

12.7	Quarter 2 Budget Report (Oct, Nov, Dec)
Directorate	Corporate Services
Director	Marcelo Vidales
Manager	Shaun Owens
Attachment(s)	1. CR - NEW - Quarterly Budget Report - 31 December 2025 [12.7.1 - 23 pages]

Purpose

For Council to note the Quarterly Budget Report and accompanying statements for the period ending 31 December 2025.

Officer Recommendation

That Council note the Quarterly Budget Report and accompanying statements for the period ending 31 December 2025.

Background

The Quarterly Budget Report is a requirement under the *Local Government Act 2020 (the Act)*. Section 97 of *the Act* states that the Quarterly Budget Report must include:

- A comparison of the actual and budgeted results to date.
- An explanation of any material variations.

Matters for Consideration

For Council to note the Quarterly Budget Report and accompanying statements for the period ending 31 December 2025, as per **Attachment 1** to this report.

Revised Budget

The second quarterly report of a financial year must include a statement by the Chief Executive Officer as to whether a revised budget is, or may be, required.

The Chief Executive Officer does not believe that a revised budget is required.

Financial Results

The Quarterly Budget Report provides analysis on Council's financial position for the period ending 31 December 2025 (year-to-date) and the projected position to 30 June 2026 (forecast).

The report provides a comparison between the actual year-to-date position and budget, as well as the forecast position and budget.

The report contains an explanation and analysis of material variations and items in the results.

The key results included in the report are:

Financial Result	Actual YTD \$'000	Budget YTD \$'000	Variance YTD \$'000	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Cash Surplus/(Deficit)	18,242	9,041	▲ 9,201	(16,345)	(13,671)	▼ (2,674)
Cash & Cash Equivalents	130,285			88,410	80,418	▲ 7,992
Income	150,815	136,941	▲ 13,874	289,144	279,510	▲ 9,634
Expenditure	140,504	137,125	▼ (3,379)	288,261	273,146	▼ (15,115)
Operating Surplus/(Deficit)	10,311	(184)	▲ 10,495	883	6,364	▼ (5,481)
Capital Works Income	2,672	2,329	▲ 343	9,250	6,778	▲ 2,472
Capital Works Expenditure	20,474	19,049	▼ (1,425)	62,791	63,295	▲ 504
Net Capital Position	17,802	16,721	▼ (1,082)	53,540	56,517	▲ 2,977

Cash Position

The Annual Budget has a cash balance of \$80.42 million at the end of the financial year.

The year-to-date cash balance stands at \$130.29 million, comprising of an opening balance of \$118.38 million on 1 July 2025 and year-to-date net inflow of \$11.91 million.

The forecasting closing cash balance for the year ending 30 June 2026 is \$88.41 million, which is \$7.99 million higher than the budgeted figure of \$80.42 million.

Operating Performance

The Annual Budget for the 2025/26 financial year has an operating surplus of \$6.36 million.

The year-to-date operating surplus is \$10.31 million which is \$10.50 million favourable to the Budget of (\$0.18) million.

Current full year forecast estimates an operating surplus of \$0.88 million, being \$5.48 million unfavourable to the Annual Budget of \$6.36 million. The unfavourable result is mostly driven by a Public Open Space Contribution refund to Orica \$7.63 million and, increase in Depreciation by \$5.70 million.

Capital Performance

The 2025/26 Adopted Capital Works Budget is \$63.30 million, comprising \$57.62 million of Capital Works projects funded in the 2025/26 financial year and \$5.68 million carried forward from the 2024/25 financial year.

Capital Works actual expenditure is \$20.47 million against a budget of \$19.04 million, variance of (\$1.43) million, driven mainly by expenditure greater than forecasted in Road Works (\$1.98 million), due to several projects within the Road Rehabilitation Program being delivered earlier than scheduled.

YTD external funding is \$2.67 million comprising recurrent and non-recurrent grants and contributions. The total full year external funding is forecasted at \$9.25 million, an increase of \$2.47 million over the 2025/26 Annual Budget of \$6.78 million.

Capital Works expenditure for the year is projected at \$62.79 million, which is \$0.5 million below the adopted budget. \$0.15 million of this variance can be equated to approved expenditure via the Change Request process. The remaining variance is due to expected delays in several projects, some of which has been forecast by Project Managers, but not yet submitted as a formal Change Request, and as such remains unresolved.

Capital Program Change Requests

During the reporting period, 16 project change requests were received and approved under CEO delegation. These requests encompassed a variety of categories, reflecting adjustments to project scope, budget and funding. The breakdown is as follows:

- **Project Under expenditure (7 requests):** Budget savings totalling \$1,927,856.
- **Additional Budget Required (6 requests):** \$848,422 in additional budget allocated to support project requirements. This required additional budget will be offset by unbudgeted income and savings from other projects.
- **Income Adjustments (3 requests):** Additional income amounting to \$697,520.

Further details on each Change Request can be found within the December Quarterly Budget Report.

Financial Sustainability Metrics

Indicator	Measurement	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Adjusted Underlying Result	Ability to generate a surplus from own source revenue, without reliance on capital funding.	(14.08%)	(6.15%) ▼	(7.93%)
Internal Financing	Ability to finance capital works from operating cashflow	89.33%	111.88% ▼	(22.54%)
Working Capital Ratio	Ability to meet financial obligations arising in the next 12 months.	1.93	1.53 ▲	0.40
Capital Replacement	Total investment in capital infrastructure compared depreciation (decline in value of existing assets)	0.99	1.05 ▼	(0.07)
Renewal Gap	Investment in renewing existing assets compared to depreciation (decline in value of existing assets)	0.83	0.88 ▼	(0.06)
Indebtedness v Rates	Comparative size of debt compared to Rates & Charges Revenue	36.45%	36.44% ▲	0.01%

Community Engagement

The Annual Budget 2025/2026 was adopted by Council at the Council Meeting on 17 June 2025, following a community consultation process.

Resource And Risk Implications

Resource requirements can be met within the Annual Budget 2025/2026.

Regulatory: legal, legislative or regulatory implications including the rights/obligations of stakeholders.

- Yes - The Quarterly Budget Report is a requirement under the *Local Government Act 2020*.

Legislation/Council Plan/Policy Context

This report supports the Council Plan 2025-2029 strategic direction and objective of:

4. Leadership and Governance - A high performing organisation that enacts the vision and decisions of Council through the delivery of quality and innovative services - A fairer place for all

- High performance and accountability - Our workforce strive to enhance services and liveability for the Brimbank community.

This report complies with *Local Government Act 2020*, Australian Accounting Standards and Annual Budget 2025/26.

Council officers contributing to the preparation and approval of this report, have no conflicts of interests to declare.



Brimbank City Council Quarterly Budget Report December 2025

The Quarterly Budget Report for December 2025 has been prepared in accordance with Australian Accounting Standards.

This report is designed to identify major variances against the December 2025 year to date budget.

The year to date and Annual Budget referred to in this report reflects the budget approved by Council on 17 June 2025 which includes the carry forward funding for 2025/26 projects and capital works forward commitments.



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SECTION 1: EXECUTIVE SUMMARY

1.1 Summary of Financial Performance

Financial Result	Actual YTD \$'000	Budget YTD \$'000	Variance YTD \$'000	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Cash Surplus/(Deficit)	18,242	9,041	▲ 9,201	(16,345)	(13,671)	▼ (2,674)
Cash & Cash Equivalents	130,285			88,410	80,418	▲ 7,992
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Expenditure	140,504	137,125	▼ (3,379)	288,261	273,146	▼ (15,115)
Operating Surplus/(Deficit)	10,311	(184)	▲ 10,495	883	6,364	▼ (5,481)
Capital Works Income	2,672	2,329	▲ 343	9,250	6,778	▲ 2,472
Capital Works Expenditure	20,474	19,049	▼ (1,425)	62,791	63,295	▲ 504
Net Capital Position	17,802	16,721	▼ (1,082)	53,540	56,517	▲ 2,977

1.2 Cash Surplus

The year-to-date cash surplus is \$18.2mil, being **+\$9.2mil favourable** to budget. Key items in this result include:

- Council has resolved to allocate the \$10.0mil received from a legal outcome that was not anticipated in the budget to a reserve, this contribution creates a favourable impact in the operating result but has no impact on the cash surplus.
- A refund of \$7.63mil was paid to Orica as a correction a Public Open Space levy previously paid. The original contribution was allocated to a reserve, so the refund is also be drawn from the reserve. This refund creates an unfavourable result in the operating result but has no impact on the cash surplus.
- The favourable cash surplus result is primarily driven by underutilisation of operating expenses of \$6.9mil in employee expenses and materials & services.

The forecast cash deficit is (\$16.3mil), being **(\$2.7mil) unfavourable** to budget. Key items in this result include:

- The two material items noted above both have an impact on the operating result, but as they have a corresponding movement in a reserve there is no impact on the cash surplus.
- The forecast cash deficit is materially consistent with budget, with the utilisation of operating expenses projected to be materially consistent with budget by year end.

1.3 Cash Position

The year-to-date cash position is \$130.3mil. The FY26 budget did not include a cashflow statement that was phased monthly, therefore it is not possible to report on a year-to-date cash position against budget.

- A monthly cashflow statement will be prepared in future budgets to allow for the year-to-date cash position reporting to occur.

The forecast cash position is \$88.4mil, being **+\$8.0mil favourable** to budget. Key items in this result include:



- Opening cash balance was \$19.4mil favourable to budget, with early receipt of grant funding and deferred capital expenditure resulting in a higher than expected cash balance.
- The receipt of \$10.0mil from a legal outcome that was not anticipated in the budget will have a \$10.0mil favourable impact on the cash position.
- The refund to Public Open Space levy to Orica of \$7.6mil that was not anticipated in the budget will have a (\$7.6mil) unfavourable impact on the cash position.
- Rates collections is projected to be (\$7.5mil) unfavourable to budget due to a continual trend of an increase in arrears.

1.4 Operating Position

The year-to-date operating position is a \$10.3mil surplus, being **+\$10.5mil favourable** to budget. Key items in this result include:

- The receipt of a of \$10.0mil from a legal outcome that was not anticipated in the budget will have a \$10.0mil favourable impact on operating position.
- The refund to Public Open Space levy to Orica of \$7.6mil that was not anticipated in the budget will have a (\$7.6mil) unfavourable impact on the operating position.

The forecast operating position is a \$0.9mil surplus, being **(\$5.5mil) unfavourable** to budget. Key items in this result include:

- As above, the items impacting the year-to-date position will also impact the full year position.
- The early receipt of the Financial Assistance grant in FY25 is projected to have an (\$8.0mil) unfavourable impact in FY26 due to this timing. If this is to reoccur in future years, early receipt of grant funding will be allocated to a deferred revenue reserve to negate the impact on the cash surplus.
- Depreciation is forecast to (\$5.7mil) unfavourable to budget. Future developments of the depreciation budget will focus on including consideration of new assets and revaluations.

1.5 Capital Position

The year-to-date net capital position is \$17.8mil, being **(\$1.1mil) unfavourable** to budget. Key items in this result include:

- Road works (\$1.98mil) unfavourable to budget, due to the delivery of several road projects being ahead of schedule.

The forecast net capital position is \$53.5mil, being **+\$3.0mil favourable** to budget. Key items in this result include:

- A number of projects have been classified as high-risk, with assessments indicating likelihood of deferred expenditure or carry-forwards to be reviewed for inclusion in FY27 capital budget.



SECTION 2: FINANCIAL SUSTAINABILITY METRICS

Indicator	Measurement	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Adjusted Underlying Result	Ability to generate a surplus from own source revenue, without reliance on capital funding.	(14.08%)	(6.15%) ▼	(7.93%)
Internal Financing	Ability to finance capital works from operating cashflow	89.33%	111.88% ▼	(22.54%)
Working Capital Ratio	Ability to meet financial obligations arising in the next 12 months.	1.93	1.53 ▲	0.40
Capital Replacement	Total investment in capital infrastructure compared depreciation (decline in value of existing assets)	0.99	1.05 ▼	(0.07)
Renewal Gap	Investment in renewing existing assets compared to depreciation (declien in value of existing assets)	0.83	0.88 ▼	(0.06)
Indebtedness v Rates	Comparative size of debt compared to Rates & Charges Revenue	36.45%	36.44% ▲	0.01%

Material Variances to Budget

The Adjusted Underlying Result is projected to be (14.08%), being (7.93%) unfavourable to budget:

- Impacted by a number of material one-off items, including the refund of public open space levy and timing of the Financial Assistance Grant.
- The increase in depreciation will be a permanent impact on this result in the long-term financial plan.
- Consistent with the sector, the adjusted underlying ratio in challenging and has been impacted by relatively low-rate capping and cost shifting.

The Internal Financing Ratio is projected to be 89.33%, being (22.54%) unfavourable to budget:

- Driven by a reduction in net cashflow from operating activities, including the refund of public open space and timing of the Financial Assistance Grant.
- The revised forecast for rates collection will also have an impact, with an impact of \$7.5mil expected impact in cash received from rates. The cashflow included in the FY26 budget assumed a 100% collection rate, with the value on the income statement also being used for the cashflow.

The Working Capital Ratio is projected to be 1.93, being 0.40 favourable to budget:

- Driven by a higher than expected cash balance at 30 June 2026, as a result of items explained above including a higher than expected cash balance and variances arising in FY26.



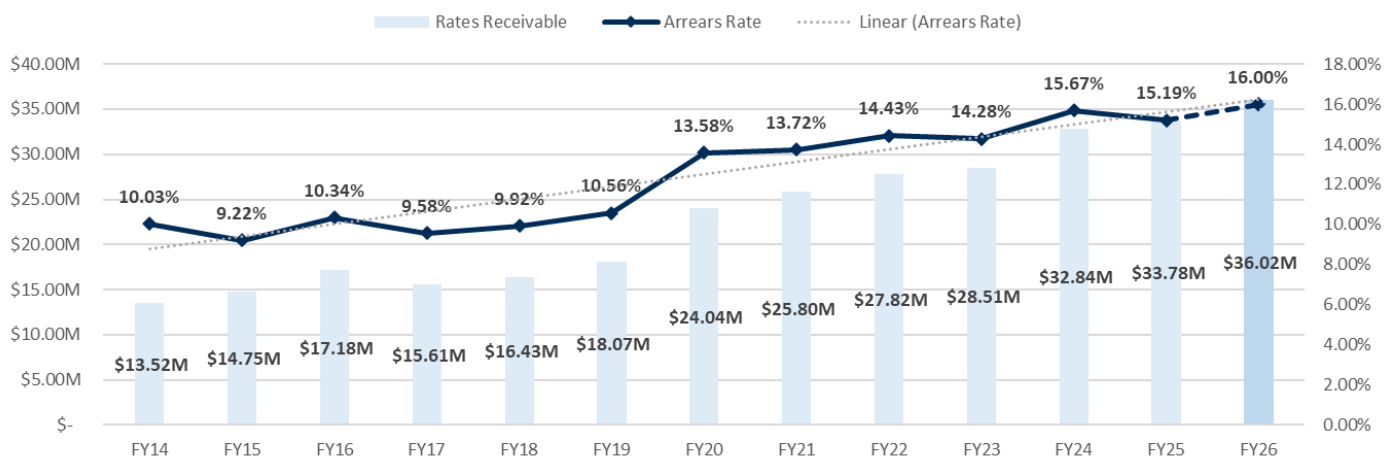
Section 3: KEY INSIGHTS & ANALYSIS

3.1 Rates & Charges

Rates & Charges	Actual	Budget	Variance	Forecast	Budget	Variance
31 December 2025	YTD	YTD	YTD	Annual	Annual	Annual
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
General Rates Levied	78,063	77,345	▲ 718	154,751	154,751	■ -
Supplementary Rates	-	850	▼ (850)	1,700	1,700	■ -
Environmental Charge	13,294	13,236	▲ 58	26,482	26,482	■ -
Environmental Charge Green Waste	2,475	2,426	▲ 49	4,853	4,853	■ -
Public Amenities Cleansing levy	3,955	3,909	▲ 46	7,820	7,820	■ -
Total Rates & Charges	97,786	97,764	▲ 22	195,607	195,607	■ -

- Rates & Charges are tracking materially consistent with budget on a year-to-date basis.
- Note: supplementary rates are recognised by General Rates in the system, a journal entry is done at year-end to recognise these in the correct category.
- There are no material changes expected to 30 June 2026, therefore the forecast for FY26 is consistent with the budget.

Rates Receivable & Collection Rate



- Consistent with the trend, arrears are projected to be 16.00% for FY26 with an outstanding balance of rates of \$36.0mil as at 30 June 2026.
- Continuation of this trend will have a material impact on the financial position in the long-term financial plan. Strategies, plans and actions are being explored to improve collection.
- Increasing rates collections will be a major focus with options currently being explored.



3.2 Salaries & Wages

Salaries & Wages 31 December 2025	Actual YTD \$'000	Budget YTD \$'000	Variance YTD \$'000	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Remuneration & On-Costs	58,764	60,797	▲ 2,033	118,988	116,316	▼ (2,671)
Agency Staff	1,401	640	▼ (761)	2,789	1,369	▼ (1,420)
Other Employee Related Expenses	96	80	▼ (16)	160	160	▬ -
Total Salaries & Wages	60,262	61,517	▲ 1,256	121,937	117,846	▼ (4,091)

The year-to-date position is **+\$1.3mil** favourable as a result of delays in recruitment and flexible working arrangements. Areas with material movement to budget include:

- Maternal and Child Health \$0.4mil due to a combination of on-going level of vacancies and flexible working arrangements.
- Enterprise Project Management Office \$0.2mil due to delays in recruitment.

The Full Year Forecast is projecting **(\$4.1mil)** unfavourable result to budget as a result of:

- Connected Brimbank project \$1.0mil. This increase is offset by reduction in Consultants cost.
- Workcover Premium increase by \$0.7mil. The 2025/26 Workcover premium increased due to council claims, a higher performance rating, and an industry rate rise from 2.3312% to 2.866%. These costs will not be included in the 2026/27 calculation, which is likely to reduce next year's premium.
- Agency staff are forecast to be (\$1.4mil) unfavourable to budget consistent with the year-to-date trend.

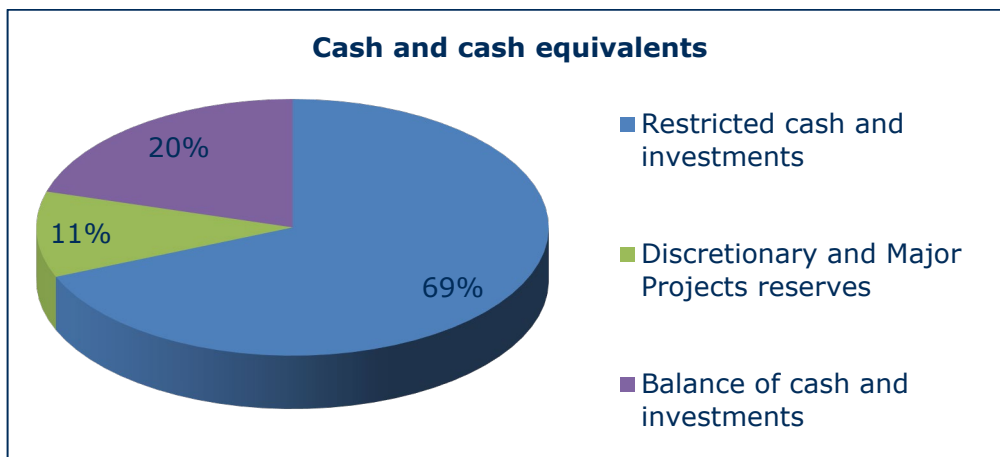
3.3 Cash & Treasury

The forecast cash position is \$88.4mil, being **+\$8.0mil** favourable to budget.

With forecast current liabilities of \$73.2mil, there is \$15.2mil cash projected to be held in excess of current liabilities. This represents a ratio of 1.21 when comparing cash against current liabilities.

The forecast cash position of \$88.4mil is represent by:

	\$'000
Total Forecast cash and investments	88,410
Restricted cash and investments:	
Restricted cash reserves	(48,618)
Total trust funds and deposits	(12,128)
Intended allocation:	27,664
Carry forward capital works 2025/26	-
Unrestricted cash and investments	27,664
Major Projects reserves	(9,547)
Discretionary reserves (sinking fund)	-
Unrestricted cash adjusted for discretionary reserves	18,117
Balance of cash and investments	18,117



After taking into consideration restricted cash and discretionary reserves there is a predicted positive net cash balance of \$18.12 million.

Review and confirmation of reserve balances will be a major focus going forward to ensure that unrestricted cash is being accurately measured.



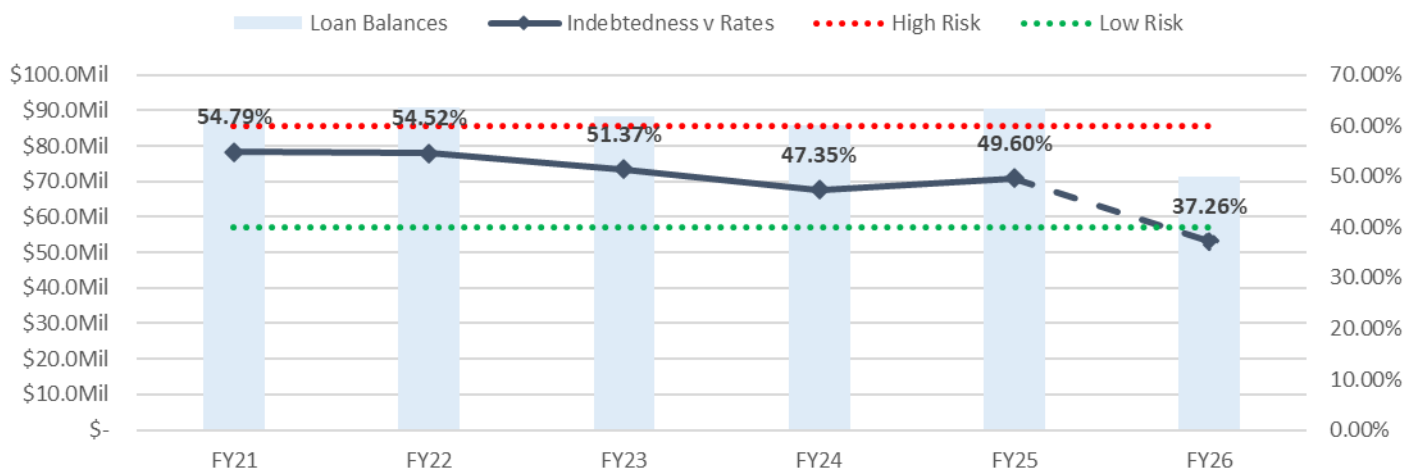
3.4 Debt & Borrowings

Debt 31 December 2025	Actual YTD \$'000	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Current Liabilities	26,491	12,564	31,337	▼ (18,773)
Non-Current Liabilities	59,294	58,730	39,943	▲ 18,787
Total Debt	85,785	71,294	71,280	▲ 14

LGFV 10 (2016-17): A \$21.0mil interest only loan through Local Government Financing Vehicles (LGFV) was taken on 23 June 2016 for the purpose of undertaking the capital works for the Civic Centre. This loan is due to mature on 23 June 2026 and will be repaid in full.

New Loan 2025-26: The FY26 budget included the draw down of new \$12mil loan. This loan is required to maintain liquidity and to support the repayment of LGFV 10 (2016-17). It is assumed that this will be a principal and interest loan, taken over 10 years with a 4.00% interest rate.

Indebtedness vs Rates



The repayment of LGFV 10 (2016-17) and the drawdown of the new loan for 2025-26 will have a net impact on debt of a \$9.0mil reduction in debt.

This reduction in debt, as well as an increase in rates revenue, will reduce the indebtedness ratio against rates at 30 June 2026 by 12.34% compared to 30 June 2025.

At 30 June 2026, indebtedness against rates will be in the low risk range, representing a decreased level of risk and the availability of borrowing capacity in the future if required.



SECTION 4: FINANCIAL STATEMENTS

4.1 Income Statement

Income Statement 31 December 2025	Actual YTD \$'000	Budget YTD \$'000	Variance YTD \$'000	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Income						
Rates and charges	97,786	97,764	▲ 22	195,607	195,607	■ -
Statutory fees and fines	5,687	3,540	▲ 2,147	9,269	9,225	▲ 44
User fees	11,563	10,058	▲ 1,505	21,799	20,133	▲ 1,666
Grants - Operating - recurrent	9,217	12,958	▼ (3,741)	15,956	23,956	▼ (7,999)
Grants - Operating - non-recurrent	2,973	1,191	▲ 1,782	3,585	1,917	▲ 1,668
Grants - Capital - Recurrent	200	-	▲ 200	2,120	2,120	■ -
Grants - Capital - Non-Recurrent	904	2,329	▼ (1,425)	5,562	4,658	▲ 904
Contributions - cash	4,388	2,955	▲ 1,433	7,164	5,433	▲ 1,731
Other income	17,822	6,147	▲ 11,675	24,091	12,471	▲ 11,620
Subdivisional contribution	-	-	■ -	3,993	3,993	■ -
Net gain/(loss) on disposal of PPE	276	(2)	▲ 277	(3)	(3)	■ -
Total Income	150,815	136,941	▲ 13,874	289,144	279,510	▲ 9,634
Expenditure						
Employee expenses	58,861	60,877	▲ 2,016	119,148	116,476	▼ (2,671)
Materials and services	38,124	42,956	▲ 4,832	87,317	88,452	▲ 1,136
Bad and doubtful debts	2	25	▲ 23	1,100	1,100	■ -
Depreciation	31,122	28,931	▼ (2,191)	63,582	57,886	▼ (5,696)
Other expenses	2,108	1,686	▼ (422)	4,189	3,931	▼ (258)
Contributions - Refund	7,625	-	▼ (7,625)	7,625	0	▼ (7,625)
Amortisation - right of use assets	1,019	997	▼ (22)	1,995	1,995	■ -
Borrowing costs	1,480	1,463	▼ (16)	2,927	2,927	■ -
Finance costs - leases	163	189	▲ 26	379	379	■ -
Total Expenditure	140,504	137,125	▼ (3,379)	288,261	273,146	▼ (15,115)
Operating Surplus/(Deficit)	10,311	(184)	▲ 10,495	883	6,364	▼ (5,481)



Income Statement Item	Comment
Statutory Fees & Fines	<p>Budget</p> <p>YTD Actual is favourable to YTD budget by \$2.1mil or 61% mainly in:</p> <ul style="list-style-type: none"> • Environmental Health / Immunisations \$1.6mil due to the incorrect budget phasing. It is anticipated that this variance will correct by end of financial year without management action. • Fines & Penalties -Statutory \$182,000 • Fines – Litter \$113,000
User Fees	<p>Budget</p> <p>YTD User Fees are favourable to YTD budget by \$1.5mil or 15% predominately due to additional income from:</p> <ul style="list-style-type: none"> • Brimbank Aquatic & Wellness Centre (BAWC) of \$800,200 outperforming the financial modelling developed during budgeting • Sunshine Leisure Centre \$174,200 • Non-Voter Infringements \$160,400. <p>Forecast</p> <p>The full year forecast is expected to be \$1.7mil favourable to budget mostly driven by</p> <ul style="list-style-type: none"> • \$1.5mil income from Brimbank Aquatic & Wellness Centre (BAWC), outperforming financial modelling developed during budgeting. This is mostly driven by income from Gymnasium (\$700,000) and Learn to Swim programs (\$350,000).
Operating Grants (Recurrent & Non-Recurrent)	<p>Budget</p> <p>YTD Operating Grants are favourable to YTD budget by \$1.9mil or 14% mostly due to a net of:</p> <ul style="list-style-type: none"> • \$1.9mil increase from prior year grants being carried over into the current financial year. Some of the key drivers of this include: <ul style="list-style-type: none"> ○ Western Alliance Greenhouse Action - \$331,865 ○ Social Inclusion Action Group - \$203,054 ○ Western Rail Plan & Sunshine PP - \$200,000 ○ Sleep & Settling Maternal and Child Health - \$149,059 ○ Kororoit Connections - \$133,000 ○ Kindergarten Registration & Outreach - \$131,270 ○ Maribyrnong Habitat Restoration - \$124,932 ○ Domestic Assistance - \$109,045 ○ Cooina Community Centre - \$101,851 ○ Enhanced Maternal and Child Health - \$100,000. • \$4.3mil reduction in VGC funding as 50% of the 2025/26 budgeted amount was paid to Brimbank earlier in June 2025. <p>Forecast</p> <p>The full year forecast for Operating Grants is expected to be unfavourable to budget by \$6.3mil driven by:</p>



Income Statement Item	Comment
	<ul style="list-style-type: none"> • \$8.4mil reduction in VGC funding as 50% of the 2025–26 budgeted amount was paid to Brimbank earlier in June 2025. This is offset by; • \$1.9mil increase due to unbudgeted grants brought forward from financial year 2024/25.
Capital Grants (Recurrent & Non-Recurrent)	<p>Budget</p> <p>YTD Capital Grants are unfavourable to YTD budget by \$1.42mil or 53% mostly due to a net of:</p> <ul style="list-style-type: none"> • \$781,000 carried over into the current financial year. Key items: <ul style="list-style-type: none"> ○ Sunshine Transport Precinct Activate - \$276,000 ○ Sports Surface/Ground Reconstruction - \$270,000 ○ Dog Off-Leash Spaces Program – Sydenham - \$150,000 ○ Road Rehabilitation - Old Geelong Rd - \$85,000 • \$443,600 timing issue in receiving various grants. <p>Forecast</p> <p>The full year forecast Capital Grants is expected to be \$904,000 favourable to budget mostly due to the brought forward (B/F) grants into the current financial year. 2.47mil/9041.57mil.</p>
Contributions	<p>Budget</p> <p>YTD Contributions - Cash \$1.4mil or 48% favourable against YTD budget mainly due to:</p> <ul style="list-style-type: none"> • \$771,590 brought forward contributions from the financial year 2024-25: <ul style="list-style-type: none"> ○ Community Batteries Grant Program \$345,000 ○ Victorian Energy Collaboration Project Funds, Regulatory Fees & Government Charges \$190,863 ○ Stormwater Harvesting Partnership program \$185,000 ○ Western Alliance Greenhouse Action \$121,174 • Unbudgeted contributions received: <ul style="list-style-type: none"> ○ St Albans West Kindergarten Replace \$183,000 • Road Rehabilitation - Theodore St \$154,000. <p>Forecast</p> <p>The full year forecast is expected to be \$1.7mil favourable to budget due to:</p> <ul style="list-style-type: none"> • Carried forward income of \$771,590 into current financial year • St Albans West Kindergarten Replace \$183,000 • Road Rehabilitation - Theodore St \$154,000.
Other Income	<p>Budget</p> <p>YTD Other Income ended \$11.7mil or 190% favourable to budget due to:</p>



Income Statement Item	Comment
	<ul style="list-style-type: none"> • A legal outcome finalised with a third party of \$10.0mil. The payment is a one-off receipt that contributes to Council's operating result but does not represent ongoing funding. • Landscape bonds retained \$606,560. <p>Forecast</p> <p>The full year forecast is expected to be \$11.7mil favourable to budget mostly due to:</p> <ul style="list-style-type: none"> • Items noted above that are impacting the year-to-date position also impact the full year position. • Container Deposit Scheme \$450,000. When eligible containers are placed in kerbside recycling bins and sent to Material Recovery Facility (MRF), the MRF can claim a refund. Council negotiated an agreement under which Cleanaway shares 50% of the new CDS amount with Brimbank City Council.
Employee Expenses	<p>Budget</p> <p>YTD employee expenses are favourable to budget by \$2.0mil or 3%.</p> <p>The employee expense underspend is organisation-wide, with key contributions from the following business units:</p> <ul style="list-style-type: none"> • Maternal & Child Health – \$352,200 • Capital Works & Building Program – \$268,230 • Enterprise Project Management – \$213,500 • Brimbank Aquatic & Wellness Centre – \$205,500 • Parks Services \$194,000. • Cleansing – \$193,000 • Roads Maintenance \$185,000 <p>The above underspend in staff cost is partially offset by \$761,000 overspend in Agency Staff.</p> <p>Forecast</p> <p>The forecast for employee expenses is projected to be unfavourable to the budget by \$2.7mil. The key drivers of this variance include:</p> <ul style="list-style-type: none"> • Connected Brimbank project \$1.0mil. This increase is offset by reduction in consultants cost. • Workcover Premium increase by \$0.7mil. The 2025/26 Workcover premium increased due to council claims, a higher performance rating, and an industry rate rise from 2.3312% to 2.866%. These costs will not be included in the 2026/27 calculation, which is likely to reduce next year's premium. <p>Overall Employee Expenses and Agency staff are expected to be unfavourable by \$4.1mil (Staff cost \$2.7mil and Agency Staff \$1.4mil). Agency Staff is budgeted under Materials and Services.</p>
Materials and services	Budget



Income Statement Item	Comment
	<p>YTD Materials and Services expenditure is favourable to YTD budget by \$4.8mil or 11% across the Council.</p> <p>The key variances are:</p> <ul style="list-style-type: none"> • Connected Brimbank project- Consultants budget underspend by \$1.1mil mostly. This is due to \$878,000 Consultants budget reclassified to Employee Expenditure. • External Standard Contract \$735,800 due to timing issue. Significant variances are in Roads Maintenance \$288,400 and Engineering & Infrastructure \$112,400. • Administration/Program Expenses \$452,000 • Footpath Resp Maintenance \$334,000 • Minor Asset Purchases \$301,000 • External Contract Fee \$291,000 • Program Maintenance Works \$244,000 • Fuel \$180,700 <p>Offset by higher than budgeted Agency Staff \$760,600.</p> <p>Forecast</p> <p>The forecast is projected to be \$1.1mil favourable to budget, primarily due to:</p> <ul style="list-style-type: none"> • \$2.1mil in Connected Brimbank due to reclassification on consultants budget to Employee Expenses of \$878,000. <p>The above underspend in Materials and Services is offset by higher:</p> <ul style="list-style-type: none"> • \$1.4mil increase in Agency Costs. • \$400,000 increase in Animal Pound & Collection Services. Anticipated operational savings will not be realised in the current year due to rephasing of feasibility study. • \$144,000 GIS Group, driven by the recognition of uncompleted portion of brought forward initiatives in 2024/25.
Depreciation	<p>Budget</p> <p>YTD ended \$2.2mil or 8% unfavourable to budget due to increase in valuation of Council assets. Significant categories are in:</p> <ul style="list-style-type: none"> • Roads \$2.2mil • Drainage \$583,00 • IT Equipment \$210,000. <p>Forecast</p> <p>The full year forecast is projected to be \$5.7mil unfavourable to budget as a result of an increase in the valuation of Council assets after the budget was adopted. Significant increases are in the following categories:</p> <ul style="list-style-type: none"> • Roads \$3.21mil • Drainage \$1.2mil • Parks & Open Spaces \$747,000



Income Statement Item	Comment
	<ul style="list-style-type: none"> • Footpath & Cycle Ways \$497,000.
Contributions Refund	<p>Budget</p> <p>YTD ended \$7.63mil unfavourable due to unbudgeted Contribution refund relating to Orica Site.</p> <p>Forecast</p> <p>The full year forecast is projected to be \$7.6mil. Council received an Open Space Contribution of \$10.3mil in 2024/25. The funds were quarantined in the Open Space Reserve pending their use on eligible open space projects. Following a successful court challenge by the Developer to the property valuation used to calculate the original contribution, Council was required to refund \$7.6mil of the contribution in 2025/26.</p>



4.2 Income Statement Converted to Cash

Income Statement Converted to Cash 31 December 2025	Actual YTD \$'000	Budget YTD \$'000	Variance YTD \$'000	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Surplus/(Deficit)	10,311	(184) ▲	10,495	883	6,364 ▼	(5,481)
Adjustment for Non-Cash Items						
Depreciation & Amortisation	32,142	29,928 ▲	2,213	65,577	59,881 ▲	5,696
Written-down value of assets disposed	276	(2) ▲	277	(3)	(3) ▬	-
Non-Monetary Contributions	-	- ▬	-	(3,993)	(3,993) ▬	-
Total Non-Cash Items	32,418	29,927 ▲	2,491	61,580	55,884 ▲	5,696
Adjustment for Capital Expenditure						
Capital Expenditure	(20,474)	(19,049) ▼	(1,425)	(63,295)	(62,791) ▼	(504)
Total Capital Expenditure	(20,474)	(19,049) ▼	(1,425)	(63,295)	(62,791) ▼	(504)
Adjustment for Financing Items						
New Borrowings	-	- ▬	-	12,000	12,000 ▬	-
Loan Repayments	(1,480)	(1,463) ▼	(16)	(34,265)	(34,250) ▼	(14)
Lease Repayments	(163)	(189) ▲	26	(379)	(379) ▬	-
Total Financing Items	(1,643)	(1,652) ▲	10	(22,643)	(22,629) ▼	(14)
Net Cash Movement	20,612	9,041 ▲	11,571	(23,475)	(23,171) ▼	(304)
Reserve Withdrawals/(Contributions)						
Sinking Fund Reserve	-	- ▬	-	13,700	13,700 ▬	-
Developer Contributions Reserve	7,630	- ▲	7,630	3,430	(4,200) ▲	7,630
Major Projects Reserve	-	- ▬	-	-	- ▬	-
Confidential Settlement Reserve	(10,000)	- ▼	(10,000)	(10,000)	- ▼	(10,000)
Net Reserve Movement	(2,370)	- ▼	(2,370)	7,130	9,500 ▼	(2,370)
Total Cash Surplus/(Deficit)	18,242	9,041 ▲	9,201	(16,345)	(13,671) ▼	(2,674)



4.3 Balance Sheet

Balance Sheet 31 December 2025	Actual YTD \$'000	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Current Assets				
Cash and Cash Equivalents	130,285	88,410	80,418	▲ 7,992
Other financial assets	-	-	-	■ -
Trade and other receivables	164,220	50,599	43,533	▲ 7,066
Inventories	99	83	83	▲ 0
Other assets	4,236	2,177	2,177	▼ (0)
Total Current Assets	298,841	141,269	126,211	▲ 15,058
Non-Current Assets				
Property, infrastructure, plant & equipment	3,010,285	3,043,239	2,754,232	▲ 289,007
Right of use assets	6,458	3,051	3,051	■ -
Trade and other receivables	23	27	52	▼ (25)
Total Non-Current Assets	3,016,766	3,046,317	2,757,334	▲ 288,982
Total Assets	3,315,606	3,187,586	2,883,545	▲ 304,041
Current Liabilities				
Trade and other payables	9,257	23,301	19,552	▼ (3,750)
Prepaid income	97,120	3,668	-	▼ (3,668)
Trust funds and deposits	34,475	5,623	4,638	▼ (985)
Provisions	23,342	26,116	25,078	▼ (1,039)
Lease liabilities	986	1,931	1,931	▼ (0)
Interest bearing loans and borrowings	26,491	12,564	31,337	▲ 18,773
Total Current Liabilities	191,673	73,203	82,535	▲ 9,332
Non-Current Liabilities				
Trust funds and deposits	5,811	6,505	6,505	▲ 0
Provisions	3,398	3,568	3,226	▼ (342)
Lease liabilities	5,679	5,256	5,256	▲ 0
Interest-bearing loans and borrowings	59,294	58,730	39,943	▼ (18,787)
Total Current Liabilities	74,182	74,059	54,930	▼ (19,129)
Total Liabilities	265,855	147,262	137,466	▼ (9,797)
Net Assets	3,049,752	3,040,323	2,746,079	▲ 294,244
Equity				
Accumulated surplus	1,139,028	1,117,773	1,143,420	▼ (25,647)
Reserves	1,910,724	1,922,550	1,602,659	▲ 319,891
Total Equity	3,049,752	3,040,323	2,746,079	▲ 294,244



4.4 Statement of Cash Flows

Statement of Cashflow 31 December 2025	Actual YTD \$'000	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Cashflow from Operating Activities				
Rates and Charges	102,269	189,093	196,597	▼ (7,504)
Statutory fees and fines	4,598	9,269	9,225	▲ 44
User fees	11,980	21,799	20,133	▲ 1,666
Grants - operating	14,162	17,627	25,873	▼ (8,246)
Grants - capital	1,887	6,901	6,778	▲ 123
Contributions - monetary	4,915	6,393	5,433	▲ 960
Other receipts(includes Rent received)	15,770	24,091	12,471	▲ 11,620
Trust funds and deposits (taken and repaid)	(530)	300	300	■ -
Net GST refund/(payment)	4,028	-	-	■ -
Employees costs	(61,738)	(119,148)	(115,717)	▼ (3,431)
Materials and services	(54,882)	(87,317)	(87,794)	▲ 477
Other payments	(3,453)	(12,914)	(5,031)	▼ (7,883)
Net Cashflow from Operating Activities	39,006	56,094	68,269	▼ (12,175)
Cashflow from Investing Activities				
Payments for capital investment	(20,474)	(62,791)	(63,295)	▼ (504)
Proceeds from sale of assets	713	1,026	1,026	▼ (0)
Net Cashflow from Investing Activities	(19,762)	(61,765)	(62,269)	▼ (504)
Cashflow from Financing Activities				
Finance costs	(1,359)	(2,890)	(2,927)	▲ 37
Proceeds from borrowings	-	12,000	12,000	■ -
Repayment of borrowings	(4,832)	(31,323)	(31,337)	▲ 14
Interest paid - lease liabilities	(164)	(379)	(379)	▼ (0)
Repayment of lease liabilities	(986)	(1,708)	(1,931)	▲ 223
Net Cashflow from Investing Activities	(7,341)	(24,300)	(24,574)	▲ 274
Net Increase/Decrease in Cash	11,904	(29,971)	(18,574)	▼ (11,397)
Cash at the beginning of Financial Year	118,381	118,381	98,992	▲ 19,389
Operating Surplus/(Deficit)	130,285	88,410	80,418	▲ 7,992



SECTION 5: CAPITAL WORKS REPORT

5.1 Statement of Capital Works

Statement of Capital Works 31 December 2025	Actual YTD \$'000	Budget YTD \$'000	Variance YTD \$'000	Forecast Annual \$'000	Budget Annual \$'000	Variance Annual \$'000
Asset Expenditure Category						
Community Facilities	931	1,295	▲ 364	3,413	4,848	▲ 1,436
Stormwater Drainage	259	339	▲ 79	946	950	▲ 4
Land Rehabilitation	19	171	▲ 152	999	1,012	▲ 13
Municipal Facilities	43	155	▲ 112	514	514	■ -
Pathways	2,040	1,533	▼ (507)	2,957	2,367	▼ (590)
Playgrounds/Parks/Gardens	917	507	▼ (410)	4,378	4,307	▼ (71)
Road Works	10,840	8,866	▼ (1,975)	29,738	29,156	▼ (582)
Sports Facilities	2,236	3,450	▲ 1,215	10,621	12,026	▲ 1,405
Town Centre	746	529	▼ (217)	2,735	1,718	▼ (1,017)
Traffic Management	126	75	▼ (51)	819	807	▼ (12)
Other	2,318	2,130	▼ (188)	5,673	5,589	▼ (83)
Capital Work Expenditure	20,474	19,049	▼ (1,425)	62,791	63,295	▲ 504
Capital Works Income	2,672	2,329	▲ 343	9,250	6,778	▲ 2,472
Total Capital Works Expenditure	17,802	16,721	▼ (1,082)	53,540	56,517	▲ 2,977

5.2 Full Year Projection

The 2025/26 Adopted Capital Works Budget is \$63.30 million, comprising \$57.62 million of Capital Works projects funded in the 2025/26 financial year and \$5.68 million carried forward from the 2024/25 financial year.

The total full-year income is forecasted at \$9.25 million, an increase of \$2.47 million over the 2025/26 Annual Budget of \$6.78 million.

Capital Works expenditure for the year is projected at \$62.79 million, which is \$0.5 million below the adopted budget. \$0.15 million of this variance can be equated to approved expenditure via the Change Request process. The remaining variance is due to expected delays in several projects, some of which has been forecast by Project Managers, but not yet submitted as a formal Change Request, and as such remains unresolved.

Officers expect that the overall capital works program will be managed within the authorised budget by year end.

5.3 Year-to-Date Variances

Total Actual YTD Expenditure is \$20.47 million, or 32.34% of the adopted budgeted amount. This is \$1.43 million or 7.5% above the YTD forecast Budget. Expenditure contributing to this variance includes;

- Road Works were over budget by \$1.98 million.
- Pathways were over budget by \$0.51 million.
- Playgrounds/Parks/Gardens over budgeted by \$0.41 million
- Sports Facilities under budgeted by \$1.23 million.



5.4 Capital Program Change Requests

During the Q2 reporting period, 16 projects have had an approved change to either budget, scope, or time, from what was originally adopted in the 2025/26 Capital Works Program by Council. The details of these changes are listed below.

- **Yaluk Barring Park, Keilor North - Master Plan Implementation** – Works currently on hold while site Culture Heritage Management Plans are being sourced. The project has declared an under expenditure of \$257,137 for 2025/26, with this budget being required in future years.
- **Road Rehabilitation – Laneway back of 53 St Albans Road** – Project cancelled as it was realised that this road is a private laneway. Project has declared an under expenditure of \$47,431.
- **Sports Surface/Ground Reconstruction - Selwyn Park Tennis Courts 1 to 6** - The project is delayed due to Planning Permit requirements under the Environmental Significance Overlay, identified in late August 2025. Project declared an under expenditure of \$1,065,000. A new budget bid for 2026/27 will be submitted. There is also \$270,000 income for SRV that will be carried forward to 26/27.
- **Lionheart Reserve Tennis Pavilion Upgrade, Taylors Lakes** - Project declared an under expenditure of \$388,288, declared as project savings. All works completed for this project.
- **Neighbourhood Park Upgrade and Renewal: Stockton Run Reserve** - Project declared an under expenditure of \$60,000 in 2025/26. Playground equipment will be purchased in 2025/26 FY, with budget required in 2026/27 for the install.
- **VMA Durham Rd Carpark and Bus Stop Reconfiguration** - Project allocated additional funds of \$531,631 (\$331,631 additional funds & \$200,000 income variation, contribution from VMA) for the carpark project.
- **Sunshine Leisure Centre, Sunshine - Upgrade and Renewal Works** - Advised a change of scope to the outdoor pool liner replacement works. Due to delays in the delivery of the liner, temporary repairs will take place so that the pool can open for the summer period. The liner replacement will now take place after the summer period. There were no project cost implications for this change.
- **Sports Shade and Cover Green Gully Reserve Bocce Courts** - Project was allocated additional funds of \$81,184 for an outstanding invoice not realised at the end of 2024-25 financial year.
- **Suburban Park Upgrade and Renewal Program - Copernicus Way** - Project advised a change of scope to use funds to mulch underneath existing tree planting areas within Copernicus Way Reserve to improve the viability of the trees and visual amenity of the reserve. This is a change of scope only.
- **Sports Reserve Lighting Upgrade Program** - Advised of a change of scope to this year's sites for the sports ground lighting program.
- **McKay Smithy Hut Project** - Allocated a budget of \$227,520 due to the settlement from Councils insurance policy of the declared loss of the Hut which was destroyed by fire.



- **Community Services Infrastructure Plan (CSIP) Implementation** - Additional budget of \$100,000 to address funding shortfalls of the 2025/26 works, based on confirmed tendered prices.
- **Sunshine Energy Park Vision Plan** - This Change Request proposes the transfer of \$50,000 from the Capital Works budget to the City Futures operational budget to support the Transforming Brimbank Project. There is no net financial impact, with the adjustment reflecting a more appropriate budget classification.
- **Paramount Grassland - Vandal Damage Restoration** – This change request is an administrative request for additional funds due to an outstanding invoice from the 2024/25 financial year not being realised. The invoice is for \$3,156 and falls within the financial delegation of the Manager, Capital Works and Building Program. Outstanding invoice from 2024/2025 financial year for \$3,156.
- **Bridge & Culvert Renewal Program** - An additional \$104,931 is requested following extensive market testing. The tendered price exceeds the original \$150,000 allocation due to the complexity of the wingwall construction, steel culvert repairs, and track works at Taylors Creek, Burrowye Crescent, Keilor.
- **Stage 1: Interpretive Signage - Yaluk barring park** - Approval is sought to defer delivery to the 2026/27 financial year and reduce the 2025/26 budget by \$60,000 (excl. GST). A budget request will be submitted for 2026/27 for this project.

5.5 Capital Projects at Risk

The following projects have been classified as high-risk, with assessments indicating potential budget under-expenditure or the likelihood of carry-forward requirements.

- **Dempster Park Children's and Community Centre (Project ID 1575):**
Project is in procurement stage to engage with a contractor to build the facility. It is expected that works will commence this financial year, however there will be a significant under expenditure of approximately 1,150,000.
- **Flagship Park Upgrade and Renewal Program - Cliff Harvey Lagoon Reserve: (Project ID 1632):**
The planning permit application process is currently underway. A Project Change Request (PCR) will be submitted, as most of the allocated funds will not be expended in 2025/26 due to delays associated with the planning permit and external approvals, resulting in revised timelines.
- **Stockton Run Reserve - Neighbourhood Park Upgrade and Renewal Program (Project ID 1634):**
The playground location is being revised due to safety concerns regarding its proximity to the roundabout. As the new location within the site contains native vegetation, a planning permit will be required. The design remains on track for completion in 2025/2026, with construction funding being requested for 2026/27.
- **Replacement of irrigation system at Keilor Golf Course (Project ID 1643):**
Delays associated to the Cultural Heritage Management Plans (CHMP) approvals delaying the project delivery. It is unlikely that majority of FY 25/26 budget of 200K would be spent.
- **Dog Off-Leash Spaces Program - Sydenham Basin Reserve (Project ID 1681):**
This project may not be delivered by the end of June 2026, due to Planning Permit and Ecological Impact Assessment delays.



- **Animal Holding Facilities (Project ID 1692)**
Works have been put on hold, to undertake a feasibility study and option analysis.
- **Elevated Structures Program (Project ID 1696):**
A planning permit is required for the removal of the boardwalk at Waterfield Park. This has delayed the project as ecological assessments are required to be undertaken as part of a planning permit application. Subsequently, the project will not be delivered in 2025/26.

Officers will periodically report on projects identified as at risk, along with any other modifications to individual projects or the broader program, as progress is made throughout the year.

5.6 Capital Program Highlights

In 2025/2026, the Capital Works Program encompasses 138 new and ongoing projects, including 22 carried forward from the previous year, all scheduled for completion within this financial year. Project counts are reported at the individual project level, with multi-site programs recorded once at the program level.

As of 31 December 2025, 30 projects have been reported as being complete. Capital Works Program highlights are listed below:

Community facilities Toilet Upgrade Program

The final design and specification packages for the Sunshine Meeting Place and Deer Park Library Toilet Upgrade projects are now complete. Site meetings with the contractors have commenced and are ongoing. Works scheduled to take place in the first half of 2026.

Community Services and Infrastructure Plan Implementation

The Kindergarten Fencing Upgrade projects are currently in progress and scheduled for completion in January. The Biggs Street Community Centre outdoor area works have been awarded and are expected to be completed by Easter, while the St Albans Senior Citizens project has also been awarded and is programmed for completion in March. The Glengala Community Centre Vinyl Flooring project has been awarded and is scheduled to commence in February.

Cycling & Walking Strategy implementation: Jones Creek trail

Construction completed.

Foundry Road Active Travel Route

The majority of works are now complete, with minor works to be completed over the coming months.

Dog Off-Leash Spaces Program - Sydenham Basin Reserve

Planning application has been approved. Quotations being sought for two new shade structures.

Neighbourhood Park upgrade program - Cocoparra Crescent Reserve

Construction completed, now in defect liability period.

Road Pavement Asphalt Overlay Projects - Various Locations

Asphalt contracts were awarded in Dec 2025 and construction works are expected to commence in Jan 2026

Road Rehabilitation Various Locations

Construction has been completed at 21 road rehabilitation sites.

New JR Parsons Football / Cricket Pavilion

Works are progressing well. Timber framing and roof Trusses are being installed.



Water Sensitive Urban Design Asset Rectifications and Renewals

The maintenance phase of the planting at Station Water Reserve is progressing well. The sediment removal works are currently being tendered.

Sports Ground Lighting

Delahey Tennis courts 1-2 and 5 are in procurement stage with works expected to take place in Q4.