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| 28/10/2025 | 1.0     | Presented to Council for adoption. |
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COUNCIL DOCUMENT

# Financial Sustainability Strategy

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2025 – 2029

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## 1. Executive Summary

Our Community Vision is for: a strong and adaptable Alpine Shire that embraces change, supports new ideas, and leads with confidence. Through community connection, sustainable choices, and bold leadership, we create a thriving future for our people, places, and environment.

This Financial Sustainability Strategy (the Strategy) has been developed to reflect the Alpine Shire Council's commitment to long-term planning and sound financial stewardship. It builds on our Community Vision and aims to equip Council to meet future challenges and opportunities.

A core responsibility of Council is to remain financially sustainable, ensuring public funds are managed responsibly and that our assets are maintained for current and future generations. By doing so, we aim to minimise undue financial pressure on future ratepayers and support the ongoing wellbeing of our community.

Achieving long-term financial sustainability is critical to maintaining the essential services and infrastructure our community depends on. This requires proactive, strategic thinking and decisions that take into account the changing needs of our growing population and evolving external pressures.

In an environment of increasing fiscal constraints and rising demand for services, Council recognises the need for a strong, forward-looking financial framework that goes beyond annual budgeting and short-term planning.

The Strategy presents an overview of the broader economic landscape, outlines key financial risks and challenges, and sets out the long-term goals necessary to achieve sustainability, providing a pathway for ensuring Council is financially resilient into the future.

Importantly, the Strategy focuses on the systems and practices needed to strengthen financial governance, improve cost efficiency, and optimise resource allocation. It establishes the foundation for reform to ensure financial sustainability into the future.

Through the Strategy, Council aims to guide decisions with greater transparency and accountability, ensuring we remain financially responsible, deliver value for money, and continue to meet the needs of our community now and into the future.

## 2. Strategic Framework

Council has an integrated approach to planning, monitoring and performance reporting. The following diagram provides an overview of the core legislated elements of an integrated strategic planning and reporting framework and outcomes. The Financial Sustainability Strategy underpins all elements within the framework.



\* MPHWP | Municipal Public Health and Wellbeing Plan

\*\* MPS | Municipal Planning Strategy

## 2.1 LOCAL GOVERNMENT ACT 2020

The *Local Government Act 2020* (the Act) sets out clear objectives for councils to uphold sound financial management, long-term planning, and effective risk oversight to ensure sustainable outcomes for current and future communities.

Council has an integrated approach to planning, monitoring and performance reporting with a number of core legislated elements of an integrated strategic planning and reporting framework and outcomes. The Financial Sustainability Strategy will underpin all elements within this framework

The Strategy outlines actions proposed to strengthen Council's financial position and support the priorities of plans such as the Financial Plan, Asset Plan, and Workforce Plan. It aligns with best practice, and supports the financial management principles in Section 101 of the Act, including:

- Managing finances in line with policies and strategic plans;
- Monitoring and managing financial risk;
- Ensuring predictable financial impacts on the community;
- Maintaining accurate financial records.

## 2.2 BACKGROUND AND CONTEXT

Understanding contextual factors is essential when assessing the financial sustainability of Council. While State Government uses common financial indicators, interpreting these for future performance requires insight into the natural environment, built infrastructure, and socio-demographics of the Shire.

Alpine Shire is located in northeast Victoria, with a unique geographic and demographic profile that impacts service delivery, financial planning, and sustainability. It has a

population of around 13,200, which is concentrated in the townships of Myrtleford, Bright–Porepunkah, and Mount Beauty–Tawonga South.

A key feature is that about 92% of Council land is public owned. This includes Mount Buffalo and Alpine National Parks and extensive state forests. This restricts land available for development, limiting the rate base and investment potential. However, these public lands also support a strong tourism industry, especially nature-based and adventure tourism like hiking, cycling, and snow sports.

Tourism significantly increases pressure on Council's infrastructure and services during peak seasons, when visitation often far exceeds the permanent population. This demands scalable service delivery solutions, and highlights the importance of asset maintenance, road networks, and emergency services. The regions mountainous, dispersed layout also complicates transport, communication, and equitable access, especially for remote or vulnerable residents.

Council's financial and strategic planning must address the needs of both residents and visitors, while accounting for environmental obligations, infrastructure limits, and land tenure. Additionally, climate change and natural disaster risks pose ongoing threats to long-term financial sustainability.

## 2.3 SOCIO-ECONOMIC ASSESSMENT

Understanding the socio-economic profile of Council is vital for assessing financial sustainability, infrastructure priorities, and community capacity to pay. Alpine Shire's profile reflects both strengths and challenges that impact on potential revenue generation and service demand.

With a small, ageing, and dispersed population of around 13,200 and low projected annual growth of 0.2% (13,658) by 2041, which is well below Victoria's projected growth of 1.5%, there are long-term implications for rate revenue and service needs.

Despite its size, Alpine Shire has a relatively robust economy, with a Gross Regional Product of \$859 million (2022/23) which has been growing on average 1.8% annually over the past decade. The local economy showed resilience during the COVID-19 pandemic, outperforming the state indicators in 2020/21 and 2021/22.

Socio-economic indicators show strengths such as low unemployment and strong domestic tourism recovery. However, household incomes are below the state average, with higher reliance on aged pensions and social support. Housing affordability has worsened in recent years, with property prices among the highest in regional Victoria.

Alpine has a larger proportion of vulnerable groups, including retirees, social service recipients, and those needing assistance, compared to the state average, though actual numbers remain low and are declining. This highlights the need for Council policies sensitive to income limits, ageing demographics, and rising living costs.

The residential rate base is constrained by low density and 92% public land. While property values are strong and financial stress is contained, capacity to absorb rate increases is considered moderate.

Council faces a dual challenge: delivering services in a tourism-driven, ageing, and moderately disadvantaged region, while maintaining financial sustainability with limited revenue. This profile underscores the need for targeted strategies that align infrastructure investment, economic growth, and affordability.

### **3. FINANCIAL SUSTAINABILITY**

#### **3.1 DEFINING FINANCIAL SUSTAINABILITY**

Financial sustainability is defined as Council's ability to manage its financial resources in a responsible and efficient manner over the long term to ensure that revenue sources are sufficient to cover operating expenses, fund essential services, and to have adequate surplus to effectively manage and invest in assets.

Being financial sustainable also includes planning and budgeting for future requirements, such as new, upgrade and maintenance of infrastructure to respond to community needs and growth, while considering the potential impacts of economic fluctuations and changing demographics.

#### **3.2 EXTERNAL INFLUENCES**

The following external influences are identified as key impacts to Council's financial sustainability.

- Cost-shifting, where responsibilities are passed on to local government from other levels of government without adequate or additional funding provided.
- Declining grants from higher levels of government as these governments address their own budget deficits.
- The compounding effect of a rate cap that has been consistently set below the level of cost increase experienced by local government.
- Increasing costs to Council to deliver services and capital projects.



### 3.3 CURRENT FINANCIAL POSITION

An assessment of Alpine Shire Council's historical financial performance and Council's Financial Plan 2025 -2035 highlight several underlying trends and emerging risks that have implications for Council's long-term financial sustainability. This analysis provides essential context for interpreting the drivers of the current financial position and informs scenario modelling and future strategies.

Council is managing an increasing number of depreciating assets while demonstrating deteriorating underlying financial results and a deteriorating unrestricted cash position.

To be in a financially sustainable position Council needs to:

1. Address the gap between operational revenue and operational expenditure to achieve as a minimum a neutral underlying position; and
2. Generate additional cashflow through its operational activities to support continued capital investment in new and upgraded infrastructure to meet community needs and aspirations.

This Strategy seeks to address these challenges through a series of strategic and operational actions taken over the current Council cycle.

A simplified summary of Council's current financial position is detailed in the table below, however more granular financial data can be found in Council's audited financial and performance statements in the *Annual Report 2024/25*, and the forward financial projections in the *Financial Plan 2025-2035*.

| Financial Input                                          | General Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Current Financial Position                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Operating surplus and adjusted underlying result.</p> | <p>Generating an operating surplus is considered broadly within the local government sector as an essential component for financial sustainability. An important consideration however is whether Council is generating sufficient cash from operations to fund necessary investment in assets and to meet any financing obligations (payments of borrowings).</p> <p>The adjusted underlying result, with capital items removed, may be a better indicator of whether Council is generating sufficient revenue from normal business activities to fund annual expenses incurred in providing services and infrastructure.</p> | <p>Council recorded underlying operating surpluses from 2016/17 to 2022/23, however adjusted deficits emerged in 2023/24 and are forecast to continue for the ten-year period encompassed by the Financial Plan 2025-2035. These deficits average \$1.3 million per year.</p> <p>Council currently has no borrowings.</p>                                                                                                                           |
| <p>Income</p>                                            | <p>A council's revenue profile reflects varied trends across key income categories, influenced by policy settings, external events such as COVID-19, and changes in asset management and service delivery arrangements.</p> <p>Councils are also dependent on government grants which creates exposure to potential funding uncertainties as government policies or priorities change.</p>                                                                                                                                                                                                                                     | <p>Council's income is relatively stable, with rates income constrained by the Rate Cap and a modest amount of forecast development growth. In general, there has been variability in the receipt of user fees, statutory fees and fines, with a general drop in revenue from these sources post-pandemic recovery.</p> <p>Income due to interest paid on cash investments is forecast to decrease as Council's cash reserves reduce over time.</p> |

| Financial Input      | General Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Current Financial Position                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | In Council's Financial Plan 2025-2035 assumptions reflect an expectation of a tightening of the external grants environment.                                                                                                                                                                                                                                                                                                                      |
| Expenses             | <p>Key components of this expenditure category are:</p> <ul style="list-style-type: none"> <li>• Employee costs;</li> <li>• Material and services;</li> <li>• Depreciation, and</li> <li>• Other expenses (comprising mainly Councillor allowances and community grants).</li> </ul>                                                                                                                                                                                                                                                                                                                                                         | Generally, core expenses are growing faster than income. This has been driven by above CPI increases in core expenditure types.                                                                                                                                                                                                                                                                                                                   |
| Availability of Cash | <p>A council may report a balanced or even surplus operating position but still face underlying sustainability risks if:</p> <ul style="list-style-type: none"> <li>• Cash balances are declining over time</li> <li>• Infrastructure renewal and maintenance are deferred</li> <li>• Capital works are underfunded relative to asset lifecycle needs</li> </ul> <p>When considering the balance of cash and cash equivalents at the end of a reporting period, it is important to consider how much of the cash is restricted for committed purposes and what is the unrestricted cash available to Council to fund ongoing activities.</p> | <p>Council's financial projections show a declining cash position over time as forecast underlying deficits reduce cash balances.</p> <p>Cash, cash equivalents and other financial investments collectively drop by \$20 million over the 10 years of the Financial Plan.</p> <p>This reflects a net decrease of approximately \$2m per annum for each year, encompassing the underlying deficit position and projected capital expenditure.</p> |

| Financial Input      | General Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Current Financial Position                                                                                                                                                                           |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment in Assets | <p>To achieve long-term sustainability, Council must effectively manage both its financial capital and infrastructure capital. Infrastructure capital focuses on the ability to maintain, renew, and invest in physical assets that support service delivery over time.</p> <p>Sustainable infrastructure investment ensures that assets are maintained in a condition that meet current and future community needs, supports reliable service levels, and avoids the build-up of renewal backlogs. This investment must also reflect Council's capacity to adapt to growth, demographic change, and emerging demands, without placing undue pressure on future budgets.</p> | Annual renewals expenditure has been planned using a detailed assessment across each asset class, based on updated condition assessment data and analysis to ensure appropriate renewal expenditure. |
| Liquidity            | The Working Capital Ratio is a key measure of solvency, measuring the ability to pay debts when they become due. A ratio of 1 or more means that an entity has more cash and liquid assets than short-term liabilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Council's forecast Working Capital Ratio is declining however remains within an acceptable range throughout the 10 years of the Financial Plan 2025-2035.                                            |

### 3.4 OUR TARGETS FOR FINANCIAL SUSTAINABILITY

- 0-2 years: Reduce Council's forecast underlying deficit to zero.
- 3-4 years: Start to build unrestricted cash reserves for specified purposes and deliver a new long term financial plan that reflects future financial requirements.

**Table 2: Measures and Targets**

| Measure                          | General Description                                                                                                                                                                                                | As at June 2025 | Target | Comment                                                                                                                      |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------|------------------------------------------------------------------------------------------------------------------------------|
| Adjusted underlying result ratio | Ability to generate surplus in the ordinary course of business, excluding non-recurrent capital grants, non-monetary asset contributions and other contributions, to fund capital expenditure from its net result. | -10.5%          | >0%    | A positive result indicates a surplus. The larger the percentage, the stronger the result.                                   |
| Availability of Cash             | Forecast future 5-year annual average change in the sum of cash and funds held in term deposits.                                                                                                                   | -\$2M           | >\$0M  | A positive result indicates a stable cash position, considering underlying result ratio and capital investment requirements. |
| Working capital ratio            | Ability to pay existing liabilities in the next 12 months.                                                                                                                                                         | 3.76            | >1.2   | A ratio higher than 1:1 means there is more cash and liquid assets than short-term liabilities.                              |

## 4. Strategic Levers and Financial Sustainability Strategy -Action Plan

### 4.1 STRATEGIC LEVER 1: SUSTAINABLE CASH RESERVES

To remain financially sustainable, Council must generate sufficient cash from operating activities to fund its planned capital works program and maintain adequate balances in cash reserves. Council must maintain a reasonable amount of cash to meet the requirements of Council business and ensure timely payment of all liabilities.

Maintaining a healthy cash balance is important for financial sustainability. It can provide Council 'a financial cushion' to meet unforeseen or emergency expenses or to strategically fund priority projects and/or invest in infrastructure improvements without the need to borrow funds or disrupt essential services.

The following actions have been identified to set policy parameters that support sustainable cash management:

| Reference | Strategic Lever 1 Actions                                                                          | Year   | Responsibility | Governance         |
|-----------|----------------------------------------------------------------------------------------------------|--------|----------------|--------------------|
| 1.1       | Develop a Restricted Cash and Reserves Policy that sets unrestricted cash balance targets.         | Year 1 | Corporate      | Council Decision   |
| 1.2       | Review Borrowing Policy, and align with Restricted Cash and Reserves Policy.                       | Year 1 | Corporate      | Council Decision   |
| 1.3       | Review Investment Policy to ensure compliance in a changing cash environment.                      | Year 2 | Corporate      | Council Decision   |
| 1.4       | Improve project cashflow management through review and update of the Project Management Procedure. | Year 2 | Assets & Waste | Executive Approval |

## 4.2 STRATEGIC LEVER 2: OPTIMISE REVENUE

Generating new revenue or increasing current fees and charges to properly reflect the cost of service beyond statutory limits and the affordability of our community is challenging.

In addition, Council is heavily reliant on both operating and capital grants to support delivery of services and projects that benefit the community. Applying for and being successful in achieving grant opportunities as they become available is a key factor in Council's ongoing financial sustainability.

The user pays principle, in the context of local government, is a concept that advocates for individuals or entities benefiting directly from specific services or facilities to bear the associated costs. Under this principle, users are charged fees corresponding to the level of services they use or the extent of benefits they receive. The user pays principle promotes fairness by ensuring that those who directly benefit from particular amenities, such as recreational facilities or waste collection services, contribute proportionately to the cost of maintaining and providing these services, relieving the financial burden on the broader community. However, this needs to be balanced against the community benefit of the service and the community's capacity to pay.

The following actions have been identified to provide strategic direction on setting revenue policies, and to ensure that Council is ready to maximise external funding opportunities:

| Reference | Strategic Lever 2 Actions                                                                                                                 | Year   | Responsibility  | Governance         |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------------|--------------------|
| 2.1       | Benchmark fees and charges against other councils, to inform pricing strategy and potential opportunities.                                | Year 1 | All             | Council decision   |
| 2.2       | Develop a pricing strategy for fees and charges, including applying user pays principles where it is appropriate to do so.                | Year 2 | Corporate       | Council decision   |
| 2.3       | Ensure Capital Works Project Pipeline is active, and projects are agreed and prioritised ready to apply for future funding opportunities. | Year 2 | Assets & Waste  | Council Decision   |
| 2.4       | Strategically target grants applications to agreed priority pipeline and develop Grants Application Procedure.                            | Year 2 | Growth & Future | Executive Approval |

| Reference | Strategic Lever 2 Actions                                                                                                                                                                                                | Year   | Responsibility  | Governance       |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------------|------------------|
| 2.5       | Develop a new Leasing and Licencing Policy, which includes review of existing revenue generated by each property, current financial performance, potential for growth for each property, and underperforming properties. | Year 2 | Growth & Future | Council decision |
| 2.6       | Consider an above Rate Cap application to the Essential Services Commission.                                                                                                                                             | Year 3 | Corporate       | Council Decision |



### 4.3 STRATEGIC LEVER 3: WELL MANAGED ASSETS

Well managed assets are fundamental to maintaining Council's long-term service delivery capacity. As the custodian of significant community infrastructure, Council must ensure assets are planned, maintained, renewed, and replaced in a way that aligns with service needs and available funding. This requires an integrated approach across the Asset Plan, Asset Management Plans and Financial Plan to ensure investments are targeted, risks are managed, and underperforming assets are addressed through rationalisation or optimisation.

The following actions have been identified to provide strategic direction on asset management, and integration of asset and finance processes:

| Reference | Strategic Lever 3 Actions                                                                                                                                                       | Year   | Responsibility            | Governance         |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------------------------|--------------------|
| 3.1       | Finalise individual asset management plans to guide investment of responsible asset renewals, upgrades and new. Progress improvement actions identified in each of these plans. | Year 1 | Assets & Waste            | Executive Approval |
| 3.2       | Prepare and deliver the Alpine Shire Facilities Policy.                                                                                                                         | Year 1 | Growth & Future           | Council Decision   |
| 3.3       | Prepare the Alpine Shire Community Infrastructure Needs Assessment.                                                                                                             | Year 1 | Growth & Future           | Council Decision   |
| 3.4       | Review asset management policies to document processes around capitalisation, disposal, revaluations.                                                                           | Year 2 | Corporate, Assets & Waste | Operational        |
| 3.5       | Independently assess Council's unit rates and 'useful lives' for all asset classes to ensure appropriate asset value and depreciation calculations.                             | Year 2 | Assets & Waste            | Operational        |
| 3.6       | Update the asset management framework to ensure whole of lifecycle asset management, with an aim of maintenance levels optimising lifecycle outcomes.                           | Year 3 | Assets & Waste            | Executive Approval |

## 4.4 STRATEGIC LEVER 4: STRATEGIC SERVICE DELIVERY

Defining the service mix, service level and service delivery options through a service planning and review program will be central to Council's future financial sustainability.

Council will need to establish a robust service review framework to ensure all services are relevant, financially sustainable and can meet future community needs. Planning for services will help Council identify and understand:

- the value of the service to the community;
- the cost of services;
- what level of service Council can afford;
- the revenue needed to generate to make services financially sustainable (where appropriate);
- adjusting service levels to manage costs;
- managing and maintaining key infrastructure assets that support service delivery;
- the level of resources needed to deliver services;
- the role of alternative service providers; and
- compliance with National Competition Policy.

The following actions have been identified to ensure Council makes service delivery decisions based on community need with a full understanding of the role of Council and the full cost of each service:

| Reference | Strategic Lever 4 Actions                                                                                                                                        | Year              | Responsibility | Governance         |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|--------------------|
| 4.1       | Develop a Service Review Catalogue to provide a service inventory, financial analysis, strategic alignment to Council's overall plans and community aspirations. | Year 2            | Corporate      | Executive Approval |
| 4.2       | Develop a Service Review Framework to ensure that Council resources are allocated to services that deliver demonstrable public benefit.                          | Year 1 and Year 2 | Corporate      | Executive Approval |

| Reference | Strategic Lever 4 Actions                                                                                              | Year              | Responsibility  | Governance         |
|-----------|------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|--------------------|
| 4.3       | Analyse finance data by service category to underpin decision making for Service Reviews and Fees and Charges reviews. | Year 1 and Year 2 | Corporate       | Executive Approval |
| 4.4       | Implement a targeted Service Review program.                                                                           | Year 2 - Ongoing  | Corporate       | Executive Approval |
| 4.5       | Develop a new Workforce Plan.                                                                                          | Year 1            | Human Resources | CEO Approval       |

## 4.5 STRATEGIC LEVER 5: IMPROVE FINANCE SYSTEMS

In order to provide more granular finance data and reporting for decision making the focus is on a program of works to assess the current suite of finance systems and reporting mechanisms with the aim of uplifting our technology capability and to drive a data driven approach. Potential benefits however need to be carefully balanced against the cost of new technology delivery and transition management.

The following actions have been identified to increase financial visibility and reporting using a step change approach, and to assess future technology opportunities:

| Reference | Strategic Lever 5 Actions                                                                                                                                                                                                                                                                                                    | Year              | Responsibility                        | Governance         |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------------------|--------------------|
| 5.1       | Review current suite of finance systems, analyse future requirements and consider change business case.                                                                                                                                                                                                                      | Years 1 and 2     | Technology and Innovation             | Executive Approval |
| 5.2       | Implement new financial Chart of Accounts to provide more granular finance data, and greater financial control.                                                                                                                                                                                                              | Year 1            | Technology and Innovation & Corporate | Executive Approval |
| 5.3       | Implement improved budgeting and financial reporting tools.                                                                                                                                                                                                                                                                  | Year 1 and Year 2 | Technology and Innovation & Corporate | Operational        |
| 5.4       | Implement internal monthly finance dashboard reporting.                                                                                                                                                                                                                                                                      | Year 2            | Corporate                             | Operational        |
| 5.5       | Establish a new procedure capturing the annual budgeting process, including interfaces with external engagement and with Councillors. Develop as an attachment to this procedure a standardised timeframe for the annual budgeting cycle. Carry out annual review and improvement of this procedure and associated schedule. | Year 2            | Corporate                             | Operational        |

## 4.6 STRATEGIC LEVER 6: STRENGTHENING GOVERNANCE AND FINANCIAL CONTROL

Good governance and sound decision-making are essential pillars of financial sustainability. Council must ensure that financial decisions are informed, strategic, and aligned with long-term priorities. Mitigating financial risks, effective financial planning and responsible budgeting are essential for long term sustainability.

A robust budget process is undertaken each year and performance is monitored closely throughout the year with reporting to Council quarterly. In addition, by integrating financial, asset, service, and project planning frameworks Council is able to optimise resource allocation, manage risks proactively, and ensure alignment of strategic commitments made and operational outcomes.

The following actions have been identified to strengthen governance processes and transparency, as well as to provide data to inform future financial plan projections:

| Reference | Strategic Lever 6 Actions                                                                                                                                                                                                                        | Year             | Responsibility  | Governance       |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------|------------------|
| 6.1       | Consider formally rebudgeting mid-way through 2025, in order to address learnings from the 2024/25 end of year financial audit, and to document material changes to the 2025/26 Budget which have potential to impact on the underlying deficit. | Year 1           | Corporate       | Council Decision |
| 6.2       | When presenting all new and updated strategies for Council decision, articulate the implementation and total lifecycle cost(s) to enable informed decision making.                                                                               | Year 1 - ongoing | Growth & Future | Council Decision |
| 6.3       | Present recommendations to Council for Capital Works Projects (new and upgrade) that are informed by robust analysis of the implications on operational budgets.                                                                                 | Year 1 - Ongoing | Assets & Waste  | Council Decision |
| 6.4       | Implement unbudgeted spend approval processes and contract variation process. Implement registers to record approvals.                                                                                                                           | Year 1           | Corporate       | Operational      |

| Reference | Strategic Lever 6 Actions                                                                                                                                                                               | Year               | Responsibility               | Governance       |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------|------------------|
| 6.5       | Ensure all capital works contracts are appropriately captured and managed in the Contracts Register.                                                                                                    | Year 1             | Growth & Future              | Operational      |
| 6.6       | Reconcile differences in accumulated depreciation data migrated between Authority and Univerus through investigation and correction to ensure the asset management system and general ledger reconcile. | Year 1             | Corporate,<br>Assets & Waste | Operational      |
| 6.7       | Provide quarterly financial monitoring, briefing on performance no later than one month following the quarterly cut-off (Q1, Q2, Q3 & Q4).                                                              | Year 1 and ongoing | Corporate                    | Operational      |
| 6.8       | Review Council decisions to identify unbudgeted commitments to future works and include in future Financial Plan projections                                                                            | Year 2             | Corporate                    | Operational      |
| 6.9       | Review Council's contracts to identify future capital expenditure commitments and include in future Financial Plan projections.                                                                         | Year 2             | Growth & Future              | Operational      |
| 6.10      | Review all Council's contract commitments to identify where increases in expenditure contractually will exceed CPI, and include in future Financial Plan projections.                                   | Year 2             | All                          | Operational      |
| 6.11      | Review all adopted strategies and plans and establish the status of each. Capture agreed actions in project pipeline and Financial Plan.                                                                | Year 2             | Growth & Future              | Council Decision |
| 6.12      | Introduce clear decision gates for capital project initiation to improve financial discipline and risk management.                                                                                      | Year 2             | Assets & Waste               | Operational      |

## 4.7 STRATEGIC LEVER 7: STAKEHOLDER ENGAGEMENT, ADVOCACY & PARTNERSHIPS

Like many councils we have a reliance on funding provided by State and Federal Governments. Council relies on rates income to subsidise funding gaps, meet growing service needs, respond to new government requirements, and manage rising costs.

Building strong partnerships with our government counterparts, including other councils, and advocating for investment and policy changes that benefit our community and support service delivery is a key aspiration. In addition, it is important to strategically focus on seeking grants that align closely with our Council Plan and strategic priorities.

The following actions have been identified to clarify responsibilities, and target funding that supports our key priorities to deliver the greatest benefit to our community:

| Reference | Strategic Lever 7 Actions                                                                                                                           | Year             | Responsibility      | Governance       |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|------------------|
| 7.1       | Deliver Council's Advocacy Strategy priority to fund important community services and projects.                                                     | Year 1 – Ongoing | Customer Experience | Council Decision |
| 7.2       | Seek funding for a greater State Government contribution towards the upgrade, renewal and maintenance of community assets and programs.             | Year 1 - Ongoing | All                 | Operational      |
| 7.3       | Invite suggestions from key stakeholders for improving Council's financial position. Categorise and then rank these suggestions.                    | Year 1 - Ongoing | Customer Experience | Operational      |
| 7.4       | Investigate opportunities to “hand back” responsibilities to the State and Federal Government (i.e. land management, insurances of DEECA buildings) | Year 2           | Growth & Future     | Operational      |

## 5. Implementation

Developing and executing a financial strategy brings with it a set of strategic risks that must be managed.

- A shift in Council's priorities or direction could impact the ongoing commitment to financial sustainability;
- Resistance to change within the organisation may impede the successful delivery of the Strategy;
- Without strong accountability and governance structures, it may be difficult to effectively track progress and evaluate outcomes;
- Changes in economic conditions or unexpected shifts in local priorities could result in the Strategy becoming misaligned with actual needs, potentially leading to inaccurate revenue forecasts, budget shortfalls, overspending, or inefficient allocation of resources.

The Strategy will be reviewed in response to a material change in the internal or external environment to ensure it remains fit for purpose and aligned with meeting organisational objectives.

### 5.1 GOVERNANCE

The Executive Leadership Team provides strategic oversight, champions a culture of change, and sets priorities for actions and resource allocation.

The Financial Sustainability Strategy Action Plan has assigned responsible departments for delivery of actions. Where needed, cross-functional working groups will be established to support delivery. These teams collaborate across departments, leveraging their expertise to implement key actions effectively.

The Manager Corporate is accountable for the day-to-day implementation of the strategy, including coordination, project management, reporting, and communication, reporting directly to the Executive Leadership Team and to Council.

### 5.2 MONITORING AND REVIEW

The success of the Strategy will be measured by Council's progress toward meeting financial sustainability indicators and this progress will be reported using the following mechanisms:

- Each year as part of the annual budget development process, consideration will be given to the impact of actions undertaken, and assumptions made in the formation of the Strategy and the assumptions underpinning the financial modelling to provide updated modelling that reflects the cumulative impact on actions undertaken.
- Reserve amounts will be reviewed each time the budget is developed.



- Council's Annual Report will report on Council's financial and service performance.
- Progress against the Financial Sustainability Strategy Action Plan will be reported in the quarterly financial reporting.

## 6. Key Financial Terms

| Term                       | Calculation                                                           | Definition                                                                                                                                                                                                                                                                                                                    |
|----------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adjusted underlying result | Adjusted underlying surplus (or deficit)/ adjusted underlying revenue | This measures Council's ability to generate surplus in the ordinary course of business, excluding non-recurrent capital grants, non-monetary asset contributions and other contributions, to fund capital expenditure from its net result. A surplus or increasing surplus suggests an improvement in the operating position. |
| Annual Report              |                                                                       | Details Council's financial and operational performance for each year including audited financial and performance statements, progress updates for Council Plan strategies, indicators and major initiatives, and performance indicator results.                                                                              |
| Asset                      |                                                                       | Council assets include roads, bridges, footpaths, drains, libraries, town halls, parks, recreational centres, and other community facilities.                                                                                                                                                                                 |
| Annual Budget              |                                                                       | A rolling 4-year budget is prepared annually to outline how resources will be allocated across services, initiatives and capital works projects and the income that will be generated.                                                                                                                                        |
| Renewal gap (ratio)        |                                                                       | The rate of spending on renewing, restoring and replacing existing assets with depreciation.                                                                                                                                                                                                                                  |
| Surplus                    |                                                                       | Net surplus is Council's revenue and income from transactions minus expenses from transactions. Council surplus is be used to fund the capital works program each year.                                                                                                                                                       |
| Unrestricted Cash          |                                                                       | Cash that is free of restrictions and is available to pay bills for any purpose as and when they fall due.                                                                                                                                                                                                                    |
| Working Capital Ratio      | Current assets/current liabilities                                    | This measures Council's ability to pay existing liabilities in the next 12 months. A ratio of 1 or more means that an entity has more cash and liquid assets than short-term liabilities.                                                                                                                                     |

## 7. Approval

THE COMMON SEAL OF THE  
ALPINE SHIRE COUNCIL was  
hereunto affixed this 28 day of October  
2025  
in the presence of:



Signed by:  
Cr Dave Byrne  
Cr Peter Smith and  
Will Jeremy, Chief Executive Officer

The Financial Sustainable Strategy 2025-2029  
was signed and sealed at the Ordinary Council  
Meeting held on 28 October 2025.

The original signed copy is held in Council's records.