



Rural City of
Wangaratta

Financial Plan 2025-2035

2026 Revision



Welcome

Welcome to the Rural City of Wangaratta (RCOW) Financial Plan 2025 – 2035: 2026 Revision. The 2020 Local Government Act requires all councils to publish a 10 year Financial Plan following each council election.

The Plan is an important part of council's Integrated Planning Framework. Strategies outlined in the Plan will feed into our budgeting as well as other strategic planning documents within council's Integrated Planning Framework.

2026 Revision

Council adopted the Financial Plan 2025 – 2035 in October 2025. The Financial Plan included a strategic action to:

Develop and implement a Financial Sustainability Plan to improve the underlying surplus result, with a particular focus on:

- Delivering efficiency and cost savings
- Careful management and prioritisation of expenditure
- Setting fair and appropriate user charges
- Improved asset management planning, including lifecycle management.

Council has made progress on a number of the specific actions identified in the Financial Plan. The 2026 Revision allows Council an opportunity to share the outcome of this work with the community, along with explaining the impact of economic uncertainty and prolonged high inflation.

In addition to the strategic actions above, Council committed to an "independent assessment of Council's financial sustainability". The findings of this review can be found in the accompanying Financial Plan Snapshot. The full report can be found on Council's website, wangeratta.vic.gov.au.

Acknowledgement of Country

We acknowledge the traditional custodians of the lands, on which the Rural City of Wangaratta Communities reside. We pay our respect to their Elders past, present and emerging, and celebrate and respect their continuing cultures.

We are committed to walking beside traditional owners and custodians and Aboriginal and Torres Strait Islander peoples living and working within the Rural City of Wangaratta as we move toward reconciliation.



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1. Financial Plan 2025-2035

The *Local Government Act of 2020* requires all councils to publish a plan setting out Council's financial outlook for the next 10 years.

The Financial Plan outlines our long-term strategy to fund projects, initiatives, and programs that matter most to the Rural City of Wangaratta community. It supports the delivery of priorities and actions identified in the Community Vision 2045 and Council Plan 2025-29; both developed in partnership with our community. The Financial Plan also ensures that ongoing funding is in place for essential services that Council provides on a daily basis, such as roads maintenance, waste, and Children's and Aged Care services.

What are the Community Vision and Council Plan?

The Community Vision is a long-term plan for the community, by the community. It paints a picture of what we want the future to look like and outlines strategies on how we are going to get there.

The Council Plan is a key medium-term strategic plan that describes the strategic objectives, actions to achieve the objectives, indicators for measuring progress and the resources required to implement the plan for the next four years.



Wangaratta Children's Services Centre

How does the Financial Plan connect to these?

The Council Plan contains strategies which will be funded via our Financial Plan. Our Community Vision 2045 identifies the key themes and focus areas for our community and the Financial Plan seeks to balance these priorities in a financially sustainable way.

It's vital our planning framework is integrated to ensure we are making decisions now and into the future that are appropriately funded, and we can afford.

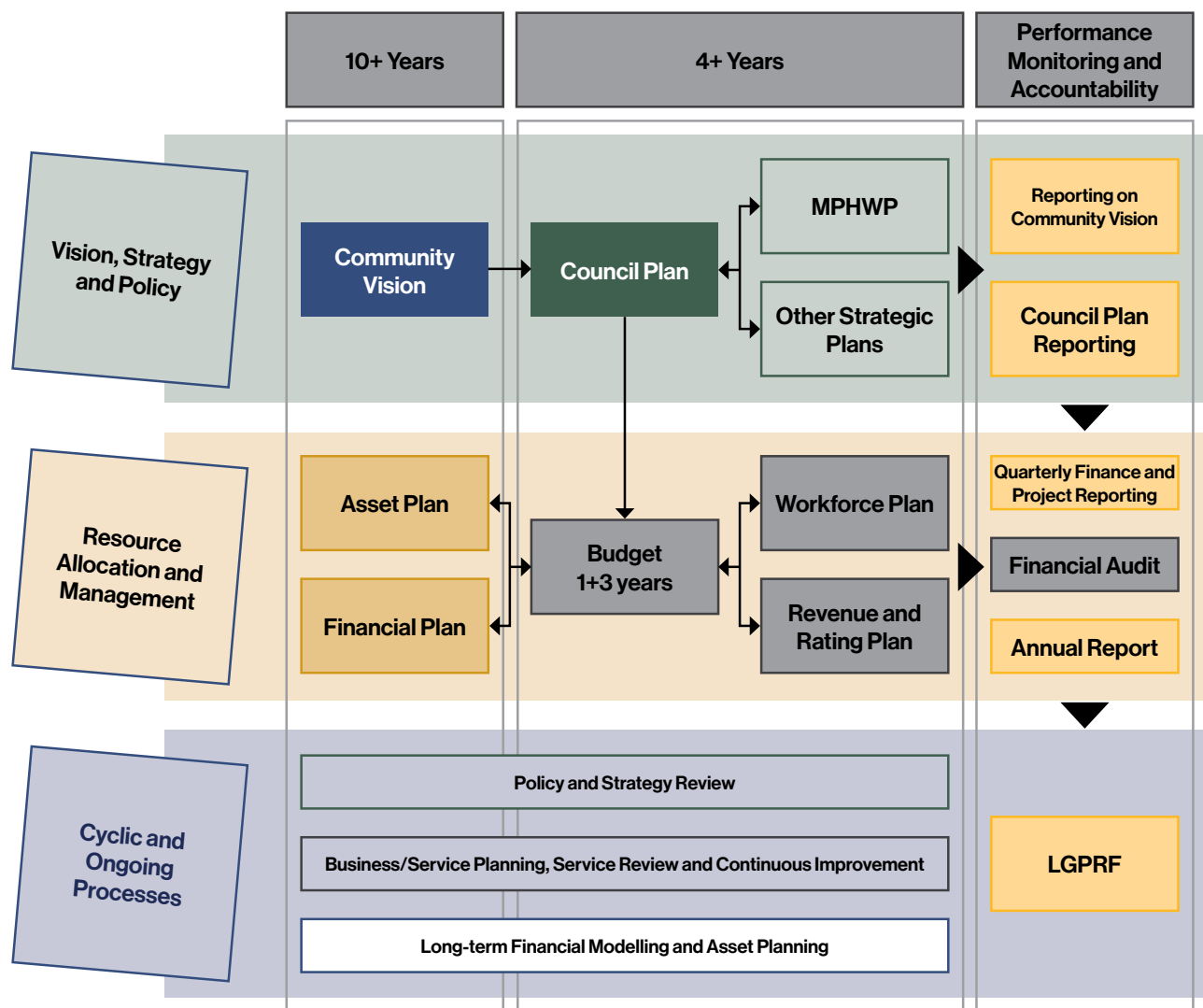
The Financial Plan also works together with our Annual Budget, our Revenue & Rating Plan and Asset Plan.



2. Legislative Requirements

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

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



Source: Financial Plan, Better Practice Guide, Department of Jobs, Precincts and Regions

2.1 Strategic Planning Principles

The Financial Plan provides a 10 year view of how the actions of the Council Plan may be funded to achieve the Community Vision. The Financial Plan is developed in the context of the following strategic planning principles:

1. Council has an integrated approach to planning, monitoring and performance reporting.
2. The Financial Plan addresses the Community Vision by funding the aspirations of the Council Plan.
3. 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.
4. Council's strategic planning principles identify and address the risks to effective implementation of the Financial Plan. The financial risks are included at section 3.3 below.
5. The Financial Plan provides for the strategic planning principles and progress monitoring and reviews to identify and adapt to changing circumstances. .

2.2 Financial Management Principles

The Financial Plan demonstrates the following financial management principles:

1. Revenue, expenses, assets, liabilities, investments and financial transactions are managed in accordance with Council's financial policies and strategic plans. .
2. Management of the following financial risks:
 - the financial viability of Council (refer to section 3.1 Financial Policy Statements).
 - the management of current and future liabilities of the Council. The estimated 10 year-liabilities are disclosed (refer to section 5 Balance Sheet projections).
 - the beneficial enterprises of Council (where appropriate).
3. Financial policies and strategic plans are designed to provide financial stability and predictability to the community.
4. Council maintains accounts and records that explain its financial operations and financial position (refer section 5 Financial Statements).

2.3 Service Performance Principles

Council services are designed to address community needs and provide value for money outcomes for our community. The service performance principles are listed below:

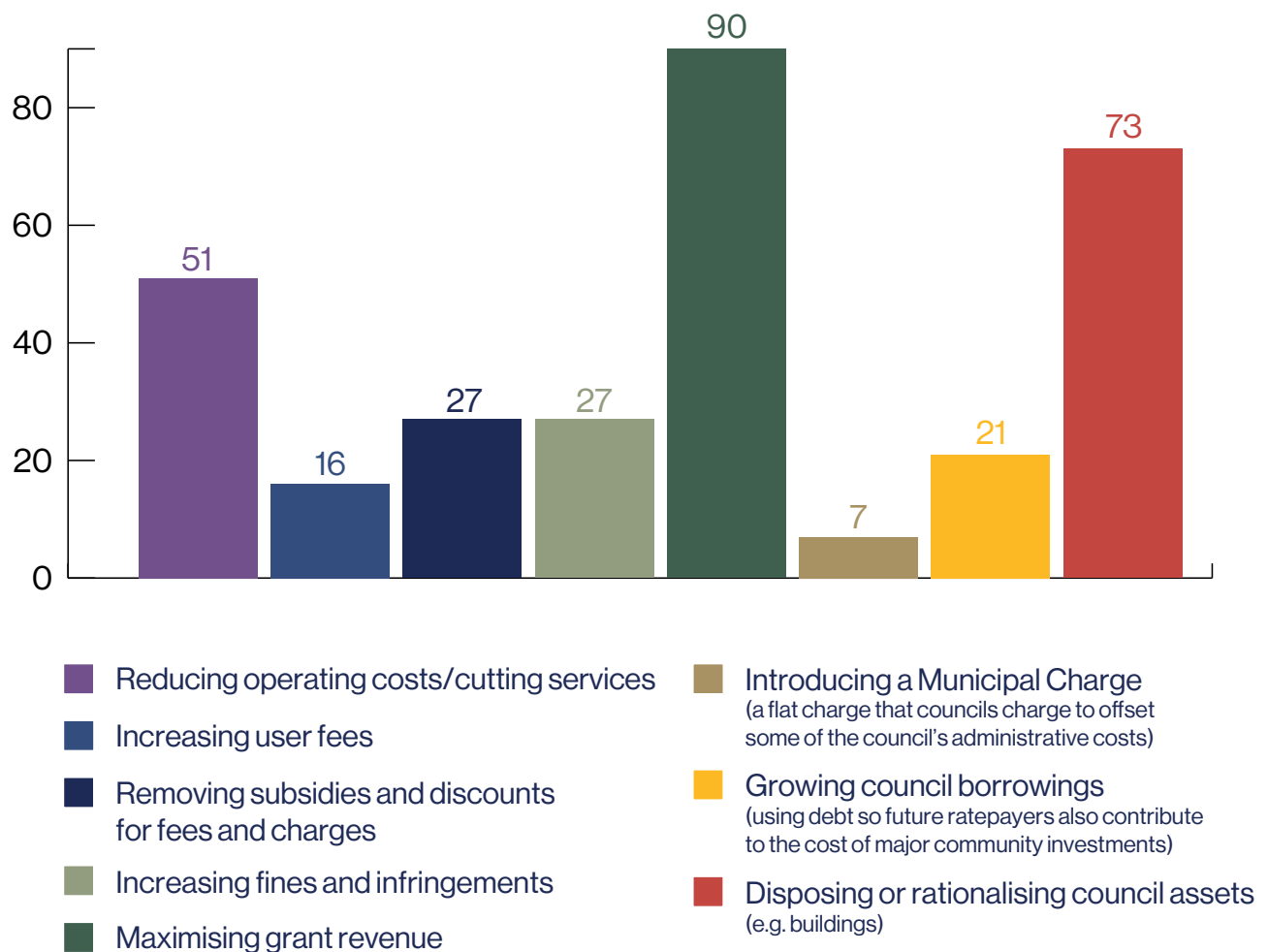
1. Services are provided in an equitable manner and are responsive to the diverse needs of the community. The Council Plan and Annual Budget identify the key services and projects to be delivered to the community. The Financial Plan provides the mechanism to demonstrate how the service aspirations within the Council Plan may be funded.
2. Services are accessible to the relevant users within the community.
3. 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.
4. Council has a program of financial sustainability reviews to continually improve the efficiency and performance of service delivery and meet value for money outcomes for our community.

2.4 Community Engagement

The Financial Plan has been developed concurrently with the Council Plan and Community Vision. These documents have come together with the contributions of more than 2,000 people and 3,200 ideas from the community and service providers working in the municipality. Details of Council's community engagement activities and the contributions and ideas shared are set out in the Council Plan and Community Vision.

The Community Engagement Report was noted by Council at the 27 May 2025 Council meeting. Council also undertook community engagement in the development of the Revenue and Rating Plan 2025–2029. Over 60% of respondents stated that financial sustainability is very important. Feedback was received on the areas of focus to ensure financial stability into the future:.

What other areas should the council focus on to ensure financial stability into the future?

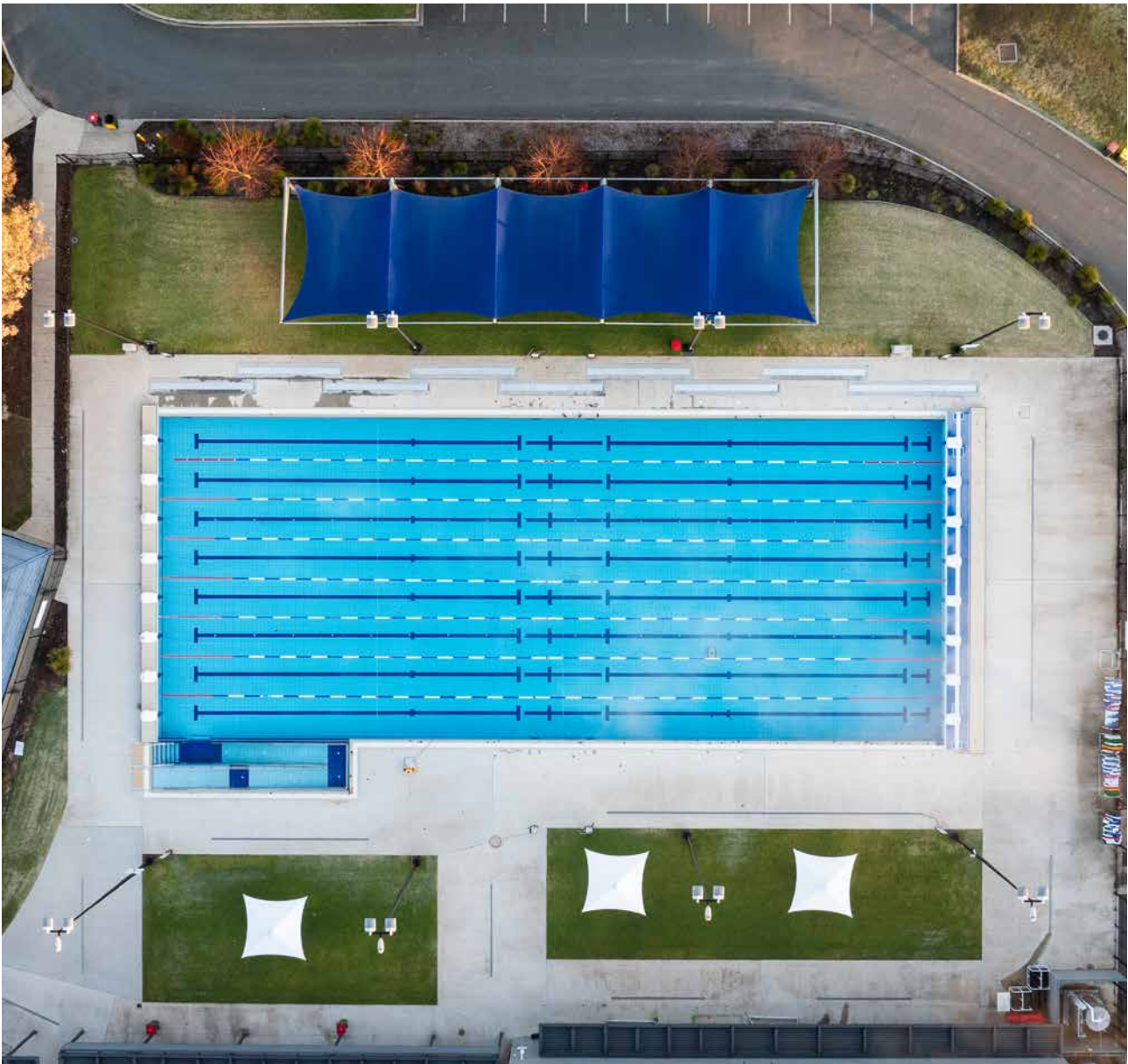


2.5 Asset Plan Integration

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

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

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



Wangaratta Sports & Aquatic Centre

3. How to Read This Plan

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

Balancing asset renewal, service delivery, and affordability is a core challenge in Council's financial planning. Ageing infrastructure and rising community expectations demand ongoing investment, while essential services must be maintained despite increasing costs. External pressures – such as rate capping, variable grant funding, and economic conditions – add complexity. Council is focused on delivering value through productivity gains, service reviews, and responsible financial management to support community wellbeing and long-term asset sustainability.

Council will continue to assess and refine its financial strategies to ensure decisions are based on robust data and a comprehensive understanding of community impacts. Whether adjusting infrastructure investment, exploring service transformation opportunities or considering a rate cap variation, Council will make informed decisions based on service planning reviews, asset condition data, and ongoing dialogue with ratepayers to ensure that any changes reflect both financial sustainability and community priorities.

3.1 Financial Policy Statements

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

Policy Statement	Measure	Target	Forecast Actual	Budget	Projections								
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Consistent underlying surplus results	Adjusted underlying surplus result greater than zero	> \$0	(21,562)	(3,561)	(2,708)	(3,382)	(2,395)	(2,527)	(2,579)	(3,091)	(2,646)	(3,097)	(3,081)
Ensure Council maintains sufficient working capital to meet its obligations as they fall due	Working capital ratio above 1.00	> 1.00	1.41	1.44	1.35	1.09	1.23	1.28	1.31	0.68	1.01	0.98	1.01
Council maintains cash balances to meet restricted funds and reserve fund obligations	Cash balances exceed total of Restricted funds and Reserve balances	> \$0	(34,498)	(37,077)	(39,014)	(41,306)	(40,390)	(40,512)	(39,831)	(39,593)	(29,955)	(30,275)	(30,556)
Ensure Council borrowings are within affordable limits	Non-current liability / Own source revenue below 60%	< 60%	58%	48%	41%	30%	29%	29%	26%	12%	21%	18%	16%
Allocate adequate funds for renewal/ upgrade in order to replace assets as they reach end of service life	Renewal gap ratio between 80% and 110%	80% < Target > 110%	63%	88%	77%	77%	78%	80%	80%	80%	80%	80%	80%

We are not achieving our targets in some instances. The exceptions are identified below and an assessment of the risk to our financial sustainability is provided.

Description of target not achieved	Assessment of risk to financial sustainability
Underlying surplus result not achieved	Medium – Council forecasts an adjusted underlying deficit in all years of the Financial Plan. Council has recorded an average adjusted underlying deficit of \$0.8m between 2014/15 and 2024/25. The Financial Plan 2025 – 2035 reflected a forecast average adjusted underlying deficit of \$3 million. The adjusted underlying deficit is an indicator of whether Council can generate enough ongoing income to cover the cost of running day-to-day services. Council has a target of achieving an underlying surplus. While a deficit position is still indicated, pleasingly, the 2026 Revision sees a reduction in the average adjusted underlying deficit to around \$2.8 million per year. The improvement is significant given Council is experiencing headwinds from both directions, with inflation projected to be higher for longer, the recent increase in fuel prices, declining user fee income, and State and Commonwealth Government grant income not increasing with inflation. Council will reduce materials and services costs by \$2.8 million in 2026/27, resulting in around 10% less costs than previously forecast, and will monitor closely the ability to deliver these planned cost reductions. Further improvement to the adjusted underlying deficit position is needed to ensure Council's financial position is sustainable. Council has a target of reducing operating costs and/or increasing revenue and returning to surplus. Achieving this scale of change is substantial and Council will work with the community on possible changes to facilities and services, including the disposal of Council assets as a key step towards reducing the deficit position. Depreciation expense has increased by \$3.7 million between 2023/24 to 2025/26. This is a 22% increase over 2 years and this is causing a deterioration in the adjusted underlying deficit position. Council is undertaking a review of the asset registers and depreciation calculations during the 2025/26 and 2026/27 years. This will provide assurance on the increased depreciation expense and guide the discussions on whether Council is under or over investing in asset renewal and upgrade expenditure.
Working capital is not above 1 in all years	High – Cash balances are decreasing in the later years of the Financial Plan, despite allocating capital expenditure at the lower end of the asset renewal gap target range. The renewal and upgrade capital expenditure in the Financial Plan is based on comparatively high depreciation expense which is subject to an extensive review of Council's assets during the course of 2025/26 and 2026/27. It is possible that Council is showing an over investment in renewal and upgrade expenditure and this will improve Council's working capital position, as well as surplus result.
Cash balances do not exceed total of Restricted funds and Reserve balances	Medium – Council's cash balances are decreasing over the Financial Plan years. As mentioned above the working capital ratio is not above 1 in all years, however, is improved since the Financial Plan 2025 – 2035 was adopted. Council proposes to remove discretionary reserves (refer to section 7.2) which will improve performance against this measure. In 2026/27, Council will review, and restate where necessary, the waste reserve to reflect the impact of the Minister's Good Practice Guidelines for Service Rates and Charges (January 2026). It is expected that this will reduce the value of the waste reserve. As such, this measure is expected to improve in the next 12 months. Notwithstanding the expected improvement in this measure, Council's performance will remain below the target level. Future reductions to capital works renewal and upgrade expenditure as well as any improvements in Council's operational performance will assist to improve this measure.

3.2 Strategic Actions

The Community Vision 2045 sets the foundation for all Council plans and strategies to ensure actions undertaken by Council are guided by community aspirations now and into the future.

Ten priorities were developed:

1. The Rural City of Wangaratta, is a place for everyone.
2. Community health and wellbeing.
3. Places and spaces for community connection and culture.
4. Transport, roads and infrastructure.
5. Care for nature and the environment.
6. Cost of living and affordability.
7. Community safety.
8. Violence and harm from drug and alcohol use.
9. Local economy and employment.
10. Communication, accountability and transparency.

In the Council Plan 2025 – 2029 there are four strategic themes:

- | | |
|------------------------|-----------------------------|
| 1. Community Wellbeing | 3. Economy and Tourism |
| 2. Natural Environment | 4. Infrastructure and Place |



To ensure Council has a capacity to work towards achievement of the Community Vision and the Council Plan, a Financial Plan has been prepared to guide the financial resources of Council over the next 10 years.

Council is working on the following strategic actions that will support the aspirations of the Council Plan:

1. Council adopts the budgeted statement of financial performance (Comprehensive Income Statement); statement of financial position (Balance Sheet); statement of cash flows (Cash Flow) and statement of capital works (Capital Works) as an integral part of the budget setting process for current and future budgets.
2. Council will develop and implement a Financial Sustainability Plan to improve the underlying surplus result, with particular focus on:
 - Delivering efficiency and cost savings
 - Careful management and prioritisation of expenditure
 - Setting fair and appropriate user charges
 - Improved asset management planning, including lifecycle management.

Council will undertake the following specific actions:

1. Progressively review services to ensure they are financially sustainable and the community is receiving value for money.
2. Invest in continuous improvement, delivery of the Information, Communication and Technology (ICT) Strategy and other enablers to drive efficiency and enhanced customer outcomes.
3. Maximise grant income from the Commonwealth and State Governments to fund required infrastructure and service delivery standards.
4. Undertake a comprehensive review of Council's asset management practices, including reviewing the utilisation of assets and identify opportunities for the potential divestment or repurposing of underutilised assets.
5. Perform a review of the asset registers and depreciation calculations. This will provide assurance on the increased depreciation expense and will, together with condition data, guide the discussions on whether Council is under or over investing in renewing and upgrading assets.
6. Undertake an independent assessment of Council's financial sustainability, including a review of Council's financial assumptions and projections.

The strategic actions are referenced throughout this Financial Plan, where appropriate.



3.3 Financial Risks

The Financial Plan, and in particular Council's key assumptions, are developed having regard to strategic and operating risks.

In addition to Council's financial management practices such as regular budget reviews, formal processes for the approval of budget variations, and ongoing monitoring of changes to both revenues and expenditures, Council also implements risk management strategies to mitigate potential financial uncertainties. This proactive approach ensures that Council can respond swiftly and responsibly to changing circumstances while safeguarding financial stability.

Risks that Council is monitoring and managing in the context of the Financial Plan are set out below, along with commentary on whether these risks have reduced or increased since the Financial Plan 2025 – 2035 was adopted:

	Risk Description	
1	Rate cap below CPI	Increasing Rate cap for 2026/27 was set higher than Council's projections, however will remain substantially less than CPI given conflict in Middle East and impact on fuel costs and supply chains. By virtue of the rate cap being set at forecast CPI (rather than actual CPI), it is almost certain that the rate cap announced by the Local Government Minister will be less than CPI, and will continue the trend of rate increases not keeping up with the cost of running Council services.
2	Freezing of indexation on operating grants	Increasing It is possible the Commonwealth or State Governments could freeze the indexation on operating grants given continued dialogue about government deficits, cost of living pressures and desires to provide tax cuts to individuals. More recently this has occurred with the State Government extending grant funding for the Wangaratta Art Gallery and Wangaratta Performing Arts and Convention Centre, but with no applicable indexation.
3	Removal or reduction of grant funding from State and Commonwealth Governments	Increasing State and Commonwealth Governments are increasingly providing cost of living relief to individuals via tax cuts rather than providing investment in local infrastructure assets to drive economic activity.
4	Continued cost shifting from other levels of Government, including increasing compliance and regulatory requirements	Increasing Recent changes to planning processes will result in lower fees (or no fees in some instances), but council officer effort likely still required in some way.
5	Shortfall in the defined benefit plan of Vision Super	Stable Prolonged conflict in Middle East is expected to have a detrimental impact on share prices and could result in a shortfall in the defined benefit plan of Vision Super. Risk is stable at present.
6	Changes to waste management regulatory requirements and associated increase in costs, including imposition of 'rate cap' like restriction on waste charges revenue	Stable The Local Government Minister updated the Minister's Guidelines for Service Rates and Charges in January 2026. There is no change to the likelihood of this risk occurring since the prior year.

	Risk Description	
7	Financial impacts of natural disasters, or other substantial global events	Increasing Greater geopolitical instability (including conflict in the Middle East) and more frequent and impactful natural disasters are increasing financial and operational consequences.
8	Financial impact of recession on local community	Increasing The risk of recession has increased due to continued cost of living pressures and the recent increase in fuel prices. This is reflected in growing rate arrears and pressure on user fee revenues for discretionary Council services.
9	Expansion of asset base with unbudgeted asset renewal	Decreasing New asset spending reduced further in Financial Plan: 2026 Revision.
10	Increase in asset lifecycle costs due to escalation of construction costs and growing demand for upgrade rather than renewal of infrastructure assets	Increasing Inflation is expected to be higher for long and the recent increase in fuel prices will have an impact on future construction costs.
11	Increase in cost of borrowing through increases in interest rates	Increasing Reserve Bank interest decisions in February, March and May 2026 resulted in total increase in cash rate of 0.75%. This has resulted in an overall increase in borrowing costs over the next 10 years.

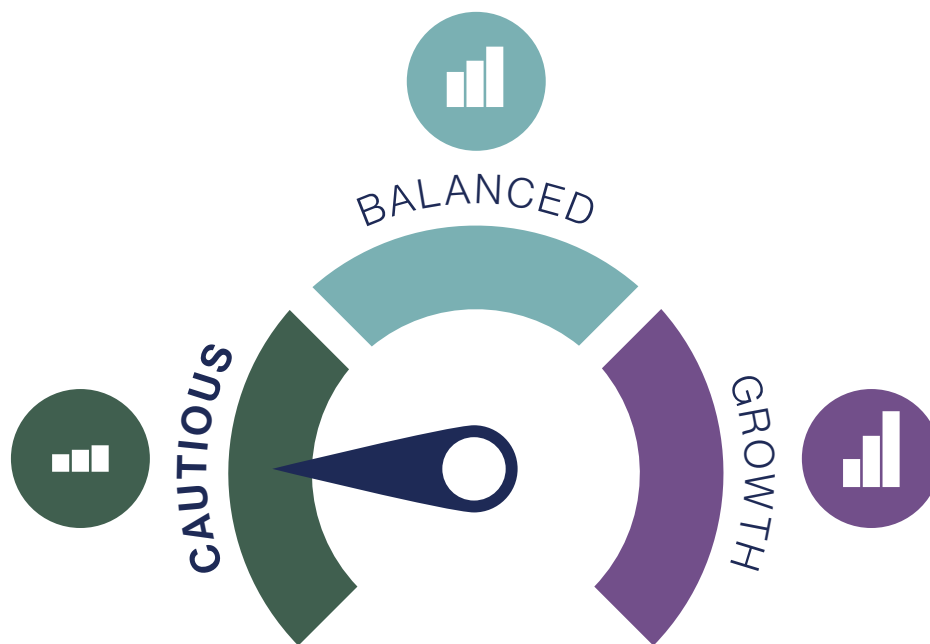


Rural City of Wangaratta Parking Inspector

4. Financial Plan Forecast Assumptions

The Financial Plan is based on key assumptions about what might happen in the future.

Council shapes the assumptions based on Council's appetite for risk. The level of risk Council accepts is guided by how sensitive those assumptions are to change. Council's Risk Appetite Statement outlines the amount of risk that Council is willing to accept in pursuit of its strategic goals. Council's risk appetite rating for Financial risks is Cautious.



In the past Council has sought to have a **balanced** approach to financial opportunities and risks. More recently, the substantial disparity between increases in rates income compared to the escalation in operating and capital expenditure has caused Council to reconsider the approach. For the foreseeable future Council believe a more **cautious** approach is warranted. Council's Financial Plan extends beyond election cycles and reflects a commitment to future generations – we want to ensure we can respond to future events, opportunities and pressures.

The following may be a feature of Council's increasingly **cautious** approach to financial management:

- Focusing on essential expenditures and postponing non-critical items.
- Allocating funds to maintain and renew existing assets rather than investing in new ones.
- Requiring quarterly financial reports with strict compliance to budget limits, mandating that all budget modifications or variations must be cost neutral or generate additional revenue.
- Establishing thresholds that trigger specific budget adjustments or changes to service delivery standards to address potential deviations.
- Adjusting the scale or quality of services if the costs of delivering services exceed revenue growth.

Council use the Risk Management Framework to formulate and assess key forecasting assumptions and identify the likelihood and consequence of changes. To assess Council's assumptions, Council uses a range of information: historical trends, State or Commonwealth Government sources, consensus data and projected cost estimates. Council's confidence in the accuracy of these assumptions is greatest in the near-future and decreases over time.

In this section you can see what the key assumptions are and the sensitivity Council has to movements. Council's sensitivity to these assumptions helps inform the allocation of classifications of Cautious, Balanced and Growth.

Assumptions Financial Plan

For the ten years ending June 2036

	Budget Projections									
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Rates (ie Rate Cap)	2.75%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Growth in properties	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Waste fees		2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
User fees		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CPI Cost escalation		2.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Wage growth		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Grant indexation (recurrent operating)		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest rate on new borrowings	5.75%	5.75%	5.75%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%

Refer to the commentary below for additional details regarding our assumptions for the next 10 years.

4.1 Sensitivity to changes in assumptions

For the ten years ending June 2036

	Cautious	Balanced	Growth	Impact of a 1% Change
Rates (ie Rate Cap)	2.00%	2.50%	3.50%	\$365,469
Growth in properties	1.25%	2.00%	3.00%	\$365,469
Waste fees	2.00%	3.00%	4.00%	\$104,777
User fees	3.00%	3.50%	4.00%	\$137,376
CPI Cost escalation (materials & service)	3.00%	3.50%	4.00%	\$273,391
Wage growth	3.00%	3.50%	4.00%	\$371,366
Grant indexation (recurrent operating)	2.00%	3.00%	4.00%	\$192,083
Asset renewal gap	80.00%	90.00%	100.00%	\$173,334

Council spending can be divided into roughly three parts – employee costs, materials and services and capital assets. These three expenditure categories could be funded by a mixture of income sources with varying degrees of probability:

- certain – rates and charges and Victorian Local Government Grants Commission grants
- likely – user fees, statutory fees and fines, operating grants and capital grants
- possible – proceeds on sale of assets

Capital grants can fall into each of the three categories above. Roads to Recovery capital grants are recurrent and are set for a 5 year period. Council assumes that the program will continue for all years of the Financial Plan. A number of other State or Commonwealth funded programs, whilst not recurrent in nature, are more likely than not to continue throughout the period of the Financial Plan. As such, it is expected Council will be able to apply and be successful for a number of capital grant programs, however this will be substantially less than in prior years due to Council reducing its investment in new asset infrastructure.

The 10-year Financial Plan does not incorporate unlikely or impossible funding sources as the probability of these occurring is considered too low and would lead to an unrealistic 10-year view of Council's financial position.

Importantly, if there are changes to the sources of income Council would also review the expenditure categories and reduce fixed or variable operating or capital costs as necessary.

4.2 What is the plan for rates?

The Financial Plan has a long-term assumption that the annual Rate Cap will be 2%. Council expects the rate cap in 2027/28 to be 2.5% given inflation is staying higher for longer, with sharp increases in fuel costs contributing to this inflation. Council expects a 1.25% growth in the rating base due to new residential development, subdivisions or capital improvements across the local economy.

Given Council's financial position and the projected cash balances over the life of the Financial Plan it is not feasible to foresee a scenario where Council would not increase rates by the maximum rate cap set by the Victorian Government.

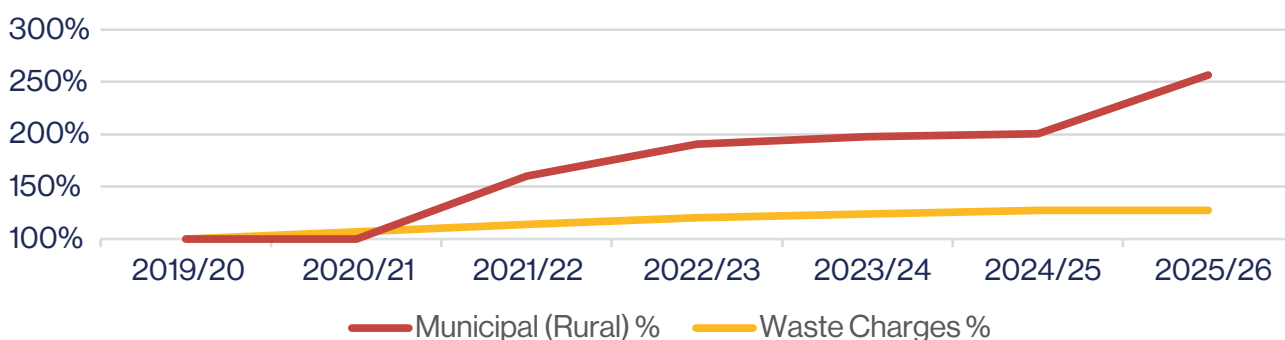
Council continues to focus efforts on a future of Financial Sustainability for Council in order to strengthen the long-term financial outlook. Through this work, Council will explore and dedicate efforts to generating savings and transforming services to mitigate the need for a higher rate cap. A rate cap variation is an option that may need to be considered in the future; however, it is not a feature of the Financial Plan at this time.

4.3 What is the plan for waste charges?

Managing waste is a big job – and one that is so important to the health and wellbeing of the community and the environment. Council's waste charges allow for the collection, processing and disposal of kerbside general waste, recycling, including glass, and organics. Council's waste charges also cover the operation of the transfer stations, street sweeping, education programs and eventual rehabilitation of closed landfill and transfer stations.

Disposing of waste takes tens of years in the stages of planning, construction, operating and rehabilitation. Bin charges need to cover the costs of each of these stages and that ensure rehabilitation requirements can be met in the future. The Victorian Government has substantially increased the municipal waste levy rates over the last 10 years. Whilst waste charges have increased over the last 10 years they have not increased at the same rate as the Victorian Government imposed levy. The waste levy is not assumed to continue to increase at these historical levels. Changes from this position would require Council to reevaluate forecast increases in waste charges.

EPA Levy Increases Above Waste Charges



Note: Waste Charges based on a property with a 240L Waste and Recycling collection and an Organic waste collection

The Environment Protection Authority has oversight of the management of Council's active and closed landfills. Council's rehabilitation plans and the associated financial provision are based on meeting legislative responsibilities and obligations. The regulatory and community expectations associated with operating and rehabilitating landfills have increased over the last 10 years and will undoubtedly continue to do so in the coming years. Council's provision for rehabilitation is reviewed every year to ensure Council is able to meet these future obligations and increases in waste charges are forecast to cater for these inevitable increases in costs.

At 30 June 2025 Council had a provision of \$14.3 million for future rehabilitation costs associated with the Bowser landfill and a number of rural transfer stations or closed landfill sites. The Financial Plan includes planned expenditure on rehabilitation activities over the next 10 years of more than \$11.3 million. It is expected that Council will borrow to fund the planned rehabilitation activities.

The Financial Plan forecasts an increase in annual waste charges above inflation in 2026/27 (largely driven by the current increases in fuel prices and the removal of the fuel excise reduction from 1 July 2026). Waste charges are projected to increase at 2.5% for 2027/28 and 2% per annum for all future years. Council's assumption is that any lesser increases will be financially unviable and lead to a risk of Council not being able to meet rehabilitation obligations in the future.

4.4 What is the plan for user fees?

Revenues from user fees is assumed to increase at 3% per annum over the life of the Financial Plan. Increases to user fees will therefore exceed the projected rate cap by 1% each year of the Financial Plan.

In the Financial Plan 2025 – 2035 Council had an expectation of user fee income increasing in 2025/26 by more than 22% compared to the 2024/25 forecast. This reflected an increase in the user fees and also a substantial increase in expected utilisation of Council services, including the changes to the single assessment system for aged care. Whilst user fee income has grown in several service areas, Council has not achieved its earlier income targets and now expects to receive \$1.8 million less in user fee income in 2025/26. This drop in income affects all years of the Financial Plan and necessitates a reduction in operating costs or capital works expenditure in order to manage the cash position.

Council is increasingly reliant on user fee income and more than 15% of its income sources are projected to come from user fees over the life of the Financial Plan. As such, changes in the annual fee increases will have a meaningful impact on Council's overall financial sustainability. The annual budget setting process will continue to include a thorough review of user fees to ensure they remain affordable, fair and appropriate. Monthly performance monitoring and quarterly reporting will be instrumental to mitigating unfavourable impacts on Council's financial position..



Resource & Recovery Waste Transfer Station

4.5 How do we forecast changes to operating grants?

Operating grant funding received from State and Commonwealth sources is assumed to increase at 2% per annum. Council receives a range of recurrent operating grants and many of these are critical to Council service delivery in areas such as the Library, Gallery, Performing Arts and Convention Centre, Maternal and Child Health and Aged and Disability.

The removal (also known as freezing) of indexation by State or Commonwealth Governments would have a very significant impact on the 10-year Financial Plan. For example, if Council's largest grant (allocated by the Victorian Local Government Grants Commission) was to be frozen and did not increase by the forecast of 2% per annum this would have a total unfavourable impact of more than \$9.34 million over 10 years. The decision to freeze the indexation just one year would have a total unfavourable impact of close to \$2 million over the 10 years (assuming the 2027/28 was the year indexation was frozen).

It is possible the Commonwealth Government could freeze the indexation given continued dialogue about government deficits, cost of living pressures and desires to provide tax cuts to individuals. All levels of Government are challenged with managing their budgets and a similar response was taken during the Global Financial Crisis and is not without precedent.

Non-recurrent grants

The Financial Plan differentiates between recurrent and non-recurrent operating grants. Council does not forecast any non-recurrent operating grants beyond the end of their known term. This is because the amount and nature of these operating grants changes in response to the priorities of the State and Commonwealth Governments.

These non-recurrent operating grants allow Council to extend existing service delivery or provide one-off services such as bushfire recovery and resilience programs or pest and weed support for communities impacted by drought. Inevitably Council does not receive a number of non-recurrent operating grants each year. These typically have obligations to increase or match spending on materials and services or employee benefits. The Financial Plan includes these financial inflows and outflows when they are reasonably certain.

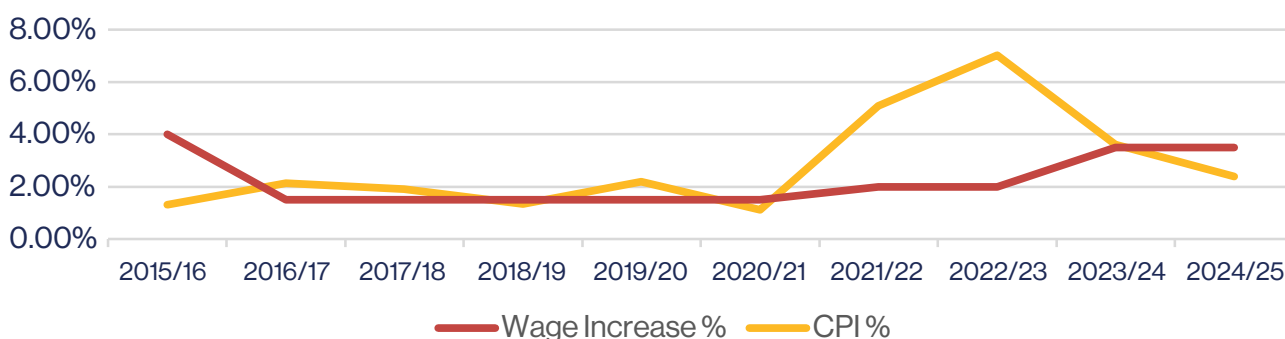
4.6 What is the plan for increasing employee costs?

Council employees are paid under two different Enterprise Agreements – one specific for the Wangaratta Sports and Aquatic Centre and the other for all other employees. There are no plans to increase overall staffing levels over the life of the Financial Plan.

The Enterprise Agreement for the Wangaratta Sports and Aquatic Centre has a notional expiry date of September 2027. Council's main Enterprise Agreement is due for negotiation before 30 June 2026.

The Financial Plan allows for an increase in employee benefits in line with recent industry increases and the broader wage growth across Victoria. Council does not expect the Commonwealth Government to increase superannuation thresholds any further, given the increase from 9% (2013) to 12% (2026).

Wage Increases Below CPI in Recent Years



Note: CPI calculated based on 31 March quarter, as published by Australian Bureau of Statistics

4.7 What is the plan for increasing expenses?

Material and service costs include items required for the maintenance and repairs of Council buildings, parks, roads, drains and footpaths. Other costs included under this category are waste collection and disposal, payments to family day care providers, supply of community meals and consumable items for a range of services. Council also utilises external expertise on a range of matters, including legal services and audits. Cost increases for these items are governed by market forces based on availability rather than CPI alone. These costs have been projected to increase between 2.5% and 3% over the 10 years. This is an increase from previous projections where Council had expected inflation to be 2% for each year of the plan.

Council is currently undertaking a Financial Sustainability Program in order to strengthen Council's long-term financial outlook. Through this program, Council will make every possible effort to generate its own savings. Productivity gains are critical to this and plans are in place to ensure supply chains are optimised, available technologies and systems are utilised and delivering the services the community needs.

Council has reduced materials and services costs by over \$2.8 million in 2026/27, resulting in around 10% less costs than previously forecast. This is despite projected higher fuel costs to remain throughout 2026/27 and prolonged higher inflation. Given current financial pressures, Council has made trade-offs by reducing spending to help stabilise its position and mitigate further worsening. The 2026/27 Budget reflects these cost savings, alongside changes to user fees, waste charges, and capital works programming.

Advocating and securing funding for the Wangaratta Creative Precinct is identified as a key initiative in the Council Plan 2025 – 2029. Due to the substantial size of the Creative Precinct project and the uncertain funding source for this project, the Creative Precinct operating model and increases in Council's costs are not reflected in the Financial Plan.

The Creative Precinct Business Case and Concept Design contains the expected program, financial and activity models which show an increase in the overall cost of the existing services. These assumptions and impacts on the Financial Plan will be re-assessed in the event Council is successful in securing funding for the Creative Precinct.

4.8 What is the plan for depreciation expense?

Council's depreciation expense is projected to be relatively stable over the coming 10 years, with increases of around 3% per annum to reflect revaluations of assets for escalation in replacement costs. Over the 10 years this would result in depreciation expense increasing by close to 30%.

In comparison, Council's depreciation expense has increased by almost 50% from 2016/17 to 2025/26 (budgeted depreciation). Given the order of magnitude of the increase, the impact depreciation has on the adjusted underlying result of Council and to ensure the long term cost of asset ownership and renewal is appropriately reflected in the Financial Council, Council is performing a review of the asset registers and depreciation calculations. This will provide assurance on the increased depreciation expense and will, together with condition data, guide the discussions on whether Council is under or over investing in renewing and upgrading assets.



Whorouly- Bobinawarrah Road

4.9 What is the plan for capital expenditure and grants?

In setting this plan there are significant choices Council has made to ensure that Council finances remain within sensible financial limits and are affordable for everyone.

Between 2019 and 2025, Council invested \$87 million in new community assets, representing close to 50% of all expenditure on capital assets. Investment in new assets leads to increased ongoing operating costs and future renewal needs, which need to be factored into asset replacement planning. The Financial Plan forecasts lower capital spending in the future.

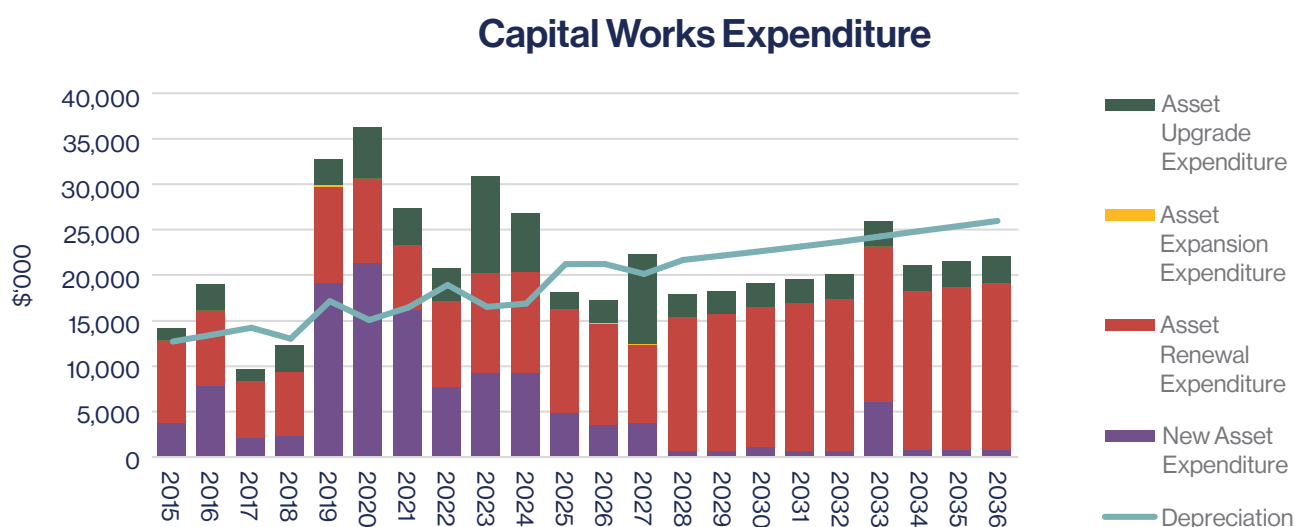
This is predominately achieved by spending significantly less on new assets, at \$500,000 (without the impact of price indexation) in any given year. Council will increase new asset expenditure in the later years of the Financial Plan for the planned construction of new landfill cells at Bowser to ensure the landfill site continues to receive municipal kerbside waste.

Funding on renewal and upgrade capital expenditure will, on average, still increase over the Financial Plan. The Financial Plan 2025–2035 had Council trying to attain a renewal gap ratio of 100% over the life of the plan. This is no longer financially sustainable due to declining sources of revenue, higher CPI, construction costs and the current fuel price increases. Decreasing the renewal gap to 80% provides a material improvement to Council's cash position. Whilst this improvement in the cash position is welcome, it does come at the risk of not fully renewing or upgrading assets and a possible reduction in asset service levels. Given the review of the asset registers and depreciation calculations mentioned in section 4.8 this is an area that will be monitored annually.

Increasing projected renewal and upgrade expenditure to the top range of the target (100%) would result in an overall decline of \$49.7 million to Council's cash position at 30 June 2036.

We all want to ensure the assets we use today will be here in the future. That's why replacing and upgrading existing assets is a significant portion of Council's capital projects each year. Council teams work hard to maintain the network of assets and plan for their continued replacement and upgrade. Council plans to build, improve and care for assets – that means responding to changes in demand as well as building climate-resilient infrastructure.

The Asset Plan is a key input into the Financial Plan and seeks to balance projected investment requirements against projected budgets. The Asset Plan will include how Council identifies, plans and decommissions building assets that are no longer safe or functional, where a viable alternative is available. Council will consult with the community on all proposals to decommission building assets.



Capital projects can be funded from a range of sources:

1. Rates
2. Commonwealth Government grants
– e.g., Roads to Recovery
3. State Government grants
– e.g., Regional Roads Victoria
4. Development contributions
5. Community group contributions
6. Borrowings

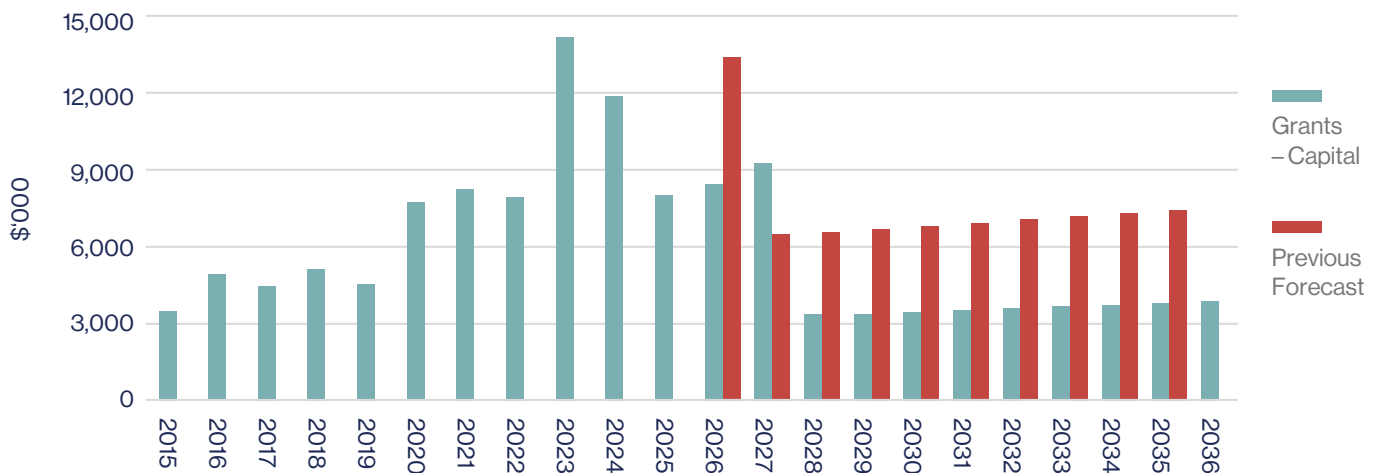
The Financial Plan assumes \$400,000 (without the impact of CPI) in any given year for non-recurrent capital grants from State and Commonwealth Governments. This reflects a substantial decrease in capital grant income for Council, but is considered realistic and cautious on the basis that (i) Council has reduced expenditure on new assets to \$500,000 per year and (ii) State and Commonwealth Governments are increasingly providing cost of living relief to individuals via tax cuts rather than providing investment in local infrastructure assets to drive economic activity.

Importantly, capital grants available to us from State and Commonwealth Governments often come with a requirement for Council to match the funding. As such, it's critical Council aligns priority programs and infrastructure needs with the available grant money. Securing grant money is a positive outcome for Council, but not if it means there is not money available to pursue Council's strategic priorities.

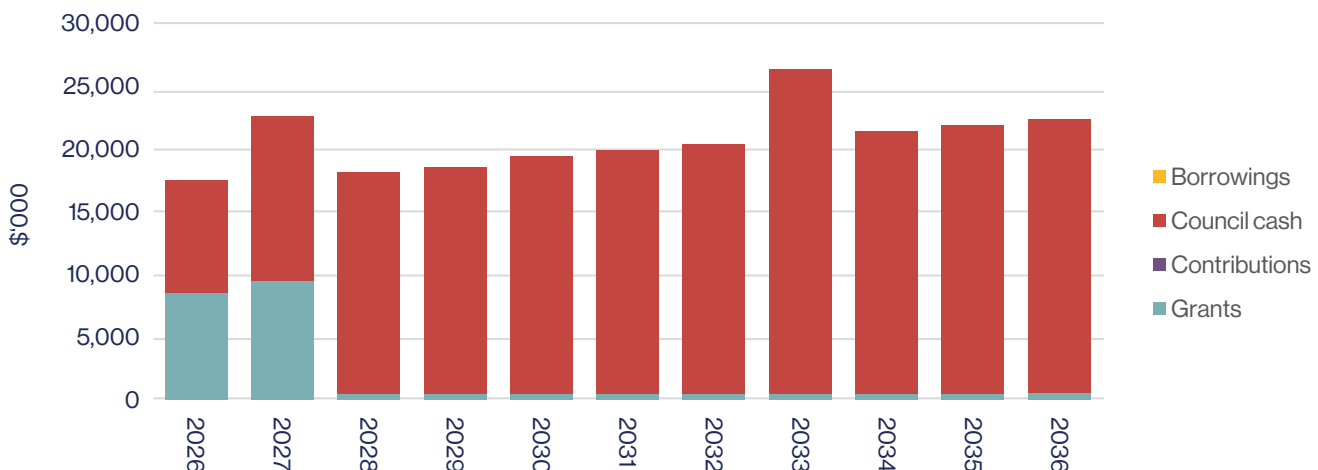
Council has achieved great success in securing capital grants, with a noticeable increase since 2020. The below chart illustrates these achievements. Given the challenges in forecasting the availability of State and Commonwealth grant programs the later years of the Financial Plan are cautious and reflect an easing of the availability of these grants. These assumptions are reviewed frequently and in particular around election periods and any change in Government.

Advocating and securing funding for the Wangaratta Creative Precinct is identified as a key initiative in the Council Plan 2025 – 2029. Due to the substantial size of the Creative Precinct project and the uncertain funding source for this project, the Creative Precinct capital works and associated changes to the operating model are not included in the Financial Plan 2025 – 2035. In order for the upgrade to occur and given Council's existing financial adjusted underlying deficit position, investment is required for both the construction and for the increased costs of running the operations. Council will continue to advocate for this project and must secure external funding to be able to progress this initiative whilst being fiscally responsible.

Grant Funding – Capital



Funding Sources – Capital Works Expenditure



You can view details of our capital investments in the Annual Budget.

4.10 What is the plan for borrowings?

Borrowing money to fund investments in assets is a critical part of how Council funds activities, in particular new capital investments. Council would be unable to meet the needs and preferences for growth of the municipality without borrowing. Borrowing enables us to smooth the cost out over the next few years and balance it across generations.

Given the planned reduction in new infrastructure investment, Council will see a reduction in total borrowings over the next 10 years.

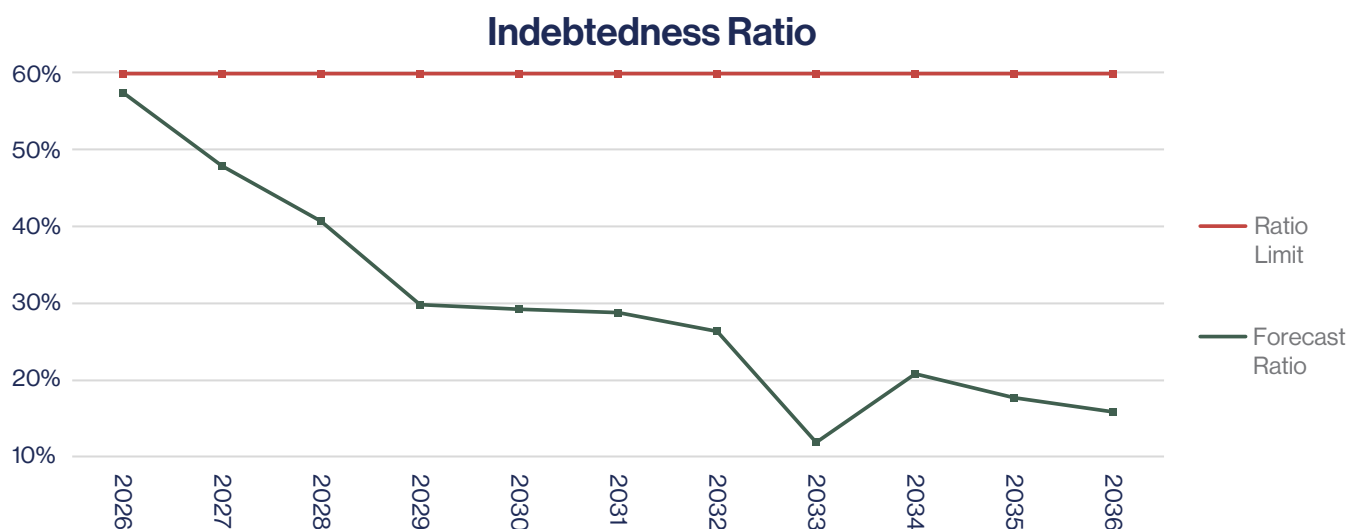
Council's debt is expected to decrease from \$22.38 million on 30 June 2025 to \$8.7 million by 30 June 2036. Council's debt is well within recommended limits and has been falling since it peaked at over \$32 million on 30 June 2021.

Council's cost of debt on 30 June 2025 was under 2.5%, with effective interest rates ranging between 0.69% and 3.97%. Future borrowings are expected to attract interest rates of around 5-6%, with the potential for further increases in 2026 due to persistent higher inflation. Despite the level of debt decreasing, Council is not experiencing an equivalent decrease in the cost of servicing debt due to higher interest rates. Council's current cost of servicing debt is very low, especially given price inflation has exceeded the cost of this debt. However, this is not projected to continue given recent increases in interest rates.

It is important Council has sensible limits on borrowings to ensure that the impact on affordability of rates is maintained and leaves enough 'headroom' to ensure Council can repay debt, and respond to future events, opportunities and pressures. Council's 'headroom' is the difference between the proposed debt limit and the debt limit adopted in Council's Borrowings Policy (indebtedness ratio of 60%).

The headroom is required to cover unknown costs from unexpected future events. For example, another global pandemic, increasing frequency and severity of natural disasters, or any other event or issue that future generations may have to grapple with, especially ones that impact Council's revenue streams.

Council also needs to leave room for future cost risks that are known – insurance, water reform, interest rate changes, the price of carbon, and the need to adapt to climate change. Other known risks are projects for which alternative funding sources have been identified, but not confirmed. Uncertainty of these funding sources means there remains a risk to Council's financial position and therefore it makes sense to leave some headroom should alternative funding models fail to be secured. Without headroom they would not be able to be progressed.



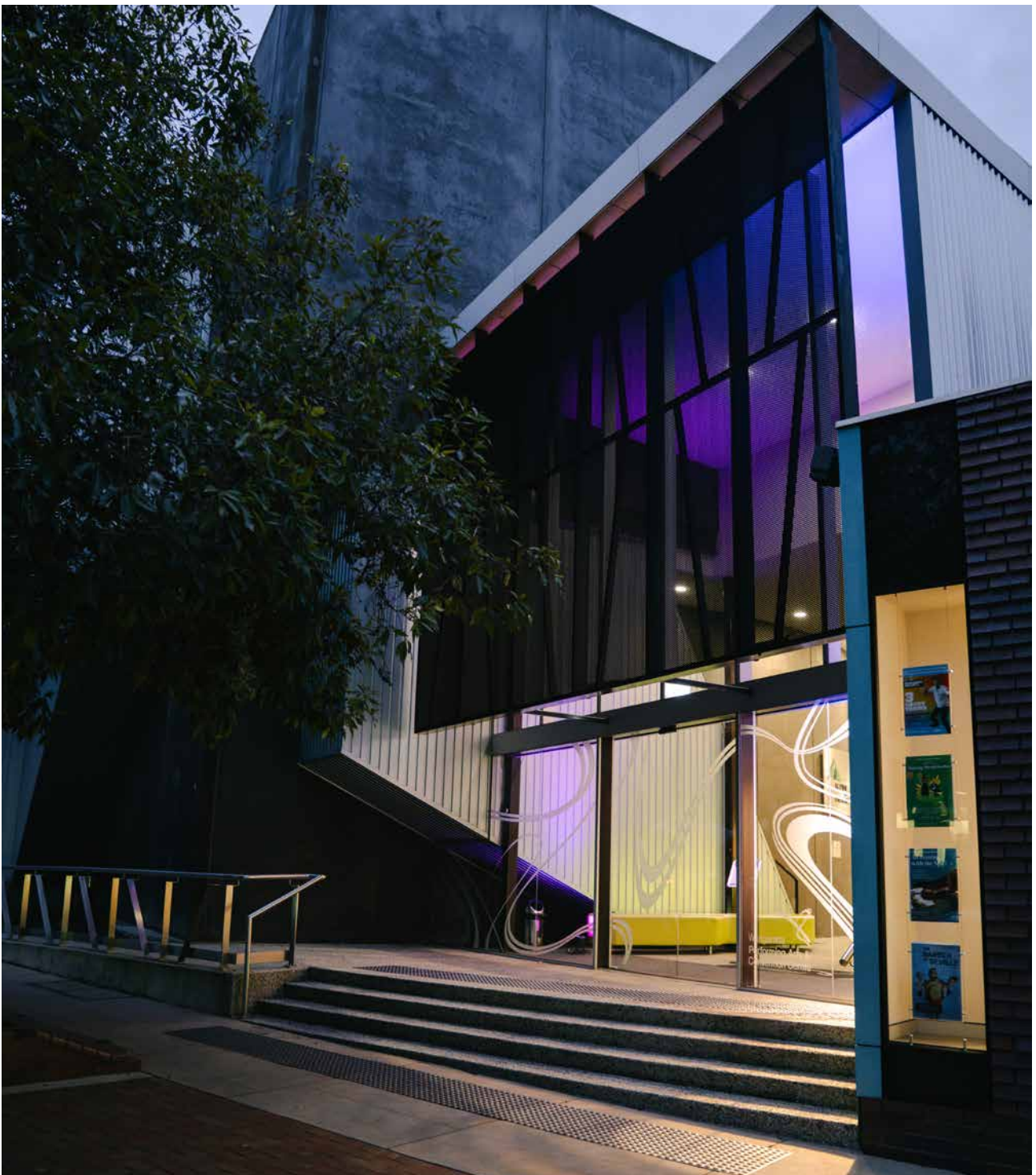
The indebtedness ratio is only one of three indicators Council reviews and manages when assessing the ability to borrow and meet operating and capital cash flow requirements. Councils typically have a low-risk profile for financing indicators, which means the 60% ratio reflects an overall conservatism. The forecast borrowings are below the 60% ratio and are assessed as low risk.

The Financial Plan proposes new borrowings for the following reasons:

1. Rollover of interest only loan of \$7.051 million in the 2025/26 year (identified in the 2025/26 Budget); and
2. Fund landfill rehabilitation requirements.

4.11 How do we monitor and respond to changes in assumptions?

The Financial Plan will be updated internally twice a year through the annual planning process. The economic assumptions will be closely monitored and any resulting updates to Council's long-term plans will be made through this process and the adoption of the Annual Budget. Council has higher levels of certainty for the assumptions within the next 3 years. Council has lower levels of confidence in the later years which is to be expected. If there are unfavourable changes to the assumptions, Council has time to put in place mitigating actions in the short to medium term.

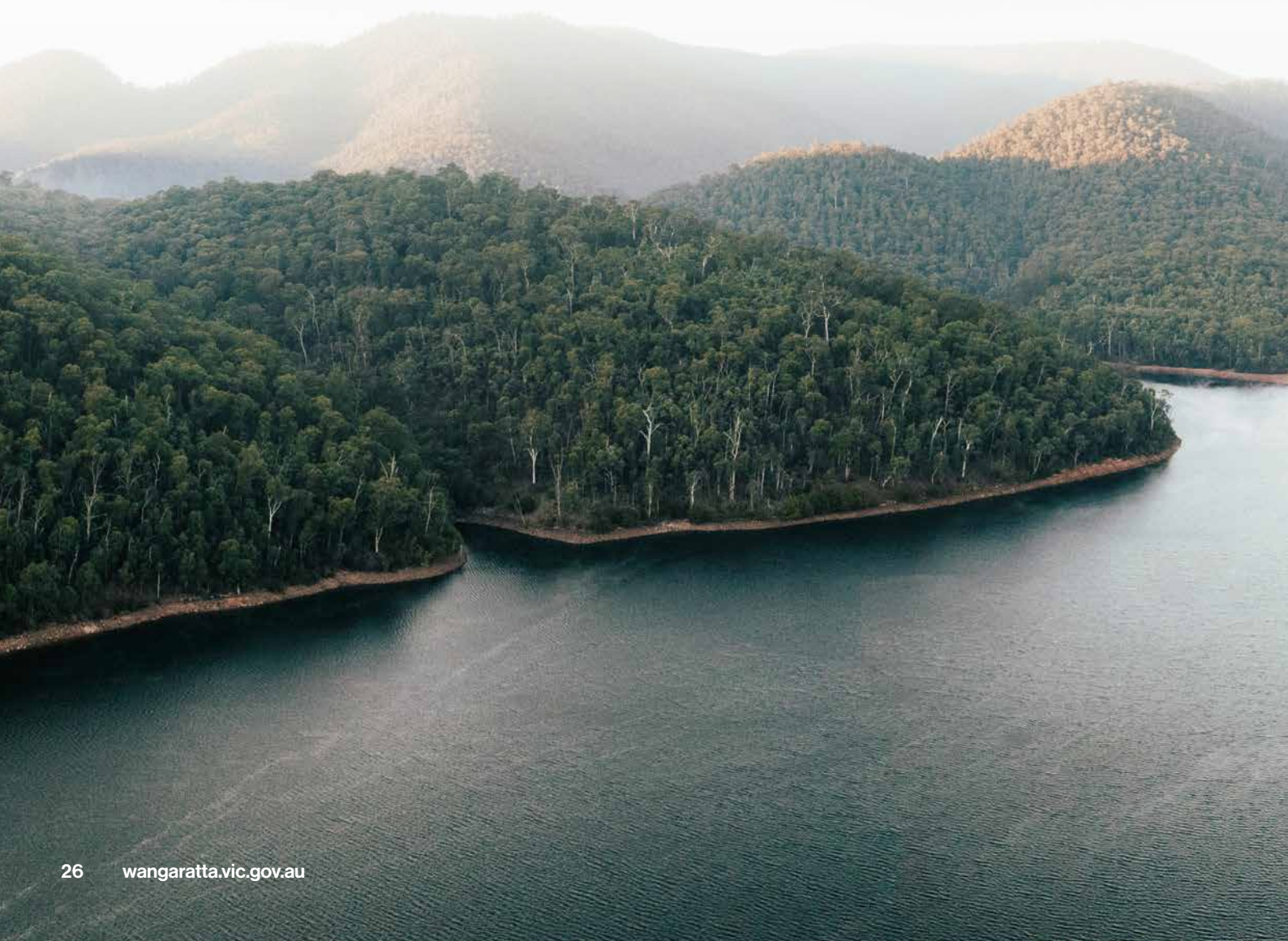


Wangaratta Performing Arts & Convention Centre

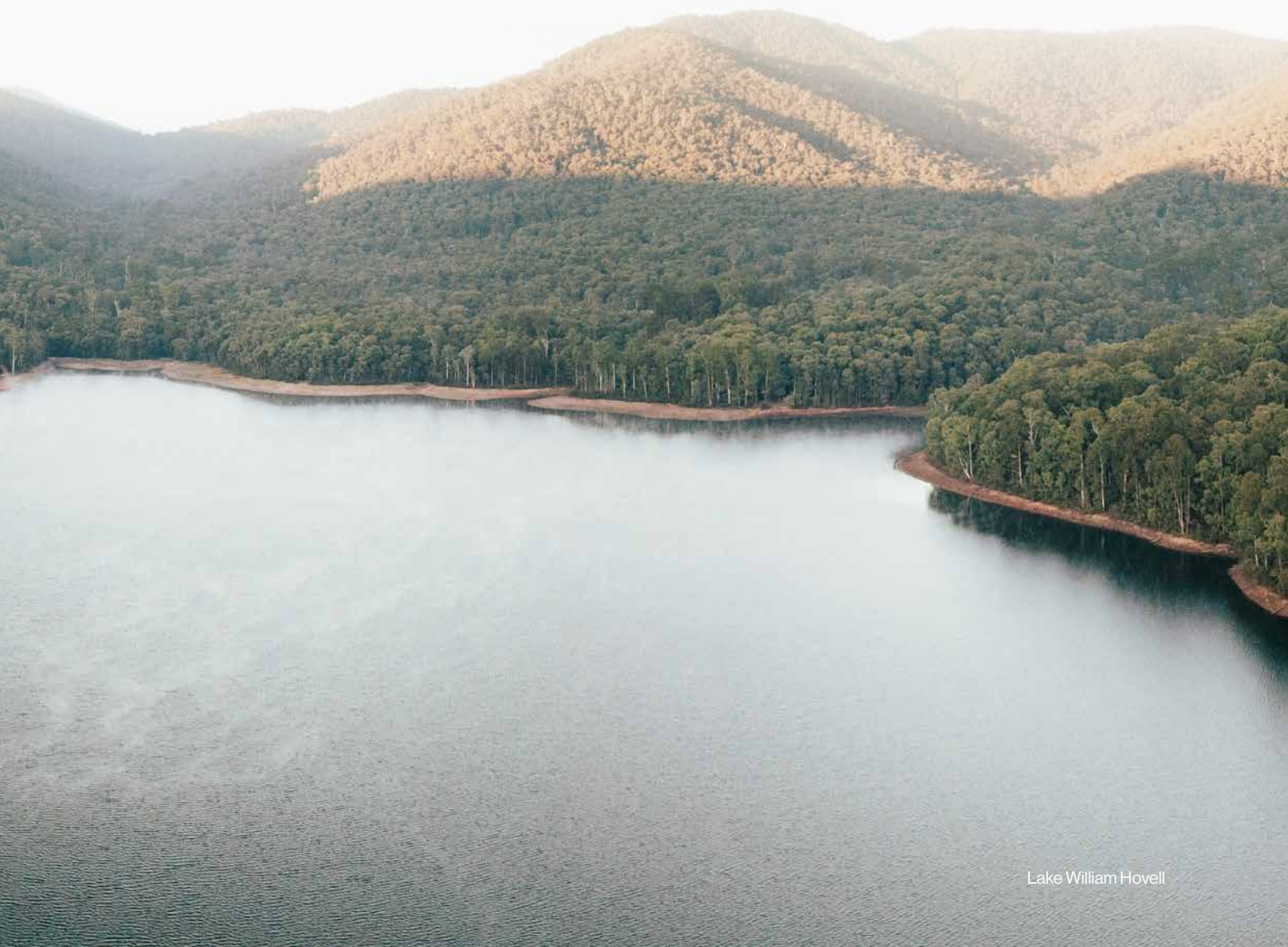
5. Financial Plan Statements

This section presents the key statements comprising the Financial Plan for the 10 years to 2035/36:

- **Comprehensive Income Statement**
- **Adjusted Underlying Result**
- **Balance Sheet**
- **Statement of Changes in Equity**



- **Statement of Cash Flows**
- **Statement of Capital Works**
- **Statement of Human Resources**
- **Planned Human Resource Expenditure**



Comprehensive Income Statement

For the ten years ending June 2036

	Forecast Actual		Budget		Projections							
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Income												
Rates and charges	43,449	45,598	47,196	48,600	50,025	51,515	53,034	54,615	56,245	57,925	59,657	
Statutory fees and fines	1,485	1,468	1,498	1,498	1,558	1,589	1,621	1,623	1,687	1,720	1,755	
User fees	12,899	13,337	13,738	14,150	14,574	15,011	15,462	15,926	16,403	16,896	17,402	
Grants - Operating	13,724	19,266	19,208	19,592	19,984	20,384	20,792	21,208	21,632	22,064	22,506	
Grants - Capital	8,438	9,273	3,382	3,390	3,458	3,527	3,598	3,670	3,743	3,818	3,894	
Contributions - monetary	1,211	78	0	0	0	0	0	0	0	0	0	
Contributions - non-monetary	2,410	500	2,054	2,095	2,137	2,180	2,224	2,268	2,360	2,407	2,455	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,901)	(953)	0	0	0	0	0	0	0	0	0	
Fair value adjustments for investment property	0	0	0	0	0	0	0	0	0	0	0	
Share of net profits/(losses) of associates and joint ventures	0	0	0	0	0	0	0	0	0	0	0	
Other income	1,596	1,188	851	817	788	763	772	794	722	737	741	
Total income	83,312	89,755	87,927	90,142	92,525	94,970	97,501	100,103	102,792	105,567	108,410	
Expenses												
Employee costs	34,806	35,139	37,137	38,293	39,483	40,710	41,973	43,274	44,615	45,995	47,417	
Materials and services	28,516	27,075	27,339	28,594	28,311	29,015	29,787	30,997	31,235	32,012	32,858	
Depreciation	21,213	20,116	21,667	22,148	22,643	23,153	23,677	24,255	24,845	25,406	25,980	
Amortisation - intangible assets	242	250	89	89	89	89	89	89	89	89	89	
Depreciation - right of use assets	391	610	620	629	638	648	658	668	678	688	698	
Allowance for impairment losses	0	0	0	0	0	0	0	0	0	0	0	
Borrowing costs	505	572	500	420	337	395	338	284	229	651	549	
Finance costs - leases	167	167	167	167	167	167	167	167	167	167	167	
Other expenses	9,461	2,755	655	673	690	707	725	743	762	781	800	
Total expenses	95,301	86,685	88,173	91,013	92,359	94,884	97,413	100,476	102,618	105,788	108,558	
Surplus/(deficit) for the year	(11,990)	3,070	(246)	(871)	167	86	88	(372)	173	(221)	(148)	
Other comprehensive income												
Items that will not be reclassified to surplus or deficit in future periods:												
Net asset revaluation increment												
Share of other comprehensive income of												
Items that may be reclassified to surplus or deficit in future periods												
(detail as appropriate)												
Total comprehensive result	(11,990)	3,070	(246)	(871)	167	86	88	(372)	173	(221)	(148)	

Adjusted Underlying Result

For the ten years ending June 2036

	Forecast	Budget		Projections								
	Actual											
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Total income	83,312	89,755	87,927	90,142	92,525	94,970	97,501	100,103	102,792	105,567	108,410	
Total expenses	95,301	86,685	88,173	91,013	92,359	94,884	97,413	100,476	102,618	105,788	108,558	
Surplus(deficit) for the year	(11,990)	3,070	(246)	(871)	167	86	88	(372)	173	(221)	(148)	
Less non-operating income and expenses												
Grants - Capital (non-recurrent)	(5,952)	(6,053)	(408)	(416)	(424)	(433)	(442)	(450)	(459)	(469)	(478)	
Contributions - monetary (capital)	(1,211)	(78)	0	0	0	0	0	0	0	0	0	
Contributions - non-monetary	(2,410)	(500)	(2,054)	(2,095)	(2,137)	(2,180)	(2,224)	(2,268)	(2,360)	(2,407)	(2,455)	
Adjusted Underlying surplus/(deficit)	(21,562)	(3,561)	(2,708)	(3,382)	(2,395)	(2,527)	(2,577)	(3,091)	(2,646)	(3,097)	(3,081)	

Balance Sheet

For the ten years ending June 2036

	Forecast Actual 2026 \$'000	Budget 2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000	2031 \$'000	2032 \$'000	2033 \$'000	2034 \$'000	2035 \$'000	2036 \$'000
Assets											
Current assets											
Cash and cash equivalents	17,642	18,064	15,749	13,726	11,938	12,008	12,860	8,324	8,717	8,502	8,307
Trade and other receivables	4,644	4,548	4,652	4,479	4,565	4,373	4,457	4,544	4,633	4,725	4,819
Other financial assets	5,254	5,070	4,918	4,770	4,627	4,488	4,353	4,223	4,096	3,973	3,854
Inventories	3	3	3	3	3	3	3	3	3	3	3
Prepayments	859	859	859	859	859	859	859	859	859	859	859
Other assets	340	340	340	340	340	340	340	340	340	340	340
Total current assets	28,742	28,884	26,521	24,176	22,333	22,072	22,872	18,292	18,648	18,402	18,182
Non-current assets											
Trade and other receivables	396	396	396	396	396	396	396	396	396	396	396
Property, infrastructure, plant & equipment	829,890	829,394	827,625	825,812	824,376	823,007	821,613	825,591	824,176	822,735	821,266
Right of use assets	2,470	1,860	2,042	1,672	1,310	2,457	2,221	2,005	1,809	1,638	1,492
Intangible assets	1,048	798	709	621	532	444	355	266	178	89	0
Total non-current assets	833,804	832,448	830,773	828,500	826,614	826,304	824,585	828,258	826,559	824,858	823,155
Total assets	862,546	861,332	857,293	852,676	848,946	848,376	847,457	846,550	845,207	843,259	841,337
Liabilities											
Current liabilities											
Trade and other payables	4,624	4,367	3,839	3,977	4,025	4,129	4,232	4,819	4,438	4,545	4,658
Trust funds and deposits	5,254	5,070	4,918	4,770	4,627	4,488	4,353	4,223	4,096	3,973	3,854
Provisions	6,402	6,516	6,637	9,197	6,890	7,022	7,158	16,184	7,444	7,594	7,748
Interest-bearing loans and borrowings	3,321	3,405	3,491	3,580	1,927	914	967	1,024	1,767	1,869	1,024
Lease liabilities	724	724	724	724	724	724	724	724	724	724	724
Total current liabilities	20,325	20,082	19,609	22,248	18,192	17,277	17,434	26,974	18,470	18,704	18,007
Non-current liabilities											
Provisions	14,976	15,064	15,157	12,817	12,916	13,017	13,122	4,345	4,457	4,572	4,691
Interest-bearing loans and borrowings	16,334	12,929	9,438	5,857	6,366	5,452	4,485	3,461	10,579	8,710	7,686
Lease liabilities	1,781	1,057	1,135	669	222	1,293	991	718	476	268	97
Total non-current liabilities	33,091	29,050	25,729	19,344	19,503	19,763	18,598	8,524	15,512	13,550	12,473
Total liabilities	53,416	49,132	45,339	41,592	37,695	37,039	36,033	35,498	33,982	32,255	30,481
Net assets	809,130	812,200	811,955	811,084	811,251	811,337	811,425	811,052	811,226	811,005	810,857
Equity											
Accumulated surplus	180,063	179,875	179,480	178,479	181,396	181,394	181,415	186,404	195,441	195,221	195,100
Reserves	629,068	632,325	632,475	632,605	629,855	629,943	630,010	624,649	615,785	615,783	615,757
Total equity	809,130	812,200	811,955	811,084	811,251	811,337	811,425	811,052	811,226	811,005	810,857

Statement of Changes In Equity

For the ten years ending June 2036

	Total	Accumulated	Revaluation	Other
	\$'000	Surplus	Reserve	Reserves
		\$'000	\$'000	\$'000
2026				
Balance at beginning of the financial year	821,120	194,349	581,551	45,220
Impact of adoption of new accounting standards				
Adjusted opening balance				
Surplus/(deficit) for the year	(11,990)	(11,990)	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,095)	0	6,095
Transfer from other reserves	0	3,798	0	(3,798)
Balance at end of the financial year	809,130	180,063	581,551	47,517
2027				
Balance at beginning of the financial year	809,130	180,063	581,551	47,517
Surplus/(deficit) for the year	3,070	3,070	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,190)	0	6,190
Transfer from other reserves	0	2,932	0	(2,932)
Balance at end of the financial year	812,200	179,875	581,551	50,774
2028				
Balance at beginning of the financial year	812,200	179,875	581,551	50,774
Surplus/(deficit) for the year	(246)	(246)	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,244)	0	6,244
Transfer from other reserves	0	6,094	0	(6,094)
Balance at end of the financial year	811,955	179,480	581,551	50,924
2029				
Balance at beginning of the financial year	811,955	179,480	581,551	50,924
Surplus/(deficit) for the year	(871)	(871)	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,300)	0	6,300
Transfer from other reserves	0	6,170	0	(6,170)
Balance at end of the financial year	811,084	178,479	581,551	51,054
2030				
Balance at beginning of the financial year	811,084	178,479	581,551	51,054
Surplus/(deficit) for the year	167	167	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,357)	0	6,357
Transfer from other reserves	0	9,107	0	(9,107)
Balance at end of the financial year	811,251	181,396	581,551	48,304

Statement of Changes In Equity

For the ten years ending June 2036

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2031				
Balance at beginning of the financial year	811,251	181,396	581,551	48,304
Surplus/(deficit) for the year	86	86	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,417)	0	6,417
Transfer from other reserves	0	6,329	0	(6,329)
Balance at end of the financial year	811,337	181,394	581,551	48,392
2032				
Balance at beginning of the financial year	811,337	181,394	581,551	48,392
Surplus/(deficit) for the year	88	88	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,477)	0	6,477
Transfer from other reserves	0	6,411	0	(6,411)
Balance at end of the financial year	811,424	181,415	581,551	48,459
2033				
Balance at beginning of the financial year	811,425	181,415	581,551	48,459
Surplus/(deficit) for the year	(372)	(372)	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,540)	0	6,540
Transfer from other reserves	0	11,901	0	(11,901)
Balance at end of the financial year	811,052	186,404	581,551	43,098
2034				
Balance at beginning of the financial year	811,052	186,404	581,551	43,098
Surplus/(deficit) for the year	173	173	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,604)	0	6,604
Transfer from other reserves	0	15,468	0	(15,468)
Balance at end of the financial year	811,226	195,441	581,551	34,234
2035				
Balance at beginning of the financial year	811,226	195,441	581,551	34,234
Surplus/(deficit) for the year	(221)	(221)	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,670)	0	6,670
Transfer from other reserves	0	6,672	0	(6,672)
Balance at end of the financial year	811,005	195,221	581,551	34,232
2036				
Balance at beginning of the financial year	811,005	195,221	581,551	34,232
Surplus/(deficit) for the year	(148)	(148)	0	0
Net asset revaluation gain/(loss)	0	0	0	0
Transfer to other reserves	0	(6,738)	0	6,738
Transfer from other reserves	0	6,765	0	(6,765)
Balance at end of the financial year	810,857	195,100	581,551	34,206

Statement of Capital Works

For the ten years ending June 2036

	Forecast Actual		Budget		Projections							
	2026 \$'000		2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000	2031 \$'000	2032 \$'000	2033 \$'000	2034 \$'000	2035 \$'000	2036 \$'000
Property	0	0	0	0	0	0	0	0	0	0	0	0
Land	178	180	1,010	1,010	1,030	1,051	1,077	1,099	1,121	1,143	1,166	1,189
Land improvements	178	180	1,010	1,010	1,030	1,051	1,077	1,099	1,121	1,143	1,166	1,189
Total land	1,240	1,097	2,016	2,056	2,056	2,097	2,150	2,193	2,237	2,282	2,327	2,374
Buildings	0	0	0	0	0	0	0	0	0	0	0	0
Heritage buildings	0	0	0	0	0	0	0	0	0	0	0	0
Building improvements	0	1,149	0	0	0	0	0	0	0	0	0	0
Leasehold improvements	0	0	0	0	0	0	0	0	0	0	0	0
Total buildings	1,240	2,246	2,016	2,056	2,056	2,097	2,150	2,193	2,237	2,282	2,327	2,374
Total property	1,418	2,426	3,026	3,087	3,087	3,148	3,227	3,292	3,358	3,425	3,493	3,563
Plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0
Heritage plant and equipment	3,247	1,366	1,275	1,300	1,300	1,326	1,360	1,387	1,415	1,443	1,472	1,501
Plant, machinery and equipment	27	20	14	14	14	14	15	15	15	16	16	16
Fixtures, fittings and furniture	127	181	208	212	212	216	220	225	229	234	238	243
Computers and telecommunications	9	8	15	16	16	16	16	17	17	17	18	18
Art Collection	204	206	345	352	352	359	368	375	383	390	398	406
Library books												
Total plant and equipment	3,614	1,780	1,857	1,894	1,894	1,932	1,979	2,019	2,059	2,100	2,142	2,185
Infrastructure	5,683	8,121	5,718	5,871	5,871	6,030	6,440	6,631	6,863	7,100	7,308	7,521
Roads	1,301	656	1,505	1,536	1,536	1,566	1,606	1,638	1,670	1,704	1,738	1,773
Bridges	1,641	159	1,309	1,335	1,335	1,362	1,389	1,417	1,446	1,474	1,504	1,534
Footpaths and cycleways	1,216	2,326	1,081	1,102	1,102	1,124	1,396	1,424	1,453	1,482	1,512	1,542
Drainage	1,377	6,227	1,800	1,836	1,836	1,873	1,917	1,956	1,995	2,035	2,075	2,117
Recreational, leisure and community	220	25	246	251	251	680	262	267	5,678	278	284	289
Waste management	375	423	1,028	1,048	1,048	1,069	1,096	1,118	1,140	1,163	1,186	1,210
Parks, open space and streetscapes	85	0	178	182	182	186	190	194	198	202	206	210
Aerodromes	0	0	93	95	95	97	99	101	103	105	108	110
Off street car parks	273	127	2	2	2	2	2	2	2	2	2	2
Other infrastructure												
Total infrastructure	12,172	18,064	12,961	13,258	13,258	13,990	14,398	14,748	20,548	15,545	15,922	16,308
Total capital works expenditure	17,204	22,270	17,843	18,239	18,239	19,070	19,605	20,059	25,965	21,070	21,558	22,056
Represented by:												
New asset expenditure	3,368	3,648	525	536	536	971	557	569	5,986	592	603	615
Asset renewal expenditure	11,257	8,587	14,755	15,088	15,088	15,432	16,313	16,701	17,135	17,577	17,995	18,422
Asset expansion expenditure	100	150	0	0	0	0	0	0	0	0	0	0
Asset upgrade expenditure	2,479	9,885	2,564	2,615	2,615	2,667	2,734	2,789	2,845	2,901	2,959	3,019
Total capital works expenditure	17,204	22,270	17,843	18,239	18,239	19,070	19,605	20,059	25,965	21,070	21,558	22,056
Funding sources represented by:												
Grants	8,403	9,273	408	416	416	424	433	442	450	459	469	478
Contributions	0	0	0	0	0	0	0	0	0	0	0	0
Council cash	8,801	12,997	17,435	17,823	17,823	18,645	19,172	19,617	25,514	20,611	21,089	21,578
Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Total capital works expenditure	17,204	22,270	17,843	18,239	18,239	19,070	19,605	20,059	25,965	21,070	21,558	22,056

Statement of Resources

For the ten years ending June 2036

Staff expenditure	Budget		Projections									
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Total staff expenditure												
Women	19,144	20,232	20,862	21,511	21,511	21,511	21,511	21,511	21,511	21,511		
Men	15,550	16,434	16,945	17,472	17,472	17,472	17,472	17,472	17,472	17,472		
Persons of self-described gender	445	471	485	501	501	501	501	501	501	501		
Total staff expenditure	35,139	37,137	38,293	39,483	39,483	39,483	39,483	39,483	39,483	39,483		
Permanent full time												
Women	8,895	9,401	9,693	9,995	9,995	9,995	9,995	9,995	9,995	9,995		
Men	13,851	14,638	15,094	15,563	15,563	15,563	15,563	15,563	15,563	15,563		
Persons of self-described gender	142	150	155	160	160	160	160	160	160	160		
Total	22,888	24,189	24,942	25,717	25,717	25,717	25,717	25,717	25,717	25,717		
Permanent part time												
Women	6,119	6,467	6,668	6,875	6,875	6,875	6,875	6,875	6,875	6,875		
Men	583	616	635	655	655	655	655	655	655	655		
Persons of self-described gender	126	134	138	142	142	142	142	142	142	142		
Total	6,828	7,217	7,441	7,673	7,673	7,673	7,673	7,673	7,673	7,673		
Casual and temporary												
Women	4,130	4,365	4,501	4,641	4,641	4,641	4,641	4,641	4,641	4,641		
Men	1,116	1,179	1,216	1,254	1,254	1,254	1,254	1,254	1,254	1,254		
Persons of self-described gender	177	187	193	199	199	199	199	199	199	199		
Total	5,423	5,731	5,910	6,093	6,093	6,093	6,093	6,093	6,093	6,093		

Staff numbers	Budget		Projections									
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036		
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE		
Total staff numbers												
Women	169	169	169	169	169	169	169	169	169	169		
Men	135	135	135	135	135	135	135	135	135	135		
Persons of self-described gender	4	4	4	4	4	4	4	4	4	4		
Total staff numbers	308	308	308	308	308	308	308	308	308	308		
Permanent full time												
Women	71	71	71	71	71	71	71	71	71	71		
Men	118	118	118	118	118	118	118	118	118	118		
Persons of self-described gender	1	1	1	1	1	1	1	1	1	1		
Total	190	190	190	190	190	190	190	190	190	190		
Permanent part time												
Women	61	61	61	61	61	61	61	61	61	61		
Men	6	6	6	6	6	6	6	6	6	6		
Persons of self-described gender	1	1	1	1	1	1	1	1	1	1		
Total	68	68	68	68	68	68	68	68	68	68		
Casual and temporary												
Women	37	37	37	37	37	37	37	37	37	37		
Men	11	11	11	11	11	11	11	11	11	11		
Persons of self-described gender	2	2	2	2	2	2	2	2	2	2		
Total	50	50	50	50	50	50	50	50	50	50		

Planned Human Resource Expenditure

For the ten years ending June 2036

	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000	2031 \$'000	2032 \$'000	2033 \$'000	2034 \$'000	2035 \$'000	2036 \$'000
Executive Services										
Permanent - Full time										
Women	119	126	130	134	134	134	134	134	134	134
Men	409	432	446	460	460	460	460	460	460	460
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Permanent - Part time										
Women	63	67	69	71	71	71	71	71	71	71
Men	0	0	0	0	0	0	0	0	0	0
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Casual and temporary										
Women	0	0	0	0	0	0	0	0	0	0
Men	0	0	0	0	0	0	0	0	0	0
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Total Executive Services	591	625	644	664	664	664	664	664	664	664
Coporate & Leisure										
Permanent - Full time										
Women	1,860	1,965	2,027	2,090	2,090	2,090	2,090	2,090	2,090	2,090
Men	2,451	2,590	2,671	2,754	2,754	2,754	2,754	2,754	2,754	2,754
Persons of self-described gender	142	150	155	160	160	160	160	160	160	160
Permanent - Part time										
Women	1,198	1,267	1,306	1,347	1,347	1,347	1,347	1,347	1,347	1,347
Men	326	344	355	366	366	366	366	366	366	366
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Casual and temporary										
Women	1,274	1,346	1,388	1,431	1,431	1,431	1,431	1,431	1,431	1,431
Men	488	516	532	548	548	548	548	548	548	548
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Total Coporate & Leisure	7,738	8,178	8,433	8,695	8,695	8,695	8,695	8,695	8,695	8,695
Community and Infrastructure										
Permanent - Full time										
Women	3,273	3,459	3,567	3,678	3,678	3,678	3,678	3,678	3,678	3,678
Men	9,035	9,548	9,845	10,152	10,152	10,152	10,152	10,152	10,152	10,152
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Permanent - Part time										
Women	3,597	3,802	3,920	4,042	4,042	4,042	4,042	4,042	4,042	4,042
Men	197	208	215	222	222	222	222	222	222	222
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Casual and temporary										
Women	2,613	2,762	2,847	2,936	2,936	2,936	2,936	2,936	2,936	2,936
Men	570	602	621	640	640	640	640	640	640	640
Persons of self-described gender	78	82	85	88	88	88	88	88	88	88
Total Community and Infrastructure	19,363	20,464	21,101	21,757	21,757	21,757	21,757	21,757	21,757	21,757
Sustainability & Culture										
Permanent - Full time										
Women	3,643	3,851	3,970	4,094	4,094	4,094	4,094	4,094	4,094	4,094
Men	1,956	2,068	2,132	2,198	2,198	2,198	2,198	2,198	2,198	2,198
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Permanent - Part time										
Women	1,260	1,331	1,373	1,416	1,416	1,416	1,416	1,416	1,416	1,416
Men	60	64	66	68	68	68	68	68	68	68
Persons of self-described gender	126	134	138	142	142	142	142	142	142	142
Casual and temporary										
Women	243	257	265	273	273	273	273	273	273	273
Men	58	61	63	65	65	65	65	65	65	65
Persons of self-described gender	99	105	108	111	111	111	111	111	111	111
Total Sustainability & Culture	7,447	7,870	8,115	8,367	8,367	8,367	8,367	8,367	8,367	8,367
Total staff expenditure	35,139	37,137	38,293	39,483	39,483	39,483	39,483	39,483	39,483	39,483

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Executive Services										
Permanent - Full time										
Women	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Men	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Persons of self-described gender	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Permanent - Part time										
Women	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
Men	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Persons of self-described gender	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Casual and temporary										
Women	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Men	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Persons of self-described gender	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Executive Services	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63
Coporate & Leisure										
Permanent - Full time										
Women	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Men	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
Persons of self-described gender	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Permanent - Part time										
Women	12.34	12.34	12.34	12.34	12.34	12.34	12.34	12.34	12.34	12.34
Men	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.53
Persons of self-described gender	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Casual and temporary										
Women	12.37	12.37	12.37	12.37	12.37	12.37	12.37	12.37	12.37	12.37
Men	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31
Persons of self-described gender	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Coporate & Leisure	64.55	64.55	64.55	64.55	64.55	64.55	64.55	64.55	64.55	64.55
Community and Infrastructure										
Permanent - Full time										
Women	28.99	28.99	28.99	28.99	28.99	28.99	28.99	28.99	28.99	28.99
Men	87.00	87.00	87.00	87.00	87.00	87.00	87.00	87.00	87.00	87.00
Persons of self-described gender	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Permanent - Part time										
Women	35.46	35.46	35.46	35.46	35.46	35.46	35.46	35.46	35.46	35.46
Men	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28
Persons of self-described gender	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Casual and temporary										
Women	22.56	22.56	22.56	22.56	22.56	22.56	22.56	22.56	22.56	22.56
Men	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99
Persons of self-described gender	0.82	0.82	0.82	0.82	0.82	0.82	0.82	0.82	0.82	0.82
Total Community and Infrastructure	182.10	182.10	182.10	182.10	182.10	182.10	182.10	182.10	182.10	182.10
Sustainability & Culture										
Permanent - Full time										
Women	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00
Men	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Persons of self-described gender	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Permanent - Part time										
Women	12.22	12.22	12.22	12.22	12.22	12.22	12.22	12.22	12.22	12.22
Men	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
Persons of self-described gender	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Casual and temporary										
Women	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31
Men	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
Persons of self-described gender	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total Sustainability & Culture	58.72	58.72	58.72	58.72	58.72	58.72	58.72	58.72	58.72	58.72
Total staff numbers	308.00	308.00	308.00	308.00	308.00	308.00	308.00	308.00	308.00	308.00

6. Financial Performance Indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. These indicators provide a useful analysis of Council's financial position and performance and should be used in the context of the organisation's objectives.

Indicator	Measure	Notes	Actual 2025	Forecast Actual 2026	Budget 2027	Strategic Resource Plan Projections							2036	2035	2034	2033	2032	2031	2030	2029	2028	2027	Trend
Operating position																							
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue		-7.3%	-29.24%	-4.28%	-3.17%	-3.86%	-2.66%	-2.74%	-2.72%	-3.17%	-2.65%	-3.02%	-2.92%	+								
Liquidity																							
Working Capital	Current assets / current liabilities		135.2%	141.42%	143.83%	135%	108.67%	122.76%	127.76%	131.19%	67.82%	100.97%	98.38%	100.97%	-								
Unrestricted cash	Unrestricted cash / current liabilities		85.5%	86.80%	89.95%	80.31%	61.69%	65.62%	69.51%	73.76%	30.86%	47.20%	45.45%	46.13%	-								
Obligations																							
Loans and borrowings	Interest bearing loans and borrowings / rate revenue		53.3%	45.24%	35.82%	27.39%	19.42%	16.58%	12.36%	10.28%	8.21%	21.95%	18.26%	14.60%	+								
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		7.7%	23.68%	8.54%	8.27%	8.05%	7.83%	4.51%	2.36%	2.29%	2.23%	4.17%	4.05%	+								
Indebtedness	Non-current liabilities / own source revenue		47.6%	57.52%	47.91%	40.66%	29.73%	29.13%	28.69%	26.24%	11.68%	20.67%	17.53%	15.68%	+								
Asset renewal and upgrade	Asset renewal and upgrade expenditure / depreciation		62.9%	62.88%	88.06%	77.40%	77.42%	77.45%	79.73%	79.80%	79.88%	79.96%	80.03%	80.10%	o								
Stability																							
Rates concentration	Rate revenue / adjusted underlying revenue		50.4%	52.92%	50.85%	53.68%	53.91%	54.07%	54.24%	54.39%	54.56%	54.72%	54.87%	55.03%	-								
Rates collection	Unpaid rates and charges / all rates and charges		6.60%	7.12%	6.58%	6.58%	6.03%	6.03%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	+								
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.37%	0.29%	0.29%	0.30%	0.30%	0.31%	0.31%	0.32%	0.33%	0.33%	0.34%	0.35%	o								
Efficiency																							
Expenditure level	Total expenditure / no. of property assessments		\$ 5,415	\$ 5,735	\$ 5,183	\$ 5,226	\$ 5,336	\$ 5,345	\$ 5,408	\$ 5,457	\$ 5,522	\$ 5,523	\$ 5,566	\$ 5,575	-								
Revenue level	Residential rate revenue / No. of residential property assessments		\$ 1,962	\$ 2,017	\$ 2,075	\$ 2,124	\$ 2,169	\$ 2,210	\$ 2,248	\$ 2,281	\$ 2,310	\$ 2,336	\$ 2,358	\$ 2,377	+								
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		16.2%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	o								
Sustainable Capacity																							
Population	Total expenses/ Municipal population		\$ 2,962	\$ 3,265	\$ 2,970	\$ 3,021	\$ 3,118	\$ 3,164	\$ 3,251	\$ 3,338	\$ 3,442	\$ 3,516	\$ 3,624	\$ 3,719	+								
Population	Value of property, infrastructure and plant & equipment / Municipal population		\$ 24,246	\$ 28,434	\$ 28,417	\$ 28,356	\$ 28,294	\$ 28,245	\$ 28,198	\$ 28,150	\$ 28,286	\$ 28,238	\$ 28,188	\$ 28,138	o								
Population	Municipal population / Kilometres of local roads		15.65	14.70	14.70	14.70	14.70	14.70	14.70	14.70	14.70	14.70	14.70	14.70	o								
Own-source revenue	Own source revenue / Municipal population		\$ 1,909	\$ 1,971	\$ 2,078	\$ 2,168	\$ 2,229	\$ 2,294	\$ 2,360	\$ 2,429	\$ 2,500	\$ 2,572	\$ 2,648	\$ 2,726	+								
Recurrent grants	Recurrent grants / Municipal population		\$ 817	\$ 522	\$ 756	\$ 760	\$ 773	\$ 789	\$ 804	\$ 820	\$ 837	\$ 854	\$ 871	\$ 888	o								



Wangaratta Art Gallery

7. Strategies & Plans

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

7.1 Borrowing Strategy

Council's Borrowings Policy was adopted in June 2021. The Borrowings Policy explains that the assessment of borrowings will be performed with a focus on sustainable debt levels, whereby:

- Availability of capital for investment is first determined; and
- Capital is subsequently allocated in line with strategic objectives.

All borrowings must meet the following requirements:

- Council will not borrow to fund operating expenditure. Operating expenditure will be funded from operating revenue sources. Any exception to this requires a Council resolution and is likely to occur in exceptional circumstances beyond the control of Council. For example, a shortfall in the defined benefit plan of Vision Super compelling Council to make an unbudgeted contribution.
- Council will not borrow to fund renewal capital works.
- Borrowings must be linked to the financing of capital expenditure.
- The term of any borrowing must not exceed the economic life of the asset to which it relates.
- Borrowings will fall within the below target debt range:
 - New borrowings must not exceed VAGO's high risk rating for Indebtedness, being more than 60% non-current liability to own-source revenue.
 - Borrowings must maintain an average forecast 10-year target debt ratio of less than 7%.

Further details of our planned borrowings can be found in section 4.8.

7.1.1 Current debt position

The total amount borrowed at 30 June 2025 is \$22.388 million. These borrowings almost exclusively relate to capital projects which have been completed over the last 10 years. An interest only loan of \$7.052 million is due for repayment in the 2025/26 year and is planned to be refinanced/rolled over into a principal and interest loan.

7.1.2 Future Debt Position

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

Future Borrowing Requirements

For the ten years ending June 2036

	Forecast Actual		Budget		Projections																		
	2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		
	\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		
Opening balance	22,388		19,656		16,334		12,929		9,438		8,293		6,366		5,452		4,485		12,346		10,579		
Plus New loans	7,052		0		0		0		2,435		0		0		0		8,885		0		0		
Less Principal repayments	(9,784)		(3,321)		(3,405)		(3,491)		(3,580)		(1,927)		(914)		(967)		(1,024)		(1,767)		(1,869)		
Closing balance	19,656		16,334		12,929		9,438		8,293		6,366		5,452		4,485		12,346		10,579		8,710		
Interest payment	(673)		(740)		(667)		(587)		(504)		(562)		(505)		(451)		(396)		(818)		(716)		
Performance indicator																							
Target	Forecast Actual	Budget		Projections																			
		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036	
	%			%		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Non-current liability / Own source revenue	Below 60%	57.52%	47.91%		29.73%		29.13%		28.69%		26.24%		11.68%		20.67%		17.53%		15.68%				

7.2 Reserves Strategy

Council maintains both Statutory and Discretionary Reserves that acknowledge the receipt of funds from particular sources to be applied on programs that are consistent with the purpose of that Reserve fund. Council's Reserve Accounting Policy was adopted in June 2021 and notes that the creation of new Reserves should be a last resort after due consideration of the effectiveness of long-term financial planning and management for the future obligations.

Reserve Account	Purpose	Movements
Cemetery	This reserve will assist in funding perpetual maintenance for Wangaratta Cemetery.	Transfer from the reserve (outflows) are aligned to operational requirements of the Cemetery.
Plant Replacement	This reserve will fund the replacement of Council's plant and equipment at the end of the service life.	Recommended to be closed at 30 June 2026 and align future budgeting for capital replacement of plant with other council asset classes.
Redevelopment of Assets	This reserve supports Council's acquisition, development and sale of industrial and commercial land within the municipality.	Recommended to be closed at 30 June 2026. Council to assess merits of future funding for development of industrial land on a competitive basis with other council services / requirements.
Waste	This reserve retains funds collected for the collection and disposal of waste (under section 162(1)(b) of the Local Government Act 1989.	Inflows to the reserve are sourced from the operation of Council's waste services. Transfers from the reserve (outflows) are for operating, capital and rehabilitation costs associated with the delivery of Council's current and future waste services.
Statutory – Planning & Environment & Subdivisions	This reserve retains funds collected from developers associated with the subdivision of land for the provision and delivery of infrastructure in accordance with the Planning and Environment Act 1987 and Subdivision Act 1988. Development Contribution Plans and Infrastructure Contribution Plans were established to manage the proceeds contributed by developers.	Transfers to the reserve (inflows) comprise of monetary levies and in-kind associated with developments. Transfers from the reserve (outflows) are applied to fund capital works for development infrastructure projects and community infrastructure projects and funds refunded to developers for capital works completed directly by the developer.

Reserve Usage Projections

For the ten years ending June 2036

Reserves														
Statutory / Discretionary	Forecast Actual	Budget		Projections										
		2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000	2031 \$'000	2032 \$'000	2033 \$'000	2034 \$'000	2035 \$'000	2036 \$'000		
Cemetery														
Opening balance	294	349	371	390	406	419	429	435	439	439	439	437	437	
Transfer to reserve	95	63	62	60	58	56	54	54	53	51	50	48	48	
Transfer from reserve	40	41	42	44	45	46	46	48	49	51	52	54	54	
Closing balance	349	371	390	406	419	429	435	439	439	439	437	431	431	
Discretionary														
Opening balance	10,097	8,550	8,935	8,432	7,914	7,381	6,831	6,265	5,682	5,682	5,082	4,463	4,463	
Transfer to reserve	1,700	1,751	1,804	1,858	1,913	1,971	2,030	2,091	2,091	2,154	2,218	2,285	2,285	
Transfer from reserve	3,247	1,366	2,306	2,376	2,447	2,520	2,596	2,674	2,674	2,754	2,837	2,922	2,922	
Closing balance	8,550	8,935	8,432	7,914	7,381	6,831	6,265	5,682	5,682	5,082	4,463	3,826	3,826	
Discretionary														
Opening balance	868	868	868	868	868	868	868	868	868	868	868	868	868	
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing balance	868	868	868	868	868	868	868	868	868	868	868	868	868	
Discretionary														
Opening balance	29,900	33,960	36,917	37,653	38,385	36,251	36,971	36,971	37,686	32,990	24,809	25,508	25,508	
Transfer to reserve	4,280	4,482	4,482	4,482	4,482	4,482	4,482	4,482	4,482	4,482	4,482	4,482	4,482	
Transfer from reserve	220	1,525	3,746	3,751	6,615	3,762	3,762	3,767	9,178	12,663	3,784	3,789	3,789	
Closing balance	33,960	36,917	37,653	38,385	36,251	36,971	36,971	37,686	32,990	24,809	25,508	26,200	26,200	
Statutory - Developer Contributions														
Opening balance	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	
Transfer to reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	
Transfer from reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing balance	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	

Reserves		Statutory / Discretionary	Forecast Actual	Budget		Projections									
				2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000	2031 \$'000	2032 \$'000	2033 \$'000	2034 \$'000	2035 \$'000	2036 \$'000	
Statutory - Open Space															
Opening balance		576	596	616	636	656	676	696	716	736	756	776	776	776	776
Transfer to reserve		20	20	20	20	20	20	20	20	20	20	20	20	20	20
Transfer from reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing balance		596	616	636	656	676	696	716	736	756	776	776	776	796	796
Other Discretionary Reserves - to be closed															
Opening balance		291	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from reserve		291	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0

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