	300	300	300
Share of net profits/(losses) of associates and joint ventures	30	30	30	30	30	30	30	30	30	30	30
Other income	4,571	3,200	3,280	3,362	3,446	3,532	3,621	3,711	3,804	3,899	3,996
Total Income	132,777	124,516	120,956	120,829	124,225	127,585	132,192	135,111	139,089	143,372	146,031
Expenses											
Employee costs	(46,483)	(48,785)	(50,452)	(52,584)	(54,780)	(56,423)	(58,116)	(59,859)	(61,655)	(63,505)	(65,410)
Materials and services	(36,702)	(34,114)	(34,967)	(35,841)	(36,737)	(37,655)	(38,597)	(39,562)	(40,551)	(41,565)	(42,604)
Depreciation	(17,887)	(18,393)	(18,500)	(19,000)	(19,500)	(19,890)	(20,288)	(20,694)	(21,107)	(21,530)	(21,960)
Amortisation - intangible assets	(163)	(90)	-	-	-	-	-	-	-	-	-
Amortisation - right of use assets	(450)	(415)	(415)	(403)	(323)	-	-	-	-	-	-
Bad and doubtful debts	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Borrowing costs	(821)	(870)	(760)	(698)	(604)	(506)	(403)	(294)	(180)	(75)	(33)
Finance Costs - leases	(74)	(58)	(42)	(25)	(7)	-	-	-	-	-	-
Other expenses	(3,403)	(3,573)	(3,880)	(3,870)	(4,463)	(4,094)	(4,187)	(4,281)	(4,679)	(4,478)	(4,580)
Total Expenses	(105,992)	(106,307)	(109,025)	(112,431)	(116,423)	(118,578)	(121,599)	(124,699)	(128,181)	(131,161)	(134,596)
Surplus/(deficit) for the year	26,785	18,209	11,931	8,398	7,802	9,007	10,593	10,412	10,908	12,212	11,435
Other comprehensive income											
Net asset revaluation increment /(decrement)	5,923	6,927	2,141	1,856	22,893	-	20,395	-	-	-	-
Total comprehensive result	32,708	25,136	14,072	10,254	30,695	9,007	30,988	10,412	10,908	12,212	11,435

Table 7. Budgeted Balance Sheet

Macedon Ranges Shire Council											
Budgeted Balance Sheet	Forecast	Budget	Projections								
For the ten years ending 30 June 2035	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
Assets											
Current assets											
Cash and cash equivalents	29,376	28,779	30,142	29,617	28,745	27,530	27,478	28,987	29,545	33,312	36,854
Trade and other receivables	12,276	13,443	13,218	13,138	13,485	13,872	14,234	14,537	14,916	15,325	15,585
Total current assets	41,652	42,222	43,361	42,755	42,230	41,402	41,712	43,523	44,461	48,637	52,539
Non-current assets											
Other financial assets	21	21	21	21	21	21	21	21	21	21	21
Investments in associates and joint ventures	1,527	1,557	1,587	1,617	1,647	1,677	1,707	1,737	1,767	1,797	1,827
Property, infrastructure, plant & equipment	1,478,434	1,501,452	1,512,856	1,521,491	1,550,779	1,558,351	1,587,105	1,593,649	1,601,526	1,608,419	1,615,701
Right-of-use assets	1,556	1,141	726	323	-	-	-	-	-	-	-
Investment property	2,985	2,985	2,985	2,985	2,985	2,985	2,985	2,985	2,985	2,985	2,985
Total non-current assets	1,484,523	1,507,156	1,518,175	1,526,437	1,555,432	1,563,034	1,591,818	1,598,392	1,606,299	1,613,222	1,620,534
Total assets	1,526,175	1,549,379	1,561,536	1,569,192	1,597,662	1,604,436	1,633,531	1,641,915	1,650,759	1,661,859	1,672,973
Liabilities											
Current liabilities											
Trade and other payables	6,018	10,175	10,423	10,654	10,957	11,224	11,504	11,759	12,093	12,388	12,698
Trust funds and deposits	6,812	6,812	6,812	6,812	6,812	6,812	6,812	6,812	6,812	6,812	6,812
Unearned income/revenue	3,200	-	-	-	-	-	-	-	-	-	-
Provisions	6,771	6,791	6,741	6,614	6,708	6,279	6,279	6,279	6,279	6,279	6,279
Interest-bearing loans and borrowings	4,050	1,975	1,879	1,973	2,071	2,174	2,283	2,397	1,407	631	262
Lease liabilities	387	420	442	379	-	-	-	-	-	-	-
Total current liabilities	27,238	26,174	26,297	26,432	26,548	26,489	26,878	27,247	26,591	26,110	26,051
Non-current liabilities											
Provisions	4,790	4,302	3,889	3,508	3,238	3,238	3,238	3,238	3,238	3,238	3,238
Interest-bearing loans and borrowings	14,510	14,460	13,277	11,304	9,233	7,059	4,776	2,379	972	341	79
Lease liabilities	1,241	821	379	-	-	-	-	-	-	-	-
Total non-current liabilities	20,541	19,583	17,545	14,812	12,471	10,297	8,014	5,617	4,210	3,579	3,317
Total liabilities	47,779	48,957	43,842	41,244	39,019	36,786	34,892	32,865	30,801	29,689	29,368
Net assets	1,478,486	1,503,622	1,517,694	1,527,947	1,558,643	1,567,650	1,598,638	1,609,051	1,619,958	1,632,170	1,643,605

Macedon Ranges Shire Council											
Budgeted Balance Sheet											
For the ten years ending 30 June 2035											
	Forecast	Budget	Projections								
	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
Equity											
Accumulated surplus	774,385	793,310	804,054	811,256	817,853	825,646	835,016	844,195	853,858	864,814	874,982
Reserves	704,101	710,312	713,640	716,691	740,790	742,004	763,622	764,856	766,100	767,356	768,623
Total equity	1,478,486	1,503,622	1,517,694	1,527,947	1,558,643	1,567,650	1,598,638	1,609,051	1,619,958	1,632,170	1,643,605

Table 8. Budgeted Statement of Changes in Equity

Macedon Ranges Shire Council	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
Budgeted Statement of Changes in Equity	\$'000	\$'000	\$'000	\$'000
2024/25				
Balance at beginning of the financial year	1,445,515	747,118	679,601	18,796
Surplus/(deficit) for the year	26,785	26,785	-	-
Net asset revaluation increment/(decrement)	5,923	-	5,923	-
Transfer (to)/from reserves	263	482	-	(219)
Balance at end of financial year	1,478,486	774,385	685,524	18,577
2025/26				
Balance at beginning of the financial year	1,478,486	774,385	685,524	18,577
Surplus/(deficit) for the year	18,209	18,209	-	-
Net asset revaluation increment/(decrement)	6,927	-	6,927	-
Transfer (to)/from reserves	-	716	-	(716)
Balance at end of financial year	1,503,622	793,310	692,451	17,861
2026/27				
Balance at beginning of the financial year	1,503,622	793,310	692,451	17,861
Surplus/(deficit) for the year	11,931	11,931	-	-
Net asset revaluation increment/(decrement)	2,141	-	2,141	-
Transfer (to)/from reserves	-	1,187	-	(1,187)
Balance at end of financial year	1,517,694	804,054	694,592	19,048
2027/28				
Balance at beginning of the financial year	1,517,694	804,054	694,592	19,048
Surplus/(deficit) for the year	8,398	8,398	-	-
Net asset revaluation increment/(decrement)	1,856	-	1,856	-
Transfer (to)/from reserves	-	(1,196)	-	1,196
Balance at end of financial year	1,527,947	811,256	696,447	20,244
2028/29				
Balance at beginning of the financial year	1,527,947	811,256	696,447	20,244
Surplus/(deficit) for the year	7,802	7,802	-	-
Net asset revaluation increment/(decrement)	22,893	-	22,893	-
Transfer (to)/from reserves	-	(1,205)	-	1,205
Balance at end of financial year	1,558,643	817,853	719,341	21,449
2029/30				
Balance at beginning of the financial year	1,558,643	817,853	719,341	21,449
Surplus/(deficit) for the year	9,007	9,007	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	(1,214)	-	1,214
Balance at end of financial year	1,567,650	825,646	719,341	22,663

Macedon Ranges Shire Council	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
Budgeted Statement of Changes in Equity	\$'000	\$'000	\$'000	\$'000

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2030/31				
Balance at beginning of the financial year	1,567,650	825,646	719,341	22,663
Surplus/(deficit) for the year	10,593	10,593	-	-
Net asset revaluation increment/(decrement)	20,395	-	20,395	-
Transfer (to)/from reserves	-	(1,223)	-	1,223
Balance at end of financial year	1,598,638	835,016	739,736	23,886
2031/32				
Balance at beginning of the financial year	1,598,638	835,016	739,736	23,886
Surplus/(deficit) for the year	10,412	10,412	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	(1,234)	-	1,234
Balance at end of financial year	1,609,051	844,195	739,736	25,120
2032/33				
Balance at beginning of the financial year	1,609,051	844,195	739,736	25,120
Surplus/(deficit) for the year	10,908	10,908	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	(1,244)	-	1,244
Balance at end of financial year	1,619,958	853,858	739,736	26,364
2033/34				
Balance at beginning of the financial year	1,619,958	853,858	739,736	26,364
Surplus/(deficit) for the year	12,212	12,212	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	(1,256)	-	1,256
Balance at end of financial year	1,632,170	864,814	739,736	27,620
2034/35				
Balance at beginning of the financial year	1,632,170	864,814	739,736	27,620
Surplus/(deficit) for the year	11,435	11,435	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	(1,267)	-	1,267
Balance at end of financial year	1,643,605	874,982	739,736	28,887

Table 9. Budgeted Statement of Cash Flows

Macedon Ranges Shire Council Budgeted Statement of Cash Flows For the ten years ending 30 June 2035											
	Forecast 2024/25	Budget 2025/26	Projections 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
Cash flows from Operating Activities											
Rates and charges	64,416	64,857	69,787	72,216	74,568	77,021	79,605	82,191	84,882	87,592	90,455
Statutory fees and fines	3,489	3,821	4,069	4,175	4,276	4,382	4,494	4,605	4,721	4,837	4,960
User fees	9,389	10,031	10,681	10,959	11,225	11,501	11,795	12,086	12,392	12,696	13,020
Grants - operating	21,291	18,405	19,597	20,108	20,596	21,103	21,643	22,177	22,737	23,295	23,890
Grants - capital	15,508	12,702	6,956	3,266	3,000	2,884	3,829	3,217	3,359	3,766	2,600
Contributions - monetary	3,581	1,751	1,795	1,840	1,886	1,933	1,981	2,031	2,081	2,133	2,187
Interest received	2,100	1,460	1,497	1,534	1,572	1,612	1,652	1,693	1,735	1,779	1,823
Other receipts	3,848	1,937	2,133	2,190	2,242	2,296	2,356	2,414	2,475	2,535	2,601
Net GST refund / (payment)	8,605	5,503	4,378	4,191	4,268	4,443	4,620	4,560	4,796	4,796	4,927
Employee costs	(46,626)	(48,798)	(50,465)	(52,576)	(54,795)	(56,437)	(58,099)	(59,873)	(61,664)	(63,498)	(65,420)
Materials and Consumables Paid	(37,259)	(33,754)	(38,242)	(39,209)	(40,153)	(41,182)	(42,189)	(43,295)	(44,315)	(45,441)	(46,590)
Trust Funds and Deposits	(150)	-	-	-	-	-	-	-	-	-	-
Other Payments	(13,701)	(4,069)	(4,710)	(4,749)	(5,038)	(4,916)	(4,579)	(4,688)	(5,112)	(4,905)	(5,011)
Net Cash flows from Operating Activities	34,491	33,845	27,474	23,945	23,645	24,640	27,107	27,116	28,087	29,585	29,442
Cash flows from Investing Activities											
Payment for Property, Infrastructure, Plant and Equipment	(42,787)	(31,333)	(23,939)	(21,757)	(21,885)	(23,608)	(24,912)	(23,361)	(25,283)	(24,665)	(25,566)
Proceeds from Property, Infrastructure, Plant and Equipment	770	330	330	330	330	330	330	330	330	330	330
Proceeds/(Payments) from/for Financial Assets	27,998	-	-	-	-	-	-	-	-	-	-
Net Cash flows from Investing Activities	(14,019)	(31,003)	(23,609)	(21,427)	(21,555)	(23,278)	(24,582)	(23,031)	(24,953)	(24,335)	(25,236)
Cash flows from Financing Activities											
Finance costs	(821)	(870)	(760)	(698)	(604)	(506)	(403)	(294)	(180)	(75)	(33)
Proceeds from borrowings	2,500	2,050	700	-	-	-	-	-	-	-	-
Repayment of borrowings	(1,357)	(4,174)	(1,980)	(1,879)	(1,973)	(2,071)	(2,174)	(2,283)	(2,397)	(1,407)	(631)
Interest paid - lease liability	(74)	(58)	(42)	(25)	(7)	-	-	-	-	-	-
Repayment of lease liabilities	(325)	(387)	(420)	(442)	(379)	-	-	-	-	-	-
Net Cash flows from Financing Activities	(77)	(3,439)	(2,501)	(3,044)	(2,963)	(2,577)	(2,577)	(2,577)	(2,577)	(1,482)	(665)

Macedon Ranges Shire Council											
Budgeted Statement of Cash Flows											
For the ten years ending 30 June 2035											
	Forecast	Budget	Projections								
	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
Net Change in Cash Held	20,395	(597)	1,363	(526)	(872)	(1,215)	(51)	1,508	558	3,767	3,542
Cash at Beginning of the Financial Year	8,981	29,376	28,779	30,142	29,617	28,745	27,530	27,478	28,987	29,545	33,312
Cash at End of the Financial Year	29,376	28,779	30,142	29,617	28,745	27,530	27,478	28,987	29,545	33,312	36,854

Table 10. Budgeted Statement of Capital Works

Macedon Ranges Shire Council											
Budgeted Statement of Capital Works For the ten years ending 30 June 2035	Forecast	Budget	Projections								
	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
Land improvements	-	-	-	-	-	-	-	-	-	-	-
Buildings	3,436	3,903	2,120	2,120	4,120	4,085	5,085	2,185	4,085	4,085	4,120
Plant, machinery and equipment	2,472	1,535	1,625	1,625	1,625	1,650	1,650	1,625	1,640	1,640	2,152
Fixtures, fittings and furniture	55	-	-	-	-	-	-	-	-	-	-
Computers and telecommunications	349	485	880	800	800	918	845	845	820	820	1,076
Roads	11,760	8,741	9,200	9,200	8,885	9,176	9,047	10,731	9,958	9,988	9,988
Bridges	741	500	736	356	124	402	660	660	660	660	660
Footpaths and cycleways	2,405	1,633	700	700	700	1,123	1,150	1,250	1,250	1,150	1,150
Drainage	549	611	597	623	651	680	623	651	680	640	640
Recreational, leisure and community facilities	3,675	10,413	5,225	3,675	2,310	2,638	2,690	2,490	3,091	2,640	2,656
Parks, open space and streetscapes	229	80	240	240	240	345	355	355	355	355	355
Aerodromes	-	120	-	-	-	-	-	-	-	-	-
Other infrastructure	445	463	440	440	440	445	542	445	445	445	445
Total Capital Works	26,116	28,484	21,763	19,779	19,895	21,462	22,647	21,237	22,984	22,423	23,242
Represented by:											
Renewal Investment	22,191	13,444	18,343	18,979	18,540	16,815	21,498	15,079	21,303	21,923	22,742
Upgrade Investment	1,017	3,580	920	500	1,055	4,147	649	5,658	1,182	-	-
New Investment	2,908	11,460	2,500	300	300	500	500	500	500	500	500
Total Capital Works	26,116	28,484	21,763	19,779	19,895	21,462	22,647	21,237	22,984	22,423	23,242

Table 11. Summary of Planned Human Resources Expenditure

Macedon Ranges Shire Council										
Summary of Planned Human Resources Expenditure	Budget	Projections								
For the ten years ending 30 June 2035	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
CEO Office										
Permanent – full time	1,150	1,199	1,253	1,309	1,348	1,389	1,430	1,473	1,517	1,563
Permanent – part time	178	185	193	202	208	214	221	227	234	241
Total CEO Office	1,328	1,384	1,447	1,511	1,556	1,603	1,651	1,700	1,752	1,804
Assets and Operations										
Permanent – full time	13,016	13,314	13,914	14,532	14,968	15,417	15,880	16,356	16,847	17,352
Permanent – part time	2,256	2,307	2,411	2,518	2,594	2,672	2,752	2,834	2,920	3,007
Total Assets and Operations	15,272	15,621	16,325	17,050	17,562	18,089	18,632	19,190	19,766	20,359
Community										
Permanent – full time	3,052	3,148	3,290	3,436	3,539	3,645	3,754	3,867	3,983	4,103
Permanent – part time	8,097	8,351	8,727	9,115	9,389	9,670	9,960	10,259	10,567	10,884
Total Community	11,149	11,499	12,017	12,551	12,928	13,315	13,715	14,126	14,550	14,987
Corporate										
Permanent – full time	5,139	5,322	5,562	5,809	5,983	6,163	6,348	6,538	6,734	6,936
Permanent – part time	1,905	1,972	2,061	2,153	2,217	2,284	2,352	2,423	2,496	2,570
Total Corporate	7,044	7,294	7,623	7,962	8,200	8,446	8,700	8,961	9,230	9,507
Planning and Environment										
Permanent – full time	4,831	5,024	5,250	5,483	5,648	5,817	5,992	6,172	6,357	6,547
Permanent – part time	2,471	2,570	2,686	2,805	2,889	2,976	3,065	3,157	3,252	3,349
Total Planning and Environment	7,303	7,594	7,936	8,288	8,537	8,793	9,057	9,329	9,609	9,897
Casuals, temporary and other expenditure	4,662	4,779	4,898	5,021	5,171	5,326	5,486	5,651	5,820	5,995
Capitalised labour costs	2,226	2,281	2,338	2,397	2,469	2,543	2,619	2,697	2,778	2,862
Total staff expenditure	48,983	50,452	52,584	54,780	56,423	58,116	59,859	61,655	63,505	65,410

Table 12. Full-Time Equivalent Staff

Macedon Ranges Shire Council										
Summary of Planned Human Resources										
Full-Time Equivalent Staff										
For the ten years ending 30 June 2035										
	Budget 2025/26 FTE	Projections 2026/27 FTE	2027/28 FTE	2028/29 FTE	2029/30 FTE	2030/31 FTE	2031/32 FTE	2032/33 FTE	2033/34 FTE	2034/35 FTE
CEO Office										
Permanent – full time	8	8	8	8	8	8	8	8	8	8
Permanent – part time	2	2	2	2	2	2	2	2	2	2
Total CEO Office	10	10	10	10	10	10	10	10	10	10
Assets and Operations										
Permanent – full time	111	113	115	116	117	119	120	122	123	125
Permanent – part time	23	23	23	23	24	24	25	25	26	26
Total Assets and Operations	135	137	138	139	141	143	145	147	149	151
Community										
Permanent – full time	25	26	27	28	29	29	30	30	31	31
Permanent – part time	83	83	83	83	83	83	83	83	83	83
Total Community	108	109	110	111	112	112	113	113	114	114
Corporate										
Permanent – full time	43	44	45	46	46	47	47	48	48	49
Permanent – part time	18	19	20	21	21	21	21	21	21	21
Total Corporate	61	63	64	66	67	68	68	69	69	70
Planning and Environment										
Permanent – full time	58	59	60	61	62	64	65	67	68	70
Permanent – part time	24	24	24	24	24	24	24	24	24	24
Total Planning and Environment	82	82	83	84	86	88	89	91	92	94
Casuals, temporary and other expenditure	49	49	49	49	49	49	49	49	49	49
Total staff operating full-time equivalent	443	449	454	459	464	468	473	477	482	486
Capitalised labour costs	20	20	20	20	20	20	20	20	20	20
Total staff expenditure	463	468	473	478	484	488	493	497	502	526



Appendix B:

Further Notes on Assumptions

Consumer Price Index (CPI)

The Consumer Price Index (CPI) measures household inflation and tracks price changes across various categories of household expenditure. Following a period of elevated inflation during the COVID-19 pandemic, CPI has now returned to more historical levels. Given this trend and the absence of any significant foreseeable economic shocks, Council anticipates CPI will remain steady over the medium term. Accordingly, this Financial Plan assumes no significant change from the current annual CPI increase.

While CPI is currently around 3% when setting the 2025/26 budget, the financial model has been based on a 2.5% annual CPI increase.

Rating and service charge assumptions

The rate cap is determined by the Victorian Government, with the annual percentage increase recommended by the Essential Services Commission (ESC). Introduced in 2016-17 at 2.5%, the cap has since ranged between 1.5% and 2.5%, consistently remaining below the Consumer Price Index (CPI). Notably, in the 2024-25 financial year, the rate cap and CPI aligned more closely than in recent years, both reaching approximately 3% the closest they have been since the pre-COVID period.

As future rate caps are yet to be announced by the ESC, this Financial Plan assumes a conservative annual increase of 2.5%. It is also assumed that Council will continue to adopt the maximum allowable rate cap each year without seeking a variation above or electing

to apply a lower increase in order to maintain current service levels and deliver essential infrastructure within the rate cap framework.

Rate growth

While subdivision activity is expected to continue, it is not anticipated to grow at the same pace experienced over the past five years. Rate growth is primarily driven by population increases, which lead to more subdivisions and new dwellings, ultimately boosting rate revenue. To reflect this, the additional annual rates revenue has been revised down, resulting in a projected annual growth of \$600,000.

Waste charges

Waste management is one of the most complex and costly services provided by Council. To fund this essential service, Council levies a per-bin charge for the kerbside collection and disposal of waste on each separate occupancy within the collection district. These charges are designed to fully recover both the direct and indirect costs associated with waste services. This includes landfill rehabilitation, collection, sorting and disposal of garbage, recyclable materials (including glass), and food and garden organics (FOGO), as well as related administrative and overhead costs.

Waste charges for 2025–26 have increased by 4.6% compared to 2024–25, reflecting the ongoing and significant cost pressures involved in delivering this essential service across the shire. Key drivers of the increase include rising contractor costs and the continued escalation of the Environmental Protection Authority (EPA) landfill levy, which affects councils across Victoria.

Given the ongoing challenges in waste management—such as increasing regulatory requirements, rising service delivery costs, and environmental expectations—Council must continuously review and adapt its waste services. This ensures they remain both financially sustainable and responsive to community needs. In future years, waste charges are forecast to increase in line with growth, with Council committed to ensuring that waste revenue continues to fully fund the true cost of the service.

Future years' increases are included at an annual increase of 2.5%.

Grants – operational

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 2.5% per annum.

Council currently receives several annual capital grants. Each year, capital grants are budgeted to include the recurring capital grants and capital grants budgeted to be received for capital work projects.

Contributions – monetary

For 2025/26, 1.5 per cent of contributions are levies that Council collects from developers. Contributions are estimated to grow by CPI.

Contributions – non-monetary

The non-monetary contributions are estimated developer gifted assets and found or recognised assets. For 2025/26 we are anticipating the following asset categories to be gifted to Council:

- Drainage
- Footpath
- Constructed Roads

The Financial Plan Model assumes that \$6M of contributed, gifted or found assets will be recognised annually in the future.

User fees and charges

User fees make up approximately 8 per cent of income Council receives. The Financial Plan Model assumes that services levels will be maintained, with CPI movements changes to user fees and charges.

Employee costs

Employee costs are governed by Council's Enterprise Bargaining Agreement (EBA). The current EBA, which expires in 2024/25, negotiations for a new EBA have commenced, it is unknown at this stage what the annual increase will be the new EBA. The Model assumes that annual salaries will increase by 2.5 per cent.

The Plan assumes annual growth in employee numbers, with any additions prioritized by the Executive Leadership Team and incorporated into the draft budget for Councillors to consider for inclusion.

Materials and services

Operational services in the Model have been forecast to continue at the same level of service with annual increases in line with CPI.

Asset revaluation

The valuation process for our classes of assts that require to be revalued are undertaken in accordance with the timeframes included in Council's Asset Plan.

Borrowing costs

Subject to the principles of sound financial management, councils may borrow money to perform the functions and responsibilities required of them under the *Local Government Act 2020*.

Borrowing costs comprise the interest expense to service Council's loan portfolio.

A major component of the services that Council provides are asset intensive, often requiring a large initial investment for acquisition of the assets, and then ongoing investment for

maintenance and renewal of those assets. It is very difficult for Council to finance the acquisition of new assets, as well as planned and requisite asset renewals, without the use of debt. As an alternative, Council would have to charge current ratepayers a high charge, relative to the benefit derived.

This would lead to issues with intergenerational equity, as Council would charge current ratepayers high rates, while future ratepayers would continue to derive the benefit of the assets. Debt, when used equitably and responsibly, will help alleviate issues of intergenerational equity.

Appendix C:

Matters Impacting 10-year Financial Projections

This Financial Plan provides information to guide decisions about Council's operations into the future. Given the plan's long term nature, it is subject to several influences and risks:

1. Economic influences

Unforeseen economic changes or circumstances that are outside of Council's control include, but are not limited to:

- localised economic growth – residential development and new business
- interest rates fluctuations
- the Consumer Price Index (Melbourne)
- the Building Price Index (Melbourne)
- issues with availability of materials and contractors driving prices up
- the Local Government Price Index (LGPI)
- changes to specific programs, such as Federal Assistance Grants

2. Political changes of circumstances

Examples of unforeseen political changes or circumstances that are outside of Council's control include, but are not limited to:

- changes to levies and their conditions, such as the Environment Protection Authority (VIC) Waste Levy
- increases in the Emergency Services and Volunteers Fund (ESVF), levied by the State and collected by Councils

- the cost of natural resources, such as fuel and water
- any change in the level of legislative compliance
- cost shifting, such as an increased Emergency Services Levy.

3. Environmental Risks

Examples of variable climatic conditions and environmental impacts that are outside of Council's control include, but are not limited to:

- climate change
- storm events
- flooding
- bushfire
- drought

4. Internal Influences

Examples of internal influences that Council can control include:

- agreed service-level review outcomes
- infrastructure asset management
- depreciation
- performance management
- efficiencies in service delivery and administrative support
- salaries and wages – limited control due to Enterprise Bargaining Agreements

5. External influences

Examples of external influences that affect Council include:

- rate increases – limited control due to rate capping
- salaries and wages – limited control due to Enterprise Bargaining Agreements

6. Community influences

There are several community influences that will affect decisions about Council's operations into the future, including:

- community needs and expectations
- the annual community satisfaction survey
- the Council Plan
- the Community Vision
- other key strategies that have had community input
- budget submissions
- community consultation.

Appendix D:

VAGO Financial Sustainability Indicators

Table 13. VAGO Financial Sustainability Indicators

Indicator	Formula	Description
Underlying result (per cent)	Adjusted net surplus/ total underlying revenue	A positive result indicates a surplus. The larger the percentage, the stronger the result. A negative result indicates a deficit. Operating deficits cannot be sustained in the long term. Underlying revenue does not take into account non-cash developer contributions and other one-off (non-recurring) adjustments.
Liquidity	Current assets/ current liabilities	Measures the ability to pay existing liabilities in the next 12 months. A ratio higher than 1:1 means there is more cash and liquid assets than short-term liabilities.
Indebtedness (per cent)	Non-current liabilities/ own-sourced revenue	Comparison of non-current liabilities (mainly comprised of borrowings) to own-sourced revenue. The higher the percentage, the less able to cover non-current liabilities from the revenues the entity generates itself. Own-sourced revenue is used (rather than total revenue) because it does not include capital grants, which are usually tied to specific projects.
Self-financing (per cent)	Net operating cash flows/ underlying revenue	Measures the ability to replace assets using cash generated by the entity's operations. The higher the percentage, the more effectively this can be done.
Capital replacement	Capital expenditure/ depreciation	Comparison of the rate of spending on infrastructure with its depreciation. Ratios higher than 1:1 indicate that spending is faster than the depreciation rate. This is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations, and borrowing is not an option.
Renewal gap	Renewal and upgrade expenditure/ depreciation	Comparison of the rate of spending on existing assets through renewing, restoring, and replacing existing assets with depreciation. Ratios higher than 1:1 indicate that spending on existing assets is greater than the depreciation rate. Similar to the investment gap, this is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations, and borrowing is not an option.

Table 14. Risk assessment criteria for financial sustainability indicators

Risk	Underlying result	Liquidity	Indebtedness	Self financing	Capital replacement	Renewal gap
High	Negative 10% or less Insufficient revenue is being generated to fund operations and asset renewal.	Equal to or less than 1.0 Insufficient current assets to cover liabilities.	More than 60% Potentially long-term concern over ability to repay debt levels from own-source revenue.	Less than 10% Insufficient cash from operations to fund new assets and asset renewal.	Equal to or less than 1.0 Spending on capital works has not kept pace with consumption of assets.	Equal to or less than 0.5 Spending on existing assets has not kept pace with consumption of these assets.
Medium	Negative 10% to zero A risk of long-term run down to cash reserves and inability to fund asset renewals.	1.0–1.5 Need for caution with cash flow, as issues could arise with meeting obligations as they fall due.	40–60% Some concern over the ability to repay debt from own-source revenue.	10–20% May not be generating sufficient cash from operations to fund new assets.	1.0–1.5 May indicate spending on asset renewal is insufficient.	0.5–1.0 May indicate insufficient spending on renewal of existing assets.
Low	More than zero Generating surpluses consistently.	More than 1.5 No immediate issues with repaying short-term liabilities as they fall due.	40% or less No concern over the ability to repay debt from own-source revenue.	20% or more Generating enough cash from operations to fund assets.	More than 1.5 Low risk of insufficient spending on asset renewal.	More than 1.0 Low risk of insufficient spending on asset base.

Strategies

The following strategies and plans support the 10-year financial projections included in the Financial Plan.

Borrowing Strategy

Current debt position

The forecast balance of borrowings as at the commencement of this plan at 30 June 2025 is \$18.56 million.

Debt has been built into this Financial Plan based on a treasury management position of drawing down on loans when required and repaying loans when due and excess cash is available.

Council's Borrowing Policy sets clear guidelines in the purpose of Council drawing down new borrowings, the policy ensures that borrowing activities will be undertaken in a manner that minimises risks to Council.

The debt projections show the peak at 30 June 2025 of \$18.56 million and then a reduction in debt levels to \$341,000 by 2034/35. Borrowings have been assumed at 4.88 per cent interest rate over a 10-year period, which is a conservative and reasonable timeframe for Council to aim for to repay its debt.

Council has accessed debt funding to complete a range of major infrastructure projects, including:

- Macedon Ranges Sports Precinct Stage 2
- Macedon Ranges Shared Trails
- Kyneton Netball Courts Renewal works
- Kyneton Landfill – Biofilter installation
- Gisborne Aquatics – Gas Boiler upgrade

The need for future borrowings is anticipated to fund projects yet to be determined by Council.

Future borrowing requirements

The Financial Plan will see Council draw down new borrowings totalling \$2.75 million during the next ten years. New loans totalling \$2.05 million are included in the budget for 2025/26. These loans will assist in funding the Macedon Ranges Shared Trail (\$500,000), Biofilter (\$800,000) and the replacement of the boiler at Gisborne Aquatic Centre (\$750,000).

A loan will also be drawn down in 2026/27 (\$700,000) to fund Macedon Ranges Regional Sports Precinct Stage 2. During the term of the plan, it is budgeted for Council to repay \$25.392 million.

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

Table 15. Council's projected loan balance (\$'000)

	Forecast 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Opening balance	17,417	18,560	16,436	15,156	13,277	11,304	9,233	7,059	4,776	2,379	972
New loans	2,500	2,050	700	-	-	-	-	-	-	-	-
Loan principal repayments	(1,357)	(4,174)	(1,980)	(1,879)	(1,973)	(2,071)	(2,174)	(2,283)	(2,397)	(1,407)	(631)
Interest repayments	(821)	(870)	(760)	(698)	(604)	(506)	(403)	(294)	(180)	(75)	(33)
Closing balance	18,560	16,436	15,156	13,277	11,304	9,233	7,059	4,776	2,379	972	341

Performance indicators

The following table highlights Council's projected performance across a range of debt management performance indicators that are included in Council's Borrowing Policy.

Table 16. Council's projected performance

Borrowing Policy Measure	Sector Expected Ratio Range	Council Target Ratio Range	30 Jun 2025	30 Jun 2026	30 Jun 2027	30 Jun 2028	30 Jun 2029	30 Jun 2030	30 Jun 2031	30 Jun 2032	30 Jun 2033	30 Jun 2034	30 Jun 2035
Loans and borrowings compared to rates***	0%-70%	0% - 35%	29.2%	24.5%	21.8%	18.5%	15.2%	12.0%	8.9%	5.8%	2.8%	1.1%	0.4%
Loans and borrowings repayments compared to rates**	0%-20%	0%-10%	3.4%	7.5%	3.9%	3.6%	3.5%	3.4%	3.3%	3.1%	3.0%	1.7%	0.7%
Indebtedness*	High > 60%	0%-40%	24.3%	22.7%	19.7%	16.2%	13.2%	10.6%	8.0%	5.4%	3.9%	3.2%	2.9%
	Medium 40-60%												
	Low 40% or less												

***Loans and borrowings compared to rates - interest bearing loans and borrowings as a percentage of rate revenue.

**Loans and borrowings repayments compared to rates - interest and principal repayments on interest bearing loans and borrowings as a percentage of rate revenue.

*Indebtedness - the higher the percentage the less the entity is able to cover non current liabilities from revenues the entity generates itself. Own source revenue is used rather than total revenue because it does not include grants for contributions.

The key measures outlined in the Borrowing Policy demonstrate that, throughout the duration of the Financial Plan, the Council’s borrowings remain within the Target Ratio Range specified in the policy. This creates the flexibility to access additional loans in the future if needed.

Should a significant priority project arise, the Council has the borrowing capacity to contribute financially, allowing borrowings to be considered as a funding option for such initiatives.

Investment Strategy

Current Cash position

The forecasted balance of cash and cash equivalents as of 30 June 2025, the start of this plan, is \$29.38 million. Cash balances fluctuate throughout the year due to the timing of rate instalment payments, grants, user fees, and charges. These inflows are balanced by outflows such as payments to suppliers, fortnightly payroll, and debt repayments. Maintaining appropriate cash levels is essential to ensure the Council can continue operations smoothly throughout each year of the plan.

The Council maintains cash to meet the scheduled payments as they fall due. Surplus funds may be invested to generate interest income, which supports the Council’s operating result. Such investments must comply with section 103 of the *Local Government Act 2020*.

The Council’s Investment Policy provides clear guidelines for managing the investment portfolio, including the following components:

Risk Management and Investment Diversification

Risk management and investment diversification of Council’s investment portfolio is to comply with three key criteria:

Table 17. (a) Portfolio Credit Framework: limit overall credit exposure of the portfolio

Long Term Credit Ratings (1)	Short Term Credit Ratings (1)	Maximum Exposure to this Credit Rating Group (2)
AAA/AA-	A1+/A1	100%
A+/BBB-	A2/A3	70%
BB+/D	B	Nil

Table 18. (b) Counterparty Credit Framework: limit exposure to individual institutions

Long Term Credit Ratings (1)	Short Term Credit Ratings (1)	ADI limit (2)
AAA/AA	A1+/A1	45%
A+/A-	A2	40%
BBB+/BBB-	A3	35%
BB+/D	B	Nil

Table 19. (c) Term to Maturity Framework: limits based upon maturity of securities

Overall portfolio term	Maturity limits (%)
Portfolio % < 12 months	100% max; 70% min
Portfolio % > 12 months < 36 months	30% max

Return on investment

Within the risk reduction controls and social and environmental considerations; Council investments shall be made with Authorised Deposit-taking Institution's (ADIs) offering the highest rate of return at the time the money is invested.

The period of investment shall be determined in accordance with the level of returns offered and Council's Liquidity.

Funds held in Council's cash accounts (where interest rates are usually lower) shall be kept to the minimum required to safely meet operating cash flow requirements.

Social and environmental considerations

Council will give preference to investing its funds in ADIs that do not invest in or finance the fossil fuel industry and support the International Campaign to abolish nuclear weapons (ICAN). In accordance with the Climate Change Action Plan, Council will aim to have at least 20% of its investments with ADIs that do not invest in or finance the fossil fuel industry.

Table 20. Closing Cash Balances of each year of the plan (\$'000)

	Forecast 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Cash and Cash Equivalents	29,736	28,779	30,142	29,617	28,745	27,530	27,478	28,987	29,545	33,312	36,854

Table 21. Annual Interest income earnt (\$'000)

	Forecast 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Interest Income	2,100	1,460	1,497	1,534	1,572	1,612	1,652	1,693	1,735	1,779	1,823

The increased forecasted interest income for 2024/25 is due to the Council maintaining higher cash balances, stemming from early grant payments received for several Capital Works projects scheduled for delivery by the Council.

Reserve Strategy

Current reserves

Council maintains both statutory and discretionary reserves in line with its Financial Reserves Policy.

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

Council has several financial reserves that hold a significant amount of funds.

Reserve movements will be guided by Council's Financial Reserves Policy, which provides guidance in relation to recognising the source of funds and the approved use of funds for each reserve. Requests for expenditure form part of the Annual Budget process and is approved by Council annually.

Table 22. Discretionary Reserves

Reserve name	Source of funds	Approved use of funds
Plant and fleet replacement	The surplus of internal charges to projects from plant usage, less the cost of operating the plant, is transferred to the plant replacement reserve	Replacement of plant assets, e.g. graders, mowers, trucks and motor vehicles
Gravel pit operations	Surplus operating funds from gravel pits	Rehabilitation of Council-owned gravel pits
Asset conversion	Net proceeds from the sale of Council land that is not classified as open space. It also excludes the proceeds of sale from the development of commercial/ industrial land, which is covered under the Commercial Development reserve	Capital expenditure on Council-owned and controlled land or property purchases
Hanging Rock	Surplus operating funds from Hanging Rock and government grants for works at Hanging Rock	Capital expenditure and operational projects at Hanging Rock. An example of an operational project would be the preparation of a master plan
Senior citizens accommodation maintenance	Any surplus funds from operating the senior citizens units are transferred to this reserve	Major maintenance and other capital works at Council-owned senior citizens units

Reserve name	Source of funds	Approved use of funds
Commercial development	Net proceeds from the sale of Council commercial or industrial land that has been developed for the purpose of stimulating commercial activity	- Activities designed to investigate, establish or stimulate the demand for commercial activity throughout the Macedon Ranges Shire - The definition of commercial activity in this regard can be anything that is a permitted use in the industrial or commercial zones
Debt repayment	The amount of the annual allocation will be approved as part of the Annual Budget. Sufficient funds must be allocated to ensure that debt can be repaid when it falls due	To repay Council loans or debt issued under the Local Government Funding Vehicle. The reserve may also be used to repay any future liability for the Local Authorities Defined Benefit Superannuation Plan
Open Space – East Paddock	Net proceeds from the sale of the site	To hold the net proceeds from the sale of the East Paddock until Council decides to allocate the proceeds to a project or initiative.
Public open space	Developer contributions (open space)	Public open space projects. Public open space is defined in policy as land set aside in a plan or land in a plan zoned or reserved under a planning scheme: - for public recreation or public resort; or - as parklands; or - for similar purposes
Community facilities	Developer contributions (infrastructure levy) These contributions are no longer collected where there is a Development Contribution Plan in place	Funds may be spent on buildings and works for, or associated with, the construction of: - a maternal and child health centre - a childcare centre - a kindergarten, or - any centre which provides these facilities in combination
Car parking*	Planning – development contributions in lieu of car parking being provided	To undertake public car parking works to create or improve car parking within the municipality

Reserve name	Source of funds	Approved use of funds
Roadworks	Developer contributions	Road works. Some contributions have specific terms, e.g. funds to be spent on a particular intersection, other terms are more general
Drainage	Developer contributions	Drainage projects. Some contributions have specific areas nominated for spending
Footpaths	Developer contributions	Footpath projects. Some contributions have specific areas nominated for spending
Development Contribution Plans (DCP)	Developer planning contributions required under an established DCP - Gisborne Development Plan - Romsey Development Plan	All income received via developer contribution agreements will be recorded to reserves in the Balance Sheet, where there is a future obligation on Council. Once this obligation has been met, it will be removed from the reserve. A separate discretionary reserve is to be created for each Developer Contribution Plan or Sec 173 Agreement
Resource Recovery (Kerbside Collection)	The surplus from allowable Kerbside Collection service charges will be transferred to the Resource Recovery Reserve (Kerbside Collection) on an annual basis	Kerbside Collection service charges are utilised to support the collection and cartage for providing the kerbside collection waste service. This reserve is a part of the mechanism employed by Council to ensure any surpluses generated from the service charge are only utilised of providing the service in future years

*Funds are no longer collected for this reserve.

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 in the disclosure of restricted cash assets.

Table 23. Balance and annual movement for each reserve

	Restricted/ discretionary	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2023/34 \$'000	2034/35 \$'000
Public open space	Restricted										
Opening balance		2,793	3,643	3,943	4,243	4,543	4,843	5,143	5,443	5,743	6,043
Transfer to reserve		1,000	1,100	1,100	1,10	1,100	1,100	1,100	1,100	1,100	1,100
Transfer from reserve		(150)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)
Closing balance		3,643	3,943	4,243	4,543	4,843	5,143	5,443	5,743	6,043	6,343
Community facilities	Restricted										
Opening balance		629	754	754	754	754	754	754	754	754	754
Transfer to reserve		150	-	-	-	-	-	-	-	-	-
Transfer from reserve		(25)	-	-	-	-	-	-	-	-	-
Closing balance		754	754	754	754	754	754	754	754	754	754
Car parking	Restricted										
Opening balance		136	136	136	136	136	136	136	136	136	136
Transfer to reserve		-	-	-	-	-	-	-	-	-	-
Transfer from reserve		-	-	-	-	-	-	-	-	-	-
Closing balance		136	136	136	136	136	136	136	136	136	136
Planning roadworks	Restricted										
Opening balance		870	870	870	870	870	870	870	870	870	870
Transfer to reserve		-	-	-	-	-	-	-	-	-	-
Transfer from reserve		-	-	-	(211)	-	-	-	-	-	-
Closing balance		870	870	870	870	870	870	870	870	870	870
Drainage	Restricted										
Opening balance		612	662	712	762	812	862	912	962	1,012	1,062
Transfer to reserve		50	50	50	50	50	50	50	50	50	50
Transfer from reserve		-	-	-	-	-	-	-	-	-	-
Closing balance		662	712	762	812	862	912	962	1,012	1,062	1,112

	Restricted/ discretionary	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
Gisborne Development Contributions Plan	Restricted										
Opening balance		1,048	1,263	1,563	1,863	2,163	2,463	2,763	3,063	3,363	3,663
Transfer to reserve		300	300	300	300	300	300	300	300	300	300
Transfer from reserve		(85)	-	-	-	-	-	-	-	-	-
Closing balance		1,263	1,563	1,863	2,163	2,463	2,763	3,063	3,363	3,663	3,963
Romsey Development Contributions Plan	Restricted										
Opening balance		485	515	815	1,115	1,415	1,715	2,015	2,315	2,615	2,915
Transfer to reserve		100	300	300	300	300	300	300	300	300	300
Transfer from reserve		(70)	-	-	-	-	-	-	-	-	-
Closing balance		515	815	1,115	1,415	1,715	2,015	2,315	2,615	2,915	3,215
Planning footpath works	Restricted										
Opening balance		148	148	148	148	148	148	148	148	148	148
Transfer to reserve		-	-	-	-	-	-	-	-	-	-
Transfer from reserve		-	-	-	-	-	-	-	-	-	-
Closing balance		148	148	148	148	148	148	148	148	148	148
Plant replacement	Discretionary										
Opening balance		976	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002
Transfer to reserve		1,226	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Transfer from reserve		(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Closing balance		1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002
Asset conversion	Discretionary										
Opening balance		744	744	744	744	744	744	744	744	744	744
Transfer to reserve		-	-	-	-	-	-	-	-	-	-
Transfer from reserve		-	-	-	-	-	-	-	-	-	-
Closing balance		744	744	744	744	744	744	744	744	744	744

	Restricted/ discretionary	2025/26 \$'000	2026/27	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Commercial development	Discretionary										
Opening balance		2,025	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875
Transfer from reserve		(150)	-	-	-	-	-	-	-	-	-
Closing balance		1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875
Gravel pit operations	Discretionary										
Opening balance		2,847	2,901	2,971	3,041	3,111	3,181	3,251	3,321	3,391	3,461
Transfer to reserve		54	70	70	70	70	70	70	70	70	70
Transfer from reserve		-	-	-	-	-	-	-	-	-	-
Closing balance		2,901	2,971	3,041	3,111	3,181	3,251	3,321	3,391	3,461	3,531
Open Space	Discretionary										
Opening balance		3,173	3,348	3,515	3,691	3,876	4,070	4,273	4,487	4,711	4,947
Transfer to reserve		175	167	176	185	194	203	214	224	236	247
Closing balance		3,348	3,515	3,691	3,876	4,070	4,273	4,487	4,711	4,947	5,194
Debt repayment	Discretionary										
Opening balance		2,091	-	-	-	-	-	-	-	-	-
Transfer to reserve		309	-	-	-	-	-	-	-	-	-
Transfer from reserve		(2,400)	-	-	-	-	-	-	-	-	-
Closing balance		-	-	-	-	-	-	-	-	-	-
Reserves summary											
Opening balance		18,577	17,861	19,048	20,244	21,449	22,663	23,886	25,120	26,364	27,620
Transfer to reserve		3,364	3,187	3,196	3,205	3,214	3,223	3,234	3,244	3,256	3,267
Transfer from reserve		(4,080)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Closing balance		17,861	19,048	20,244	21,449	22,663	23,886	25,120	26,364	27,620	28,887

Appendix E:

Glossary of terms

Specific terms used in this Plan are defined below for reference.

Table 24. Glossary of terms

Term	Definition
Asset renewal	Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.
Asset upgrade	Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the asset base.
Borrowing strategy	A borrowing strategy is the process by which Council's current external funding requirements can be identified, existing funding arrangements are managed, and future requirements monitored.
Capital works program	Capital works projects that will be undertaken during the 2025/26 year.
Council	Macedon Range Shire Council
Councillor	Elected individual holding the office of a member of Macedon Ranges Shire Council.
Financial Sustainability	A key outcome of the strategic resource plan. Longer term planning is essential in ensuring that a Council remains financially sustainable in the long term.
Infrastructure	Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services.
New assets	New assets do not have any element of expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for Council and will result in an additional burden for future operation, maintenance and capital renewal.
VAGO	Victorian Auditor-General's Office.



Kyneton Administration Centre

129 Mollison Street, Kyneton

Hours: Monday to Friday, 8.30am to 5pm.

Gisborne Administration Centre

40 Robertson Street, Gisborne

Hours: Monday to Friday, 8.30am to 5pm

Romsey Hub

96–100 Main St, Romsey

Hours: Monday to Friday, 9.30am to 5pm

Woodend Community Centre

Corner Forest and High streets, Woodend

Hours: Tuesday and Thursday, 12pm to 5pm

Contact Us

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