Draft

Financial Plan

2021/22 - 2030/31

Banyule
City Council

Contents

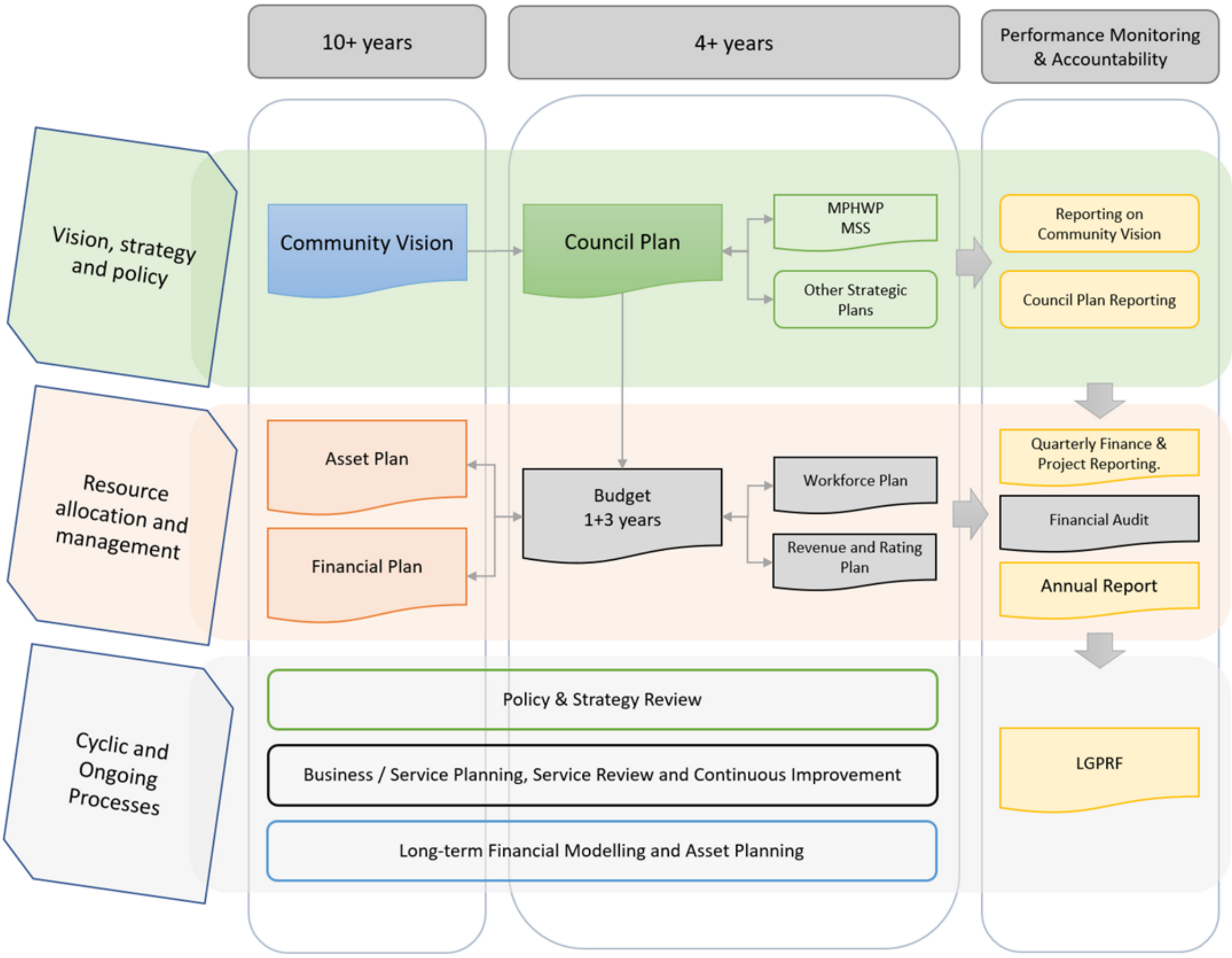
1. Legislative Requirements

The *Local Government Act 2020 Section 91* requires Council to develop, adopt and keep in force a financial plan with an outlook of at least 10 years to show how the viability and financial sustainability of Banyule City Council will be achieved and maintained, and to define the broad fiscal boundaries for the Council Plan, Asset Plan, other strategic plans of Banyule.

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

The following diagram provides an overview of the core legislated elements of an integrated strategic planning and reporting framework and outcomes.

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



1.1 Strategic Planning Principles

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

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

1.2 Financial Management Principles

Like every other Council, Banyule City Council's financial position over the coming decade is likely to be increasingly challenging. The State Government rate capping regime will significantly limit Council's ability to raise funds from its own operations. At the same time Council will continue to experience increasing cost pressures associated with an ageing population, ageing capital infrastructure and continued cost shifting from other levels of government. This situation is not expected to change in the foreseeable future.

The purpose of the Banyule City Council Financial Plan is to ensure we can continue to deliver high quality services to our community, provide job security and stability for our highly valued workforce and continue to meet our capital requirements while investing in new capital and infrastructure. The Financial Plan provides context and structure to many of the innovative financial strategies Council has adopted in recent years including our strategic approach to property acquisition and development.

The Financial Plan establishes a prudent and sound financial framework, combining and integrating financial strategies to achieve a planned outcome; a financial measurement framework against Council's plans and policies and ensures that Council complies with sound financial management principles, as required by the *Local Government Act 2020* and to plan for the long-term financial sustainability of Council.

In addition, Banyule City Council will continue to focus on operational efficiencies, support initiatives that deliver financial savings to Council and reduce Council reliance on property rates to fund services and infrastructure and reduce debt.

The Financial Plan demonstrates the following financial management principles:

- Revenue, expenses, assets, liabilities, investments and financial transactions are managed in accordance with Council's financial policies and strategic plans.
- Management of the following financial risks:
  - the financial viability of the Council.
  - the management of current and future liabilities of the Council.
  - the beneficial enterprises of Council (where appropriate).
- Financial policies and strategic plans are designed to provide financial stability and predictability to the community.
- Council maintains accounts and records that explain its financial operations and financial position.

1.3 Engagement Principles

In accordance with the *Local Government Act 2020,* Banyule City Council is engaging with the community, driven by principles of deliberative engagement, to inform the development of the Banyule Community Vision 2041, Council Plan 2021-2025, and Financial Plan 2021/22 – 2030/31.

1.3.1 Deliberative Engagement

The key characteristics of deliberative engagement are:

- Authentic engagement with the community;
- Good representation of the community in engagement activities;

- Clear demonstration of how all views have been considered;
- Accessible and relevant information available to the community to ensure the decision-making process
- The community's level of influence is clear in each instance and that participants are fully informed.

1.3.2. Banyule 2041 Shaping Our Future

Banyule has undertaken a comprehensive and meaningful engagement program throughout 2020/21 that empowers and enable community and Council to work together to plan for our future and how we would like to get there.

Throughout the Banyule 2041 – Shaping Our Future Project, engagement with our community and stakeholders was essential. High-quality community engagement enables us to make well-informed decisions as well as achieving effective and transparent governance. Genuine community engagement promotes dialogue and understanding and strengthens community relationships.

The aim of the Banyule 2041 – Shaping Our Future Project was to develop an innovative, aspirational and co-designed Community Vision that guides Council's work in enhancing the municipality of Banyule over the next 20 years. Through a robust engagement program Council and community worked together to inform the:

- Community Vision that captures how the community want Banyule to be in 2041
- Council Plan that sets out how Council is working toward that vision every 4 years
- Financial Plan that will guide how Council will remain financially sustainable while supporting the Community Vision and the Council Plan.
- The Budget and the Revenue and Rating Plan that defines how revenue is generated through various sources.

The Stage 1 engagement approach was developed in collaboration with community and Banyule's elected representatives and in alignment with Local Government Victoria Guidance material. Throughout the engagement period, Council sought to inform as many people as possible about the project and to encourage participation. Communications material included posters, postcards, emails, video, social media and factsheets. Council informed the community about the project and promoted engagement opportunities, encouraging people to visit the Shaping Banyule website for more information about the project.

Council provided many ways for people to participate and contribute including Shaping Banyule, workshops, phone and hardcopy surveys and submissions online and postal submissions. Over 4,100 people engaged with the project information and resources provided on Shaping Banyule. Approximately 1,329 individuals actively participated in engagement activities.

The first stage of engagement (November 2020 – January 2021) asked community and stakeholders to imagine Banyule in 2041 and what areas Council should focus on to achieve that vision. The engagement sought to build community and stakeholder awareness of Banyule's current and future needs and build and strengthen community and stakeholder relations and capacity to shape their local municipality, now and into the future.

The second stage (March 2021 to May 2021) involved the establishment of the Community Working Group to draft a Community Vision and work through strategic priorities for Council Plan and Financial Plan.

Information about the *Banyule 2041 - Shaping Our Future project* can be found on Council's website.

1.4 Service Performance Principles

Banyule's community is diverse, and this is part of what makes Banyule such a great place. We want our communities to be strong, healthy and inclusive. There are many different characteristics that make Banyule great, including highly valued public space, strong identity and character and vibrant shopping strips, waterways and a sustainable transport network in the region. People participate in their local community in many ways, whether it be participation in local sports, recreation and cultural activities, volunteering or having a say on the issues that are important. We want everyone in Banyule to feel like they are connected to their communities.

Council want to deliver the best value services and facilities for people of all ages and in differing circumstances. Council has an ongoing commitment to achieving outcomes that are sustainable, eco-friendly and bear the least impact on our environment including our response to climate change and the way our waste is managed.

To help us to deliver on our focus areas and important initiatives Council will work in partnership with the community; engage with our community to ensure they are well informed and represented and meaningfully involved in decision making; encourage community participation and inclusion to provide opportunities for all and advocate for our community to improve services, infrastructure and social outcomes.

Council services are designed to be purpose, targeted to community needs and value for money. The service performance principles are listed below:

- Services are provided in an equitable manner and are responsive to the diverse needs of the community. The Council Plan is designed to identify the key services and projects to be delivered to the community. The Financial Plan provides the mechanism to demonstrate how the service aspirations within the Council Plan may be funded.
- Services are accessible to the relevant users within the community.
- Council provides quality services that provide value for money to the community. The Local Government Performance Reporting Framework (LGPRF) is designed to communicate council's performance regarding the provision of quality and efficient services.
- Council is developing a performance monitoring framework to continuously improve its service delivery standards.
- Council is developing a service delivery framework that considers and responds to community feedback and complaints regards service provision.

1.5 Asset Plan Integration

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

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

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

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

The first Asset Plan for Council will be adopted by Council by 30 June 2022 and have effect from 1 July 2022.

2. Financial Plan Context

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

2.1 Municipal Demographics

Banyule's estimated resident population for 2020 is 131,940. The municipality has an older age profile compared to Greater Melbourne. Older adults aged 50+ years make up 36% of Banyule's population compared to 31% of the population in Greater Melbourne.

Banyule's population is forecast to grow to 165,256 by 2041 at an average annual growth rate of 1%. The population aged 80-84 years is forecast to have the largest growth across the municipality. Banyule is a culturally and linguistically diverse municipality. Residents come from over 140 countries and around 120 different languages are spoken at home.

Council continues to see a shift in the population make-up of this area to emerging migrant groups and growing established ethnic communities. Cultural and linguistic diversity means that Council needs to use a variety of media in languages other than English for mass communication with residents and use interpreting services for interpersonal communication with residents.

The City is substantially developed and while it is experiencing a small increase in property numbers, these mainly arise from higher density developments. Council continues to support appropriate increases in development density around its activity centres which will have ongoing implications for many service areas and infrastructure provision. Council's structure planning processes for these precincts is well established. Council has implemented an open space contribution scheme and an infrastructure development contribution plan.

2.2 COVID-19

COVID-19 is expected to continue to effect Australia's economy into 2021/2022, with the medium to long-term economic effects still unknown. As Council begins to recover from the financial impacts of COVID-19 we reflect on the following principles first established in 2020, that Council will:

- Put the needs of our community first;
- Provide strong, targeted and immediate support to those ratepayers, residents and businesses that are most impacted;
- Maintain our key services and infrastructure delivery to the community;
- Ensure we are well positioned to support State and Federal Governments through the recovery phase of this crisis; and
- Maintain the long-term financial sustainability of the Council.

2.3 Economic and Fiscal Indicators

Economic circumstances include at the macro and micro levels. In the broader economic climate circumstances these can include heightened levels of uncertainty about economic conditions and outcomes. Uncertainty within local government economic environments may be generally relatively low due to secure revenue streams from rating (although grant income may be more volatile). On 20 March 2020, the Reserve Bank of Australia (RBA) lowered the cash rate to 0.25% to respond to the effect of COVID-19 on businesses, which is the fifth reduction since June 2019.

Fiscal policy has supported household and business cashflows, and the Victorian lockdown measures weighed less on economic activity than earlier assumed. Consumption has recovered faster and dwelling, and business investment have not been as weak as had been anticipated.

In line with this recovery in activity, the labour market has also performed better than expected. Employment grew strongly over the latter part of 2020 and the end of the JobKeeper program in March 2021 created some uncertainty for the near term. Over the whole forecast period employment growth is expected to remain solid, consistent with the ongoing recovery in activity. The unemployment rate in Banyule was 5.00% in December 2020 (2016 Census, 5.5%)

At the micro level, circumstances within municipalities may influence decisions. These circumstances can include the general economic condition or likely outcomes for stakeholders (particularly ratepayers) in a municipality. For example, unfavourable conditions may discourage councils from taking decisions which may unnecessarily impact on its ratepayers. This may be a valid concern but will need to be balanced against achieving the most cost-effective return to Council in the medium to long term.

2.3.1 North East Link

There are major Victorian Government transport projects being rolled out in Banyule and we remain committed to advocating in the best interests of our community. We continue to push for improvements and increased project scope for the North East Link and the Hurstbridge Line Duplication to enhance the local amenity, upgrade transport infrastructure, construct shared trails, and improve the connectivity and frequency of transport services across all modes.

2.3.2 Climate Emergency

Council is firmly committed to working towards carbon neutrality as an organisation by 2028 and encouraging the community to join us by 2040. To implement initiatives and programs that drive change, we are dedicating $2.04 million in 2021/2022 for our ongoing Climate Action Package. Among the initiatives, we will be installing more electric vehicle charging stations, LED street lighting, solar panels and batteries, and making energy efficient enhancements in Council buildings. We are also continuing to transition our fleet to electric vehicles and plant thousands of advanced trees each year.

Reducing our waste remains another key focus and we are pleased to announce we are preparing for the introduction of a food organics and garden organics (FOGO) service in 2022/2023. This will not only divert thousands of tonnes of waste from landfill each year, but will help produce compost for farms, parks and gardens. We also continue to fund other ongoing environmental initiatives, including solar system and energy efficient subsidies, environmental grants, home energy audits, plus host a range of educational workshops. All these measures are reducing our carbon footprint and making our City more sustainable.

2.3.3 Local jobs creation

Through investing in our substantial capital works program and partnering with other government initiatives, Council are stimulating the local economy. Combined with the ongoing success of our inclusive jobs and social enterprises initiatives, we are helping to creating more than 400 local jobs in the municipality and transforming lives by providing opportunities to learn skills, gain experience and improve financial security.

In the year ending June 2020, there were 49,765 jobs in Banyule. The largest employer in the municipality is the Health Care and Social Assistance industry, making up 35% of all employment, followed by Education and Training 10%, Retail Trade 9% and Construction (8%). A considerable proportion of the people who work in Banyule also live in the area (36%).

2.3.4 Land Fill Levy

The Land Fill Levy payable to the State Government upon disposal of waste into landfill continues to increase resulting in additional waste tipping costs. The levy has increased from $9 per tonne in 2008/09 to $105.90 per ton

Rate ($/T)	2020/21	2021/22	2022/23
Metropolitan- municipal	$85.90	$105.90	$125.90

Council's Towards Zero Waste Plan 2019-2023 and the Community Climate Action Plan identified the need to divert more waste from landfill. In Victoria, about 50% of Councils have changed their services to divert food waste from landfill. In metropolitan Melbourne about 61% have introduced a service to divert food and a further 25% will implement a change based on timing of contracts.

In 2021/2022 Council will commence the implementation of a high-performance Food Organics Garden Organics waste service to reflect the changes required to meet sector challenges and Council, State and Federal Government objectives. This budget allocates $3.83 million in year 1 (2021/22) to prepare for the implementation of the FOGO service and a further budget of $0.11 million in year 2 to embed the changes. A comprehensive education and communications program to inform and prepare the Banyule community for the change will commence in 2021/2022.

2.3.5 Maintenance of public assets

Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition, Councils are entrusted with the maintenance of more than 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.

2.3.6 Cost Shifting

Local Government provides a service to the community on behalf of the State and Commonwealth Government. Over time the funds received by local governments have not increased in line with real cost increases. Examples of services that are subject to cost shifting include school crossing supervisors, library services and home & community care for aged residents. Council continues to monitor services in these areas and advocate to ensure equity under the 'fair go rates system' rate cap environment.

2.4 Financial Policy Statements and Risk Management

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

2.4.1 Strategic Actions

Council's strategic actions to influence long term financial sustainability include:

- Generate enough cash to fund capital works and meet the asset renewal requirements as outlined by the VAGO financial sustainability ratios.
- Encourage more operational innovation to enhance operating activities and control expenditure at levels that can consistently support the funding requirements of the capital works program and provision of quality services.
- Support the growth of non-rate revenue to achieve greater diversification of the current revenue base and provide flexibility within which to better manage rate revenue increases to within the rate cap.
- Balance meeting the ongoing core service needs of our community, expectations and quality of delivery with the ongoing achievement of long-term financial sustainability.
- Delivery of a revenue and rating plan based on stability, equity, efficiency and transparency.
- Delivery of a debt management strategic plan to ensure decisions and opportunities can be accommodated within a context of responsible, sustainable financial management.

Banyule City Council is in a strong financial position under this Financial Plan. Council delivered a surplus in the 2020/21 financial year and generated consistent cash from operations. Total gross debt is at its lowest level in five years and this Financial Plan demonstrates that the financial management principles can be maintained in the long term.

Banyule's Financial Plan provides Council with the ability to plan for a strong financial future and manage its enterprise (internal) and strategic (external) financial risks. The actions outlined in the Plan provide direction where Council will continue to maximise its current financial position while continuing to explore other revenue and expenditure opportunities to guarantee the delivery of quality services and community infrastructure.

Council will continue to implement strategies and actions that address concerns of our community, organisation and management and measure success through utilising key financial sustainable ratios. These ratios assist to monitor and highlight issues for appropriate discussion and decision making throughout the planning process.

2.4.2 Sector influences

The Key Sector Influences continue to guide the organisation in planning for a sustainable future and include:

- Major projects and project management
- Environment
- Advocacy / engagement
- Urban development and transport
- Governance and reform
- Employment pathways and social enterprise.

2.4.3 Risk Management

Significant work has been undertaken in relation to Council's Risk Management Framework and ongoing consideration of risk – particularly in reference to Council's consideration of Strategic and Enterprise (Operational) risks.

Strategic Risks are the risks where Council has little to no control or influence over the risk materialising. Strategic Risk focuses on uncertainty – they are risks where the causes are external to the organisation that, if they were to occur, would be serious enough that a change in strategic direction may be required. Conversely, Enterprise risk focuses on those risks where Council has significant control/influence in relation to the risk materialising.

The Strategic Risks identified by Council are:

1) Increase in the number and/or severity of climate influenced major disaster events impact Council's ability to deliver services and infrastructure and increasing the burden on Council to support the community.

   As the climate changes, modelling has predicted an increase in the number and severity of natural disaster events. This may require changes to Council's strategy in relation to increased requirements for new builds; consideration of zoning restrictions as well as the types of services offered by Council during disaster events. This risk takes account of Council's ability to deliver services and infrastructure as well as the increased burden on resources that will be required in order to provide adequate support to the community.

2) State/Federal major projects do not adequately factor in local amenity and connectivity needs resulting in substandard outcomes for the community.

   The North East link Project and the new rail project do bring significant potential opportunities, but they may also result in impacts on Council that need to be managed through, and beyond, the projects.

3) Technology advances more rapidly than Council can adapt its services and infrastructure resulting in substandard customer service and delivery.

   Technology is advancing rapidly, which may require additional services and/or infrastructure. If Council is unable to adapt to these changing needs in a timely manner, community dissatisfaction could increase.

4) External financial challenges such as rate capping impact Council's ability to deliver quality services and infrastructure.

   Any significant extension of, or changes to the current rate-capping regime may see significant impacts in relation to Council's ability to provide services, particularly if the rate increases do not grow at the same pace as Council's operating costs.

5) Changes to Federal and/or State legislation and regulations are not adequately managed by Council resulting in non-compliant operations.

   Such changes (e.g. FOGO/new Local Government Act) can result in a significant cost impost to Council that is not necessarily covered by increases. These changes (particularly when they occur relatively close to each other in terms of implementation) can have a significant impact on Council's strategy.

6) Global incident (e.g. pandemic/economic downturn) significantly impact Council operations as well as the community and local businesses.

   Any significant downturn in the economy will have a significant impact on Council in terms of potential increase in demand for services; increased instances of rates in arrears, etc. This risk also takes account of global incidents such as a pandemic which can see a short-medium term impact on businesses and the wider community.

7) Changes in demographics across the local government area are not properly considered and planned, resulting in inefficient long-term resource allocation.

   With the new road and rail projects to be completed in the next few years, the appeal of Banyule LGA as a place to live is likely to increase. With that may come a change in the demographic across Banyule. This may result in current services being over and/or underutilised and/or required services not available. This could see a significant change to Council's structure/strategy and long-term community plans.

Some of the above strategic risks have been outlined within this section and how they may influence this Financial Plan. Generally, Section 2 of this Financial Plan provides more specific details of these strategic risks such as population growth, rate capping, reliance on supplementary rates and financial assistance grants and other grant funding from the State and Federal Governments. These in turn have influenced several assumptions made in section 2.5 below on income generation.

The Enterprise Agreement (EA) is currently in negotiation and remaining competitive within the labour market to recruit the skilled specialists has been challenging.

Council has an ongoing obligation to fund any investment shortfalls in the Defined Benefits Scheme. The last call on Local Government was in the 2012/2013 financial year where Council was required to pay $9.12 million to top up its share of the Defined Benefits Scheme. The amount and timing of any liability is dependent on the global investment market.

Councils have a duty of care in the context of climate change adaptation that is recognised in law. The Victorian Government outlines how failure to act may leave your council open to claims of negligence. Acting on climate change is no longer optional.

The Environment Protection Agency (EPA) regulation has a sustained impact on Council with regards to compliance with existing and past landfills sites. Waste disposal costs are also impacted by industry changes such as increasing EPA landfill levies and negotiation of contracts e.g. recycling sorting and acceptance.

And as already noted above the Coronavirus Pandemic (COVID-19) has presented a fast-evolving significant challenge to businesses, households, and the economy worldwide.

In preparing this Financial Plan, several Council identified Strategic and Enterprise risks have been taken into consideration as outlined throughout section 2. Council is relatively well position to meet these risks, but additional strategies and measures may be required in the future depending on the magnitude of these risks.

2.5 Assumptions to the financial plan statements

2.5.1 Assumptions

This section presents information regarding the assumptions to the Comprehensive Income Statement for the 10 years from 2021/22 to 2030/31. The assumptions comprise the annual escalations / movement for each line item of the Comprehensive Income Statement.

The projections are based on known information at a point in time. The assumptions used for income and expenditure are:

- The average annual rate increase matches the projected rate cap e.g. 1.50% for year 1.
- The annual increase of Grants, User Fees & Charges, Statutory Fees & Charges, Contribution income, Rental Income and Other Income match projected CPI.
- Interest income is based on predicted cash flows, cash balance and investment returns. The interest rate returns are predicted to remain low with a return aligned to CPI.
- The assumption for Council's Employee Benefit expenditure is based on 25 basis points less than Rate Cap, and an additional 0.50% has been included each year for natural banding level increments. For example, the quantum increase in Enterprise Agreement is 1.25% in 2021/22, i.e.1.50%-0.25%. After considering the 0.50% of banding increment, the increase on Employee Benefit for 2021/22 is 1.75%.
- The super guarantee rate will remain at 9.50% until 30 June 2021, and will then increase to 10.00% from 1 July 2021, and then increase by 0.50% increments each year until it reaches 12.00% by 1 July 2025.
- A superannuation call has not been factored into this plan.
- Other expenses are assumed at 25 basis points less than CPI.
- Utility charges increase more than CPI, but there is an assumed reduction on usage.

Escalation Factors % movement	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
CPI	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Growth	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Rates and charges	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Statutory fees and fines	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User fees	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Operating	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Capital	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Contributions - monetary	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Contributions - non-monetary	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other income	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs	1.75%	2.00%	2.25%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Materials and services	1.25%	1.50%	1.75%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Depreciation & Amortisation	1.25%	1.50%	1.75%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Other expenses	1.25%	1.50%	1.75%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

2.5.2 Rates and charges

Base rate revenue will increase by 1.5% for the 2021/22 year, based on the state government rate cap, with estimated future annual increases as per the table below. In addition, it is expected that during the 2021/22 year a further increase of $0.5 million per annum will be received for growth (additional properties) as a result of supplementary rates.

Projection	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
CPI	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate Cap	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

These indicative rates are predicated on a rate capping environment and not indicative of maintaining all Council's services at their current level.

Banyule will continue to revisit these figures when further information is received from the State Government on the extent of rate capping, this will be then matched with the community's desire to maintain current service levels versus a reduced rate environment.

Supplementary rates are additional rates received after the budget is adopted each year, for the part of the year when a property value increases in value (e.g. due to improvements made or change in land class), or new residents become assessable. Importantly, supplementary rates recognise that new residents require services on the day they move into the municipality and Council is committed to providing these. Supplementary rates income is based on historical and forecast data and is set at anticipated levels.

2.5.3 Fees and Charges

Fees and Charges are the second major source of revenue for Council and represent in the Budget 2021/2022 17.68% of total revenue. It is predicted that there will be a slow recovery from the financial impact from COVID-19 where fees and charges originally represented approximately 20% of total revenue.

In this Financial Plan, Council's strategy is to increase the total revenue generated from user fees by at least equal to CPI. Council has discretion in setting these fees and has identified the importance to generating more revenue to cover the enterprise agreement and banding increment cost increases and other expenditure management challenges.

Fees and Charges fall into two broad categories; statutory fees and fines and user fees.

2.5.3.1 Statutory fees and fines

Statutory Fees & Charges are fixed by statute and can only be increased in line with the annual increases announced by State Government.

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

2.5.3.2 User fees

The balance of fees and charges are discretionary in that Council can levy the amount it believes is equitable for each service/item. Council in its determination of user fee increases has taken into consideration the needs and accessibility of the community; demand for the service, pricing and cost to sustain a viable service.

Community fees are fees where no competition for the service exists. The services provided aim to strengthen capacity and connections to build healthy and strong communities. Council aim to encourage greater participation across the municipality and maintain sustainable community affordability by keeping these fees low.

Commercial fees represent 66% of Council's user fees. The fees for these services are predominately provided to commercial clients, or for the services operating under a commercial environment and have been maintained where possible to reflect CPI increases, to balance cost recovery, competitive pressures and council's financial sustainability objectives.

Details of user fees for the 2021/22 budget year can be found in Council's schedule of Fees and Charges that is adopted in conjunction with the budget.

Revenue increases for the ensuing years are based on a conservative annual rate in line with the state government rate cap. The increase in fees and charges revenue will need to be balanced with the appropriate utilisation of services to ensure demand in services is maintained and increased where practical.

2.5.4 Grants

Council currently receives grants for tied (specific purpose grants) and un-tied Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGGC). Operating grants are expected to increase on an annual basis by CPI.

Financial Assistance Grants are the largest source of government funding to Council (through the annual Victorian Grants Commission allocation). The overall state allocation is determined by the Federal Financial Assistance Grant and grant funding is limited to the minimum increase assessible to Council.

2.5.5 Contributions

Contributions relate to monies paid by property developers towards public open space and developer contribution plan monies paid by local sporting clubs/organisations to contribute towards capital works projects and contributions to other operational programs. In October 2019 Banyule commenced its Developer Contribution Plan.

Contributions represent funds to enable council to provide the necessary infrastructure and infrastructure improvements to accommodate development growth. The contributions are for specific purposes and often require Council to outlay funds for infrastructure works often before receipt of this income source. These contributions are statutory contributions and are transferred to a restricted reserve until utilised for a specific purpose through the capital works program or delivered as works in kind by developers.

2.5.6 Other income

Revenue from other income mainly comprises investment income plus the recovery income from a variety of sources and rental income received from the hire of Council buildings.

2.3.6.1 Interest Income

Interest income is predominantly made up of the interest received on Council's cash holdings. Interest represents 0.27% of Council's income budget. With interest rates at historical lows, the income generated form investments has declined over time placing pressure on other sources of income to fund operations.

An Investment Strategy has been developed and once implemented into the Investment Policy income from interest is expected to be maximised.

Over the 10 years it is assumed that the interest rate on our cash (cash enhanced) investments will increase slowly from 0.60% in 2021/2022 to 2.50% by 2030/2031.

2.3.6.2 Rental Income

Rental income for all residential and commercial properties is expected to increase at contracted rates or CPI in 2021/2022. Rental Income represents 1.48% of Council's income budget.

2.3.6.3 Developer Contribution Scheme (DCP)

A DCP is a financial management tool to help fund Council's capital works commitment for projects that service a community's changing profile. Because Banyule has an established community, only a portion of total project cost can be allocated to a DCP and paid by developers.

A DCP enables Council to require developers to pay a contribution. In most instances, the need for payment is triggered by a planning permit condition. For smaller developments, like extensions to shops and offices, payment can be triggered by a building permit only. Contributions are then paid before a Statement of Compliance is given for land subdivision or before a building permit can be issued.

Development contributions fall into two categories, these are for:

- Development Infrastructure required for basic community health, safety or wellbeing. This includes to roads, paths and drains.
- Community Infrastructure. This includes construction of buildings or facilities that will be used for community or social purposes.

2.5.7 Employee costs

The assumption for Council's Employee Benefit expenditure is based on 25 basis points less than Rate Cap, and an additional 0.50% has been included each year for natural banding level increments. For example, the quantum increase in Enterprise Agreement is 1.25% in 2021/22, i.e.1.50%-0.25%. After considering the 0.50% of banding increment, the increase on Employee Benefit for 2021/22 is 1.75%.

The super guarantee rate will remain at 9.50% until 30 June 2021, and will then increase to 10.00% from 1 July 2021, and then increase by 0.50% increments each year until it reaches 12.00% by 1 July 2025.

A superannuation call has not been factored into this plan.

In addition, under the Statement of Human Resources (section 3.6) The Equivalent Full Time (EFT) is increasing after year 5 by approximately 1%. The split between Female, Male and Self-described gender is generally based on current categories and aimed to increase the representation of females within male dominated business units and increase the representation of males within female dominated business units. An increase in self-described gender classification is also projected to increase as Council is doing more to support gender diversity into the future.

Council is committed to boosting diversity (gender, race, disability) in our staff recruitment and engagement practices. The first Workforce Plan for Council will be developed by 31 December 2021. The newly adopted Workforce Plan is anticipated to influence the future Financial Plans.

2.5.8 Materials and services

Material costs include items required for the maintenance and repairs of Council buildings, roads, drains and footpaths which are more governed by market forces based on availability than CPI. Waste disposal is included in this category and the increases in the landfill levy will have a direct impact on Council's costs to collect kerbside general waste bins and the fee charged by the Waste Recovery Centre.

Other associated costs included under this category are materials and consumable items for a range of services, insurances, and motor vehicle operating costs. Council also utilises external expertise on a range of matters, including legal services, consultants, contractors and auditors.

These costs are kept to within CPI levels where possible and according to specific contract agreements with service providers.

2.5.9 Depreciation & amortisation

Depreciation estimates have been based on the projected capital spending contained within this Financial Plan document. Depreciation has been further increased by the indexing of the replacement cost of Council's fixed assets.

2.5.10 Borrowing costs

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

2.5.11 Other expense categories

Other expenses are assumed at 25 basis points less than CPI. Utility charges increase more than CPI, but there is an assumed reduction on usage.

2.5.12 Working Capital

The decline in working capital over the 10 years is based upon the assumption that trade payables and provisions are increasing on average by 3%. This represents the general increase of CPI on invoices and growth in operations and consequently on supply. The trade receivable increases are higher on average at 5% due to the greater difficulty in collections expected post COVID-19 and factoring into our processes considering the 2021 Ombudsman report. This report has urged Council's to provide greater protection for ratepayers in financial hardship. These principles will extend through to trade receivables which can range from Aged Care services through to Community hire of facilities.

2.6 Other Matters impacting the 10-year financial projections

Council will continue delivering quality and inclusive services to the community that offer value for money and respond to community needs; lead on environmental sustainability; invest in infrastructure and community facilities that service our community today and for future generations; plan for our growing City addressing development, transport, open space and diversity; and maintain our public and open spaces and preserve neighbourhood character.

To help us to deliver on these main focus areas and important initiatives above Council will work in partnership with the community; engage with our community to ensure they are well informed and represented and meaningfully involved in decision making; encourage community participation and inclusion to provide opportunities for all; and advocate for our community to improve services, infrastructure and social outcomes.

2.6.1 Rates Burden

Council has developed a Revenue and Rating Plan. In 2015 the state Government introduced the 'Fair Go Rates System' (FGRS) which sets out the maximum amount councils may increase rates in a year. The FGRS cap is set at 1.50% for 2021/22. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges. local government expenditures can be highly variable due to the nature of capital works programs, damage to infrastructure assets from fire, storms and flood and related increased service needs, operating costs being subject to increases significantly beyond CPI (such as materials), cost shifting between levels of nd government and other one off impacts such as calls to fund unfunded superannuation liabilities. While some of these costs may be supported by other forms of funding such as grants, in the absence of matching revenue streams, entities must resort to alternative funding avenues.

2.6.2 Debt Levels

Borrowing is generally regarded as an appropriate means of funding an enterprise. For councils this is because they do not have a fixed capital base and funding needs will be likely to exceed cash reserves at various times. Funding for councils, as for other public sector levels, can be particularly beneficial given the security of councils' income streams and therefore ability to service debt. This security translates into generally lower servicing costs making debt more attractive (compared to other types of entities) as a funding source.

Councils do not have recourse to capital, other than in the form of accumulated surpluses. Apart from fees and charges which contribute to Council operations generally, debt provides a buffer to assist in maintaining stable rating. The funding structure of a Council should reflect its existing and planned cash requirements. Planned cash requirements should be based on an entity's strategic plans, existing financial position and budgeted and forecast cash flows.

Borrowings are recognised as a legitimate and responsible financial management tool when used for appropriate purposes and in appropriate circumstances. In this Financial Plan Council is seeking to obtain additional funds in 2022/2023 as part of the Community Infrastructure Loan Scheme run be the Victorian Government of $6.30 million as part of the Capital Works Program funding. The loan interest rates are expected to be lower than our interest earnings and it is in Council's financial interest to bid for this loan funding to support our investment in new community program infrastructures.

2.6.3 Working Capital

Revenues from the sale or provision of goods and/or services (such as rates, user charges etc) are generally perceived as funding operating expenditure although ideally generating surpluses for distribution to owners and/or to provide flexibility for future funding needs and thereby contributing to accumulated surpluses and cash reserves. Capital can be invested by the owners of an entity to fund the start or some subsequent part of an enterprise. This type of funding is not available to local government. Capital can also be accumulated over time through surpluses which result in increases in the value (net assets) of the business. However, accumulated surpluses do not necessarily represent cash surpluses available for investing in capital works. The use of this source of funds (internal funding) needs to be managed carefully to ensure "working capital" (that is available cash) is maintained at appropriate levels to fund day to day operations.

2.6.4 Renewal of Infrastructure

Asset management policies and plans will assist in ensuring expenditure aimed at retaining (renewal) or enhancing (upgrade) infrastructure assets occurs at the optimum. Delays in building, renewing and upgrading infrastructure can result in this expenditure not being incurred at a time which minimises the cost

The planned capital expenditure will need to be increased when implementing the Community Climate Action Plan to achieve Zero net emissions by 2040. In addition, any additional demands for Major Projects will be a challenge to funding within current operational surpluses.

The associated costs of new assets will require additional maintenance and management and Council will need to factor these costs into the future operational costs of Council.

2.6.5 COVID-19 Business Impact

Council is continually monitoring the COVID-19 business impacts. The long-term effects on the economy including Councils' various services and business are hard to measure. The short-term side effects have already been revealed when renewing contracts such as the WaterMarc contract which has seen income streams significantly impacted.

Many of councils' critical services were severely impacted by the financial impacts of COVID-19. Council, into 2021/22, continues to provide financial hardship support in relation to rates to assist individuals and businesses in financial difficulty.

2.6.6. Cash Reserves

Council has significant cash reserves that are also used to fund a variety of capital projects. These reserves are either 'statutory' or 'discretionary' cash reserves. Statutory reserves relate to cash and investments held by Council that must be expended on a specific purpose as directed by legislation or a funding body, and include contributions to car parking, drainage and public reserves and recreation.

Discretionary cash reserves relate to those cash and investment balances that have been set aside by Council and can be used at Council's discretion, even though they may be earmarked for a specific purpose.

- Council has allocated a yearly optimal closing cash of $70m to support long-term sustainability and to provide a strong liquidity position for viability and solvency. It should also be noted that the cash balance may be needed in the future to accommodate the possibility of a superannuation liability call for the defined benefit members. A superannuation call has not been factored into this draft Financial Plan.
- The cash generated from Council's operating activities is estimated to be approximately $40m over the course of the next 10 years, the projected cash balance is to be $78.82m at the end of 2030/31 (Y10).

2.6.7. Capital works and major initiatives

Capital works and major initiatives are an essential component of a financial plan as it provides an indicator of the necessary financial commitment which would adequately sustain Council's asset base in future years. Securing a reliable funding resource for the programs is a key step for Council under the environment of rate capping.

In the past few years, Council has made significant commitments to deliver a range of major infrastructure assets. WaterMarc, Ivanhoe Aquatic major refurbishments, Staff Accommodation and Community Hub, Ivanhoe Library & Cultural Hub. Given these projects, the Capital Replacement ratio has been significantly exceeded.

The Bellfield Project, which has commenced, consists of three distinct projects which include:

- Sale of land to developer(s) to enable residential development for market housing;
- Delivery of social housing in partnership with a registered social housing provider, Launch Housing; and

- Design and development of a new multi-purpose Community Hub and relocated Community Garden.

The development of social housing at Bellfield provides well targeted economic stimulus, delivering both social benefits, creating jobs and housing for low to moderate income earners within our community. The Bellfield Community Hub will be an environmentally sustainable building bringing together many of the services Banyule City Council offers for babies, children, families and older adults, in one large integrated hub.

Under the rate capping environment Council has continued to invest generously in its capital works and initiatives program. To continue to support sustainable development on major capital and initiative projects, Council will also seek to maximise external funding opportunities, such as applying for government grants and draw on cash reserves accumulated over the years.

3. Financial Plan Statements

This section presents information regarding the Financial Plan Statements for the 10 years from 2021/22 to 2030/31.

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

3.1 Comprehensive Income Statement

	Forecast Actual 2020/21 $000	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
Income											
Rates and charges	103,535	108,768	111,260	113,960	116,996	120,382	123,852	127,410	131,057	134,794	138,625
Grants - Operating	14,658	11,976	11,614	11,281	11,499	11,786	12,081	12,383	12,693	13,010	13,335
Grants - Capital	7,120	12,887	8,481	4,333	1,655	1,681	1,708	1,735	1,763	1,792	1,821
Statutory fees and fines	7,293	10,295	10,521	10,712	10,953	11,227	11,507	11,795	12,090	12,392	12,702
User fees and charges	13,283	20,346	21,310	21,914	22,436	22,997	23,572	24,161	24,765	25,384	26,019
Contributions - non-monetary	5,436	5,111	5,218	5,413	5,433	5,567	5,705	5,846	5,990	6,138	6,290
Interest income	777	471	576	758	954	1,255	1,426	1,638	1,804	1,955	2,075
Rental income	2,327	2,566	2,564	2,614	2,669	2,736	2,804	2,874	2,946	3,020	3,095
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	278	266	54	181	223	243	264	286	308	331	354
Other income	1,258	595	602	611	622	637	653	670	686	703	721
Total income	**155,965**	**173,281**	**172,200**	**171,777**	**173,440**	**178,511**	**183,572**	**188,798**	**194,102**	**199,519**	**205,037**
Expenses											
Employee costs	66,656	71,130	71,014	72,482	74,528	77,336	80,321	83,411	86,610	89,921	93,349
Materials and services	44,313	46,185	45,113	45,407	46,623	47,710	48,710	49,733	50,779	51,848	52,942
Utility charges	3,957	4,489	4,619	4,758	4,908	5,030	5,156	5,285	5,417	5,553	5,692
Depreciation	22,201	22,479	22,816	23,215	23,679	24,331	24,937	25,563	26,201	26,857	27,526
Amortisation - intangible assets	288	292	296	301	307	314	323	331	339	347	356
Amortisation - right of use assets	543	551	548	541	454	406	416	426	437	448	459
Borrowing costs	2,339	1,905	1,670	1,609	1,529	1,429	1,324	1,217	1,092	959	819
Finance Costs - leases	34	24	17	28	23	23	23	23	24	24	24
Donations expenditure	1,466	1,434	954	923	975	853	873	892	912	933	954
Contribution expense	7,049	7,189	7,220	7,324	7,445	7,613	7,784	7,959	8,138	8,321	8,508
Other expenses	2,478	3,022	1,785	1,802	1,826	1,867	1,909	1,952	1,996	2,041	2,087
Total expenses	**151,324**	**158,700**	**156,052**	**158,390**	**162,297**	**166,912**	**171,776**	**176,792**	**181,945**	**187,252**	**192,716**
Surplus/(deficit) for the year	**4,641**	**14,581**	**16,148**	**13,387**	**11,143**	**11,599**	**11,796**	**12,006**	**12,157**	**12,267**	**12,321**
Total comprehensive result	**4,641**	**14,581**	**16,148**	**13,387**	**11,143**	**11,599**	**11,796**	**12,006**	**12,157**	**12,267**	**12,321**

3.2 Balance Sheet

	Forecast Actual 2020/21 $000	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
Assets											
Current assets											
Cash and cash equivalents	15,748	17,490	20,802	20,692	21,807	18,581	18,133	17,651	17,089	16,465	15,765
Trade and other receivables	12,983	13,569	14,303	15,076	15,870	16,570	17,270	17,970	18,670	19,370	20,070
Other financial assets	62,990	63,086	68,657	68,472	73,196	74,326	72,531	70,603	68,354	65,859	63,059
Inventories	37	37	37	37	37	37	37	37	37	37	37
Non-current assets classified as held for sale	-	-	-	-	-						
Other assets	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633
Total current assets	**93,391**	**95,815**	**105,432**	**105,910**	**112,543**	**111,147**	**109,604**	**107,894**	**105,783**	**103,364**	**100,564**
Non-current assets											
Trade and other receivables	215	215	215	215	215	215	215	215	215	215	215
Investments in associates, joint arrangement and subsidiaries	3,187	3,187	3,187	3,187	3,187	3,187	3,187	3,187	3,187	3,187	3,187
Property, infrastructure, plant & equipment	1,696,444	1,710,035	1,728,526	1,740,443	1,742,745	1,753,298	1,764,124	1,775,240	1,786,650	1,798,354	1,810,374
Leasehold improvement	233	178	123	67	9	-	-	-	-	-	-
Right-of-use assets	1,166	669	977	1,037	754	748	732	706	669	621	562
Investment property	33,034	17,604	10,025	10,025	10,025	10,025	10,025	10,025	10,025	10,025	10,025
Intangible assets	2,411	7,149	8,953	9,751	11,244	12,960	14,717	16,516	18,357	20,250	22,184
Total non-current assets	**1,736,690**	**1,739,037**	**1,752,006**	**1,764,725**	**1,768,179**	**1,780,433**	**1,793,000**	**1,805,889**	**1,819,103**	**1,832,652**	**1,846,547**
Total assets	**1,830,081**	**1,834,852**	**1,857,438**	**1,870,635**	**1,880,722**	**1,891,580**	**1,902,604**	**1,913,783**	**1,924,886**	**1,936,016**	**1,947,111**
Liabilities											
Current liabilities											
Trade and other payables	15,268	15,708	15,988	16,513	16,947	17,247	17,547	17,847	18,147	18,447	18,747
Trust funds and deposits	3,510	3,510	3,510	3,510	3,510	3,510	3,510	3,510	3,510	3,510	3,510
Provisions	16,056	16,563	17,066	17,575	18,097	18,897	19,697	20,497	21,297	22,097	22,897
Interest-bearing liabilities	10,257	939	1,277	1,731	1,840	1,922	2,028	2,154	2,287	2,426	1,945
Lease liabilities	500	507	491	393	401	350	300	400	350	300	500
Unearned Income	2,573	2,573	2,573	2,573	2,573	2,573	2,573	2,573	2,573	2,573	2,573
Total current liabilities	**48,164**	**39,800**	**40,905**	**42,295**	**43,368**	**44,499**	**45,655**	**46,981**	**48,164**	**49,353**	**50,172**
Non-current liabilities											
Provisions	1,379	1,379	1,379	1,379	1,379	1,379	1,379	1,379	1,379	1,379	1,379
Trust funds and deposits	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007
Interest-bearing liabilities	20,810	19,871	24,894	23,163	21,323	19,401	17,373	15,220	12,933	10,507	8,562
Lease liabilities	719	212	522	673	384	434	534	534	584	684	584
Total non-current liabilities	**23,915**	**22,469**	**27,802**	**26,222**	**24,093**	**22,221**	**20,293**	**18,140**	**15,903**	**13,577**	**11,532**
Total liabilities	**72,079**	**62,269**	**68,707**	**68,517**	**67,461**	**66,720**	**65,948**	**65,121**	**64,067**	**62,930**	**61,704**
Net assets	**1,758,002**	**1,772,583**	**1,788,731**	**1,802,118**	**1,813,261**	**1,824,860**	**1,836,656**	**1,848,662**	**1,860,819**	**1,873,086**	**1,885,407**
Equity											
Accumulated surplus	(533,443)	539,142	548,237	560,796	566,385	573,909	581,358	589,019	596,549	603,872	611,233
Reserves	(1,224,559)	1,233,441	1,240,494	1,241,322	1,246,876	1,250,951	1,255,298	1,259,643	1,264,270	1,269,214	1,274,174
Total equity	**(1,758,002)**	**1,772,583**	**1,788,731**	**1,802,118**	**1,813,261**	**1,824,860**	**1,836,656**	**1,848,662**	**1,860,819**	**1,873,086**	**1,885,407**

3.3 Statement of Changes in Equity

	NOTES	Total $000	Accumulated Surplus $000	Revaluation Reserve $000	Other Reserves $000
2021 Forecast Actual					
Balance at beginning of the financial year		1,753,361	509,831	1,199,754	43,776
Adjusted opening balance		1,753,361	509,831	1,199,754	43,776
Surplus/(deficit) for the year		4,641	4,641	-	-
Transfers to other reserves		-	(19,699)	-	19,699
Transfers from other reserves		-	38,670	-	(38,670)
Balance at end of the financial year		**1,758,002**	**533,443**	**1,199,754**	**24,805**
2022 Budget					
Balance at beginning of the financial year		1,758,002	533,443	1,199,754	24,805
Surplus/(deficit) for the year		14,581	14,581	-	-
Transfers to other reserves	4.3.1	-	(53,831)	-	53,831
Transfers from other reserves	4.3.1	-	44,949	-	(44,949)
Balance at end of the financial year	4.3.2	**1,772,583**	**539,142**	**1,199,754**	**33,687**
2023					
Balance at beginning of the financial year		1,772,583	539,142	1,199,754	33,687
Surplus/(deficit) for the year		16,148	16,148	-	-
Transfers to other reserves		-	(39,308)	-	39,308
Transfers from other reserves		-	32,255	-	(32,255)
Balance at end of the financial year		**1,788,731**	**548,237**	**1,199,754**	**40,740**
2024					
Balance at beginning of the financial year		1,788,731	548,237	1,199,754	40,740
Surplus/(deficit) for the year		13,387	13,387	-	-
Transfers to other reserves		-	(18,990)	-	18,990
Transfers from other reserves		-	18,162	-	(18,162)
Balance at end of the financial year		**1,802,118**	**560,796**	**1,199,754**	**41,568**
2025					
Balance at beginning of the financial year		1,802,118	560,796	1,199,754	41,568
Surplus/(deficit) for the year		11,143	11,143	-	-
Transfers to other reserves		-	(18,241)	-	18,241
Transfers from other reserves		-	12,687	-	(12,687)
Balance at end of the financial year		**1,813,261**	**566,385**	**1,199,754**	**47,122**
2026					
Balance at beginning of the financial year		1,813,261	566,385	1,199,754	47,122
Surplus/(deficit) for the year		11,599	11,599	-	-
Transfers to other reserves		-	(20,086)	-	20,086
Transfers from other reserves		-	16,011	-	(16,011)
Balance at end of the financial year		**1,824,860**	**573,909**	**1,199,754**	**51,197**
2027					
Balance at beginning of the financial year		1,824,860	573,909	1,199,754	51,197
Surplus/(deficit) for the year		11,796	11,796	-	-
Transfers to other reserves		-	(20,322)	-	20,322
Transfers from other reserves		-	15,975	-	(15,975)
Balance at end of the financial year		**1,836,656**	**581,358**	**1,199,754**	**55,544**
2028					
Balance at beginning of the financial year		1,836,656	581,358	1,199,754	55,544
Surplus/(deficit) for the year		12,006	12,006	-	-
Transfers to other reserves		-	(20,594)	-	20,594
Transfers from other reserves		-	16,249	-	(16,249)
Balance at end of the financial year		**1,848,662**	**589,019**	**1,199,754**	**59,889**
2029					
Balance at beginning of the financial year		1,848,662	589,019	1,199,754	59,889
Surplus/(deficit) for the year		12,157	12,157	-	-
Transfers to other reserves		-	(21,456)	-	21,456
Transfers from other reserves		-	16,829	-	(16,829)
Balance at end of the financial year		**1,860,819**	**596,549**	**1,199,754**	**64,516**
2030					
Balance at beginning of the financial year		1,860,819	596,549	1,199,754	64,516
Surplus/(deficit) for the year		12,267	12,267	-	-
Transfers to other reserves		-	(21,758)	-	21,758
Transfers from other reserves		-	16,814	-	(16,814)
Balance at end of the financial year		**1,873,086**	**603,872**	**1,199,754**	**69,460**
2031					
Balance at beginning of the financial year		1,873,086	603,872	1,199,754	69,460
Surplus/(deficit) for the year		12,321	12,321	-	-
Transfers to other reserves		-	(22,065)	-	22,065
Transfers from other reserves		-	17,105	-	(17,105)
Balance at end of the financial year		**1,885,407**	**611,233**	**1,199,754**	**74,420**

3.4 Statement of Cash Flows

	Forecast Actual 2020/21 $000	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)
Cash flows from operating											
Receipts:											
Rates and charges	103,225	108,436	110,927	113,618	116,645	120,082	123,552	127,110	130,757	134,494	138,325
Grants - operating	14,658	11,976	11,614	11,281	11,499	11,786	12,081	12,383	12,693	13,010	13,335
Grants - capital	7,120	12,887	8,481	4,333	1,655	1,681	1,708	1,735	1,763	1,792	1,821
Statutory fees and fines	7,110	10,037	10,258	10,444	10,679	10,977	11,257	11,545	11,840	12,142	12,452
User fees and charges	13,220	20,258	21,204	21,806	22,325	22,897	23,472	24,061	24,665	25,284	25,919
Contributions - monetary	5,436	5,111	5,218	5,413	5,433	5,567	5,705	5,846	5,990	6,138	6,290
Interest received	747	562	544	703	895	1,205	1,376	1,588	1,754	1,905	2,025
Rental income	2,335	2,566	2,564	2,614	2,669	2,736	2,804	2,874	2,946	3,020	3,095
Other receipts	1,258	595	602	611	622	637	653	670	686	703	721
Payments:											
Employee costs	(66,769)	(70,421)	(70,457)	(71,675)	(73,806)	(76,536)	(79,521)	(82,611)	(85,810)	(89,121)	(92,549)
Materials and services	(43,734)	(45,946)	(44,888)	(45,180)	(46,389)	(47,410)	(48,410)	(49,433)	(50,479)	(51,548)	(52,642)
Other payments	(14,950)	(16,134)	(14,577)	(14,807)	(15,153)	(14,260)	(14,620)	(14,990)	(15,362)	(15,748)	(16,140)
Net cash provided by/(used in) operating activities	**29,656**	**39,927**	**41,490**	**39,161**	**37,074**	**39,362**	**40,057**	**40,778**	**41,443**	**42,071**	**42,652**
Cash flows from investing activities											
Payments for property, infrastructure, plant and equipment	(62,040)	(58,432)	(48,220)	(35,676)	(26,649)	(35,547)	(36,436)	(37,349)	(38,286)	(39,238)	(40,225)
Payments for leasehold improvements and intangible assets	(1,770)	(5,030)	(2,100)	(1,100)	(1,800)	(2,030)	(2,080)	(2,130)	(2,180)	(2,240)	(2,290)
Proceeds from sale of property, infrastructure, plant and equipment	6,489	38,059	14,546	725	890	912	935	959	982	1,007	1,032
Net (purchases)/redemption of financial assets	34,010	(96)	(5,571)	185	(4,724)	(1,130)	1,795	1,928	2,249	2,495	2,800
Net cash provided by/ (used in) investing activities	**(23,311)**	**(25,499)**	**(41,345)**	**(35,866)**	**(32,283)**	**(37,795)**	**(35,786)**	**(36,592)**	**(37,235)**	**(37,976)**	**(38,683)**
Cash flows from financing											
Proceeds from borrowings	-	-	6,300	-	-	-	-	-	-	-	-
Borrowing costs - interest	(2,339)	(1,905)	(1,670)	(1,609)	(1,529)	(1,429)	(1,324)	(1,217)	(1,092)	(959)	(819)
Repayment of borrowings	(1,672)	(10,257)	(939)	(1,277)	(1,731)	(1,840)	(1,922)	(2,028)	(2,154)	(2,286)	(2,426)
Interest paid - lease liability	(34)	(24)	(17)	(28)	(23)	(23)	(23)	(23)	(24)	(24)	(24)
Repayment of lease liabilities	(478)	(500)	(507)	(491)	(393)	(401)	(350)	(300)	(400)	(350)	(300)
Net cash provided by/(used in) financing activities	**(4,523)**	**(12,686)**	**3,167**	**(3,405)**	**(3,676)**	**(3,693)**	**(3,619)**	**(3,568)**	**(3,670)**	**(3,619)**	**(3,569)**
Net increase/(decrease) in cash & cash equivalents	**1,822**	**1,742**	**3,312**	**(110)**	**1,115**	**(2,126)**	**652**	**618**	**538**	**476**	**400**
Cash and cash equivalents at the beginning of the financial year	13,926	15,748	17,490	20,802	20,692	21,807	19,681	20,333	20,951	21,489	21,965
Cash and cash equivalents at the end of the financial year	**15,748**	**17,490**	**20,802**	**20,692**	**21,807**	**19,681**	**20,333**	**20,951**	**21,489**	**21,965**	**22,365**

3.5 Statement of Capital Works

	Forecast Actual 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Infrastructure											
Roads, street and bridges	8,954	15,262	13,757	8,468	8,629	9,320	9,550	9,790	10,030	10,280	10,540
Drainage	975	1,514	1,040	1,890	965	1,090	1,120	1,150	1,180	1,210	1,240
Parks and gardens	8,268	9,999	4,711	7,145	3,740	5,170	5,300	5,430	5,570	5,710	5,850
Playground	866	630	630	630	630	510	520	530	550	560	580
Total infrastructure	**19,063**	**27,405**	**20,138**	**18,133**	**13,964**	**16,090**	**16,490**	**16,900**	**17,330**	**17,760**	**18,210**
Property											
Freehold land	596	-	-	-	-	-	-	-	-	-	-
Freehold buildings	34,553	21,039	21,629	5,041	4,886	10,627	10,906	11,159	11,446	11,728	12,025
Total property	**35,149**	**21,039**	**21,629**	**5,041**	**4,886**	**10,627**	**10,906**	**11,159**	**11,446**	**11,728**	**12,025**
Plant and equipment											
Motor vehicles	7,398	5,952	1,249	-	-	1,450	1,490	1,530	1,570	1,610	1,650
Plant and equipment	1,067	7034	8,509	12,217	7,414	7,110	7,280	7,470	7,650	7,840	8,040
Furniture and fittings	385	235	235	235	235	190	190	200	200	210	210
Total plant and equipment	**8,850**	**13,221**	**9,993**	**12,452**	**7,649**	**8,750**	**8,960**	**9,200**	**9,420**	**9,660**	**9,900**
Other											
Art Collection	130	50	160	50	150	80	80	90	90	90	90
Total other	**130**	**50**	**160**	**50**	**150**	**80**	**80**	**90**	**90**	**90**	**90**
Intangible assets											
Software	1,374	5,030	2,100	1,100	1,800	2,030	2,080	2,130	2,180	2,240	2,290
Total intangible assets	**1,374**	**5,030**	**2,100**	**1,100**	**1,800**	**2,030**	**2,080**	**2,130**	**2,180**	**2,240**	**2,290**
Total capital works expenditure	**64,566**	**66,745**	**54,020**	**36,776**	**28,449**	**37,577**	**38,516**	**39,479**	**40,466**	**41,478**	**42,515**
Represented by:											
Asset renewal expenditure	42,894	43,285	34,787	26,198	22,096	19,500	19,900	20,500	21,000	21,500	22,000
Asset upgrade expenditure	16,425	13,168	14,999	8,686	3,278	4,831	5,037	5,063	5,201	5,357	5,526
Asset expansion expenditure	2,087	100	310	450	250	2,646	2,679	2,816	2,865	2,921	2,989
New asset expenditure	3,160	10,192	3,924	1,442	2,825	10,600	10,900	11,100	11,400	11,700	12,000
Total capital works expenditure	**64,566**	**66,745**	**54,020**	**36,776**	**28,449**	**37,577**	**38,516**	**39,479**	**40,466**	**41,478**	**42,515**
by:											
Government grant	2,586	11,909	7486	3318	618	618	618	618	618	618	618
Contribution	9,289	4,341	4,752	3,791	4,135	5,152	5,281	5,413	5,548	5,687	5,829
Council Cash	52,691	50,495	35,482	29,667	23,696	31,807	32,617	33,448	34,300	35,173	36,068
Borrowings	-	-	6,300	-	-	-	-	-	-	-	-
Total capital works expenditure	**64,566**	**66,745**	**54,020**	**36,776**	**28,449**	**37,577**	**38,516**	**39,479**	**40,466**	**41,478**	**42,515**

3.6 Statement of Human Resources

	2020/21 EFT	2021/22 EFT	2022/23 EFT	2023/24 EFT	2024/25 EFT	2025/26 EFT	2026/27 EFT	2027/28 EFT	2028/29 EFT	2029/30 EFT	2030/31 EFT
Total Permanent staff numbers											
Female	374.69	342.07	337.54	339.54	338.54	341.88	345.88	350.88	348.88	350.88	353.88
Male	296.29	303.85	305.38	303.38	304.38	306.88	310.88	314.38	319.38	323.88	328.88
Self-described gender	1.60	1.63	1.63	1.63	1.63	2.13	3.13	3.63	3.63	5.13	5.13
Total Permanent staff numbers	**672.58**	**647.55**	**644.55**	**644.55**	**644.55**	**650.89**	**659.89**	**668.89**	**671.89**	**679.89**	**687.89**
Permanent full time											
Female	191.00	208.49	200.14	202.14	201.14	204.14	208.14	213.14	211.14	213.14	216.14
Male	266.00	278.35	280.06	278.06	279.06	281.06	285.06	288.06	293.06	297.06	302.06
Self-described gender	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	3.00	3.00
Total	**458.00**	**487.84**	**481.20**	**481.20**	**481.20**	**486.20**	**495.20**	**503.20**	**506.20**	**513.20**	**521.20**
Permanent part time											
Female	183.69	133.58	137.40	137.40	137.40	137.74	137.74	137.74	137.74	137.74	137.74
Male	30.29	25.50	25.32	25.32	25.32	25.82	25.82	26.32	26.32	26.82	26.82
Self-described gender	0.60	0.63	0.63	0.63	0.63	1.13	1.13	1.63	1.63	2.13	2.13
Total	**214.58**	**159.71**	**163.35**	**163.35**	**163.35**	**164.69**	**164.69**	**165.69**	**165.69**	**166.69**	**166.69**
Casual	**20.38**	**44.10**	**25.91**	**20.11**	**19.11**	**19.11**	**19.11**	**19.11**	**19.11**	**19.11**	**19.11**
Total staff numbers	**692.96**	**691.65**	**670.46**	**664.66**	**663.66**	**670.00**	**679.00**	**688.00**	**691.00**	**699.00**	**707.00**
Capitalised labour costs	**(14.65)**	**(20.50)**	**(17.00)**	**(16.00)**	**(16.00)**	**(16.00)**	**(16.00)**	**(16.00)**	**(16.00)**	**(16.00)**	**(16.00)**
Total	**678.31**	**671.15**	**653.46**	**648.66**	**647.66**	**654.00**	**663.00**	**672.00**	**675.00**	**683.00**	**691.00**

	2020/21 $000	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
Total permanent staff expenditure											
Female	38,277	36,908	37,374	38,582	39,597	41,090	42,572	44,225	45,511	46,898	48,487
Male	30,268	31,719	32,674	33,323	34,415	35,646	37,000	38,343	40,221	41,914	43,710
Self-described gender	163	172	177	182	187	249	374	444	455	661	678
Total permanent staff expenditure	**68,708**	**68,799**	**70,225**	**72,087**	**74,199**	**76,985**	**79,946**	**83,012**	**86,187**	**89,473**	**92,875**
Permanent full time											
Female	20,495	22,852	22,548	23,361	23,930	24,954	25,992	27,190	28,006	28,911	30,005
Male	28,543	29,013	29,921	30,494	31,504	32,598	33,868	35,065	36,852	38,387	40,087
Self-described gender	107	107	110	113	116	119	240	246	252	388	398
Total	**49,145**	**51,972**	**52,579**	**53,968**	**55,550**	**57,671**	**60,100**	**62,501**	**65,110**	**67,686**	**70,490**
Permanent part time											
Female	16,748	14,056	14,826	15,221	15,667	16,136	16,580	17,035	17,505	17,987	18,482
Male	2,762	2,706	2,753	2,829	2,911	3,048	3,132	3,278	3,369	3,527	3,623
Self-described gender	55	65	67	69	71	130	134	198	203	273	280
Total	**19,565**	**16,827**	**17,646**	**18,119**	**18,649**	**19,314**	**19,846**	**20,511**	**21,077**	**21,787**	**22,385**
Casual	**1,765**	**4,691**	**2,785**	**2,213**	**2,161**	**2,220**	**2,281**	**2,344**	**2,408**	**2,474**	**2,542**
Total staff expenditure	**70,473**	**73,490**	**73,010**	**74,300**	**76,360**	**79,205**	**82,227**	**85,356**	**88,595**	**91,947**	**95,417**
Capitalised labour costs	**(1,769)**	**(2,360)**	**(1,996)**	**(1,818)**	**(1,832)**	**(1,869)**	**(1,906)**	**(1,945)**	**(1,985)**	**(2,026)**	**(2,068)**
Total	**68,704**	**71,130**	**71,014**	**72,482**	**74,528**	**77,336**	**80,321**	**83,411**	**86,610**	**89,921**	**93,349**

3.7 Planned Human Resource Expenditure

	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
Assets & City Services										
Permanent - Full time	19,283	19,954	20,487	21,085	21,779	22,515	23,378	24,462	25,267	26,153
Female	1,699	1,740	1,786	1,838	2,003	2,195	2,499	3,009	3,224	3,504
Male	17,584	18,214	18,701	19,247	19,776	20,320	20,879	21,453	22,043	22,649
Permanent - Part time	632	699	718	739	798	820	842	866	891	916
Female	522	586	602	620	676	695	714	734	755	776
Male	110	113	116	119	122	125	128	132	136	140
Total Assets & City Service	**19,915**	**20,653**	**21,205**	**21,824**	**22,577**	**23,335**	**24,220**	**25,328**	**26,158**	**27,069**
City Development										
Permanent - Full time	8,225	8,424	8,670	9,040	9,425	9,780	10,147	10,695	11,249	11,795
Female	3,117	3,192	3,285	3,382	3,612	3,689	3,889	4,142	4,258	4,482
Male	5,001	5,122	5,272	5,542	5,694	5,851	6,012	6,301	6,603	6,915
Self-described gender	107	110	113	116	119	240	246	252	388	398
Permanent - Part time	3,637	3,725	3,834	3,946	4,054	4,165	4,279	4,397	4,518	4,642
Female	2,441	2,518	2,591	2,667	2,740	2,815	2,892	2,972	3,054	3,138
Male	1,196	1,207	1,243	1,279	1,314	1,350	1,387	1,425	1,464	1,504
Total City Development	**11,862**	**12,149**	**12,504**	**12,986**	**13,479**	**13,945**	**14,426**	**15,092**	**15,767**	**16,437**
Community Programs										
Permanent - Full time	11,709	11,812	12,126	12,481	12,938	13,430	13,923	14,655	15,190	15,866
Female	9,548	9,709	10,076	10,371	10,656	10,949	11,250	11,559	11,877	12,204
Male	2,161	2,103	2,050	2,110	2,282	2,481	2,673	3,096	3,313	3,662
Permanent - Part time	10,808	11,051	11,345	11,676	12,111	12,445	12,908	13,263	13,757	14,134
Female	9,670	9,889	10,152	10,448	10,735	11,030	11,333	11,645	11,965	12,294
Male	1,073	1,095	1,124	1,157	1,246	1,281	1,377	1,415	1,519	1,560
Self-described gender	65	67	69	71	130	134	198	203	273	280
Total Community Programs	**22,517**	**22,863**	**23,471**	**24,157**	**25,049**	**25,875**	**26,831**	**27,918**	**28,947**	**30,000**
Core Corporate										
Permanent - Full time	2,202	2,255	2,315	2,383	2,449	2,516	2,585	2,656	2,730	2,805
Female	1,401	1,435	1,473	1,517	1,559	1,602	1,646	1,691	1,738	1,786
Male	801	820	842	866	890	914	939	965	992	1,019
Total Core Corporate	2,202	2,255	2,315	2,383	2,449	2,516	2,585	2,656	2,730	2,805
Corporate Services										
Permanent - Full time	10,553	10,134	10,370	10,561	11,080	11,859	12,468	12,642	13,250	13,871
Female	7,087	6,472	6,741	6,822	7,124	7,557	7,906	7,605	7,814	8,029
Male	3,466	3,662	3,629	3,739	3,956	4,302	4,562	5,037	5,436	5,842
Permanent - Part time	1,750	2,171	2,222	2,288	2,351	2,416	2,482	2,551	2,621	2,693
Female	1,423	1,833	1,876	1,932	1,985	2,040	2,096	2,154	2,213	2,274
Male	327	338	346	356	366	376	386	397	408	419
Total Corporate Services	**12,303**	**12,305**	**12,592**	**12,849**	**13,431**	**14,275**	**14,950**	**15,193**	**15,871**	**16,564**
Casuals, temporary	**4,691**	**2,785**	**2,213**	**2,161**	**2,220**	**2,281**	**2,344**	**2,408**	**2,474**	**2,542**
Total staff expenditure	**73,490**	**73,010**	**74,300**	**76,360**	**79,205**	**82,227**	**85,356**	**88,595**	**91,947**	**95,417**
Capitalised labour costs	**(2,360)**	**(1,996)**	**(1,818)**	**(1,832)**	**(1,869)**	**(1,906)**	**(1,945)**	**(1,985)**	**(2,026)**	**(2,068)**
Total	**71,130**	**71,014**	**72,482**	**74,528**	**77,336**	**80,321**	**83,411**	**86,610**	**89,921**	**93,349**

DRAFT FINANCIAL PLAN 2021/22 – 2030/31

Banyule City Council

	2021/22 EFT	2022/23 EFT	2023/24 EFT	2024/25 EFT	2025/26 EFT	2026/27 EFT	2027/28 EFT	2028/29 EFT	2029/30 EFT	2030/31 EFT
Assets & City Services										
Permanent - Full time	193.00	195.00	195.00	195.00	196.00	198.00	200.00	202.00	204.00	206.00
Female	17.00	17.00	17.00	17.00	18.00	20.00	22.00	24.00	26.00	28.00
Male	176.00	178.00	178.00	178.00	178.00	178.00	178.00	178.00	178.00	178.00
Permanent - Part time	6.33	6.83	6.83	6.83	7.17	7.17	7.17	7.17	7.17	7.17
Female	5.23	5.73	5.73	5.73	6.07	6.07	6.07	6.07	6.07	6.07
Male	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Total Assets & City Service	199.33	201.83	201.83	201.83	203.17	205.17	207.17	209.17	211.17	213.17
City Development										
Permanent - Full time	76.47	76.47	76.47	77.47	78.47	79.47	80.47	82.47	84.47	86.47
Female	28.84	28.84	28.84	28.84	29.84	29.84	30.84	31.84	31.84	32.84
Male	46.63	46.63	46.63	47.63	47.63	47.63	47.63	48.63	49.63	50.63
Self-described gender	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	3.00	3.00
Permanent - Part time	33.91	33.91	33.91	33.91	33.91	33.91	33.91	33.91	33.91	33.91
Female	22.76	22.92	22.92	22.92	22.92	22.92	22.92	22.92	22.92	22.92
Male	11.15	10.99	10.99	10.99	10.99	10.99	10.99	10.99	10.99	10.99
Total City Development	110.38	110.38	110.38	111.38	112.38	113.38	114.38	116.38	118.38	120.38
Community Programs										
Permanent - Full time	113.22	111.21	111.21	111.21	112.21	114.21	115.21	117.21	118.21	120.21
Female	92.42	91.41	92.41	92.41	92.41	92.41	92.41	92.41	92.41	92.41
Male	20.80	19.80	18.80	18.80	19.80	21.80	22.80	24.80	25.80	27.80
Permanent - Part time	103.86	103.86	103.86	103.86	104.86	104.86	105.86	105.86	106.86	106.86
Female	92.90	92.92	92.92	92.92	92.92	92.92	92.92	92.92	92.92	92.92
Male	10.33	10.31	10.31	10.31	10.81	10.81	11.31	11.31	11.81	11.81
Self-described gender	0.63	0.63	0.63	0.63	1.13	1.13	1.63	1.63	2.13	2.13
Total Community Programs	217.08	215.07	215.07	215.07	217.07	219.07	221.07	223.07	225.07	227.07
Core Corporate										
Permanent - Full time	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Female	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Male	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total Core Corporate	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Corporate Services										
Permanent - Full time	94.15	87.52	87.52	86.52	88.52	92.52	96.52	93.52	95.52	97.52
Female	63.23	55.89	56.89	55.89	56.89	58.89	60.89	55.89	55.89	55.89
Male	30.92	31.63	30.63	30.63	31.63	33.63	35.63	37.63	39.63	41.63
Permanent - Part time	15.61	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75
Female	12.69	15.83	15.83	15.83	15.83	15.83	15.83	15.83	15.83	15.83
Male	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92
Total Corporate Services	**109.76**	**106.27**	**106.27**	**105.27**	**107.27**	**111.27**	**115.27**	**112.27**	**114.27**	**116.27**
Casuals, temporary	**44.10**	**25.91**	**20.11**	**19.11**	**19.11**	**19.11**	**19.11**	**19.11**	**19.11**	**19.11**
Total staff expenditure	**691.65**	**670.46**	**664.66**	**663.66**	**670.00**	**679.00**	**688.00**	**691.00**	**699.00**	**707.00**
Capitalised labour costs	**(20.50)**	**(17.00)**	**(16.00)**	**(16.00)**	**(16.00)**	**(16.00)**	**(16.00)**	**(16.00)**	**(16.00)**	**(16.00)**
Total	**671.15**	**653.46**	**648.66**	**647.66**	**654.00**	**663.00**	**672.00**	**675.00**	**683.00**	**691.00**

4. Financial Performance Indicators

4.1 Victorian Auditors-General's Office (VAGO)

Practicing sound financial management is subjective in nature and requires consideration and balancing of competing imperatives. Objective guidance is available in several forms such as generation of surpluses, strength of the balance sheet and cash generated by an enterprise.

The Victorian Auditor-General's Office (VAGO) assesses all Victorian councils annually against six criteria related to financial sustainability. To understand further the way in which the VAGO ratios are calculated refer to their website: https://www.audit.vic.gov.au.

4.2 Local Government Performance Reporting Framework (LGPRF)

The Victorian Government has a reporting framework to ensure that all Councils are measuring and reporting on their performance in a consistent way. The framework became mandatory from 1 July 2014. The framework is made up of 59 quantitative measures and 24 qualitative measures which build a comprehensive picture of Council performance. Council's Financial Plan focuses on the Financial Performance Indicators (of which there are 11 quantitative measures).

The 11 financial indicators cover key financial objectives. These indicators provide relevant information about the efficiency, effectiveness and economy of financial management in local government.

Financial Subarea	Definition
Operating position	Measures whether a council can generate an adjusted underlying surplus
Liquidity	Measures whether a council can generate sufficient cash to pay bills on time
Obligations	Measures whether the level of debt and other long-term obligations is appropriate to the size and nature of the Council's activities
Stability	Measures whether a council can generate revenue from a range of sources
Efficiency	Measures whether a council is using resources efficiently

The Financial Performance Indicators provide relevant information about the effectiveness of financial management and an overall assessment of the long-term financial sustainability of Council.

Council has also previously forecast its financial sustainability on the Victorian Auditor-General's Office (VAGO) indicators, and will continue to do so, as they provide another level of financial sustainability assurance.

The Financial Performance indicators from the framework are outlined below. The following table highlights Banyule City Council's projected performance across a range of key financial performance indicators. These indicators provide an analysis of Council's 10-year financial projections and should be interpreted in the context of the organisation's objectives and financial management principles.

- The 10 years Draft financial plan highlights the healthy financial position of Council and a funded capital works and major initiatives program over the next 10 years.

- Funding of the capital works program will continue to be delivered through operational funding and reserves (e.g. Innovation, efficiencies in operations, along with enhanced revenue generating major initiatives). Funding for major projects and initiatives currently outside 4-year cycle will need to be supported from future strategic property initiatives, grants and third-party funding to maintain a financial sustainable position over the next 10 years.

Indicator	Measure	Forecast											Trend
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/2030	2030/2031	+/o/-
Operating position													
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	-4.64%	-0.75%	2.40%	3.35%	3.52%	3.72%	3.65%	3.60%	3.51%	3.39%	3.26%	+
Liquidity													
Working Capital	Current assets / current liabilities	193.90%	240.74%	257.75%	250.41%	259.51%	249.77%	240.07%	229.65%	219.63%	209.44%	200.44%	-
Unrestricted cash	Unrestricted cash / current liabilities	154.10%	191.10%	207.66%	200.13%	208.65%	198.63%	188.69%	178.24%	168.02%	157.65%	148.10%	-
Obligations													
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	30.19%	19.25%	23.66%	21.97%	19.91%	17.81%	15.75%	13.71%	11.67%	9.64%	7.61%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	3.90%	11.25%	2.36%	2.55%	2.80%	2.73%	2.63%	2.56%	2.49%	2.42%	2.35%	+
Indebtedness	Non-current liabilities / own source revenue	18.57%	15.68%	18.93%	17.39%	15.56%	13.93%	12.37%	10.74%	9.16%	7.60%	6.28%	+
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	193.21%	192.56%	152.47%	112.85%	93.31%	80.14%	79.80%	80.19%	80.15%	80.05%	79.92%	-
Stability													
Rates concentration	Rate revenue / adjusted underlying revenue	71.16%	68.65%	69.19%	69.15%	69.17%	69.07%	69.11%	69.13%	69.17%	69.21%	69.27%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.21%	0.21%	0.22%	0.22%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	-
Efficiency													
Expenditure level	Total expenses/ no. of property assessments	$ 2,719	$ 2,829	$ 2,757	$ 2,774	$ 2,817	$ 2,872	$ 2,931	$ 2,990	$ 3,051	$ 3,114	$ 3,178	-
Revenue level	Total rate revenue / no. of property assessments	$ 1,849	$ 1,928	$ 1,955	$ 1,985	$ 2,020	$ 2,061	$ 2,102	$ 2,144	$ 2,187	$ 2,231	$ 2,276	-

Key to Forecast Trend:

+ Forecasts improvement in Council's financial performance/financial position indicator

o Forecasts that Council's financial performance/financial position indicator will be steady

- Forecasts deterioration in Council's financial performance/financial position indicator

4.3 Disclosure Required (LGPRF)

4.3.1 (OP1) – Adjusted Underlying Result

The underlying surplus as a percentage of adjusted underlying revenue

This is an indicator of the sustainable operating result that is required for Council to continue to provide its core services and meet its objectives. COVID-19 pandemic has continued from into 2020/2021 and has had a negative financial impact on Banyule’s results for 2020/21 as Council services adjusted to meet restrictions and the Banyule Economic Support Package came into effect.

4.3.2 (L1) – Working Capital

Current assets as a percentage of current liabilities

Working Capital is an indicator of how easily Council can cover its liabilities that are to fall due over the next 12 months. Council is expected to remain in a strong working capital position. The slight reduction in 2020/2021 is due to a loan liability moving from non-current to current as it falls due for repayment in 2021/2022.

Results in following years, which include property sales expected in 2022/2023 will return current assets and working capital to previous strong levels, although reducing over the 10 years.

4.3.3 (L2) – Unrestricted Cash

Unrestricted cash as a percentage of current liabilities

This is an indicator of the broad objective that sufficient cash is free of restrictions and available to pay bills as and when they fall due. Council's liquidity position will continue at a high level, reflecting our continued sustainable financial operations, although reducing gradually over the years.

Items which are restricted under the definition are:

- trust funds and deposits
- statutory or non-discretionary reserves
- cash held to fund carry forward capital works
- conditional grants unspent

Term deposits with an original maturity of greater than 90 days (i.e. other financial assets) are also considered to be restricted under this definition.

4.3.4 (O2, O3) – Loans and Borrowings

Interest bearing loans and borrowings as a percentage of rate revenue and Interest and principal repayments on interest bearing loans and borrowings as a percentage of rate revenue

The trend of these indicators reflects Council's reducing reliance on debt. Council will continue to pay down existing debt while rate revenue will continue to rise in line with the rate cap. The trend has accelerated in recent years as a result of Council's debt reduction strategy. This accelerated repayment includes a large payment to complete one of our loans in Oct 2021. There is a slight increase in loans and borrowings in 2022/23, associated with Council's expected application for a loan as part of the Victorian Government's Community Infrastructure Loan Scheme, which provides local governments access to very low interest, subsidised loans to help fund infrastructure projects.

4.3.5 (O4) – Indebtedness

Non-current liabilities as a percentage of own source revenue.

This is an indicator of the broad objective that the level of long-term liabilities should be appropriate to the size and nature of a Council's activities. Low or decreasing level of long-term liabilities suggest an improvement in the capacity to meet long term obligations.

4.3.6 (O5) – Asset Renewal

Asset renewal and upgrade expense compared to deprecation assesses whether council spending on assets is focused on purchasing new assets or renewing and upgrading existing ones.

This indicator shows the extent of Council's asset renewal expenditure against its depreciation charge.

Assessment of whether council assets are being renewed or upgraded as planned. It compares the rate of spending on existing assets through renewing, restoring, replacing or upgrading existing assets with depreciation. Ratios higher than 1.0 indicate there is a lesser risk of insufficient spending on Council's asset base.

4.3.7 (S1) – Rates Concentration

Rate revenue as a percentage of adjusted underlying revenue

This indicates the extent of reliance on rate revenue to fund all of Council's ongoing services. This trend indicates Council's reliance on rates is holding relatively steady.

4.3.8 (S2) – Rates Effort

Rate revenue as a percentage of the capital improved value of rateable properties in the municipality

This is an indicator of the broad objective that the rating level should be based on the community's capacity to pay. Low or decreasing level of rates suggest an improvement in the rating burden for ratepayers.

Note: Council policy is not to estimate future movements in property values and assume that they will hold steady from the most recent CIV figures.

4.3.9 (E2) – Expenditure Level

Total expenses per property assessment

This is an indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of expenditure suggests an improvement in organisational efficiency.

4.3.10 (E4) – Revenue Level

The average rate revenue per property assessment

This is an indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of rates suggests an improvement in organisational efficiency.

5. Strategies and Plan

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

5.1 Borrowing Strategy

5.1.1 Current Debt Position

Council's debt management strategic plan responds to Council's strategic direction and considers Council's long-term financial sustainability.

The debt management strategic plan addresses the following matters:

- The legislative framework;
- Linkage to the Proposed Council Plan;
- Sound financial management principles;
- Current level of debt;
- Forecast sustainability ratios.

The total amount borrowed as at 30 June 2021 was $31.07 million.

Banyule City Council significantly increased its debt levels between 2009 - 2013 to $60m due to an increased level of strategic property acquisitions and expanding capital expenditure. The Budget 2021-2025 contains forecasts that this debt will be reduced to $23.16 million by 30 June 2025.

The amount of debt includes an additional $6.30 million projected borrowing in 2022/2023 to help fund the redevelopment of the Rosanna Library. Council intends to apply for a loan as part of the Community Infrastructure Loan Scheme run by the Victorian Government. This scheme allows local governments to access low-interest subsidised loans to support the funding of community infrastructure. The interest rate on borrowing is anticipated to be lower than our cost of funds and therefore in our financial interest to take on the loan.

Council intends to continue to reduce debt when the opportunity arises. A review of break-cost incurred against each of the outstanding loans are regularly assessed, and if deemed feasible, Council may choose to end each of the above loans within agreed parameters. It is projected that $10.26 million will be redeemed during 2021/2022 as per repayment schedules, this includes the completion of one loan.

General funds have been transferred to the debt redemption reserve in future year's budgets to enable consideration of early repayment. Consideration is also given to the outcome of the VAGO indebtedness ratio. Banyule City Council under its Financial Plan will continue to transfer from its operating revenue additional funds to build up the debt redemption reserve to enable funds to be paid against these loans through to maturity.

5.1.2 Future Borrowing Requirements

The following table highlights Council's projected loan balance, including new loans (Proposed Community Infrastructure Loan Scheme) and loan repayments for the 10 years of the Financial Plan.

	Forecast / Actual 2020/21 $'000	2021/22 $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000
Opening balance	32,739	31,067	20,810	26,171	24,894	23,163	21,323	19,401	17,373	15,219	12,933
Plus New loans	-	-	6,300	-	-	-	-	-	-	-	-
Less Principal repayment	(1,672)	(10,257)	(939)	(1,277)	(1,731)	(1,840)	(1,922)	(2,028)	(2,154)	(2,286)	(2,426)
Closing balance	31,067	20,810	26,171	24,894	23,163	21,323	19,401	17,373	15,219	12,933	10,507
Interest payment	(2,339)	(1,905)	(1,670)	(1,609)	(1,529)	(1,429)	(1,324)	(1,217)	(1,092)	(959)	(819)

5.1.3 Performance Indicators

Council maintains its loan borrowing within prudent and management limits as demonstrated by the following performance indicators.

Performance Indicator	Target	Forecast / Actual 2020/21 %	2021/22 %	2022/23 %	2023/24 %	2024/25 %	2025/26 %	2026/27 %	2027/28 %	2028/29 %	2029/30 %	2030/31 %
Total borrowings / Rate revenue	Below 60%	30.01%	19.13%	23.52%	21.84%	19.80%	17.71%	15.66%	13.64%	11.61%	9.59%	7.58%
Debt servicing / Rate revenue	Below 5%	2.26%	1.75%	1.50%	1.41%	1.31%	1.19%	1.07%	0.96%	0.83%	0.71%	0.59%
Debt committment / Rate revenue	Below 10%	3.87%	11.18%	2.34%	2.53%	2.79%	2.72%	2.62%	2.55%	2.48%	2.41%	2.34%
Indebtedness / Own source revenue	Below 60%	18.57%	15.68%	18.93%	17.39%	15.56%	13.93%	12.37%	10.74%	9.16%	7.60%	6.28%

5.2 Reserves Strategy

5.2.1 Current Reserves

Council maintains reserves of separately identified funds to meet specific purposes in the future and for which there is no existing liability. These amounts are transferred to and from the accumulated surplus. Two of these reserves are statutory reserves, meaning that the funds must remain available for a specific purpose (public open space and off-Street car parking).

The remaining reserves are discretionary and while not restricted, Council has made decisions regarding the future use of these funds and unless there is a Council resolution, these funds should be used for those earmarked purposes.

Provisions such as annual leave and long service leave are not held separately in a cash reserve. These amounts are held as an intended allocation with the accumulated surplus balance. Although these funds are not externally restricted, they have been allocated for specific future purposes by Council.

Council had the following Reserve Accounts:

- Public Open Space Reserve (Restricted)
- Off Street Parking Reserve (Restricted)
- General Reserve (including Debt Redemption) Reserve
- Plant and Equipment Reserve
- IT Equipment Reserve
- BPI Investment Reserve
- Asset Renewal Reserve
- Strategic Properties Reserve
- Car Parking Meters Reserve
- Environment Reserve (new)

The recommended purpose of each Reserve is set out as follows:

The recommended purpose of each Reserve is set out as follows:

5.2.1.1 Public Open Space Reserve:

The Public Open Space Reserve is a Statutory Reserve, with the income being determined by legislation.

Property developers are required to contribute 5% of the property development cost into the Public Open Space Reserve.

Expenditure from this Reserve must continue to be of a "public open space" nature, like parks, parklands/reserves, playground equipment, etc. to satisfy the requirements of the legislation.

5.2.1.2 Off Street Parking Reserve:

The Off Street Parking Reserve was a Statutory Reserve and the income was controlled by legislation.

The funds were received from developers when additional shops went into local shopping precincts in lieu of providing the requisite car parking spaces. As of 2009, Council has ceased receiving additional income to fund this reserve.

5.2.1.3 General Reserve (including Debt Redemption):

This Reserve is a general reserve designed to be used for purposes not covered by the other Reserves including environmental projects.

In recent years, this reserve has been built up for the purpose of repaying Council's loans when they are up for review and able to be paid out without penalty.

5.2.1.4 Plant and Equipment Reserve:

The Plant and Equipment Reserve is used to fund the purchase of vehicles (fleet, waste trucks, etc) and some other items of plant & equipment.

It is funded by an internal charge to each business unit for their vehicles less the running costs for those vehicles (fuel, repairs, insurance, etc.). In recent years, due to a healthy balance, the Plant and Equipment Reserve has been used to fund other non-plant types of “equipment”.

5.2.1.5 IT Equipment Reserve:

This reserve was created to set aside funds for the replacement of Council’s IT Systems & Equipment including software, hardware and audio-visual equipment.

As the levels of expenditure fluctuate between years a consistent amount is transferred from operating each year to ‘smooth out’ the cost of IT systems & Equipment.

5.2.1.6 BPI Investment Reserve:

10% of Building Permits and Inspections department’s profits are set aside in this reserve.

The express purpose is, for the future investment towards improving BPI’s services to remain competitive in a commercial environment.

5.2.1.7 Asset Renewal Reserve:

The Asset Renewal Reserve was created during 2013. The purpose of this Reserve is to set aside funds to replace/renew major assets, when required as year to year these costs can fluctuate significantly.

This Reserve is used for the renewal/replacement of major assets, which are outside the scope of the Plant and Equipment Reserve & Public Open Space Reserve.

5.2.1.8 Strategic Properties Reserve:

The Strategic Properties Reserve was created during 2010. The purpose was to fund dealings in property and property developments with the express purpose of creating a profit to reduce the amount of income required to be raised via Rates.

The Reserve was initially commenced via a Council loan, since then the Reserve has been funded via the sale of properties, excess to Council needs, and properties developed by Council including the school sites.

This Reserve continues to be used to buy and sell property in order to fund future major projects and to reduce the amount of income required to be raised by way of rates.

The remaining funds in the reserve can only be used for the express purpose of providing car parking improvements in the shopping centre areas for which the funds were collected.

5.2.1.9 Car Parking Meter Reserve:

The Car Parking Meter Reserve was opened in during 2013 with the installation of parking meters in several locations.

Council decided that 2/3rds of the net profit of operating the parking meters be transferred to a newly created Reserve account. These reserve funds would be used to cover parking improvements and other parking related expenditure in the suburbs from where it was collected.

5.2.1.10 Environmental Reserve (new):

The purpose of the reserve is to allocate and spend the savings on environmental projects. This reserve has only recently been established and should not be used for any other purpose.

5.2.2 Reserve Usage Projections

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

Restricted reserves are to be included to the disclosure of restricted cash assets.

Reserves	Restricted / Discretionary	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Public Open Space Reserve	**Restricted**											
Opening balance		7,902	3,568	4,378	4,275	5,319	6,029	6,029	6,029	6,029	6,029	6,029
Transfer to reserve		4,000	4,500	4,579	4,670	4,775	5,152	5,281	5,413	5,548	5,687	5,829
Transfer from reserve		(8,334)	(3,690)	(4,682)	(3,626)	(4,065)	(5,152)	(5,281)	(5,413)	(5,548)	(5,687)	(5,829)
Closing balance		**3,568**	**4,378**	**4,275**	**5,319**	**6,029**	**6,029**	**6,029**	**6,029**	**6,029**	**6,029**	**6,029**
Off Street Parking Reserve	**Restricted**											
Opening balance		252	252	252	252	252	252	252	252	252	252	252
Closing balance		**252**	**252**	**252**	**252**	**252**	**252**	**252**	**252**	**252**	**252**	**252**
Reserves Summary	**Total Restricted**											
Opening balance		8,154	3,820	4,630	4,527	5,571	6,281	6,281	6,281	6,281	6,281	6,281
Transfer to reserve		4,000	4,500	4,579	4,670	4,775	5,152	5,281	5,413	5,548	5,687	5,829
Transfer from reserve		(8,334)	(3,690)	(4,682)	(3,626)	(4,065)	(5,152)	(5,281)	(5,413)	(5,548)	(5,687)	(5,829)
Closing balance		**3,820**	**4,630**	**4,527**	**5,571**	**6,281**	**6,281**	**6,281**	**6,281**	**6,281**	**6,281**	**6,281**
General Reserve	**Discretionary**											
Opening balance		2,798	878	779	1,444	7,093	11,539	11,539	11,539	11,539	11,539	11,539
Transfer to reserve		120	1,194	4,065	5,649	4,446	-	-	-	-	-	-
Transfer between reserve		(600)	2,500	-3,400	-	-	-	-	-	-	-	-
Transfer from reserve		(1,440)	(3,793)	-	-	-	-	-	-	-	-	-
Closing balance		**878**	**779**	**1,444**	**7,093**	**11,539**	**11,539**	**11,539**	**11,539**	**11,539**	**11,539**	**11,539**
Debt Redemption Reserve	**Discretionary**											
Opening balance		3,453	6,033	-	-	-	-	-	-	-	-	-
Transfer to reserve		2,580	3,057	-	-	-	-	-	-	-	-	-
Transfer from reserve		-	(9,090)	-	-	-	-	-	-	-	-	-
Closing balance		**6,033**	-	-	-	-	-	-	-	-	-	-
Plant and Equipment Reserve	**Discretionary**											
Opening balance		10,841	7,576	5,878	8,912	7,999	7,829	7,815	7,824	7,869	7,951	8,034
Transfer to reserve		3,148	3,259	3,307	3,364	3,431	3,539	3,616	3,706	3,798	3,854	3,911
Transfer between reserve		-	-	750	-	-	-	-	-	-	-	-
Transfer from reserve		(6,413)	(4,957)	(1,023)	(4,277)	(3,601)	(3,553)	(3,607)	(3,661)	(3,716)	(3,771)	(3,828)
Closing balance		**7,576**	**5,878**	**8,912**	**7,999**	**7,829**	**7,815**	**7,824**	**7,869**	**7,951**	**8,034**	**8,117**

Reserves	Restricted / Discretionary	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
IT Equipment Reserve	**Discretionary**											
Opening balance		3,458	3,824	1,528	1,560	1,850	2,149	2,257	2,673	3,099	3,225	3,657
Transfer to reserve		1,466	1,374	1,382	1,390	1,399	1,408	1,416	1,426	1,426	1,432	1,438
Transfer between reserve		-	-	750	-	-	-	-	-	-	-	-
Transfer from reserve		(1,100)	(3,670)	(2,100)	(1,100)	(1,100)	(1,300)	(1,000)	(1,000)	(1,300)	(1,000)	(1,000)
Closing balance		**3,824**	**1,528**	**1,560**	**1,850**	**2,149**	**2,257**	**2,673**	**3,099**	**3,225**	**3,657**	**4,095**
BPI Investment Reserve	**Discretionary**											
Opening balance		155	125	95	65	35	5	-	-	-	-	-
Transfer from reserve		(30)	(30)	(30)	(30)	(30)	(5)	-	-	-	-	-
Closing balance		**125**	**95**	**65**	**35**	**5**	-	-	-	-	-	-
Asset Renewal Reserve	**Discretionary**											
Opening balance		6,535	528	3,936	2,630	3,005	2,867	5,908	8,850	11,709	15,077	18,436
Transfer to reserve		2,466	2,717	4,554	3,104	3,353	8,842	8,829	8,834	9,433	9,515	9,597
Transfer between reserve		7,000	7,500	-	-	-	-	-	-	-	-	-
Transfer from reserve		(15,473)	(6,809)	(5,860)	(2,729)	(3,491)	(5,801)	(5,887)	(5,975)	(6,065)	(6,156)	(6,248)
Closing balance		**528**	**3,936**	**2,630**	**3,005**	**2,867**	**5,908**	**8,850**	**11,709**	**15,077**	**18,436**	**21,785**
Strategic Properties Reserve	**Discretionary**											
Opening balance		4,735	-1,680	12,684	16,853	10,653	10,453	10,453	10,453	10,453	10,453	10,453
Transfer to reserve		5,380	36,994	20,629	-	-	-	-	-	-	-	-
Transfer between reserve		(6,400)	-10,000	1,900	-	-	-	-	-	-	-	-
Transfer from reserve		(5,395)	(12,630)	(18,360)	(6,200)	(200)	-	-	-	-	-	-
Closing balance		**-1,680**	**12,684**	**16,853**	**10,653**	**10,453**	**10,453**	**10,453**	**10,453**	**10,453**	**10,453**	**10,453**
Car Parking Meter Reserve	**Discretionary**											
Opening balance		3,647	3,701	4,157	4,749	5,362	5,999	6,944	7,924	8,939	9,990	11,060
Transfer to reserve		539	736	792	813	837	1,145	1,180	1,215	1,251	1,270	1,290
Transfer from reserve		(485)	(280)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Closing balance		**3,701**	**4,157**	**4,749**	**5,362**	**5,999**	**6,944**	**7,924**	**8,939**	**9,990**	**11,060**	**12,150**
Reserves Summary	**Total Discretionary**											
Opening balance		35,622	20,985	29,057	36,213	35,997	40,841	44,916	49,263	53,608	58,235	63,179
Transfer to reserve		15,699	49,331	34,729	14,320	13,466	14,934	15,041	15,181	15,908	16,071	16,236
Transfer from reserve		(30,336)	(41,259)	(27,573)	(14,536)	(8,622)	(10,859)	(10,694)	(10,836)	(11,281)	(11,127)	(11,276)
Closing balance		**20,985**	**29,057**	**36,213**	**35,997**	**40,841**	**44,916**	**49,263**	**53,608**	**58,235**	**63,179**	**68,139**
Reserves Summary	**Restricted & Discretionary**											
Opening balance		43,776	24,805	33,687	40,740	41,568	47,122	51,197	55,544	59,889	64,516	69,460
Transfer to reserve		19,699	53,831	39,308	18,990	18,241	20,086	20,322	20,594	21,456	21,758	22,065
Transfer from reserve		(38,670)	(44,949)	(32,255)	(18,162)	(12,687)	(16,011)	(15,975)	(16,249)	(16,829)	(16,814)	(17,105)
Closing balance		**24,805**	**33,687**	**40,740**	**41,568**	**47,122**	**51,197**	**55,544**	**59,889**	**64,516**	**69,460**	**74,420**

5.3 Revenue and Rating Plan

The adoption of a Revenue and Rating Plan is a new requirement under section 93 of the *Local Government Act 2020*. Consultation on the proposed Revenue and Rating Plan 2021-2025 was undertaken in accordance with Council's Banyule Community Engagement Policy which was adopted in accordance with section 55 of the *Local Government Act 2020*.

Banyule City Council's Revenue and Rating Plan 2021-2025 supports the rating principles used to levy rates and charges, in collaboration with determining the Proposed Budget 2021-2025.

The Revenue and Rating Plan 2021-2025 outlines the framework under which Council will fund services, capital works and initiatives over the four years that the plan is active. There is a requirement to ensure that services are financially sustainable.

In funding services, capital works and initiatives, Council operates under restrictions imposed by the Fair Go Rates System cap and grant allocations from the state and commonwealth government.

Banyule values appropriate commercial and industrial development. However, also acknowledge an increased impact on our shared infrastructure by these developments. We choose to differentially rate these properties to ensure an equitable outcome to infrastructure costs across our community.

The existing rating structure comprises six differential rates being: residential improved, residential vacant, commercial improved, commercial vacant, industrial improved and industrial vacant.

- It is proposed that that the following rating principles remain in place:
    - Rates being payable in four instalments only
    - Maintaining the existing differential rating structure
    - Charging five properties under the *Cultural and Recreational Lands Act 1963*
    - Not offering any Council concessions
    - Not offering any incentives for prompt payment.
    - Not levying a Municipal Charge
    - Not levying a Service Charge on rateable residential land for the provision of a standard waste service.
    - Levying a Service Charge on non-rateable residential land for the provision on a waste service.
    - Charging penalty interest in accordance with section 172 of the *Local Government Act 1989*
    - Undertaking collections of unpaid rates in accordance with sections 180 and 181 of the *Local Government Act 1989*

5.4 Investments

Council has traditionally invested cash reserves in bank term deposit with the major financial institutions in line with its Investment Policy. Domestic interest rates have been reducing over the past few years and are now at record low levels.

An Investment Strategy has recently been developed by Council. Once fully implemented the financial return outcomes will be updated from current projects. Banyule is also currently invested in several established properties generating commercial returns and several properties which require further investment. Good financial management requires considered assessment of the risks and benefits of investments.

5.4.1 Strategic Property Acquisition

Council, from time to time, may acquire property assets that are deemed to increase its ability to:

- Invest into an appreciating asset that can:
  - Generate appropriate rental revenue
  - Deliver an uplift in value
  - Be later realised
- Increase and provide pathways for property consolidation or growth
- Enable a diversification of its property portfolio
- Influence and shape occupancy that leads to social and economic development outcomes
- Provide for catalyst planning outcomes that demonstrate leadership underpinned by broad community support

The general principles that will guide Council's acquisition methodology are to:

- Provide a financial return and a community benefit to Council
- Ensure the best use of existing, underutilised and/or surplus assets
- Complement and augment existing planning policy framework aspirations
- Lead best practice and high-quality planning outcomes
- Stimulate local investment and infrastructure

5.4.2 Strategic Property Sales

From time to time, Council will evaluate its property portfolio to establish the suitability of its assets to deliver operational services to the community.

Property assets may be held for operational and non-operational reasons. Council holds and manages property assets as a means of responding to and providing for the evolving needs of the community. Operational property holdings provide value via service delivery. Non-operational property is generally acquired or held for income generation.

The disposal of property assets in Banyule are governed by the Guidelines for the Sale and Exchange of Council Land. Council has agreed the following principles for property disposal:

- The sale or exchange of Council Land must comply with the provisions of the Act
- The sale of Council Land should be conducted through a public process (i.e. public auction, public tender or by registration of expressions of interest), unless circumstances exist that justify an alternative method of sale, for example the sale or exchange of Council Land by private treaty. Council should explain to the community the circumstances which led to its decision to use an alternative method of sale in the interest of probity, public accountability and transparency.
- The sale of Council Land should be in the best interest of the community and provide the best result, both financial and non-financial, for Council and the community.
- Generally, all sales of Council Land should occur at not less than market value assessed by a valuer engaged by Council. However, if Council Land is sold for less than the market value,

Council should explain the circumstances, reasons or factors which led to the decision to accept a sale price that is less than market value.

- Prior to being offered for sale, Council Land should be appropriately zoned. This will ensure that the ultimate use of the Council Land is determined by that zone and the highest possible sale price is achieved.

Council has made a deliberate decision to diversify its income sources through investment in property assets that have the capacity to provide a return on investment. This includes investment in both commercial and residential properties.

5.5 Operational Efficiency

The concept of operational efficiency encompasses the practice of improving all your processes (all your organisations activities that lead to your final community service). All these processes help the organisation achieve a target, which may be in terms of improved and cost-effective services and greater capital works delivery.

Care needs to be taken to not confuse efficiency with cutting costs, because it has other objectives besides savings, such as improving our productivity and delivering an improved service with the customer at the centre.

There are several ways Council is approaching operational efficiency to achieve Banyule's strategic goals. This includes a continued focus on

- reducing expenditure on external agency and consultancies;
- business-oriented initiatives that reduce Council reliance on property rates to fund services and infrastructure; and
- environmental sustainability initiatives, such as solar panels and water harvesting that also deliver financial savings to Council.

In this Financial Plan, several strategies have been considered to meet the service needs of the community as well as remain financially sustainable. As a result, the increase in operational expenditure has been set to be CPI-0.25%, after including the below strategies.

- Continuous improvement – Council develops and implements a Continuous Improvement program to deliver operational efficiency.
- Service reviews – Council continues to conduct service reviews to ensure operations meet quality, cost and service standards in line with community expectations.
- Digital Transformation – Council maintains its capital works investment in the maintenance and renewal of existing systems and infrastructure and provides additional funding for new systems to build customer capability and operational efficiency.
- Collaborative procurement – Council continues to actively participate in collaborative opportunities with the Northern Region councils in an effort to maximise procurement and purchasing power.

The following is an outline of these programs.

5.5.1 Continuous Improvement

Continuous improvement means to consistently strive to improve services according to the highest standards. It is a process which, in the long term, achieves:

- Customer focus
- Enhanced quality of service delivery

- Simplified processes and procedures
- Attitudinal change
- Recognition of customers, both internal and external.

The continuous improvement process consists of strategies, systems and processes which drive incremental and sustainable change to increase operational efficiency by improving service quality and reducing costs.

Council currently conduct business improvement reviews that may be generated from the service review process or from incremental process changes.

Council is currently reviewing its quality systems to assess the effectiveness of the current program. This is expected to result in a stronger focus on continuous improvement program based on proven methodologies such as Lean. This will require a need to skill up staff to successfully implement a program.

5.5.2 Service Reviews

Service reviews are undertaken across Council each year and recommendations for improvements are implemented to ensure the best quality and cost of service delivery. Current review impacts are included in the Strategic Resource Plan. The purpose of the service review program is best described by the following goals:

- Stronger framework to enhance strategic performance.
- In-depth, evidence-based decision making to enhance service
- Adherence to Strategic Objectives
- Right service at the right price (to the right users/community)
- Leadership input/ownership through Director and Managers
- Sustainable Service Provision (incl. cost assessment)
- A more thorough Service assessment and enquiry for improved value and informed delivery.

There are a number of drivers for service reviews that contribute to the achievement of our Council Plan objectives.

- Strategic business improvement focus
- Issues / Imperatives facing service (timely, generally external)
- Collated evidence / knowledge base for service delivery and capability.
- Service Delivery needs (incl. service provision to community)
- Ongoing sustainability (incl. revenue, budget magnitude, delivery model, etc.)

5.5.3 Digital Transformation

Investment in technology has proven to deliver operational efficiency by eliminating or reducing manual processes. The goal is to provide staff and the community with access to digital tools to conduct business and transact with Council. Digital Transformation is high on the agenda at all levels of government with the aim of eliminating outdated manual processes, cope with the volumes of data and information and to provide access to information on demand.

Council has historically invested in business systems to ensure facilitate efficient business operations and enhanced customer interaction. This includes maintenance and renewal of existing systems and investment in new systems as required. Digital technology is now refocusing on the need for more adaptable, online and mobile technology which is reflected in the change in community demand to transact with Council online 24/7.

Council needs to ensure that it is keeping pace with community demands and efficient business systems to run Council operations. This requires a focus on ongoing investment in IT systems and infrastructure with additional investment required to digitise manual process and provide online capability to the community.

Council is focussed on improving existing IT infrastructure and applications with a goal of removing aged solutions and utilising existing unused functionality in our current applications. We want our community, customers and staff to be empowered and enriched by digital capabilities that enable positive interactions and service delivery outcomes. Council has an IT and Digital Transformation Strategy to move Council to become a more customer centric organisation. The first major projects planned will focus on improving the customer experience and include:

- Contact Centre Platform – the project will design and implement a new cloud-based contact centre platform.
- Customer Experience Platform - the project will implement a new software solution that will provide customers with self-service options, allow customers to interact with Council via their preferred channel
- Enterprise Integration Software – this project will implement enterprise integration software that connects our systems and processes to make integration less complex and faster.
- Enterprise Resource Planning (ERP) – reviewing Council's core operational and back office systems to identify the best market solution for replacement

5.5.4 Collaborative Procurement

Council is a member of the Northern Alliance of Council's and utilises Procurement Australia and MAV Procurement for the procurement of goods, services and works undertaking a single competitive process. Each of the members of this group can enter into a contract with the preferred service provider identified though this competitive process. Alternatively, the members of the group may choose to enter into a contract with the council which conducted the public tender.

There are significant advantages participating in collaborative procurement opportunities where the buying power can be providing greater benefits.

Banyule is actively involved in collaborative procurement particularly with the Northern Region. A significant amount of data analysis and documentation review has been undertaken by the group with the objective of identifying collaborative procurement opportunities across the region in an effort to achieve greater value for money.