

10 Year Financial Plan

2022-2032



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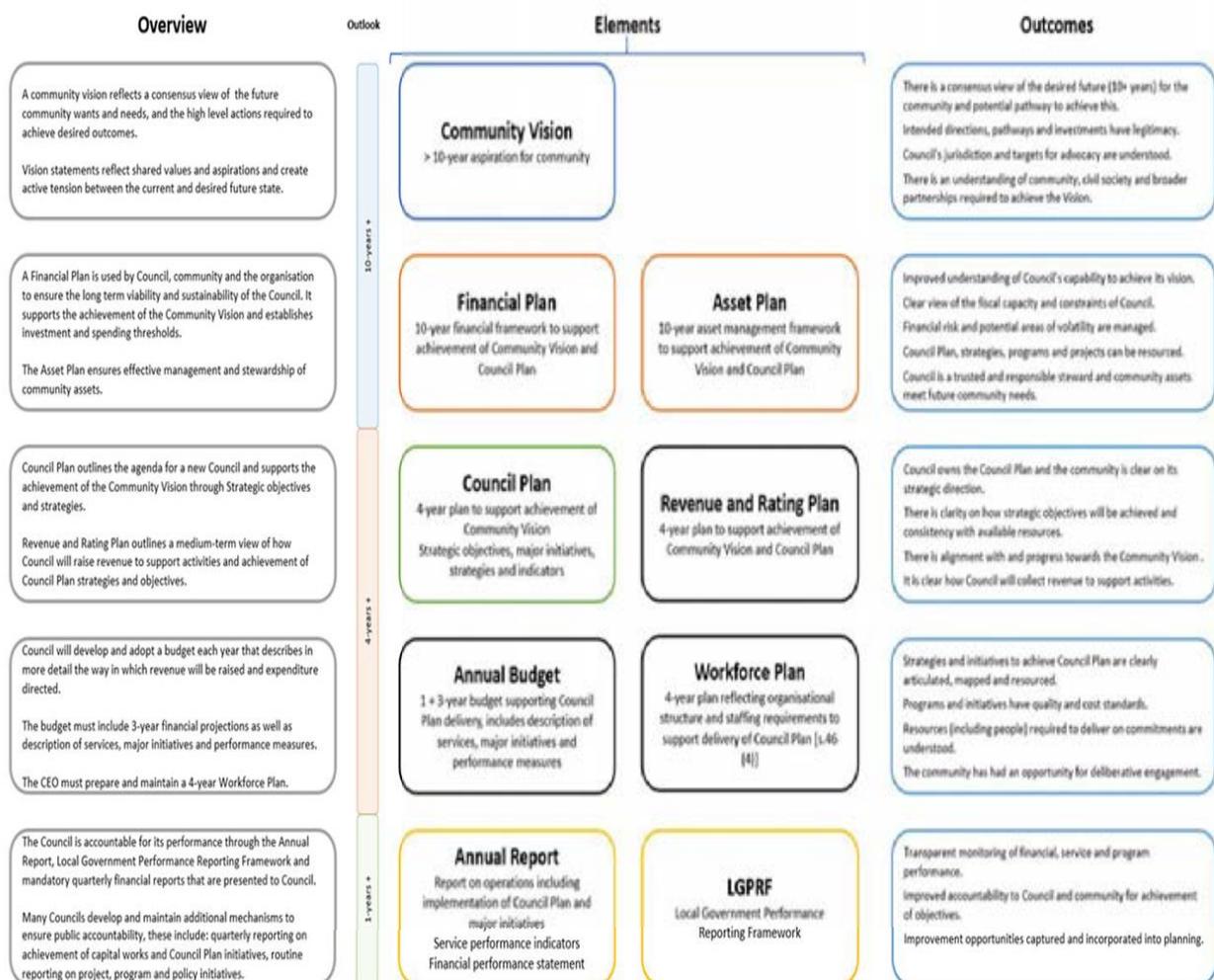
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1. Legislative Requirements

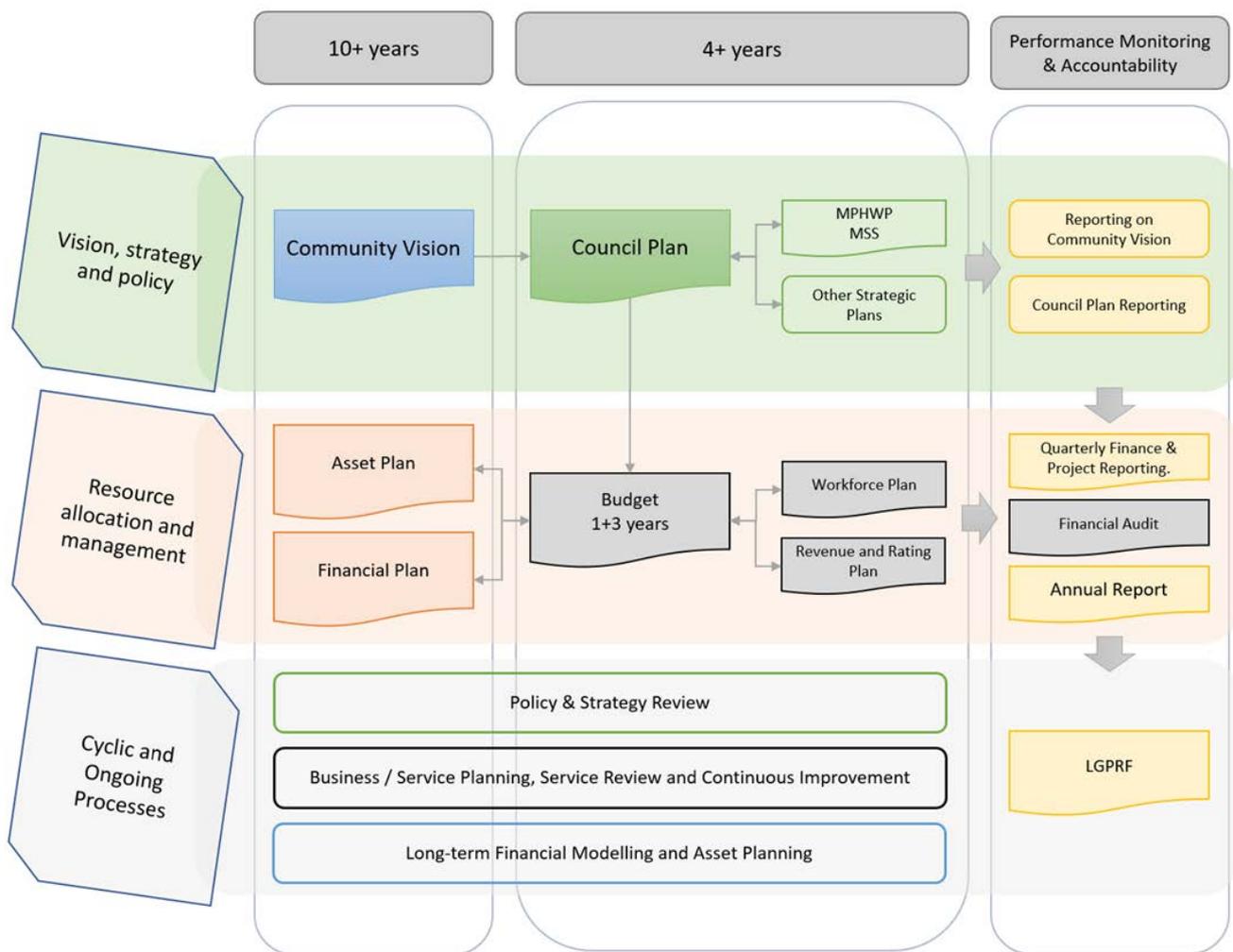
The *Local Government Act 2020 Section 91* requires Council to develop, adopt and keep in force a financial plan with an outlook of at least 10 years to show how the viability and financial sustainability of Banyule City Council will be achieved and maintained, and to define the broad fiscal boundaries 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 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 (Year 2), and Financial Plan 2022/23 – 2031/32.

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 undertook a comprehensive and meaningful engagement program throughout 2020/21 that empowered and enabled 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 high-quality community engagement enabled us to make well-informed decisions as well as achieve effective and transparent governance.

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.

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

In 2022 the iterations of these Plans have drawn on data from last year's Banyule 2041 deliberative engagement and other consultation processes. The draft ten-year Asset Plan 2022-32 has also drawn on this data. Given much of these documents were established through these earlier processes, the community engagement activities planned in 2022 will target those areas that community can influence to build on data from Council's previous engagement.

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 important issues. 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 2021 is 129,387. 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 years and over is forecast to have the largest growth across the municipality.

Banyule is a diverse municipality. Residents come from over 140 countries and around 120 different languages are spoken at home. Skilled migrants comprise the bulk of recent migration in Banyule, followed by those who settled through family reunion. Humanitarian arrivals represent the smallest proportion of migrant intake.

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 are well established. Council has implemented an open space contribution scheme and an infrastructure development contribution plan.

2.2 COVID-19

The organisation has been slow to recover from the financial impacts of COVID-19 and it will take a few years to reach our operable levels. Yet despite this setback Council continue to be a financially sustainable Council in the long-term.

Council has always put the needs of the community first and has done everything in its control to maintain key services and infrastructure delivery to the community and we were well positioned to obtain the much-needed funding support from State and Federal Governments through this recovery phase.

Rates and charges contribute funds to address ageing infrastructure, improve the amenity and quality of community assets and deliver vital services across the breadth of the City. Our services income has not yet fully recovered in many core areas. Where feasible operational expenditure will continue to be directly offset across all council services to accommodate for the severity of the financial impacts of COVID-19 experienced over the past few years.

Council will continue to undertake prudent financial management to generate enough funds to maintain financial sustainability into the future.

2.3 Economic and Fiscal Indicators

Economic circumstances include macro and micro levels. In the broader economic climate circumstances these can include heightened levels of uncertainty about economic conditions and outcomes.

While the economic outlook is positive, sourcing labour, supply change disruptions and material shortages continue to be the biggest challenges. Rising staffing costs and the impact of geopolitical tensions have added new challenges to businesses already facing an uphill battle. Business and consumer confidence will drive the local economy and the return of international visitors and visa holders will further its growth, particularly in the tourism, education, hospitality and agricultural sectors.

Gross Domestic Product (GDP) rose 3.4% in the December 2021 quarter as NSW, Victoria and the ACT came out of extended lockdowns in October 2021. Household spending rose 6.3% in this quarter exceeding pre-pandemic levels for the first time as lockdown restrictions eased. In line with this recovery in activity, the labour market has also performed better than expected.

In the year ending June 2021, there were 48,414 jobs in Banyule. Employment grew strongly over the latter part of 2020, and the national unemployment rate declined to 5.1% in December 2021. The unemployment rate in Banyule dropped to 3.7% in December 2021.

The cash rate is Australia's official interest rate which is currently held at a target of 0.10% by the Reserve Bank of Australia (RBA). It has remained at this rate since March 2020, with the RBA indicating it is unlikely to lift it until annual inflation is within the 2-3% target range. The RBA does not forecast a rate rise until 2024.

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 zero waste to landfill by 2030. Among the initiatives, Council 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.

With the introduction of a food organics and garden organics (FOGO) service this year (2022/23) thousands of tonnes of waste from landfill each year will be diverted and will be used to help produce compost for farms, parks and gardens.

The Victorian Government continues to reform the waste industry and will implement changes to household recycling, including a fourth bin for glass. While this promotes better recycling and the reuse of products, providing four separate waste services increases Council costs well above what we can recover through rates. This is compounded by the Victorian Government's increase in the landfill levy. These rising costs have been

absorbed by local governments over many years and have now become unsustainable, particularly since councils have been subject to rate caps.

From 1 July 2022 Council are proposing to separate out the cost of both public waste services and kerbside waste collection services into two new waste rates. These will appear as individual items on rates notices.

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 is stimulating the local economy. Combined with the ongoing success of our inclusive jobs and social enterprises initiatives, we are helping to create more 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 2021, there were 48,414 jobs in Banyule. The largest employer in the municipality is the Health Care and Social Assistance industry, making up 36% 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

Under the State Government's Recycling Victoria waste policy, the landfill levy will increase by 61% by 2022/23. The Land Fill Levy payable to the State Government upon disposal of waste into landfill results in additional waste tipping costs. The levy has increased from \$9 per tonne in 2008/09 to \$105.90 per tonne in 2021/22 and has added to Council's costs.

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. We recently implemented 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.

In addition, Council proposes to alter the rating framework, while remaining within the Fair Go Rate Cap of a 1.75% increase, to separately rate for a public waste service; and for a kerbside waste collection service for those properties that receive a kerbside waste service. There will be a reduction in general rates income with the introduction of these two alternate rating methodologies of a public waste rate and a kerbside waste rate.

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 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 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 expected to deliver a surplus in the 2021/22 financial year and generated consistent cash from operations. Total gross debt is at its low 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 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 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 into

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 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 2012/13 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 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 landfill 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 2022/23 to 2031/32. 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. 1.75% 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.
- The super guarantee rate increased to 10.00% on 1 July 2021 and continue increase by 0.50% increments each year until it reaches 12.00% by 1 July 2025. For 2022/23 the rate will be 10.50%.
- 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 in usage.

Escalation Factors % movement	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
CPI	1.75%	2.25%	2.50%	2.50%	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	1.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Statutory fees and fines	1.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User fees	1.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Operating	1.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Capital	1.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Contributions - monetary	1.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Contributions - non-monetary	1.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other income	1.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs	2.25%	2.75%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Materials and services	1.50%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Depreciation & Amortisation	1.50%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Other expenses	1.50%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

2.5.2 Rates and charges

Base rate revenue will increase by 1.75% for the 2022/23 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 \$0.7 million per annum will be received for growth (additional properties) as a result of supplementary rates.

Projection	Y1 222/23	Y2 23/24	Y3 24/25	Y4 25/26	Y5 26/27	Y6 27/28	Y7 28/29	Y8 29/30	Y9 30/31	Y10 31/32
CPI	1.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate Cap	1.75%	2.25%	2.50%	2.50%	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.

A waste rate will be introduced in 2022/23 for waste recovery as part of the rating framework as outlined in the Revenue and Rating Plan. The rating framework includes a separate rate for Public waste services; and kerbside waste collection services for those properties that receive a kerbside waste service.

To offset the introduction of waste rates, general rates will be reduced. In 2022/23 the total financial impact will be revenue neutral across the ratepaying base.

2.5.3 Fees and Charges

Fees and Charges are the second major source of revenue for Council and represent in the Budget 2021/22 17.42% 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 of 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 is 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 2022/23 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 CPI.

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 assessable 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 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. With interest rates at historical lows, the income generated from investments has declined over time placing pressure on other sources of income to fund operations.

An Investment Strategy and Policy have been developed and approved. Council will have implemented this strategy and commenced reporting and monitoring of the outcomes during 2022. It is expected that the investment return on the overall portfolio will achieve its target i.e. CPI+2.50% outlined in the strategy.

2.3.6.2 Rental Income

Rental income for all residential and commercial properties is expected to increase at contracted rates or CPI in 2021/22. Rental Income represents 1.62% 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 serve a community's changing profile. Because Banyule has an established community, only a portion of the 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 roads, paths and drains.
- Community Infrastructure. This includes the 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.

The super guarantee rate increased from 1 July 2021 to 10%, increasing 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 remained stable after Year 4. The split between Female, Male and Self-described gender is generally based on current categories. Council is committed to boosting diversity (gender, race, disability) in our staff recruitment and engagement practices. The first Workforce Plan for Council was developed and adopted 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 waste 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 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 in usage.

2.5.12 Working Capital

The V-Shape in working capital over the 10 years reflects the capital investment to growth assets, i.e. properties, based on the suggested investment portfolio to enhance our overall returns. Implementing the adopted investment strategy is estimated to hold \$40m of property investment as 50% of the investment portfolio. The Investment Strategy will be reviewed each year with specific reference to the Council's Strategic Plans. This will reaffirm the allocation of the investment portfolio to the risk bands and the split between defensive and growth assets.

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 serve 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 1.75% for 2022/23.

The cap applies to both general rates and municipal charges and is calculated based on 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 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. To assist Council to better manage the State Government Waste reforms a kerbside waste collection service and public waste services will be removed from general rates and be levied as two separate waste service rates. This will be introduced in 2022/2023 through the Revenue and Rating Plan 2022-2026.

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 by 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 the 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 has monitored the COVID-19 business impacts throughout 2020-2022. The effects on the economy including Councils' various services and business are seeing a slow but steady financial recovery.

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 \$37m over the course of the next 10 years, the projected cash balance including the financial investment is to be \$109.72m at the end of 2031/32.

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.

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

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Income										
Rates and charges	111,880	115,062	118,601	122,229	125,947	129,755	133,663	137,666	141,771	145,978
Grants - Operating	12,504	11,937	12,215	12,514	12,828	13,148	13,475	13,811	14,155	14,507
Grants - Capital	15,968	4,229	1,552	1,575	1,598	1,622	1,647	1,672	1,699	1,726
Statutory fees and fines	10,422	10,666	10,988	11,262	11,488	11,777	12,127	12,432	12,684	13,003
User fees and charges	21,323	21,845	22,415	22,996	23,571	24,160	24,763	25,381	26,014	26,663
Contributions - non-monetary	5,442	5,355	5,490	5,609	5,747	5,889	6,034	6,183	6,336	6,493
Interest income	2,025	2,646	3,321	3,774	4,191	4,564	4,427	4,253	4,040	3,786
Rental income	3,112	3,033	3,112	3,192	3,275	3,311	3,397	3,487	3,579	3,673
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	54	181	223	366	338	247	262	194	375	250
Other income	855	867	880	894	908	922	936	951	967	982
Total income	183,585	175,821	178,797	184,411	189,891	195,395	200,731	206,030	211,620	217,061
Expenses										
Employee costs	75,272	76,537	78,433	80,916	83,749	86,156	88,413	91,101	93,869	96,752
Materials and services	51,041	50,812	51,005	50,580	50,902	51,889	53,257	53,598	54,872	55,803
Utility charges	4,776	4,877	4,996	5,116	5,239	5,365	5,492	5,623	5,756	5,893
Depreciation	23,892	25,123	26,197	27,199	28,237	29,292	30,328	31,463	32,560	33,321
Amortisation - intangible assets	220	220	175	-	-	-	-	-	-	-
Amortisation - right of use assets	551	555	456	456	445	422	388	388	388	388
Borrowing costs	1,741	1,723	1,635	1,518	1,402	1,280	1,141	996	839	671
Finance Costs - leases	16	29	27	16	11	29	24	15	14	28
Donations expenditure	1,157	1,169	1,044	1,089	1,065	1,121	1,097	1,153	1,131	1,188
Contribution expense	7,568	7,513	7,603	7,745	7,891	8,040	8,193	8,348	8,507	8,670
Other expenses	2,241	2,232	2,292	2,352	2,416	2,476	2,539	2,603	2,669	2,739
Total expenses	168,475	170,790	173,863	176,987	181,357	186,070	190,872	195,288	200,605	205,453
Surplus/(deficit) for the year	15,110	5,031	4,934	7,424	8,534	9,325	9,859	10,742	11,015	11,608
Total comprehensive result	15,110	5,031	4,934	7,424	8,534	9,325	9,859	10,742	11,015	11,608

3.2 Balance Sheet

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets										
Current assets										
Cash and cash equivalents	14,955	17,266	16,096	17,465	20,990	24,629	29,401	35,250	40,253	44,882
Trade and other receivables	17,071	16,400	16,622	16,822	17,024	17,228	17,432	17,632	17,824	18,010
Other financial assets	61,000	72,000	61,000	56,000	58,000	60,000	66,000	72,000	79,000	88,000
Inventories	48	48	48	48	48	48	48	48	48	48
Current Assets held for resale	21,720	5,000	10,000	-	-	-	-	-	-	-
Other assets	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672
Total current assets	116,466	112,386	105,438	92,007	97,734	103,577	114,553	126,602	138,797	152,612
Non-current assets										
Trade and other receivables	200	200	200	200	200	200	200	200	200	200
Investments in associates, joint arrangement and subsidiaries	3,567	3,567	3,567	3,567	3,567	3,567	3,567	3,567	3,567	3,567
Property, infrastructure, plant & equipment	1,719,870	1,731,438	1,728,035	1,733,349	1,735,557	1,736,297	1,733,783	1,730,953	1,728,118	1,724,111
Leasehold improvement	250	196	142	88	34	-	-	-	-	-
Right-of-use assets	1,015	1,058	656	479	798	954	790	402	723	1,103
Investment property	12,597	8,597	23,597	38,597	38,597	38,597	38,597	38,597	38,597	38,597
Intangible assets	395	175	-	-	-	-	-	-	-	-
Total non-current assets	1,737,894	1,745,231	1,756,197	1,776,280	1,778,753	1,779,615	1,776,937	1,773,719	1,771,205	1,767,578
Total assets	1,854,360	1,857,617	1,861,635	1,868,287	1,876,487	1,883,192	1,891,490	1,900,321	1,910,002	1,920,190
Liabilities										
Current liabilities										
Trade and other payables	12,812	12,945	13,563	14,217	14,915	13,573	13,735	13,908	14,081	14,261
Trust funds and deposits	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292
Provisions	18,190	18,720	19,262	19,820	20,394	20,987	21,596	22,225	22,875	23,546
Interest-bearing liabilities	1,584	1,680	1,801	1,917	2,035	2,173	2,319	2,472	2,648	2,471
Lease liabilities	502	396	407	399	379	384	394	395	391	391
Unearned Income	3,194	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Total current liabilities	40,574	40,333	41,625	42,945	44,315	43,709	44,636	45,592	46,587	47,261
Non-current liabilities										
Provisions	1,163	1,163	1,163	1,163	1,163	1,163	1,163	1,163	1,163	1,163
Trust funds and deposits	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009
Interest-bearing liabilities	24,307	22,627	20,826	18,909	16,874	14,700	12,381	9,909	7,261	4,790
Lease liabilities	485	632	225	50	381	541	372	(23)	296	673
Total non-current liabilities	26,964	25,431	23,223	21,131	19,427	17,413	14,925	12,058	9,729	7,635
Total liabilities	67,538	65,764	64,848	64,076	63,742	61,122	59,561	57,650	56,316	54,896
Net assets	1,786,822	1,791,853	1,796,787	1,804,211	1,812,745	1,822,070	1,831,929	1,842,671	1,853,686	1,865,294
Equity										
Accumulated surplus	544,180	534,553	537,399	535,415	542,002	546,658	552,268	556,769	564,813	571,677
Reserves	1,242,642	1,257,300	1,259,388	1,268,796	1,270,743	1,275,412	1,279,661	1,285,902	1,288,873	1,293,617
Total equity	1,786,822	1,791,853	1,796,787	1,804,211	1,812,745	1,822,070	1,831,929	1,842,671	1,853,686	1,865,294

3.3 Statement of Changes in Equity

	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	\$000	\$000	\$000	\$000
2022 Forecast Actual				
Balance at beginning of the financial year	1,763,278	526,498	1,199,754	37,026
Surplus/(deficit) for the year	8,434	8,434		
Transfers to other reserves	-	(16,851)	-	16,851
Transfers from other reserves	-	38,340	-	(38,340)
Balance at end of the financial year	1,771,712	556,421	1,199,754	15,537
2023 Budget				
Balance at beginning of the financial year	1,771,712	556,421	1,199,754	15,537
Surplus/(deficit) for the year	15,110	15,110	-	-
Transfers to other reserves	-	(59,005)	-	59,005
Transfers from other reserves	-	31,656	-	(31,656)
Balance at end of the financial year	1,786,822	544,180	1,199,754	42,888
2024				
Balance at beginning of the financial year	1,786,822	544,180	1,199,754	42,888
Surplus/(deficit) for the year	5,031	5,031	-	-
Transfers to other reserves	-	(38,850)	-	38,850
Transfers from other reserves	-	24,192	-	(24,192)
Balance at end of the financial year	1,791,853	534,553	1,199,754	57,546
2025				
Balance at beginning of the financial year	1,791,853	534,553	1,199,754	57,546
Surplus/(deficit) for the year	4,934	4,934	-	-
Transfers to other reserves	-	(18,411)	-	18,411
Transfers from other reserves	-	16,323	-	(16,323)
Balance at end of the financial year	1,796,787	537,399	1,199,754	59,634
2026				
Balance at beginning of the financial year	1,796,787	537,399	1,199,754	59,634
Surplus/(deficit) for the year	7,424	7,424	-	-
Transfers to other reserves	-	(23,295)	-	23,295
Transfers from other reserves	-	13,887	-	(13,887)
Balance at end of the financial year	1,804,211	535,415	1,199,754	69,042
2027				
Balance at beginning of the financial year	1,804,211	535,415	1,199,754	69,042
Surplus/(deficit) for the year	8,534	8,534	-	-
Transfers to other reserves	-	(13,586)	-	13,586
Transfers from other reserves	-	11,639	-	(11,639)
Balance at end of the financial year	1,812,745	542,002	1,199,754	70,989
2028				
Balance at beginning of the financial year	1,812,745	542,002	1,199,754	70,989
Surplus/(deficit) for the year	9,325	9,325	-	-
Transfers to other reserves	-	(13,882)	-	13,882
Transfers from other reserves	-	9,213	-	(9,213)

	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	\$000	\$000	\$000	\$000
Balance at end of the financial year	1,822,070	546,658	1,199,754	75,658
2029				
Balance at beginning of the financial year	1,822,070	546,658	1,199,754	75,658
Surplus/(deficit) for the year	9,859	9,859	-	-
Transfers to other reserves	-	(14,188)	-	14,188
Transfers from other reserves	-	9,939	-	(9,939)
Balance at end of the financial year	1,831,929	552,268	1,199,754	79,907
2030				
Balance at beginning of the financial year	1,831,929	552,268	1,199,754	79,907
Surplus/(deficit) for the year	10,742	10,742	-	-
Transfers to other reserves	-	(14,497)	-	14,497
Transfers from other reserves	-	8,256	-	(8,256)
Balance at end of the financial year	1,842,671	556,769	1,199,754	86,148
2031				
Balance at beginning of the financial year	1,842,671	556,769	1,199,754	86,148
Surplus/(deficit) for the year	11,015	11,015	-	-
Transfers to other reserves	-	(14,818)	-	14,818
Transfers from other reserves	-	11,847	-	(11,847)
Balance at end of the financial year	1,853,686	564,813	1,199,754	89,119
2032				
Balance at beginning of the financial year	1,853,686	564,813	1,199,754	89,119
Surplus/(deficit) for the year	11,608	11,608	-	-
Transfers to other reserves	-	(15,144)	-	15,144
Transfers from other reserves	-	10,400	-	(10,400)
Balance at end of the financial year	1,865,294	571,677	1,199,754	93,863

3.4 Statement of Cash Flows

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	Inflows									
	(Outflows)									
Cash flows from operating activities										
Receipts:										
Rates and charges	111,796	114,972	118,504	122,124	125,834	129,636	133,535	137,531	141,629	145,828
Grants - operating	13,768	13,602	12,215	12,515	12,827	13,148	13,475	13,812	14,155	14,507
Grants - capital	12,150	2,565	1,552	1,575	1,598	1,622	1,647	1,672	1,699	1,726
Statutory fees and fines	10,363	10,659	10,980	11,256	11,483	11,770	12,118	12,422	12,679	12,995
User fees and charges	21,214	21,831	22,401	22,982	23,557	24,145	24,748	25,366	25,998	26,647
Contributions - monetary	5,442	5,355	5,490	5,609	5,747	5,889	6,034	6,183	6,336	6,493
Interest received	1,814	2,532	3,219	3,699	4,123	4,502	4,374	4,211	4,012	3,774
Rental income	3,112	3,033	3,111	3,192	3,275	3,311	3,397	3,487	3,579	3,673
Other receipts	855	867	880	894	908	922	936	951	967	982
Payments:										
Employee costs	(76,343)	(75,990)	(77,393)	(79,823)	(82,599)	(87,029)	(87,765)	(90,427)	(93,173)	(96,033)
Materials and services	(50,928)	(50,694)	(50,886)	(50,464)	(50,781)	(51,766)	(53,132)	(53,468)	(54,745)	(55,671)
Other payments	(15,742)	(15,792)	(15,934)	(16,302)	(16,611)	(17,002)	(17,321)	(17,727)	(18,063)	(18,490)
Net cash provided by/(used in) operating activities	37,501	32,940	34,139	37,257	39,361	39,148	42,046	44,013	45,073	46,431
Cash flows from investing activities										
Payments for property, infrastructure,	(61,549)	(42,235)	(33,461)	(33,611)	(31,458)	(30,773)	(28,599)	(29,216)	(30,849)	(30,064)
Payments for Investment Properties	-	-	(15,000)	(15,000)	-	-	-	-	-	-
Proceeds from sale of property,	25,532	26,445	5,890	11,465	1,351	987	1,047	776	1,499	1,000
Net (purchases)/redemption of financial assets	(4,000)	(11,000)	11,000	5,000	(2,000)	(2,000)	(6,000)	(6,000)	(7,000)	(9,000)
Net cash provided by/ (used in) investing activities	(40,017)	(26,790)	(31,571)	(32,146)	(32,107)	(31,786)	(33,552)	(34,440)	(36,350)	(38,064)
Cash flows from financing activities										
Proceeds from borrowings	6,300	-	-	-	-	-	-	-	-	-
Borrowing costs - interest	(1,741)	(1,723)	(1,635)	(1,518)	(1,402)	(1,280)	(1,141)	(996)	(839)	(671)
Repayment of borrowings	(1,218)	(1,585)	(1,680)	(1,801)	(1,917)	(2,035)	(2,173)	(2,319)	(2,472)	(2,648)
Interest paid - lease liability	(16)	(29)	(27)	(16)	(11)	(29)	(24)	(15)	(14)	(28)
Repayment of lease liabilities	(508)	(502)	(396)	(407)	(399)	(379)	(384)	(394)	(395)	(391)
Net cash provided by/(used in) financing activities	2,817	(3,839)	(3,738)	(3,742)	(3,729)	(3,723)	(3,722)	(3,724)	(3,720)	(3,738)
Net increase/(decrease) in cash & cash equivalents	301	2,311	(1,170)	1,369	3,525	3,639	4,772	5,849	5,003	4,629
Cash and cash equivalents at the	14,654	14,955	17,266	16,096	17,465	20,990	24,629	29,401	35,250	40,253
Cash and cash equivalents at the end of the financial year	14,955	17,266	16,096	17,465	20,990	24,629	29,401	35,250	40,253	44,882

3.5 Statement of Capital Works

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infrastructure										
Roads, street and bridges	16,256	7,532	8,946	8,543	7,868	9,559	9,075	9,638	9,348	8,383
Drainage	1,550	2,261	1,542	1,235	1,687	1,808	1,623	2,572	1,506	1,750
Parks and gardens	12,153	8,014	4,226	6,793	5,495	8,036	4,422	6,489	4,355	5,717
Playground	680	690	1042	764	947	947	697	697	697	697
Total infrastructure	30,639	18,497	15,756	17,335	15,997	20,350	15,817	19,396	15,906	16,547
Property										
Freehold buildings	27,971	17,131	11,406	6,956	6,856	5,301	5,481	5,866	5,056	7,196
Total property	27,971	17,131	11,406	6,956	6,856	5,301	5,481	5,866	5,056	7,196
Plant and equipment										
Motor vehicles	1,140	4,902	4,391	8,300	6,984	4,101	6,180	2,933	8,765	5,300
Plant and equipment	1,404	1,420	1,523	736	1,236	736	736	736	737	736
Furniture and fittings	235	235	235	235	235	235	235	235	235	235
Total plant and equipment	2,779	6,557	6,149	9,271	8,455	5,072	7,151	3,904	9,737	6,271
Other										
Art Collection	160	50	150	50	150	50	150	50	150	50
Total other	160	50	150	50	150	50	150	50	150	50
Total capital works expenditure	61,549	42,235	33,461	33,612	31,458	30,773	28,599	29,216	30,849	30,064
Represented by:										
Asset renewal expenditure	35,671	30,978	24,753	27,506	26,926	24,819	24,990	25,422	27,498	26,733
Asset upgrade expenditure	20,732	9,305	7,697	5,114	3,245	4,799	2,606	2,952	2,423	2,440
Asset expansion expenditure	260	400	200	200	250	100	200	50	150	100
New asset expenditure	4,886	1,552	811	792	1,037	1,055	803	792	778	791
Total capital works expenditure	61,549	42,235	33,461	33,612	31,458	30,773	28,599	29,216	30,849	30,064
Funding sources represented by:										
Government grant	15,077	3318	618	618	618	618	618	618	618	618
Contribution	10,338	6,410	4,607	4,075	3,505	3,600	2,305	2,600	2,080	3,600
Council Cash	29,834	32,507	28,236	28,919	27,335	26,555	25,676	25,998	28,151	25,846
Borrowings	6,300	-	-	-	-	-	-	-	-	-
Total capital works expenditure	61,549	42,235	33,461	33,612	31,458	30,773	28,599	29,216	30,849	30,064

3.6 Statement of Human Resources

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	EFT									
Total Permanent staff numbers										
Female	395.49	395.49	395.49	395.49	395.49	395.49	395.49	395.49	395.49	395.49
Male	256.18	256.18	256.18	256.18	256.18	256.18	256.18	256.18	256.18	256.18
Self-described gender	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02
Total Permanent staff numbers	653.69									
Permanent full time										
Female	247.26	247.26	247.26	247.26	247.26	247.26	245.26	245.26	245.26	245.26
Male	241.00	240.63	240.63	240.63	240.63	239.63	238.63	238.63	238.63	238.63
Self-described gender	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	489.26	488.89	488.89	488.89	488.89	487.89	484.89	484.89	484.89	484.89
Permanent part time										
Female	148.23	149.54	149.54	149.54	149.54	149.49	149.54	149.54	149.54	149.74
Male	15.18	15.18	15.18	15.18	15.18	15.18	15.18	15.18	15.18	15.18
Self-described gender	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Total	164.43	165.74	165.74	165.74	165.74	165.69	165.74	165.74	165.74	165.94
Casual and temp	41.18	28.84	22.51	20.49						
Total staff numbers	694.87	682.53	676.20	674.18						
Capitalised labour costs	(12.00)	(12.00)	(12.00)	(12.00)	(12.00)	(12.00)	(11.00)	(11.00)	(11.00)	(11.00)
Total	682.87	670.53	664.20	662.18	662.18	662.18	663.18	663.18	663.18	663.18

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total permanent staff expenditure										
Female	43,841	45,367	46,931	48,550	50,217	51,714	53,015	54,603	56,235	57,949
Male	27,882	28,742	29,730	30,750	31,810	32,627	33,482	34,482	35,516	36,577
Self-described gender	237	246	255	262	272	280	288	298	307	315
Total permanent staff expenditure	71,960	74,355	76,916	79,562	82,299	84,621	86,785	89,383	92,058	94,841
Permanent full time										
Female	28,857	29,770	30,795	31,860	32,953	33,942	34,703	35,742	36,810	37,910
Male	26,576	27,392	28,334	29,307	30,316	31,089	31,898	32,852	33,835	34,848
Self-described gender	130	135	140	144	149	153	158	164	168	173
Total	55,563	57,297	59,269	61,311	63,418	65,184	66,759	68,758	70,813	72,931
Permanent part time										
Female	14,984	15,597	16,136	16,690	17,264	17,772	18,312	18,861	19,425	20,039
Male	1,306	1,350	1,396	1,443	1,494	1,538	1,584	1,630	1,681	1,729
Self-described gender	107	111	115	118	123	127	130	134	139	142
Total	16,397	17,058	17,647	18,251	18,881	19,437	20,026	20,625	21,245	21,910
Casual	4,692	3,541	2,879	2,716	2,817	2,908	3,002	3,100	3,200	3,304
Total staff expenditure	76,658	77,892	79,785	82,265	85,094	87,498	89,752	92,437	95,201	98,081
Capitalised labour costs	(1,386)	(1,356)								
Total	75,272	76,537	78,433	80,916	83,749	86,156	88,413	91,101	93,869	96,725

3.7 Planned Human Resource Expenditure

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	EFT									
Assets & City Services										
Permanent - Full time	194.00	194.00	194.00	194.00	194.00	194.00	194.00	194.00	194.00	194.00
Female	38.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00
Male	156.00	156.00	156.00	156.00	156.00	156.00	156.00	156.00	156.00	156.00
Permanent - Part time	3.79	3.79	3.79	3.79	3.79	3.79	3.79	3.79	3.79	3.79
Female	3.29	3.29	3.29	3.29	3.29	3.29	3.29	3.29	3.29	3.29
Male	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Total Assets & City Service	197.79									
City Development										
Permanent - Full time	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Female	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00
Male	47.00	47.00	47.00	47.00	47.00	47.00	47.00	47.00	47.00	47.00
Permanent - Part time	28.42	28.42	28.42	28.42	28.42	28.42	28.42	28.42	28.42	28.42
Female	22.10	22.10	22.10	22.10	22.10	22.10	22.10	22.10	22.10	22.10
Male	6.32	6.32	6.32	6.32	6.32	6.32	6.32	6.32	6.32	6.32
Total City Development	118.42									
Community Wellbeing										
Permanent - Full time	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
Female	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00
Male	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Permanent - Part time	112.62	112.62	112.62	112.62	112.62	112.62	112.62	112.62	112.62	112.62
Female	104.58	104.58	104.58	104.58	104.58	104.58	104.58	104.58	104.58	104.58
Male	7.02	7.02	7.02	7.02	7.02	7.02	7.02	7.02	7.02	7.02
Self-described gender	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Total Community Wellbeing	217.62									
Executive Office										
Permanent - Full time	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
Female	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Male	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Permanent - Part time	5.27	5.27	5.27	5.27	5.27	5.27	5.27	5.27	5.27	5.27
Female	5.27	5.27	5.27	5.27	5.27	5.27	5.27	5.27	5.27	5.27
Total Executive Office	29.27									
Corporate Services										
Permanent - Full time	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Female	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00
Male	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Self-described gender	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Permanent - Part time	15.59	15.59	15.59	15.59	15.59	15.59	15.59	15.59	15.59	15.59
Female	14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25
Male	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
Total Corporate Services	90.59									
Casuals, temporary	41.18	29.78	23.45	21.43	21.43	20.38	18.43	18.43	18.43	18.43
Total staff expenditure	694.87	683.47	677.14	675.12	675.12	674.07	672.12	672.12	672.12	672.12
Capitalised labour costs	(12.00)									
Total	682.87	671.47	665.14	663.12	663.12	662.07	660.12	660.12	660.12	660.12

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets & City Services										
Permanent - Full time	19,519	20,140	20,832	21,549	22,287	22,954	23,642	24,349	25,077	25,827
Female	3,782	3,902	4,036	4,176	4,318	4,447	4,581	4,718	4,859	5,004
Male	15,737	16,238	16,796	17,373	17,969	18,507	19,061	19,631	20,218	20,823
Permanent - Part time	364	376	389	402	416	429	440	454	468	481
Female	324	334	346	357	370	381	392	404	416	428
Male	40	42	43	45	46	48	48	50	52	53
Total Assets & City Service	19,883	20,516	21,221	21,951	22,703	23,383	24,082	24,803	25,545	26,308
City Development										
Permanent - Full time	11,100	11,421	11,816	12,222	12,643	13,022	13,037	13,427	13,828	14,242
Female	5,207	5,372	5,558	5,749	5,946	6,125	6,055	6,236	6,422	6,614
Male	5,893	6,049	6,258	6,473	6,697	6,897	6,982	7,191	7,406	7,628
Permanent - Part time	2,262	2,335	2,415	2,497	2,584	2,661	2,741	2,823	2,908	3,028
Female	1,805	1,863	1,927	1,993	2,062	2,124	2,187	2,253	2,320	2,423
Male	457	472	488	504	522	537	554	570	588	605
Total City Development	13,362	13,756	14,231	14,719	15,227	15,683	15,778	16,250	16,736	17,270
Community Wellbeing										
Permanent - Full time	11,647	12,012	12,423	12,856	13,298	13,562	13,967	14,387	14,815	15,258
Female	10,708	11,043	11,421	11,820	12,225	12,592	12,968	13,358	13,755	14,166
Male	939	969	1,002	1,036	1,073	970	999	1,029	1,060	1,092
Permanent - Part time	11,311	11,807	12,215	12,634	13,070	13,452	13,864	14,277	14,706	15,144
Female	10,533	11,003	11,383	11,775	12,180	12,535	12,920	13,306	13,704	14,114
Male	671	693	717	741	767	790	814	837	863	888
Self-described gender	107	111	115	118	123	127	130	134	139	142
Total Community Wellbeing	22,958	23,819	24,638	25,490	26,368	27,014	27,831	28,664	29,521	30,402
Executive Office										
Permanent - Full time	4,014	4,144	4,287	4,434	4,587	4,725	4,866	5,012	5,162	5,316
Female	2,326	2,402	2,485	2,570	2,659	2,739	2,820	2,905	2,992	3,081
Male	1,688	1,742	1,802	1,864	1,928	1,986	2,046	2,107	2,170	2,235
Permanent - Part time	573	592	612	633	655	674	694	715	737	759
Female	573	592	612	633	655	674	694	715	737	759
Total Executive Office	4,587	4,736	4,899	5,067	5,242	5,399	5,560	5,727	5,899	6,075
Corporate Services										
Permanent - Full time	9,283	9,580	9,911	10,250	10,603	10,921	11,247	11,583	11,931	12,288
Female	6,834	7,051	7,295	7,545	7,805	8,039	8,279	8,525	8,782	9,045
Male	2,319	2,394	2,476	2,561	2,649	2,729	2,810	2,894	2,981	3,070
Self-described gender	130	135	140	144	149	153	158	164	168	173
Permanent - Part time	1,887	1,948	2,016	2,085	2,156	2,221	2,287	2,356	2,426	2,498
Female	1,749	1,805	1,868	1,932	1,997	2,058	2,119	2,183	2,248	2,315
Male	138	143	148	153	159	163	168	173	178	183
Total Corporate Services	11,170	11,528	11,927	12,335	12,759	13,142	13,534	13,939	14,357	14,786
Casuals, temporary	4,698	3,537	2,869	2,703	2,795	2,877	2,967	3,054	3,143	3,240
Total staff expenditure	76,658	77,892	79,785	82,265	85,094	87,498	89,752	92,437	95,201	98,081
Capitalised labour costs	-1,386	-1,355	-1,352	-1,349	-1,345	-1,342	-1,339	-1,336	-1,332	-1,329
Total	75,272	76,537	78,433	80,916	83,749	86,156	88,413	91,101	93,869	96,752

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 year 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
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/2030	2030/2031	2031/2032	
Operating position													
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	-4.89%	-2.49%	-1.64%	-0.17%	1.17%	1.66%	1.96%	2.11%	2.43%	2.42%	2.57%	+
Liquidity													
Working Capital	Current assets / current liabilities	262.04%	287.05%	278.65%	253.30%	214.24%	220.54%	236.97%	256.64%	277.68%	297.93%	322.91%	+
Unrestricted cash	Unrestricted cash / current liabilities	149.64%	174.14%	208.18%	172.48%	158.72%	166.28%	181.49%	201.86%	223.61%	244.60%	269.95%	+
Obligations													
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	19.19%	23.28%	21.24%	19.18%	17.13%	15.09%	13.07%	11.05%	9.04%	7.02%	5.00%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	11.23%	2.66%	2.89%	2.81%	2.73%	2.65%	2.57%	2.49%	2.42%	2.35%	2.28%	+
Indebtedness	Non-current liabilities / own source revenue	15.93%	18.02%	16.48%	14.56%	12.83%	11.45%	9.97%	8.31%	6.54%	5.14%	3.93%	+
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	194.68%	236.07%	160.34%	123.87%	119.93%	106.85%	101.11%	90.99%	90.18%	91.89%	87.55%	-
Stability													
Rates concentration	Rate revenue / adjusted underlying revenue	70.38%	67.67%	68.09%	67.96%	67.89%	67.94%	68.03%	68.22%	68.46%	68.65%	68.92%	0
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.21%	0.18%	0.19%	0.20%	0.20%	0.21%	0.21%	0.22%	0.23%	0.23%	0.24%	+
Efficiency													
Expenditure level	Total expenses/ no. of property assessments	\$ 2,882	\$ 2,966	\$ 2,977	\$ 3,001	\$ 3,025	\$ 3,069	\$ 3,119	\$ 3,169	\$ 3,212	\$ 3,268	\$ 3,316	-
Revenue level	Total rate revenue / no. of property assessments	\$ 1,933	\$ 1,958	\$ 1,994	\$ 2,036	\$ 2,078	\$ 2,121	\$ 2,164	\$ 2,208	\$ 2,253	\$ 2,299	\$ 2,346	+

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 2020/21 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 2020/21 is due to a loan liability moving from non-current to current as it falls due for repayment in 2021/22.

Results in following years, which include property sales expected in 2022/23 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 (02, 03) – 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 October 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 (04) – 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 (05) – Asset Renewal

Asset renewal and upgrade expense compared to depreciation 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 in 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 2022 was \$20.81 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 Financial Plan contains forecasts that this debt will be reduced to \$7.26 million by 30 June 2032.

The amount of debt includes an additional \$6.30 million projected borrowing in 2022/23 to help fund the redevelopment of the Rosanna Library and Precinct upgrade. 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.

5.1.2 Future Borrowing Requirements

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

	Forecast / Actual										
	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	2031/32 \$'000
Opening balance	31,067	20,810	25,891	24,307	22,627	20,826	18,909	16,874	14,701	12,382	9,910
Plus New loans	-	6,300	-	-	-	-	-	-	-	-	-
Less Principal repayment	(10,257)	(1,219)	(1,584)	(1,680)	(1,801)	(1,917)	(2,035)	(2,173)	(2,319)	(2,472)	(2,648)
Closing balance	20,810	25,891	24,307	22,627	20,826	18,909	16,874	14,701	12,382	9,910	7,262
Interest payment	(1,920)	(1,741)	(1,723)	(1,635)	(1,518)	(1,402)	(1,280)	(1,141)	(996)	(839)	(671)

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										
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
		%	%	%	%	%	%	%	%	%	%	%
Total borrowings / Rate revenue	Below 60%	19.08%	23.14%	21.13%	19.08%	17.04%	15.01%	13.00%	11.00%	8.99%	6.99%	4.97%
Debt servicing / Rate revenue	Below 5%	1.76%	1.56%	1.50%	1.38%	1.24%	1.11%	0.99%	0.85%	0.72%	0.59%	0.46%
Debt commitment / Rate revenue	Below 10%	11.16%	2.64%	2.87%	2.80%	2.72%	2.64%	2.55%	2.48%	2.41%	2.34%	2.27%
Indebtedness / Own source revenue	Below 60%	15.93%	18.02%	16.48%	14.56%	12.83%	11.45%	9.97%	8.31%	6.54%	5.14%	3.93%

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:

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. The 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	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Public Open Space Reserve Restricted												
Opening balance		7,226	9,758	5,331	3,645	3,878	4,744	6,304	7,895	10,912	12,766	16,276
Transfer to reserve		4,500	4,600	4,704	4,821	4,942	5,065	5,191	5,322	5,454	5,590	5,731
Transfer from reserve		(1,968)	(9,027)	(6,390)	(4,588)	(4,076)	(3,505)	(3,600)	(2,305)	(3,600)	(2,080)	(3,600)
Closing balance		9,758	5,331	3,645	3,878	4,744	6,304	7,895	10,912	12,766	16,276	18,407
Off Street Parking Reserve Restricted												
Opening balance		252	252	252	252	252	252	252	252	252	252	252
Transfer to reserve												
Transfer from reserve												
Closing balance		252	252	252	252	252	252	252	252	252	252	252
Reserves Summary Total Restricted												
Opening balance		7,478	10,010	5,583	3,897	4,130	4,996	6,556	8,147	11,164	13,018	16,528
Transfer to reserve		4,500	4,600	4,704	4,821	4,942	5,065	5,191	5,322	5,454	5,590	5,731
Transfer from reserve		(1,968)	(9,027)	(6,390)	(4,588)	(4,076)	(3,505)	(3,600)	(2,305)	(3,600)	(2,080)	(3,600)
Closing balance		10,010	5,583	3,897	4,130	4,996	6,556	8,147	11,164	13,018	16,528	18,659
General Reserve Discretionary												
Opening balance		1,801	2,535	-	-	-	-	-	-	-	-	-
Transfer to reserve		1,194	3,400	-	-	-	-	-	-	-	-	-
Transfer between reserve		2,500	-3,400	-	-	-	-	-	-	-	-	-
Transfer from reserve		(2,960)	(2,535)	-	-	-	-	-	-	-	-	-
Closing balance		2,535	-	-	-	-	-	-	-	-	-	-
Debt Redemption Reserve Discretionary												
Opening balance		6,033	-	-	-	-	-	-	-	-	-	-
Transfer to reserve		3,057	-	-	-	-	-	-	-	-	-	-
Transfer from reserve		(9,090)	-	-	-	-	-	-	-	-	-	-
Closing balance		-	-	-	-	-	-	-	-	-	-	-
Plant and Equipment Reserve Discretionary												
Opening balance		10,736	12,807	15,832	14,919	14,756	11,336	9,195	9,655	8,176	9,758	6,316
Transfer to reserve		3,260	3,298	3,364	3,438	3,515	3,593	3,673	3,755	3,839	3,925	4,012
Transfer between reserve		-	750	-	-	-	-	-	-	-	-	-
Transfer from reserve		(1,189)	(1,023)	(4,277)	(3,601)	(6,935)	(5,734)	(3,213)	(5,234)	(2,257)	(7,367)	(4,400)
Closing balance		12,807	15,832	14,919	14,756	11,336	9,195	9,655	8,176	9,758	6,316	5,928

Reserves	Restricted / Discretionary	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
IT Equipment Reserve		Discretionary										
Opening balance		5,116	2,089	2,121	2,411	2,710	2,610	2,510	2,410	2,310	2,210	2,110
Transfer to reserve		1,373	1,382	1,390	1,399	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Transfer between reserve		-	750	-	-	-	-	-	-	-	-	-
Transfer from reserve		(4,400)	(2,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
Closing balance		2,089	2,121	2,411	2,710	2,610	2,510	2,410	2,310	2,210	2,110	2,010
BPI Investment Reserve		Discretionary										
Opening balance		155	101	71	41	11	11	11	11	11	11	11
Transfer from reserve		(54)	(30)	(30)	(30)	-	-	-	-	-	-	-
Closing balance		101	71	41	11	11	11	11	11	11	11	11
Asset Renewal Reserve		Discretionary										
Opening balance		1,549	6,549	2,371	2,535	4,807	6,373	8,484	10,665	12,917	15,243	17,644
Transfer to reserve		2,717	2,853	2,909	2,976	3,042	3,111	3,181	3,252	3,326	3,401	3,477
Transfer between reserve		7,500	0	-	-	-	-	-	-	-	-	-
Transfer from reserve		(5,217)	(7,031)	(2,745)	(704)	(1,476)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Closing balance		6,549	2,371	2,535	4,807	6,373	8,484	10,665	12,917	15,243	17,644	20,121
Strategic Properties Reserve		Discretionary										
Opening balance		343	-22,839	12,081	28,356	27,256	37,156	37,056	36,956	36,856	36,756	36,656
Transfer to reserve		0	42,730	25,725	5,000	10,000	-	-	-	-	-	-
Transfer between reserve		(10,000)	1,900	-	-	-	-	-	-	-	-	-
Transfer from reserve		(13,182)	(9,710)	(9,450)	(6,100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Closing balance		-22,839	12,081	28,356	27,256	37,156	37,056	36,956	36,856	36,756	36,656	36,556
Car Parking Meter Reserve		Discretionary										
Opening balance		3,815	4,287	4,829	5,387	5,964	6,561	7,178	7,815	8,473	9,153	9,854
Transfer to reserve		752	742	758	777	797	817	837	858	880	901	924
Transfer from reserve		(280)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Closing balance		4,287	4,829	5,387	5,964	6,561	7,178	7,815	8,473	9,153	9,854	10,578
Reserves Summary		Total Discretionary										
Opening balance		29,548	5,529	37,305	53,649	55,504	64,047	64,434	67,512	68,743	73,131	72,591
Transfer to reserve		12,353	54,405	34,146	13,590	18,354	8,521	8,691	8,865	9,045	9,227	9,413
Transfer from reserve		(36,372)	(22,629)	(17,802)	(11,735)	(9,811)	(8,134)	(5,613)	(7,634)	(4,657)	(9,767)	(6,800)
Closing balance		5,529	37,305	53,649	55,504	64,047	64,434	67,512	68,743	73,131	72,591	75,204
Reserves Summary		Restricted & Discretionary										
Opening balance		37,026	15,539	42,888	57,546	59,634	69,043	70,990	75,659	79,907	86,149	89,119
Transfer to reserve		16,853	59,005	38,850	18,411	23,296	13,586	13,882	14,187	14,499	14,817	15,144
Transfer from reserve		(38,340)	(31,656)	(24,192)	(16,323)	(13,887)	(11,639)	(9,213)	(9,939)	(8,257)	(11,847)	(10,400)
Closing balance		15,539	42,888	57,546	59,634	69,043	70,990	75,659	79,907	86,149	89,119	93,863

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 Revenue and Rating Plan 2022-2026 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 2022-2026 supports the rating principles used to levy rates and charges, in collaboration with determining the Budget 2022-2026.

The Revenue and Rating Plan 2022-2026 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 the following rating principles are included in the rating framework:
 - Rates being payable in four instalments only
 - Maintaining the existing differential rating structure
 - Charging five properties under the *Cultural and Recreational Lands Act 1963*
 - To declare through the budget to separate all waste and recycling collection fees from general rates and create new service rates.
 - Levy a service rate for the provision of kerbside waste collection services; and
 - Levy a service rate for the provision of public waste services.
 - Levying a Service Charge on non-rateable residential land for the provision of a waste service.
 - Not offering any Council concessions
 - Not offering any incentives for prompt payment.
 - Not levying a Municipal Charge
 - 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 deposits 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 growth in value
 - Be realised at a future point in time.
- 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 is 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 to 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 conducts 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 a Digital Transformation Strategy and Plan to move Council to become a more customer centric organisation.

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 through 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.