

**HOBSONS**  
**BAY CITY**  
COUNCIL



**Hobsons Bay City Council**  
**Financial Plan**  
**2021-22 to 2030-31**

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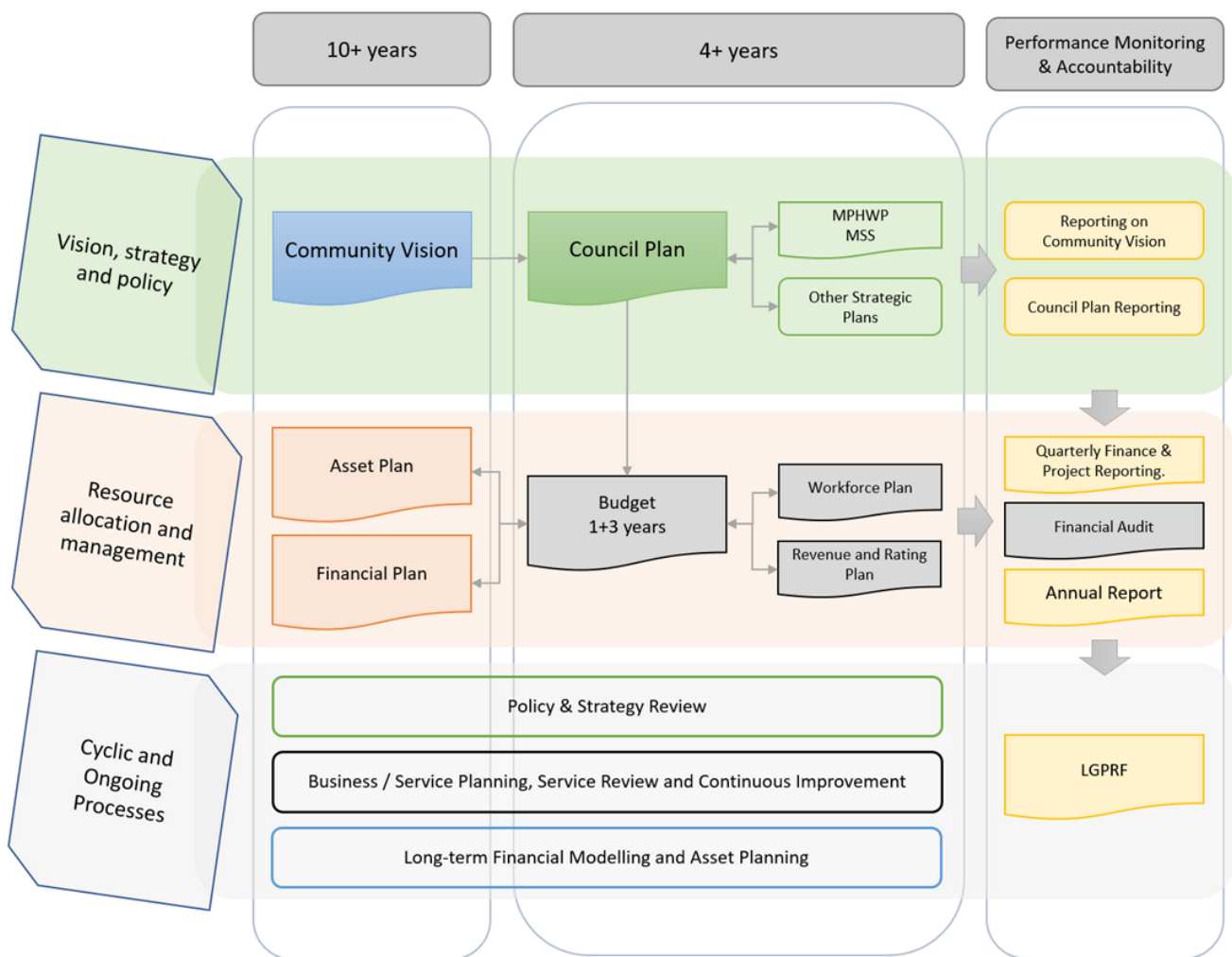
# 1. Legislative Requirements

This section describes how the Financial Plan links to the achievement of the Community Vision and the Council Plan within the Integrated Strategic Planning and 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:

- a) Council has an integrated approach to planning, monitoring and performance reporting.
- b) The 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.
- c) 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.
- d) Council's strategic planning principles identify and address the risks to effective implementation of the Financial Plan. The financial risks are included at section 1.2.2 below.
- e) The Financial Plan provides for the strategic planning principles of progress monitoring and regular reviews to identify and adapt to changing circumstances.

## 1.2 Financial Management Principles

The Financial Plan demonstrates the following financial management principles:

- 1.2.1 Revenue, expenses, assets, liabilities, investments and financial transactions are managed in accordance with Council's financial policies and strategic plans.
- 1.2.2 Management of the following financial risks:
  - a) the financial viability of the Council (refer to section 2.1 Financial Policy Statements).
  - b) the management of current and future liabilities of the Council. The estimated 10 year-liabilities are disclosed in section 4.2: Balance Sheet projections.
  - c) the beneficial enterprises of Council (where appropriate).
- 1.2.3 Financial policies and strategic plans are designed to provide financial stability and predictability to the community.
- 1.2.4 Council maintains accounts and records that explain its financial operations and financial position (refer section 4: Financial Statements)

## 1.3 Engagement Principles

Council is in the process of developing a comprehensive community engagement framework. In the interim, Council has implemented the following consultation process to ensure due consideration and feedback is received from relevant stakeholders.

- a) Considerable consultation was conducted through the Annual Budget 2021-22 process, which has had a direct impact on the development of the Financial Plan. This includes:
  - 1. Pre-budget Pitch Your Idea (November – December 2020)
  - 2. Legislated four week consultation (April – May 2021)
  - 3. Community Support Package Focus Group (April – May 2021)
- b) Draft Financial Plan prepared by management;
- c) Draft Financial Plan placed on public exhibition (13 August to 10 September 2021) for a period of 28 day and calling for public submissions;
- d) Community engagement will be promoted using Council's website, including content being published on the Participate webpage, local news outlets and social media;
- e) Hearing of public submissions to the Financial Plan (September 2021) – this was not required as no submissions were received in relation to the Financial Plan;
- f) Draft Financial Plan, including any revisions, presented to (October 2021) Council meeting for adoption.

## 1.4 Service Performance Principles

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

- a) 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.
- b) Services are accessible to the relevant users within the community.
- c) 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.
- d) Council is developing a performance monitoring framework to continuously improve its service delivery standards.
- e) 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 with 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 ten 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, 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.

## 2. Key objectives underpinning the Financial Plan

The following six key objectives have been determined to further develop Council's Financial Plan:

### 2.1 Financial Sustainability

Hobsons Bay City Council will be a financially sustainable organisation in the short and long term with the ability to ensure that affordable good quality services and well maintained facilities and infrastructure are available to the community both now and into the future.

#### What is it and why is it important?

Hobsons Bay City Council's long-term financial performance and position is sustainable where planned long term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

The Financial Plan should assist to ensure financial sustainability by providing a long term outlook in relation to Council's financial performance and position, cash and equity levels, as well as other key financial performance indicators. These measures should then be monitored and evaluated on an ongoing basis.

### 2.2 Comprehensive Financial Inclusion

The financial and inter-generational implications associated with all of Council's services, policies, strategies, acquisitions and initiatives are available holistically and transparently to Council and the community of Hobsons Bay, now and in the future.

#### What is it and why is it important?

The financial implications of all decisions and strategies adopted by Council should be included within and aligned to the Financial Plan. This will lead to a more effective Financial Plan, with more accurate financial predictions based on Council decisions, rather than general assumptions based on current financial results.

### 2.3 Informed decision making

Through informed modelling, financial analysis and evaluation, the Financial Plan will be used by Council as a central decision making tool to accompany social and ecological considerations.

#### What is it and why is it important?

The Financial Plan should be used by Council to assist in the decision making process with all financial implications modelled within the Financial Plan. This will allow the financial implications of every decision, policy or strategy to be considered in relation to the entire entity, rather than in isolation.

### 2.4 Contained operational expenditure

Hobsons Bay City Council will ensure its long term success through regular evaluation and adjustment of services, priorities and programs to determine the most appropriate and efficient allocation of affordable funding provided to the community.

#### What is it and why is it important?

Future expenditure levels within the Financial Plan should be based on the range and level of services provided to the community that are most appropriate to be provided directly by Council. Due to the significant cost pressures on local government these levels should be reviewed on an ongoing basis to ensure that adequate funding is available for capital works.

## **2.5 Exploration of all funding sources**

Council will relieve its dependence on rates by becoming financially self-reliant by prioritised pursuit of own source revenue opportunities. All funding sources will be considered, including loan borrowings, to ensure that decisions are made, and actions are taken having regard to their financial effects on future generations.

### **What is it and why is it important?**

Council should investigate further generation of 'Own Source Revenue' by exploring alternative revenue streams outside of rates and grants. Additional revenue can then be used to provide further services or infrastructure to the community. Alternative revenue streams should reduce Council's high reliance on rate revenue, which is currently over 75 per cent and one of the highest in the state.

## **2.6 Provision of Community Infrastructure**

Sufficient yet affordable funding is available to maintain existing and develop new community infrastructure to service levels deemed acceptable by Council and the community of Hobsons Bay.

### **What is it and why is it important?**

The provision of community infrastructure relates to the renewal of existing assets and the delivery of new and upgraded community infrastructure. This should not be limited to Council's own assets, rather the provision of community infrastructure should consider a number of different models to develop a Capital Works Program that meets the growing needs of the community.

The renewal of existing assets should be the first priority in an attempt to reduce the infrastructure gap, whilst community expectations should also be balanced against affordability.



### 3. Financial Plan Context

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

#### 3.1 Financial Policy Statements

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

The seven financial indicators used by the Victorian Auditor-General's Office (VAGO) to assess councils' financial sustainability risks have all been included as measures. Other measures, determined by Council have also been included and all are linked to the various policy statements. The measures will be used to assess Council's financial performance, capital works or financial position. The indicators should be considered collectively and are more useful when assessed over time as part of a trend analysis.

Policy Statement Financial Performance	Measure	Target	Actual										
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
1. Achieve strong operational surpluses to ensure that there is adequate funding available for current and future capital works as well as other ongoing and future commitments.	Net Result Margin greater than 0% to achieve a low VAGO financial sustainability risk rating.	> 0%	10.5%	19.4%	14.1%	14.1%	13.8%	12.6%	11.6%	11.2%	10.9%	10.9%	11.0%
	Adjusted Underlying Result greater than 5% to achieve a low VAGO financial sustainability risk rating.	> 5%	6.4%	9.7%	12.6%	13.7%	13.4%	12.0%	11.3%	11.0%	10.6%	10.6%	10.8%
2. Consider all funding source to reduce the high dependence on rates and become more financially self-reliant by prioritised pursuit of own source revenue opportunities.	Own Source Revenue Ratio (excluding rates) greater 10%	>10%	6.6%	7.0%	7.7%	7.7%	7.9%	8.2%	8.4%	8.4%	8.4%	8.4%	8.5%
	Rates Revenue Ratio less than 80%	<80%	77.0%	73.0%	80.3%	80.6%	80.8%	81.9%	82.6%	82.7%	82.7%	82.7%	82.7%
3. Manage employee labour costs at an appropriate percentage of operating revenue.	Labour Utilisation Ratio (Revenue) less than 43%	<43%	43.1%	42.6%	43.5%	43.4%	43.2%	43.3%	43.5%	43.6%	43.7%	43.9%	44.2%

The **Net Result Margin (VAGO)** measures the net result of Council as a percent of revenue.

It is calculated by: Net result divided by total income.

The **Adjusted Underlying Result (VAGO)** measures an entity’s ability to generate surpluses in the ordinary course of business - excluding non-recurrent capital grants, non-monetary asset contributions, and other contributions to fund capital expenditure from net result. A surplus or increasing surplus suggests an improvement in the operating position.

It is calculated by: Adjusted underlying surplus (or deficit) divided by adjusted underlying revenue.

The table on the previous page and graphs below indicate that Council will achieve its targets and have low VAGO financial sustainability risk ratings in relation to its Net Result Margin and Adjusted Underlying Result. This indicates that under the current Financial Plan results and assumptions Council will achieve strong operational surpluses to ensure that there is adequate funding available for (current and future) capital works as well as other ongoing and future commitments.



The **Own Source Revenue Ratio (excluding rates)** measures financial flexibility as it indicates the degree of reliance on external funding sources such as operating, and capital grants and contributions received. A council has improved financial flexibility with a higher level of own source revenue. This ratio is an adjustment to the standard Own Source Revenue Ratio by removing rates and charges.

It is calculated by: Total operating income less all grants, contributions and rates and charges divided by total operating income.

The **Rates Revenue Ratio** indicates the ability of the Council to generate rates and its dependence on rates, when compared to total revenue.

It is calculated by: Rates and charges divided by total operating income.

The table of the previous page and the graphs below indicated that Council will **not** achieve its targets in relation to its Own Source Revenue Ratio (excluding rates) and Rates Revenue Ratio. This indicates that under the current Financial Plan results and assumptions Council will **not** reduce its current high dependence on rates and will **not** become more financially self-reliant by prioritised pursuit of own source revenue opportunities.

Appendix 1 provides an alternative Financial Plan modelling scenario to show the additional income required to possibly meet these revenue targets and the associated Policy Statements, as well as the other financial impacts.

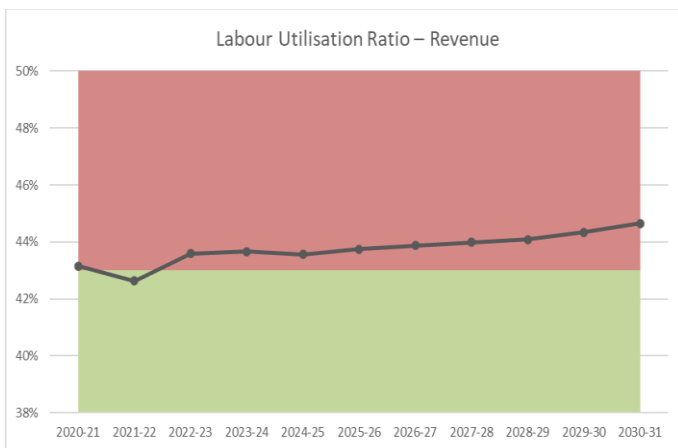


The **Labour Utilisation Ratio – Revenue** provides an overview of the organisation’s expenditure on internal labour as a proportion of total revenue. It is used to monitor and manage affordable internal employee costs and indicates the Council's sensitivity to changes in income.

It is calculated by: Employee costs divided by total income.

The table on the previous page and the graph below indicated that Council will **not** achieve its targets in relation to its Labour Utilisation Ratio - Revenue. This indicates that under the current Financial Plan results and assumptions Council will **not** achieve its aim of managing employee labour costs at an appropriate percentage of operating revenue.

Appendix 1 provides an alternative Financial Plan modelling scenario to show the reduction in employee costs required to meet the employee cost targets and the associated Policy Statements, as well as the other financial impacts.



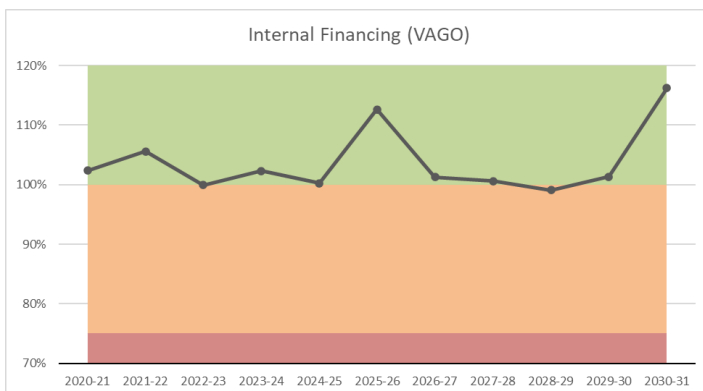
Policy Statement	Measure	Target	Actual										
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
4. Ensure enough cash is being generated from operations to fund new assets.	Internal Financing greater than 100% to achieve a low VAGO financial sustainability risk rating	> 100%	102.4%	105.6%	102.1%	100.1%	98.3%	110.4%	95.4%	96.4%	95.4%	95.6%	106.6%
5. Ensure sufficient spending on asset renewal and Council's asset base.	Capital replacement greater than 150% to achieve a low VAGO financial sustainability risk rating	> 150%	325.1%	270.0%	195.7%	165.7%	147.5%	163.4%	196.9%	191.3%	160.5%	160.5%	157.2%
	Renewal Gap greater than 100% to achieve a low VAGO financial sustainability risk rating	> 100%	253.4%	211.2%	171.2%	160.8%	141.4%	150.8%	166.0%	168.8%	159.5%	159.3%	156.4%
6. Increase the amount of funding currently available for Capital Works.	Capital Works Efficiency Ratio - Revenue greater than 30% averaged over next 10 years	>30%	45.5%	38.6%	30.6%	27.8%	25.5%	25.8%	31.3%	29.8%	25.7%	25.7%	25.2%

**Internal Financing (VAGO)** measures the ability of an entity to finance capital works from generated cashflow. The higher the percentage, the greater the ability for the entity to finance capital works from their own funds.

It is calculated by: Net operating cashflow divided by Net capital expenditure.

The table above and the graph below indicates that Council will have varying success in achieving its targets and have low to medium VAGO financial sustainability risk ratings in relation to Internal Financing. This indicates that under the current Financial Plan results and assumptions, Council is not always achieving its aim of ensuring enough cash is being generated from operations to fund new assets.

Appendix 1 provides alternative Financial Plan modelling scenarios to show how additional income or a reduction in employee costs could be used to fund additional capital works and to meet the various targets and the associated Policy Statements, as well as the other financial impacts.



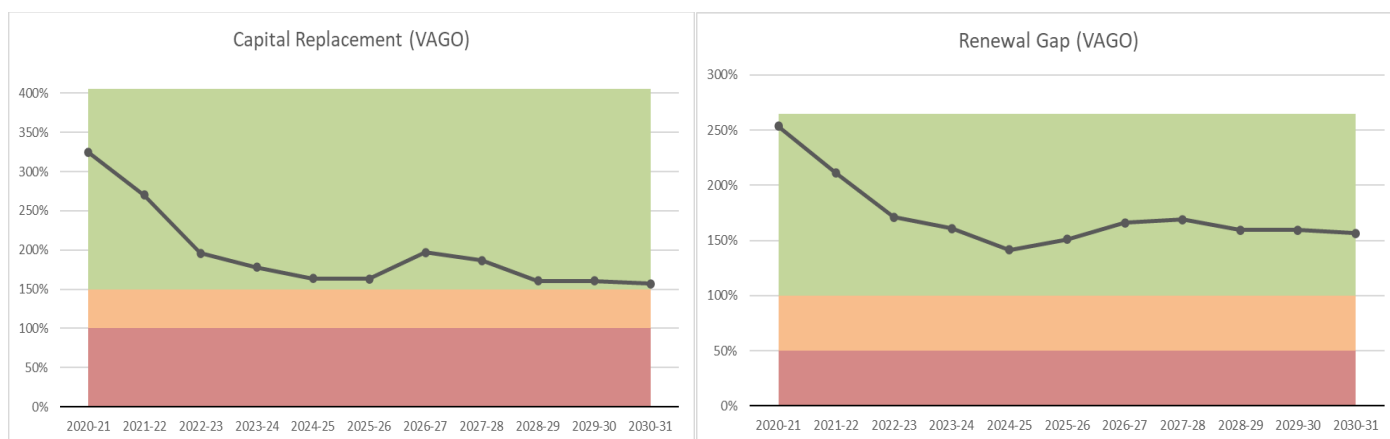
**Capital Replacement (VAGO)** compares the rate of spending on new infrastructure, property, plant and equipment with its depreciation. Ratios higher than 100 per cent indicate that spending is faster than the depreciating rate. This is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations and borrowing is not an option.

It is calculated by: Cash outflows for the addition of new infrastructure, property, plant and equipment divided by Depreciation.

The **Renewal Gap (VAGO)** compares the rate of spending on existing assets through renewing, restoring, and replacing existing assets with depreciation. Ratios higher than 100 per cent indicate that spending on existing assets is faster than the depreciation rate.

It is calculated by: Renewal and upgrade expenditure divided by Depreciation.

The table on the previous page and graphs below indicate that Council will achieve its targets and have low VAGO financial sustainability risk ratings in relation Capital Replacement and the Renewal Gap. This indicates that under the current Financial Plan results and assumptions Council will achieve its aim to ensure that enough cash is being generated from operations to fund new assets.

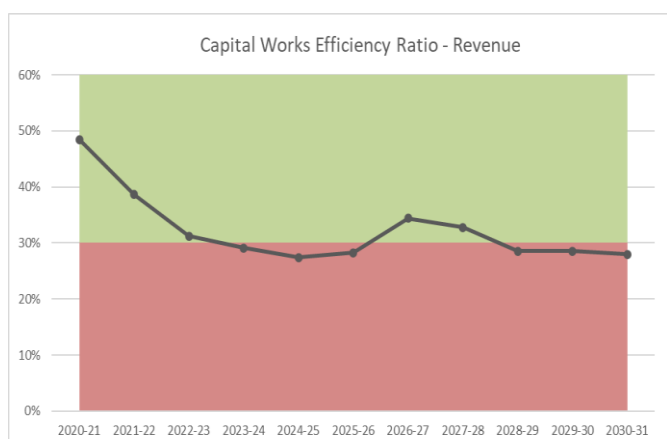


The **Capital Works Efficiency Ratio – Revenue** compares the rate of spending on new infrastructure, property, plant and equipment with total revenue.

It is calculated by: Capital expenditure divided by Total revenue.

The table on the previous page and the graph below indicates that Council will **not** achieve its target to average greater than 30 per cent (average result = 28.6 per cent) in relation to the Capital Works Efficiency Ratio – Revenue. This indicates that under the current Financial Plan results and assumptions, Council will generally **not** achieve its aim of increasing the amount of funding currently available for Capital Works.

Appendix 1 provides alternative Financial Plan modelling scenarios to show how additional income or a reduction in employee costs could be used to fund additional capital works and to meet the various targets and the associated Policy Statements, as well as the other financial impacts.



Policy Statement Financial Position	Measure	Target	Actual										
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
7. Ensure there are no immediate issues with repaying short-term liabilities as they fall due.	Liquidity Ratio greater than 100% to achieve a low VAGO financial sustainability risk rating.	> 100%	123.0%	117.3%	117.8%	136.3%	145.8%	165.6%	151.4%	139.2%	146.2%	131.1%	146.3%
8. Ensure loan commitments can be repaid from own source revenue, including interest and principle, as they fall due.	Indebtedness less than 40% to achieve a low VAGO financial sustainability risk rating.	< 40%	5.0%	10.2%	9.9%	9.6%	5.8%	5.6%	5.5%	5.4%	5.3%	0.8%	0.8%
	Debt Servicing Ratio less than 5%.	< 5%	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%
	Debt Commitment Ratio less than 15%.	< 15%	0.6%	8.3%	0.3%	0.3%	0.3%	4.1%	0.2%	0.2%	0.1%	0.1%	4.9%

The **Liquidity ratio (VAGO)** measures the ability to pay existing liabilities in the next 12 months and is a key indicator of financial position. A ratio of 100 per cent or more means that there are more cash and liquid assets than short-term liabilities.

It is calculated by: Current assets divided by current liabilities.

**Indebtedness (VAGO)** assesses an entity's ability to pay the principal and interest on outstanding loans, as and when they fall due, from the funds it generates. The lower the ratio, the less revenue the entity is required to use to repay its loans. Own-sourced revenue is used, rather than total revenue, because it does not include grants or contributions.

It is calculated by: Current assets less outstanding loans divided by current liabilities.

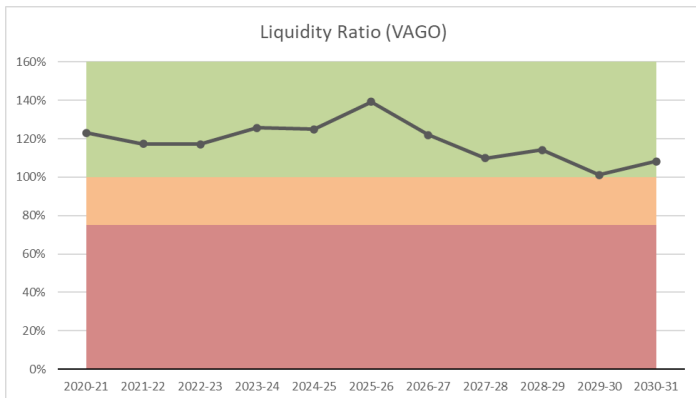
The **Debt servicing Ratio** assesses an entity's ability to pay interest on its outstanding loans each year from total revenue.

It is calculated by: Borrowing costs divided by total income.

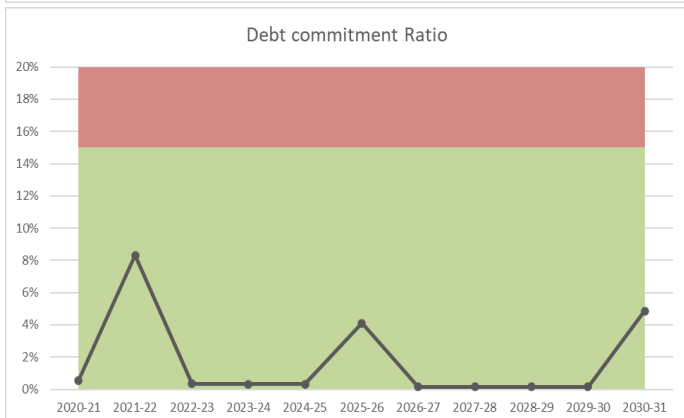
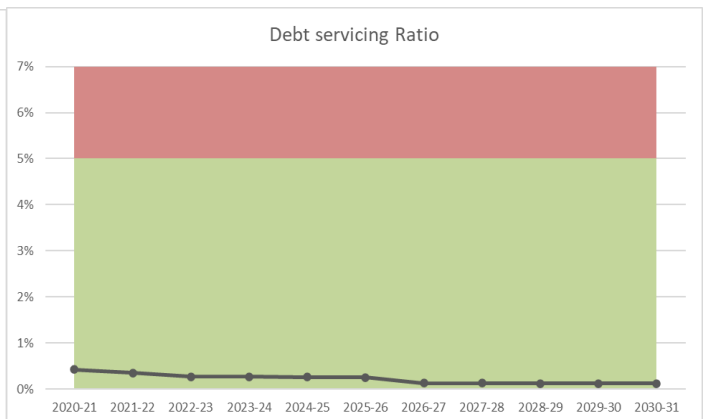
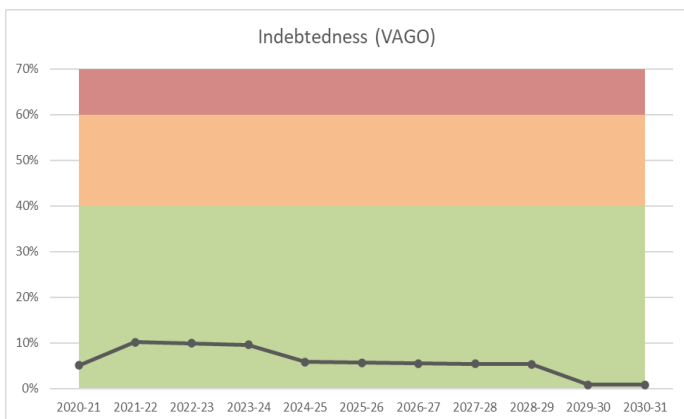
The **Debt commitment Ratio** assesses an entity's ability to pay the principal and interest on outstanding loans, as and when they fall due, from rate revenue.

It is calculated by: Borrowing costs plus loan repayments divided by rate revenue.

The table on the previous page and graph below indicates that Council will achieve its targets and have low VAGO financial sustainability risk ratings in relation to the Liquidity Ratio. This indicates that under the current Financial Plan results and assumptions Council will achieve its aim to ensure that there are no immediate issues with repaying short-term liabilities as they fall due.



The table on the previous page and graphs below indicates that Council will achieve its targets in relation to Indebtedness, the Debt Servicing Ratio and the Debt Commitment Ratio. This indicates that under the current Financial Plan results and assumptions Council will achieve its aim to ensure loan commitments can be repaid from own source revenue, including interest and principle, as they fall due.



## 3.2 Strategic Actions

Hobsons Bay City Council's Financial Plan has been developed to be more than just a plan that meets the legislative requirements under the new *Local Government Act 2020*. Some of the targets are aspirational and are a 'call to action' that challenges the status quo and encourages Council to review the way it operates by investigating different approaches that could lead to improved financial performance. This improved financial performance will benefit the community by being used to directly fund additional Capital Works (and reduce the existing funding gap) and / or redirected into other operational expenditure within the priority service areas of Council.

Following a series of community engagement activities, Council has identified the following strategic actions that will support the aspirations of the Council Plan and lead to improved financial performance.

### 3.2.1 Financial Performance

1. Council will achieve strong operational surpluses to ensure that there is adequate funding available for current and future capital works as well as other ongoing and future commitments.

2. Council will consider all funding source to reduce the high dependence on rates and become more financially self-reliant by prioritised pursuit of own source revenue opportunities. This will be achieved by:

- Identifying new and different ways of generating further own source revenue outside of rates, including user fees and returns in relation to Council's commercial property portfolio.
- Engaging with commercial enterprises, community groups and sporting organisations to build strong partnerships and to explore alternative funding models for the replacement and upgrade of community facilities.

3. Council will manage employee labour costs at an appropriate percentage of operating revenue. This will be achieved by:

- constantly reviewing services to determine the most effective and cost efficient way they are provided to the community
- reviewing service delivery methods, which could mean adjustments to the services provided directly by Council.

### 3.2.2 Capital Works

4. Council will ensure enough cash is being generated from operations to fund new assets.

5. Council will ensure sufficient spending on asset renewal and Council's asset base. This will be achieved by:

- Maintaining the renewal of existing assets as a high priority in future Capital Works Programs.
- Including whole of life cost considerations in planning for capital works projects.
- Critically reviewing (including a full assessment on the impact on the Financial Plan) any proposals for new or expanded services, ensuring they are funded in a responsible way and focused on Council priority areas.

6. Council will increase the amount of funding currently available for Capital Works.

### 3.2.3 Financial Position

7. Council will ensure there are no immediate issues with repaying short-term liabilities as they fall due. This will be achieved by maintaining Council's liquidity ratio at levels exceeding 100 per cent.

8. Council will ensure loan commitments can be repaid from own source revenue, including interest and principle, as they fall due. This will be achieved by:

- Transferring amounts to the Loan Repayment Reserve (on its interest only loans) equivalent to the loan principle that would be paid to ensure that adequate funding is available to repay principal when required.
- Considering its level of debt by having regard to key debt servicing indicators being indebtedness, debt servicing ratio and debt commitment ratio.



### 3.3 Assumptions to the financial plan statements

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

It is important to note that further support to the community in relation to the COVID-19 pandemic outside of what has been included in the existing 2021-22 budget, is not included in the assumptions outlined in this section, nor in the Financial Plan Statements in section 4. Any additional support would impact on the projected financial results and measures currently contained within the Financial Plan. These would be incorporated into further budgets when and if required and updated into future plan forecasts.

Escalation Factors % movement	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
CPI	1.5%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Growth	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%
<b>Major income and expense line items:</b>										
Rates and charges	1.5%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rates and charges - waste	10.0%	9.6%	7.7%	7.5%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Statutory fees and fines	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
User fees	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Grants - Operating	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Grants - Capital	Capital grants are identified when funding is confirmed and secured.									
Contributions - monetary	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Contributions - non-monetary	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other income	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Other income - interest rate	0.3%	0.5%	0.5%	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Employee costs	2.5%	2.5%	2.5%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Materials and services - general	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Materials and services - contracts	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Materials and services - utilities	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Depreciation & Amortisation	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other expenses	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

#### 3.3.1 Rates and charges

Base rate revenue is forecast to increase by 1.5 per cent for the 2021-22 and 2022-23 years, based on the current State Government rate cap. From 2023-24 and for the ensuing years of the financial plan, the estimated future annual increase is 2 per cent per annum, consistent with the estimated Consumer Price Index(CPI). In addition, it is expected that in each year of the plan that a further increase of \$400,000 per annum will be received for growth (additional properties) as a result of supplementary rates.

Other rate assumptions include interest on rates (\$450,000), pensioner rebates (\$467,000 refund), rate waivers (\$100,000) and revenue in lieu of rates (\$344,000). The amounts have been applied consistently across each year within the plan.

Waste service charges have been increased by 10 per cent in 2021-22, although the charges do not cover the cost of providing the waste service. Council has decided to progressively recover its considerable investment in the expansion of its waste services over future years. Waste service charges are estimated to increase by 9.6 per cent (2022-23), 7.7 per cent (2023-24), 7.5 per cent (2024-25) 7 per cent (2025-26) and then 3 per cent each year thereafter. Despite these increases the waste reserve is still expected to be in deficit for the duration of the financial plan.

### **3.3.2 Statutory fees and fines**

Statutory fees and fines are those which Council collects under the direction of legislation or other government directives. The fees charged for statutory fees and fines are generally advised by the State Government department responsible for the corresponding services or legislation, and generally Council has limited discretion in applying these fees. Examples include Planning and subdivision fees, Building and inspection fees, Infringements and fines, Land information certificate fees and animal registrations.

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

Income received from statutory fees and fines during 2019-20 and 2020-21 reduced significantly, as it was heavily impacted by the COVID-19 pandemic.

The Financial Plan includes estimated future annual increases of 3 per cent each year. While statutory fees are set by legislation and generally indexed according to the estimated annual rate of CPI, the 3 per cent increases are a prediction of the total statutory fees and fines revenue generated, rather than the fee increases that will be applied. The assumption reflects a conservative gradual recovery of Council's income generating capacity, after the COVID-19 pandemic.

### **3.3.3 User fees**

User fees relate mainly to the recovery of service delivery costs through charging fees to users of Council's services. These include community care service contributions from clients (i.e. food services, planned activity groups, respite, family day care and occasional care), use of parks, recreation facilities and sporting reserves.

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

Income received from user fees during 2019-20 and 2020-21 reduced significantly, as it was heavily impacted by the COVID-19 pandemic.

The Financial Plan includes estimated future annual increases of 3 per cent each year. The 3 per cent increases are a prediction of the total user fees revenue generated, rather than the fee increases that will be applied. The assumption reflects a conservative gradual recovery of Council's income generating capacity, after the COVID-19 pandemic.

### **3.3.4 Grants**

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers.

Council currently receives operational grants for tied (specific purpose grants) and un-tied Financial Assistance grant funding received via the Victorian Local Government Grants Commission.

There is a significant reduction in operational grant funding budgeted in 2021-22 due to the removal of the one off Working For Victoria grant (\$5.969 million) received in 2020-21. Operating grants are expected to increase on an annual basis by approximately 2.5 per cent.

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Capital grants are identified in the Financial Plan only after funding is confirmed and secured.

### **3.3.5 Contributions**

Contributions relate to monies paid by developers in regard to public resort and recreation, drainage and car parking, in accordance with planning permits issued for property development. Other contributions are made by corporations and organisations for specific capital programs.

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

Open Space Contributions are expected to remain consistent throughout the duration of the financial plan. The Altona North Developer Contribution Plan income has also been included in the Financial Plan, with income expected to be received until 2025-26.

### **3.3.6 Other income**

Revenue from other income relates mainly to property and other facilities rentals, as well as interest on investments.

Rental income is predicted to increase by 3 per cent per annum. The 3 per cent increases are a prediction of the rental income revenue generated, rather than the rent increases that will be applied

Interest on investments estimates are based on predicted cash balances and interest rates expected to be received on Council's cash investments. In 2021-22, investment income is based on rates below 0.5 per cent, with minor increases to interest rates predicted (up to 1.5 per cent) by 2025-26.

### **3.3.7 Employee costs**

Employee costs include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off, etc.

Employee costs in 2021-22 have been budgeted to decrease by 4.5 per cent. This is impacted significantly by discontinuing the Working for Victoria program.

Future year employee cost predictions are currently based on existing staff and service levels for the duration of the Financial Plan. They are predicted to increase by 2.5 per cent from 2022-23 until 2024-25. This reflects the current Enterprise Agreement as well as a further 1 per cent to fund banding and liability increases. It has been forecast that wages pressures will impact after the current Enterprise Agreement finishes, so a further 0.5 per cent increase has been applied from 2025-26.

The increase of the superannuation guarantee has also been included in employee cost assumptions in the financial plan. An increase of 0.5 per cent has been applied from 2021-22 to 2025-26 to reflect the progressive superannuation paid by Council until it reaches 12 per cent.

### **3.3.8 Materials and services**

Materials and services include the purchases of consumables and payments to contractors for the provision of services and utility costs.

Materials and services have been budgeted to decrease in 2021-22 by 1.8 per cent. The reduction in 2021-22 is mainly due to the removal of costs in relation to the Working For Victoria program and the COVID-19 pandemic. These are offset by some one-off costs in 2021-22 for budget bids and the Community Program Support component of Council's latest Community Support Package.

General material and service costs are predicted to increase by 2.5 per cent from 2022-23, while contracts are predicted to increase by 3 per cent and utilities by 3.5 per cent.

Specific adjustments have also been made in relation to operational projects being transferred from the capital works program and utility savings resulting from the Large Scale Solar Installation Program. This project includes new solar installations on more than 40 buildings, delivering approximately 4MW of solar generated power to introduce a Virtual Energy Network, enabling energy from all buildings to be distributed across Council-owned and leased assets, facilitating significant energy cost savings.

Further support to the community in relation to the COVID-19 pandemic outside of what has been included in the existing 2021-22 budget, is not included in materials and services, nor in the Financial Plan Statements in section 4. Any additional support would impact on the projected financial results and measures currently contained within the Financial Plan. These would be incorporated into further budgets when and if required and updated into future plan forecasts.

### **3.3.9 Depreciation & amortisation**

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment, including infrastructure assets such as roads and drains.

The predicted budgeted increase in 2021-22 is mainly due to asset purchases through the capital works program during 2020-21.

Future depreciation estimates from 2022-23 are based on the projected capital spending contained within the financial plan. Depreciation has been further increased by a 2.5 per cent index of the replacement cost of Council's fixed assets. Future depreciation predictions do not consider revaluations that will occur throughout the duration of the financial plan.

Amortisation is an accounting measure that allocates the value of leased assets over the period of the lease.

A decrease for information technology and photocopiers has been applied in the budget in 2021-22. The budget is based on current contracts and a consistent service level is assumed in future years.

Leases for motor vehicles are expected to reduce to zero by 2024-25 as Council transitions from leasing to purchasing its fleet.

### **3.3.10 Borrowing costs**

Borrowing costs comprise the interest expense to service Council's loan portfolio that is described in Section 6.1 Borrowing Plan.

Borrowing costs are based on an expected decrease of \$2.2 million during 2021-22, resulting from a \$9.2 million principle repayment and new borrowings of \$7 million. No further borrowings have been included in the Financial Plan after 2021-22.

### **3.3.11 Other expenses**

Other expenses relate to a range of unclassified items including leases, rentals, audit fees and councillors' allowances. The Financial Plan includes estimated future annual increases of 2.5 per cent each year.

### 3.4 Other Matters impacting the 10-year financial projections

There are a number of key financial issues and challenges facing Hobsons Bay over the next few years, which could impact on the Financial Plan and the ten year financial projections.

The COVID-19 pandemic has had a significant impact on Council's finances over the past two years. There has been both a significant loss of income and additional expenditure requirements, as Council attempts to assist the community through the pandemic. The Financial Plan forecasts continue to be affected, predicting a slow and conservative recovery, although future projections, particularly in relation to income are difficult to predict.

It is a balancing act to maintain financial sustainability under the State Government's rate capping policy, whilst ensuring rates and charges remain at acceptable levels. Council has applied the inflation-based rate cap overseen by the Essential Services Commission, in each year since the Fair Go Rates System was introduced in 2016-17.

Council recently adopted its Revenue and Rating Plan 2021-22 to 2024-25, which determines an appropriate strategy and an integrated approach to the setting of its rating structure, user fees and charges. The plan attempts to determine an appropriate mix of rates, while justifying the burdens placed on the residential and non-residential sectors.

One of the key objectives of the Financial Plan is to explore all funding sources in an attempt to relieve Council's heavy dependence on rates, which is its most significant income item, accounting for approximately 75 per cent of all revenue. Expanding Council's existing revenue base will be a challenge but will assist in ensuring financial sustainability in the medium to long term.

Council does not generally generate significant income from operational or capital grants. It was pleasing that a one-off grant of approximately \$5.9 million was received in 2020-21 in relation to the Working For Victoria program. Additionally, Council budgeted for capital grants of \$17.184 million in 2021-22, significantly more than any previous financial year. Future years of the Financial Plan predict minimal increases in operational grants and very few capital grants after 2021-22. It is expected that additional capital grants, over and above what is identified in the Financial Plan will be received, and they will be included in forecasts and budgets when funding is confirmed and secured.

Local government is a forever changing landscape, so it will be an ongoing challenge for Hobsons Bay to continue to ensure that an appropriate range and level of services, are available to the community. This means constant evaluation, according to the communities needs and determining what services are most appropriate to be provided directly by Council. When the private sector provides a service traditionally provided by Council, it needs to be determined if they can provide the same (or higher) level of service for a cheaper price. If so, Hobsons Bay should consider the financial and other benefits of exiting from the service.

Cost shifting occurs when the Commonwealth or State governments transfer program or service responsibilities to local government with insufficient funding or provide grants that don't keep pace with the actual delivery costs incurred. This can happen through additional compliance requirements, under funding and direct transfer of responsibilities. Cost shifting needs to be carefully managed as it diverts scarce council dollars to fund a function imposed on Council by another level of government.

Council will need to manage and plan for potential significant Defined Benefits Superannuation shortfall calls. It is pleasing that the most recent Vested Benefit Index (VBI) result of 111.5 per cent (March 2021), is above the minimum 100 per cent requirement. In 2013, Hobsons Bay was required to pay approximately \$9.2 million towards its share of the shortfall to the closed Local Authorities Superannuation Fund Defined Benefit Plan following an actuary review by the scheme's trustee, Vision Super. The former Defined Benefit Plan for local government employees was a compulsory scheme set up by the Victorian Government in 1982 and was closed in 1993. It must be fully funded to pay the benefits owed to members now and into the future, unlike state and federal public sector super funds which aren't required to be fully funded to meet their payout obligations to fund members. Hobsons Bay has a legal obligation and has been required to borrow to fund these compulsory contributions previously.

Possibly the biggest challenge facing Hobsons Bay and many other Councils is the ability to fund rapidly expanding capital 'needs' in a financially constrained environment. Community expectations are growing, and it is difficult to provide sufficient funding to renew existing assets to ensure they continue to meet community needs, while delivering new and upgraded community infrastructure to address the demands of a growing and changing community.

## **4. 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

## 4.1 Comprehensive Income Statement

	Actual										
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>											
Rates and charges	112,795	117,352	121,185	124,671	128,252	131,889	135,067	138,313	141,628	145,015	148,474
Statutory fees and fines	3,610	4,378	4,509	4,644	4,784	4,927	5,075	5,227	5,384	5,546	5,712
User fees	2,848	3,863	3,979	4,099	4,222	4,348	4,479	4,613	4,751	4,894	5,041
Grants - Operating	14,746	10,338	10,007	10,257	10,514	10,776	11,046	11,322	11,605	11,895	12,193
Grants - Capital	5,534	17,184	2,591	595	715	1,100	565	415	415	415	400
Contributions - monetary	3,739	4,598	5,460	7,260	6,760	4,060	3,260	3,260	3,260	3,260	3,260
Contributions - non-monetary		-	-	-	-	-	-	-	-	-	-
Net gain/(loss) on disposal of property,	(2,695)	50	50	50	50	50	50	50	50	50	50
Fair value adjustments for investment property	780	-	-	-	-	-	-	-	-	-	-
Share of net profits/(losses) of associates and joint ventures		-	-	-	-	-	-	-	-	-	-
Other income	2,477	2,979	3,099	3,196	3,465	3,820	3,914	3,929	3,973	4,115	4,261
<b>Total income</b>	<b>143,834</b>	<b>160,742</b>	<b>150,880</b>	<b>154,771</b>	<b>158,761</b>	<b>160,971</b>	<b>163,455</b>	<b>167,130</b>	<b>171,067</b>	<b>175,189</b>	<b>179,389</b>
<b>Expenses</b>											
Employee costs	56,598	55,226	56,601	58,265	59,976	62,037	63,899	65,816	67,791	69,824	71,917
Materials and services	47,123	49,099	47,667	49,030	50,921	52,349	53,843	55,240	56,724	57,703	58,473
Depreciation	22,056	22,998	23,573	24,163	24,767	25,386	26,021	26,671	27,338	28,021	28,722
Amortisation - right of use assets	781	474	393	376	366	366	366	366	366	366	366
Bad and doubtful debts	370	219	219	219	219	219	219	219	219	219	219
Borrowing costs	626	568	410	410	410	406	211	211	212	211	211
Finance Costs - leases	49	39	29	28	28	28	28	28	28	28	28
Other expenses	876	918	941	965	989	1,013	1,039	1,065	1,091	1,119	1,147
<b>Total expenses</b>	<b>128,478</b>	<b>129,543</b>	<b>129,834</b>	<b>133,455</b>	<b>137,676</b>	<b>141,805</b>	<b>145,626</b>	<b>149,616</b>	<b>153,770</b>	<b>157,491</b>	<b>161,083</b>
<b>Surplus/(deficit) for the year</b>	<b>15,355</b>	<b>31,199</b>	<b>21,046</b>	<b>21,316</b>	<b>21,085</b>	<b>19,166</b>	<b>17,830</b>	<b>17,514</b>	<b>17,298</b>	<b>17,698</b>	<b>18,307</b>
<b>Other comprehensive income surplus or deficit in future periods</b>											
Net asset revaluation increment	62,954	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
<b>Items that may be reclassified to</b>											
<b>Total comprehensive result</b>	<b>78,310</b>	<b>31,199</b>	<b>21,046</b>	<b>21,316</b>	<b>21,085</b>	<b>19,166</b>	<b>17,830</b>	<b>17,514</b>	<b>17,298</b>	<b>17,698</b>	<b>18,307</b>

## 4.2 Balance Sheet

	Actual										
	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	5,067	2,733	2,299	2,943	2,633	2,430	2,795	2,848	2,216	2,635	2,227
Trade and other receivables	16,882	13,441	10,928	11,345	11,734	12,182	12,620	13,076	13,550	14,042	14,555
Other financial assets	40,000	24,000	26,000	29,000	36,000	36,000	30,000	26,000	29,000	31,000	28,000
Inventories	16	29	29	29	29	29	29	29	29	29	29
Non-current assets classified	-	-	-	-	-	-	-	-	-	-	-
Other assets	882	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325
<b>Total current assets</b>	<b>62,847</b>	<b>41,528</b>	<b>40,582</b>	<b>44,642</b>	<b>51,721</b>	<b>51,966</b>	<b>46,769</b>	<b>43,277</b>	<b>46,119</b>	<b>49,032</b>	<b>46,136</b>
<b>Non-current assets</b>											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	228	85	42	43	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-	-
Property, infrastructure, plant & equipment	1,355,489	1,335,009	1,356,337	1,374,467	1,389,415	1,404,334	1,428,386	1,450,446	1,465,984	1,481,882	1,497,228
Right-of-use assets	340	676	650	641	641	641	641	641	641	641	641
Investment property	14,565	13,785	13,785	13,785	13,785	13,785	13,785	13,785	13,785	13,785	13,785
<b>Total non-current assets</b>	<b>1,370,622</b>	<b>1,349,556</b>	<b>1,370,814</b>	<b>1,388,936</b>	<b>1,403,841</b>	<b>1,418,760</b>	<b>1,442,812</b>	<b>1,464,872</b>	<b>1,480,410</b>	<b>1,496,308</b>	<b>1,511,654</b>
<b>Total assets</b>	<b>1,433,469</b>	<b>1,391,084</b>	<b>1,411,396</b>	<b>1,433,579</b>	<b>1,455,562</b>	<b>1,470,726</b>	<b>1,489,581</b>	<b>1,508,149</b>	<b>1,526,530</b>	<b>1,545,340</b>	<b>1,557,790</b>
<b>Liabilities</b>											
<b>Current liabilities</b>											
Trade and other payables	21,283	14,470	13,747	14,090	14,443	14,804	15,174	15,553	15,942	16,341	16,749
Trust funds and deposits	7,426	6,866	6,523	6,686	6,853	7,025	7,200	7,380	7,565	7,754	7,948
Provisions	12,861	13,604	13,944	14,293	14,650	15,090	15,543	16,009	16,489	16,984	17,493
Interest-bearing liabilities	9,200	-	-	-	5,000	-	-	-	-	7,000	-
Lease liabilities	317	448	430	419	419	419	419	419	419	419	419
<b>Total current liabilities</b>	<b>51,087</b>	<b>35,389</b>	<b>34,644</b>	<b>35,489</b>	<b>41,366</b>	<b>37,338</b>	<b>38,336</b>	<b>39,362</b>	<b>40,415</b>	<b>48,497</b>	<b>42,609</b>
<b>Non-current liabilities</b>											
Provisions	978	827	847	869	890	917	945	973	1,002	1,032	1,063
Interest-bearing liabilities	5,000	12,000	12,000	12,000	7,000	7,000	7,000	7,000	7,000	-	-
Lease liabilities	79	249	239	239	239	239	239	239	239	239	239
<b>Total non-current liabilities</b>	<b>6,057</b>	<b>13,076</b>	<b>13,086</b>	<b>13,107</b>	<b>8,129</b>	<b>8,156</b>	<b>8,183</b>	<b>8,212</b>	<b>8,241</b>	<b>1,271</b>	<b>1,302</b>
<b>Total liabilities</b>	<b>57,144</b>	<b>48,464</b>	<b>47,730</b>	<b>48,596</b>	<b>49,495</b>	<b>45,493</b>	<b>46,519</b>	<b>47,573</b>	<b>48,656</b>	<b>49,768</b>	<b>43,911</b>
<b>Net assets</b>	<b>1,376,326</b>	<b>1,342,620</b>	<b>1,363,666</b>	<b>1,384,982</b>	<b>1,406,067</b>	<b>1,425,233</b>	<b>1,443,062</b>	<b>1,460,576</b>	<b>1,477,874</b>	<b>1,495,572</b>	<b>1,513,878</b>
<b>Equity</b>											
Accumulated surplus	561,052	612,359	634,421	652,830	668,140	688,765	713,515	736,183	752,267	768,741	791,694
Reserves	815,274	730,261	729,245	732,152	737,927	736,468	729,547	724,393	725,607	726,831	722,185
<b>Total equity</b>	<b>1,376,326</b>	<b>1,342,620</b>	<b>1,363,666</b>	<b>1,384,982</b>	<b>1,406,067</b>	<b>1,425,233</b>	<b>1,443,062</b>	<b>1,460,576</b>	<b>1,477,874</b>	<b>1,495,572</b>	<b>1,513,878</b>



### 4.3 Statement of Changes in Equity

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2021 Actual</b>				
Balance at beginning of the financial year	1,298,015	528,686	721,750	47,579
Surplus/(deficit) for the year	15,356	15,356	-	-
Net asset revaluation increment/(decrement)	62,954	-	62,954	-
Transfers to other reserves	-	(5,059)	-	5,059
Transfers from other reserves	-	22,069	-	(22,069)
<b>Balance at end of the financial year</b>	<b>1,376,325</b>	<b>561,052</b>	<b>784,704</b>	<b>30,569</b>
<b>2022</b>				
Balance at beginning of the financial year	1,311,420	571,643	721,751	18,026
Surplus/(deficit) for the year	31,199	31,199	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	24,955	17,236	-	7,719
<b>Transfers from other reserves</b>	<b>(24,955)</b>	<b>(7,719)</b>	<b>-</b>	<b>(17,236)</b>
<b>Balance at end of the financial year</b>	<b>1,342,620</b>	<b>612,359</b>	<b>721,751</b>	<b>8,510</b>
<b>2023</b>				
Balance at beginning of the financial year	1,342,620	612,359	721,751	8,510
Surplus/(deficit) for the year	21,046	21,046	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	17,383	9,199	-	8,184
Transfers from other reserves	(17,383)	(8,184)	-	(9,199)
<b>Balance at end of the financial year</b>	<b>1,363,666</b>	<b>634,421</b>	<b>721,751</b>	<b>7,494</b>
<b>2024</b>				
Balance at beginning of the financial year	1,363,666	634,421	721,751	7,494
Surplus/(deficit) for the year	21,316	21,316	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	17,345	7,219	-	10,126
Transfers from other reserves	(17,345)	(10,126)	-	(7,219)
<b>Balance at end of the financial year</b>	<b>1,384,982</b>	<b>652,830</b>	<b>721,751</b>	<b>10,401</b>
<b>2025</b>				
Balance at beginning of the financial year	1,384,982	652,830	721,751	10,401
Surplus/(deficit) for the year	21,085	21,085	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	16,765	5,495	-	11,270
Transfers from other reserves	(16,765)	(11,270)	-	(5,495)
<b>Balance at end of the financial year</b>	<b>1,406,067</b>	<b>668,140</b>	<b>721,751</b>	<b>16,176</b>
<b>2026</b>				
Balance at beginning of the financial year	1,406,067	668,140	721,751	16,176
Surplus/(deficit) for the year	19,166	19,166	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	21,883	11,671	-	10,212
Transfers from other reserves	(21,883)	(10,212)	-	(11,671)
<b>Balance at end of the financial year</b>	<b>1,425,233</b>	<b>688,765</b>	<b>721,751</b>	<b>14,717</b>

	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	\$'000	\$'000	\$'000	\$'000
<b>2027</b>				
Balance at beginning of the financial year	1,425,233	688,765	721,751	14,717
Surplus/(deficit) for the year	17,830	17,830	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	18,735	12,828	-	5,907
Transfers from other reserves	(18,735)	(5,907)	-	(12,828)
<b>Balance at end of the financial year</b>	<b>1,443,062</b>	<b>713,515</b>	<b>721,751</b>	<b>7,796</b>
<b>2028</b>				
Balance at beginning of the financial year	1,443,062	713,515	721,751	7,796
Surplus/(deficit) for the year	17,514	17,514	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	17,056	11,105	-	5,951
Transfers from other reserves	(17,056)	(5,951)	-	(11,105)
<b>Balance at end of the financial year</b>	<b>1,460,576</b>	<b>736,183</b>	<b>721,751</b>	<b>2,642</b>
<b>2029</b>				
Balance at beginning of the financial year	1,460,576	736,183	721,751	2,642
Surplus/(deficit) for the year	17,298	17,298	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	11,002	4,894	-	6,108
Transfers from other reserves	(11,002)	(6,108)	-	(4,894)
<b>Balance at end of the financial year</b>	<b>1,477,874</b>	<b>752,267</b>	<b>721,751</b>	<b>3,856</b>
<b>2030</b>				
Balance at beginning of the financial year	1,477,874	752,267	721,751	3,856
Surplus/(deficit) for the year	17,698	17,698	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	11,098	4,937	-	6,161
Transfers from other reserves	(11,098)	(6,161)	-	(4,937)
<b>Balance at end of the financial year</b>	<b>1,495,572</b>	<b>768,741</b>	<b>721,751</b>	<b>5,080</b>
<b>2031</b>				
Balance at beginning of the financial year	1,495,572	768,741	721,751	5,080
Surplus/(deficit) for the year	18,307	18,307	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	17,916	11,281	-	6,635
Transfers from other reserves	(17,916)	(6,635)	-	(11,281)
<b>Balance at end of the financial year</b>	<b>1,513,878</b>	<b>791,694</b>	<b>721,751</b>	<b>433</b>

## 4.4 Statement of Cash Flows

	Actual										
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)
<b>Cash flows from operating activities</b>											
Rates and charges	110,554	119,845	123,927	124,496	128,073	131,707	134,908	138,151	141,463	144,845	148,301
Statutory fees and fines	3,388	4,378	4,509	4,644	4,784	4,927	5,075	5,227	5,384	5,546	5,712
User fees	5,824	3,863	3,749	3,857	3,968	4,082	4,199	4,320	4,443	4,571	4,701
Grants - operating	16,000	10,338	10,007	10,257	10,514	10,776	11,046	11,322	11,605	11,895	12,193
Grants - capital	10,959	17,184	2,591	595	715	1,100	565	415	415	415	400
Contributions - monetary	3,739	4,598	5,460	7,260	6,760	4,060	3,260	3,260	3,260	3,260	3,260
Interest received	821	100	134	141	319	579	576	492	433	468	505
Trust funds and deposits taken	221	-	-	-	-	-	-	-	-	-	-
Other receipts	(113)	2,979	3,099	3,196	3,465	3,820	3,914	3,929	3,973	4,115	4,261
Net GST refund / payment	10,814	-	-	-	-	-	-	-	-	-	-
Employee costs	(55,199)	(54,874)	(56,241)	(57,895)	(59,597)	(61,571)	(63,418)	(65,321)	(67,282)	(69,299)	(71,377)
Materials and services	(62,785)	(52,571)	(49,331)	(49,651)	(51,557)	(53,001)	(54,512)	(55,925)	(57,427)	(58,423)	(59,211)
Short-term, low value and variable lease payments	(39)	-	-	-	-	-	-	-	-	-	-
Trust funds and deposits repaid	(873)	-	-	-	-	-	-	-	-	-	-
Other payments											
<b>Net cash provided by/(used in) operating activities</b>	<b>43,311</b>	<b>55,839</b>	<b>47,904</b>	<b>46,901</b>	<b>47,443</b>	<b>46,480</b>	<b>45,613</b>	<b>45,870</b>	<b>46,268</b>	<b>47,393</b>	<b>48,744</b>
<b>Cash flows from investing activities</b>											
Payments for property, infrastructure, plant and equipment	(71,707)	(62,089)	(46,129)	(43,047)	(40,543)	(41,477)	(51,237)	(49,806)	(43,888)	(44,962)	(45,141)
Proceeds from sale of property, infrastructure, plant and equipment	400	200	200	200	200	200	200	200	200	200	200
Payments for investments	29,000	9,000	(2,000)	(3,000)	(7,000)	-	6,000	4,000	(3,000)	(2,000)	3,000
Proceeds from sale of investments	-	-	-	-	-	-	-	-	-	-	-
Payment of loans and advances											
<b>Net cash provided by/ (used in) investing activities</b>	<b>(42,307)</b>	<b>(52,889)</b>	<b>(47,929)</b>	<b>(45,847)</b>	<b>(47,343)</b>	<b>(41,277)</b>	<b>(45,037)</b>	<b>(45,606)</b>	<b>(46,688)</b>	<b>(46,762)</b>	<b>(41,941)</b>
<b>Cash flows from financing activities</b>											
Finance costs	(627)	(568)	(410)	(410)	(410)	(406)	(211)	(211)	(212)	(211)	(211)
Proceeds from borrowings	-	7,000	-	-	-	-	-	-	-	-	-
Repayment of borrowings	-	(9,200)	-	-	-	(5,000)	-	-	-	-	(7,000)
Interest paid - lease liability	(49)	-	-	-	-	-	-	-	-	-	-
Repayment of lease liabilities	(732)	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>(1,408)</b>	<b>(2,768)</b>	<b>(410)</b>	<b>(410)</b>	<b>(410)</b>	<b>(5,406)</b>	<b>(211)</b>	<b>(211)</b>	<b>(212)</b>	<b>(211)</b>	<b>(7,211)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(404)</b>	<b>182</b>	<b>(434)</b>	<b>644</b>	<b>(310)</b>	<b>(203)</b>	<b>365</b>	<b>53</b>	<b>(632)</b>	<b>420</b>	<b>(408)</b>
Cash and cash equivalents at the beginning of the financial year	5,471	2,551	2,733	2,299	2,943	2,633	2,430	2,795	2,848	2,216	2,635
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5,067</b>	<b>2,733</b>	<b>2,299</b>	<b>2,943</b>	<b>2,633</b>	<b>2,430</b>	<b>2,795</b>	<b>2,848</b>	<b>2,216</b>	<b>2,635</b>	<b>2,227</b>

## 4.5 Statement of Capital Works

	Actual										
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>											
Land	-	-	-	-	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-	-	-	-	-
<b>Total land</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings	23,773	23,015	11,760	1,985	2,450	3,520	11,102	6,170	5,990	6,460	6,460
Heritage buildings	239	30	30	35	35	40	40	40	40	50	50
Building improvements	-	-	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-
<b>Total buildings</b>	<b>24,012</b>	<b>23,045</b>	<b>11,790</b>	<b>2,020</b>	<b>2,485</b>	<b>3,560</b>	<b>11,142</b>	<b>6,210</b>	<b>6,030</b>	<b>6,510</b>	<b>6,510</b>
<b>Total property</b>	<b>24,012</b>	<b>23,045</b>	<b>11,790</b>	<b>2,020</b>	<b>2,485</b>	<b>3,560</b>	<b>11,142</b>	<b>6,210</b>	<b>6,030</b>	<b>6,510</b>	<b>6,510</b>
<b>Plant and equipment</b>											
Heritage plant and equipment	9	-	-	-	-	-	-	-	-	-	-
Plant, machinery and equipment	2,464	1,636	2,100	2,220	1,415	1,740	1,250	1,250	1,250	1,250	1,250
Fixtures, fittings and furniture	2,505	-	-	-	-	-	-	-	-	-	-
Computers and telecommunications	1,427	700	700	1,060	930	815	725	745	1,150	750	840
Library books	670	960	1,000	1,000	1,025	1,050	1,075	1,100	1,130	1,160	1,200
<b>Total plant and equipment</b>	<b>7,075</b>	<b>3,296</b>	<b>3,800</b>	<b>4,280</b>	<b>3,370</b>	<b>3,605</b>	<b>3,050</b>	<b>3,095</b>	<b>3,530</b>	<b>3,160</b>	<b>3,290</b>
<b>Infrastructure</b>											
Roads	7,732	13,556	10,844	17,146	10,645	16,772	13,565	13,830	14,100	15,185	13,690
Bridges	316	60	100	470	375	770	340	340	340	400	400
Footpaths and cycleways	2,555	1,637	1,957	2,647	2,378	5,450	3,590	4,176	2,540	2,977	2,682
Drainage	3,302	2,308	1,833	2,465	7,905	1,190	3,750	6,200	3,750	3,880	3,890
Recreational, leisure and community facilities	7,283	5,890	4,430	2,180	2,640	4,555	4,650	8,322	6,766	1,970	1,990
Waste management	11,671	575	1,825	-	-	-	-	-	-	-	-
Parks, open space and streetscapes	81	11,228	9,060	8,020	6,405	5,020	8,020	6,220	4,132	8,180	9,989
Off street car parks	1,375	145	490	820	340	555	1,030	520	600	550	550
Other infrastructure	1,302	350	-	-	-	-	2,100	2,100	2,100	2,150	2,150
<b>Total infrastructure</b>	<b>35,617</b>	<b>35,748</b>	<b>30,539</b>	<b>33,747</b>	<b>30,688</b>	<b>34,312</b>	<b>37,045</b>	<b>41,708</b>	<b>34,328</b>	<b>35,292</b>	<b>35,341</b>
<b>Total capital works expenditure</b>	<b>66,705</b>	<b>62,089</b>	<b>46,129</b>	<b>40,047</b>	<b>36,543</b>	<b>41,477</b>	<b>51,237</b>	<b>51,013</b>	<b>43,888</b>	<b>44,962</b>	<b>45,141</b>
<b>Represented by:</b>											
New asset expenditure	10,810	13,515	5,780	1,185	1,525	3,190	8,030	5,980	290	325	220
Asset renewal expenditure	19,492	21,037	21,264	27,457	20,168	32,827	29,522	29,975	29,702	34,015	32,489
Asset upgrade expenditure	36,403	27,537	19,085	11,405	14,850	5,460	13,685	15,058	13,896	10,622	12,432
<b>Total capital works expenditure</b>	<b>66,705</b>	<b>62,089</b>	<b>46,129</b>	<b>40,047</b>	<b>36,543</b>	<b>41,477</b>	<b>51,237</b>	<b>51,013</b>	<b>43,888</b>	<b>44,962</b>	<b>45,141</b>
<b>Funding sources represented by:</b>											
Grants	5,534	17,184	2,591	595	715	1,100	565	415	415	415	400
Contributions	129	-	-	-	-	-	-	-	-	-	-
Council cash	61,043	37,905	43,538	39,452	35,828	40,377	50,672	50,598	43,473	44,547	44,741
Borrowings	-	7,000	-	-	-	-	-	-	-	-	-
<b>Total capital works expenditure</b>	<b>66,705</b>	<b>62,089</b>	<b>46,129</b>	<b>40,047</b>	<b>36,543</b>	<b>41,477</b>	<b>51,237</b>	<b>51,013</b>	<b>43,888</b>	<b>44,962</b>	<b>45,141</b>

## 4.6 Statement of Human Resources

Staff expenditure	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total staff expenditure</b>											
Male	27,986	26,868	27,537	28,350	29,186	30,193	31,099	32,032	32,993	33,982	35,001
Female	30,657	30,595	31,357	32,266	33,199	34,327	35,356	36,417	37,510	38,635	39,793
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total staff expenditure</b>	<b>58,643</b>	<b>57,464</b>	<b>58,895</b>	<b>60,616</b>	<b>62,386</b>	<b>64,519</b>	<b>66,455</b>	<b>68,449</b>	<b>70,503</b>	<b>72,618</b>	<b>74,794</b>
<b>Permanent full time</b>											
Male	20,646	21,738	22,300	22,857	23,429	24,132	24,856	25,601	26,369	27,160	27,975
Female	16,188	19,190	19,688	20,180	20,685	21,305	21,944	22,603	23,281	23,979	24,699
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>36,834</b>	<b>40,928</b>	<b>41,988</b>	<b>43,038</b>	<b>44,114</b>	<b>45,437</b>	<b>46,800</b>	<b>48,204</b>	<b>49,650</b>	<b>51,140</b>	<b>52,674</b>
<b>Permanent part time</b>											
Male	942	1,400	1,435	1,471	1,508	1,553	1,599	1,647	1,697	1,748	1,800
Female	8,071	7,675	7,867	8,063	8,265	8,513	8,768	9,031	9,302	9,581	9,869
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9,012</b>	<b>9,075</b>	<b>9,302</b>	<b>9,534</b>	<b>9,773</b>	<b>10,066</b>	<b>10,368</b>	<b>10,679</b>	<b>10,999</b>	<b>11,329</b>	<b>11,669</b>

Staff numbers	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
<b>Total staff numbers</b>											
Male	263.4	244.8	243.8	243.8	243.8	243.8	243.8	243.8	243.8	243.8	243.8
Female	284.2	279.5	278.5	278.5	278.5	278.5	278.5	278.5	278.5	278.5	278.5
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total staff numbers</b>	<b>547.6</b>	<b>524.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>
<b>Permanent full time</b>											
Male	186.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Female	143.0	174.5	174.5	174.5	174.5	174.5	174.5	174.5	174.5	174.5	174.5
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>329.0</b>	<b>374.5</b>	<b>374.5</b>	<b>374.5</b>	<b>374.5</b>	<b>374.5</b>	<b>374.5</b>	<b>374.5</b>	<b>374.5</b>	<b>374.5</b>	<b>374.5</b>
<b>Permanent part time</b>											
Male	8.1	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
Female	71.9	73.8	73.8	73.8	73.8	73.8	73.8	73.8	73.8	73.8	73.8
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>80.0</b>	<b>87.2</b>	<b>87.2</b>	<b>87.2</b>	<b>87.2</b>	<b>87.2</b>	<b>87.2</b>	<b>87.2</b>	<b>87.2</b>	<b>87.2</b>	<b>87.2</b>
Employees	547.6	524.3	522.3	522.3	522.3	522.3	522.3	522.3	522.3	522.3	522.3
<b>Total staff numbers</b>	<b>547.6</b>	<b>524.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>

Directorate	Permanent Full Time				Permanent Part Time			
	Male	Female	Self-described	Total	Full Time	Part time	Self-described	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive's Office	525	1,112	-	1,636	-	300	-	300
Corporate Services	4,842	7,186	-	12,028	-	2,391	-	2,391
Sustainable Communities	4,201	7,393	-	11,594	-	6,022	-	6,022
Infrastructure & City Services	12,170	3,499	-	15,670	-	362	-	362
<b>Total permanent staff expenditure</b>	<b>21,738</b>	<b>19,190</b>	<b>-</b>	<b>40,928</b>	<b>-</b>	<b>9,075</b>	<b>-</b>	<b>9,075</b>
Casuals, temporary and other expenditure						5,223		5,223
Capitalised labour costs	758	239		997	1,240			1,240
<b>Total staff</b>	<b>22,496</b>	<b>19,429</b>	<b>-</b>	<b>41,925</b>	<b>1,240</b>	<b>14,298</b>	<b>-</b>	<b>15,539</b>

## 4.7 Planned Human Resource Expenditure

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Chief Executive's Office</b>											
Permanent - Full time	1,503	1,636	1,677	1,719	1,762	1,815	1,870	1,926	1,984	2,043	2,104
Female	955	1,112	1,140	1,168	1,197	1,233	1,270	1,308	1,348	1,388	1,430
Male	548	525	538	551	565	582	599	617	636	655	675
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
Permanent - Part time	379	300	307	315	323	333	343	353	364	374	386
Female	379	285	292	299	307	316	325	335	345	355	366
Male	-	15	16	16	16	17	17	18	18	19	20
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total Chief Executive's Office</b>	<b>1,882</b>	<b>1,936</b>	<b>1,985</b>	<b>2,034</b>	<b>2,085</b>	<b>2,148</b>	<b>2,212</b>	<b>2,279</b>	<b>2,347</b>	<b>2,417</b>	<b>2,490</b>
<b>Corporate Services</b>											
Permanent - Full time	10,560	12,028	12,341	12,649	12,965	13,354	13,755	14,167	14,593	15,030	15,481
Female	6,279	7,186	7,372	7,556	7,745	7,977	8,216	8,463	8,717	8,978	9,248
Male	4,281	4,842	4,969	5,093	5,220	5,377	5,538	5,705	5,876	6,052	6,234
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
Permanent - Part time	2,866	2,391	2,451	2,512	2,575	2,652	2,732	2,814	2,898	2,985	3,075
Female	2,492	2,063	2,114	2,167	2,221	2,288	2,356	2,427	2,500	2,575	2,652
Male	374	329	337	345	354	365	376	387	399	410	423
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total Corporate Services</b>	<b>13,426</b>	<b>14,419</b>	<b>14,792</b>	<b>15,161</b>	<b>15,540</b>	<b>16,007</b>	<b>16,487</b>	<b>16,981</b>	<b>17,491</b>	<b>18,016</b>	<b>18,556</b>
<b>Sustainable Communities</b>											
Permanent - Full time	9,518	11,594	11,896	12,194	12,498	12,873	13,260	13,657	14,067	14,489	14,924
Female	5,799	7,393	7,584	7,773	7,968	8,207	8,453	8,706	8,968	9,237	9,514
Male	3,719	4,201	4,313	4,420	4,531	4,667	4,807	4,951	5,100	5,253	5,410
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
Permanent - Part time	5,370	6,022	6,172	6,326	6,485	6,679	6,879	7,086	7,298	7,517	7,743
Female	4,938	5,046	5,172	5,302	5,434	5,597	5,765	5,938	6,116	6,300	6,489
Male	432	975	1,000	1,025	1,050	1,082	1,114	1,148	1,182	1,218	1,254
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sustainable Communities</b>	<b>14,888</b>	<b>17,616</b>	<b>18,068</b>	<b>18,520</b>	<b>18,983</b>	<b>19,553</b>	<b>20,139</b>	<b>20,743</b>	<b>21,366</b>	<b>22,007</b>	<b>22,667</b>
<b>Infrastructure &amp; City Services</b>											
Permanent - Full time	15,253	15,670	16,074	16,476	16,888	17,394	17,916	18,453	19,007	19,577	20,165
Female	3,155	3,499	3,593	3,683	3,775	3,888	4,005	4,125	4,249	4,376	4,508
Male	12,098	12,170	12,481	12,793	13,113	13,506	13,911	14,328	14,758	15,201	15,657
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
Permanent - Part time	397	362	371	381	390	402	414	426	439	452	466
Female	262	281	288	296	303	312	322	331	341	351	362
Male	135	81	83	85	87	90	92	95	98	101	104
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total Infrastructure &amp; City Services</b>	<b>15,650</b>	<b>16,032</b>	<b>16,445</b>	<b>16,856</b>	<b>17,278</b>	<b>17,796</b>	<b>18,330</b>	<b>18,880</b>	<b>19,446</b>	<b>20,029</b>	<b>20,630</b>
<b>Casuals, temporary and other expenditure</b>	<b>10,752</b>	<b>5,223</b>	<b>5,312</b>	<b>5,693</b>	<b>6,090</b>	<b>6,535</b>	<b>6,731</b>	<b>6,933</b>	<b>7,141</b>	<b>7,355</b>	<b>7,574</b>
<b>Capitalised labour</b>	<b>2,044</b>	<b>2,238</b>	<b>2,293</b>	<b>2,351</b>	<b>2,410</b>	<b>2,482</b>	<b>2,556</b>	<b>2,633</b>	<b>2,712</b>	<b>2,793</b>	<b>2,877</b>
<b>Total staff expenditure</b>	<b>58,643</b>	<b>57,464</b>	<b>58,895</b>	<b>60,616</b>	<b>62,386</b>	<b>64,519</b>	<b>66,455</b>	<b>68,449</b>	<b>70,503</b>	<b>72,618</b>	<b>74,794</b>

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
<b>Chief Executive's Office</b>											
Permanent - Full time											
Female	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Male	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
Permanent - Part time											
Female	3.6	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Male	-	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14.6</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>
<b>Corporate Services</b>											
Permanent - Full time											
Female	55.0	68.4	68.4	68.4	68.4	68.4	68.4	68.4	68.4	68.4	68.4
Male	37.0	42.3	42.3	42.3	42.3	42.3	42.3	42.3	42.3	42.3	42.3
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
Permanent - Part time											
Female	22.9	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Male	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>118.3</b>	<b>134.7</b>	<b>134.7</b>	<b>134.7</b>	<b>134.7</b>	<b>134.7</b>	<b>134.7</b>	<b>134.7</b>	<b>134.7</b>	<b>134.7</b>	<b>134.7</b>
<b>Sustainable Communities</b>											
Permanent - Full time											
Female	52.0	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1
Male	30.0	36.7	36.7	36.7	36.7	36.7	36.7	36.7	36.7	36.7	36.7
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
Permanent - Part time											
Female	43.3	47.8	47.8	47.8	47.8	47.8	47.8	47.8	47.8	47.8	47.8
Male	3.4	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>128.7</b>	<b>155.6</b>	<b>155.6</b>	<b>155.6</b>	<b>155.6</b>	<b>155.6</b>	<b>155.6</b>	<b>155.6</b>	<b>155.6</b>	<b>155.6</b>	<b>155.6</b>
<b>Infrastructure &amp; City Services</b>											
Permanent - Full time											
Female	28.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
Male	116.0	119.0	119.0	119.0	119.0	119.0	119.0	119.0	119.0	119.0	119.0
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
Permanent - Part time											
Female	2.1	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Male	1.3	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Self-described gender	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>147.5</b>	<b>157.4</b>	<b>157.4</b>	<b>157.4</b>	<b>157.4</b>	<b>157.4</b>	<b>157.4</b>	<b>157.4</b>	<b>157.4</b>	<b>157.4</b>	<b>157.4</b>
<b>Casuals, temporary and other expenditure</b>	122.2	44.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6
<b>Capitalised labour</b>	16.4	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
<b>Total staff</b>	<b>547.6</b>	<b>524.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>	<b>522.3</b>



## 5. Financial Performance Indicators

The following table highlights 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.

Indicator	Measure	Notes	Actual											Trend +/-
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
<b>Operating position</b>														
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	6.9%	10.4%	13.2%	14.3%	13.7%	11.8%	11.0%	10.7%	10.3%	10.3%	10.4%	+
<b>Liquidity</b>														
Working Capital	Current assets / current liabilities	2	123.0%	117.3%	117.1%	125.8%	125.0%	139.2%	122.0%	109.9%	114.1%	101.1%	108.3%	o
Unrestricted cash	Unrestricted cash / current liabilities	3	(18.0%)	(28.7%)	(32.7%)	(42.4%)	(45.0%)	(48.1%)	(34.4%)	(23.6%)	(25.2%)	(20.7%)	(25.2%)	o
<b>Obligations</b>														
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	12.6%	10.2%	9.9%	9.6%	9.4%	5.3%	5.2%	5.1%	4.9%	4.8%	0.0%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		0.6%	8.3%	0.3%	0.3%	0.3%	4.1%	0.2%	0.2%	0.1%	0.1%	4.9%	+
Indebtedness	Non-current liabilities / own source revenue		5.0%	10.2%	9.9%	9.6%	5.8%	5.6%	5.5%	5.4%	5.3%	0.8%	0.8%	+
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	5	253.4%	211.2%	171.2%	160.8%	141.4%	150.8%	166.0%	168.8%	159.5%	159.3%	156.4%	-
<b>Stability</b>														
Rates concentration	Rate revenue / adjusted underlying revenue	6	82.4%	84.2%	84.6%	84.6%	84.6%	84.4%	84.4%	84.4%	84.4%	84.4%	84.3%	-
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	o
<b>Efficiency</b>														
Expenditure level	Total expenses / no. of property assessments		\$3,032	\$2,994	\$2,969	\$3,020	\$3,083	\$3,142	\$3,194	\$3,248	\$3,305	\$3,351	\$3,394	+
Revenue level	Total rate revenue / no. of property assessments		\$1,974	\$2,041	\$2,047	\$2,064	\$2,082	\$2,100	\$2,118	\$2,137	\$2,156	\$2,175	\$2,195	+

## Notes to indicators

### 1. Adjusted underlying result

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Council's financial performance is generally consistent over the duration of the Financial Plan, particularly when capital grants are removed.

### 2. Working Capital

The proportion of current liabilities represented by current assets. Working capital is projected to increase in 2021-22 despite the decrease in cash reserves and investments and continue to increase until 2025-26. Working capital is then expected to generally decline after 2025-26 but remain above 100 per cent and in the low risk category as assessed by VAGO.

### 3. Unrestricted Cash

The negative percentage is calculated in accordance with the definition of unrestricted cash within Section 3 of the Regulations and therefore excludes other financial investments. When financial investments are included positive percentages are calculated.

### 4. Debt compared to rates

The low indicator highlights Council's minimal reliance on debt against its annual rate revenue through redemption of long term debt.

### 5. Asset renewal

This percentage indicates the extent of Council's renewal and upgrade of assets against its depreciation charge (an indication of the decline in value of its existing capital assets). The percentage is expected to decline in 2022-23 and then is expected to remain reasonably constant. The indicator is reasonably constant with the level of total capital works in each year of the Financial Plan.

### 6. Rates concentration

Reflects the extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will continue to become more reliant on rate revenue compared to all other revenue sources.

## 6. Strategies and Plans

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

### 6.1 Borrowing Strategy

#### 6.1.1 Current Debt Position

The total amount borrowed as at 30 June 2021 is \$14.2 million and this is expected to be reduced to \$12 million by 30 June 2022. Council is expecting to repay \$9.2 million in existing loans and draw down a new loan of \$7 million during the 2021-22 financial year.

Council's new borrowings relate to the Large Scale Solar Installation Program, which includes new solar installations on more than 40 buildings delivering approximately 4MW of solar generated power. This long term inter-generational project will introduce a Virtual Energy Network enabling energy from all buildings to be distributed across Council-owned and leased assets facilitating significant energy savings. The project is expected to generate future savings for the Council through the reduction of energy costs with a positive return on its initial investment.

Despite being within acceptable debt levels, the Financial Plan does not include any further borrowings after 2021-22.

#### 6.1.2 Future Borrowing Requirements

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

#### 6.1.3 Performance Indicators

The following table highlights Council's projected performance across a range of debt management performance indicators.

	Actual										
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>	14,200	14,200	12,000	12,000	12,000	12,000	7,000	7,000	7,000	7,000	7,000
Plus New loans	-	7,000	-	-	-	-	-	-	-	-	-
Less Principal repayment	-	(9,200)	-	-	-	(5,000)	-	-	-	-	(7,000)
<b>Closing balance</b>	<b>14,200</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>-</b>
Interest payment	626	568	410	410	410	406	211	211	212	211	211

Performance Indicator	Target	Actual										
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		%	%	%	%	%	%	%	%	%	%	%
Total borrowings / Rate revenue	Below 60%	12.6%	10.2%	9.9%	9.6%	9.4%	5.3%	5.2%	5.1%	4.9%	4.8%	0.0%
Debt servicing / Rate revenue	Below 5%	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%
Debt commitment / Rate revenue	Below 10%	0.6%	8.3%	0.3%	0.3%	0.3%	4.1%	0.2%	0.2%	0.1%	0.1%	4.9%
Indebtedness / Own source revenue	Below 60%	5.0%	10.2%	9.9%	9.6%	5.8%	5.6%	5.5%	5.4%	5.3%	0.8%	0.8%

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

**Total borrowings / Rate revenue**

The predicted ratio in the Financial Plan is well below target, indicating that Council is well within acceptable debt levels.

**Debt servicing / Rate revenue**

The predicted ratio in the Financial Plan is well below target, indicating that Council is well within acceptable debt levels.

**Debt commitment / Rate revenue**

The predicted ratio in the Financial Plan is well below target, indicating that Council is well within acceptable debt levels.

**Indebtedness / Own source revenue**

The predicted ratio in the Financial Plan is well below target, indicating that Council is well within acceptable debt levels.

## 6.2 Reserves Strategy

### 6.2.1 Current Reserves

**Restricted reserves** are financial reserves that must be used to meet contractual or statutory obligations.

**Discretionary reserves** are financial reserves that are determined and spent at the discretion of Council.

#### **Waste Management reserve**

Purpose – This reserve is used to reconcile waste income against waste expenditure incurred by Council. These should have some correlation as the income is generally generated by a service charge included on the rate notice. This is very difficult in an extremely volatile market, so the reserve ensures that waste income and expenditure will be balanced over a number of years.

Movements – Inflows to the reserve (inflows) relate to a surplus of waste income over waste expenditure. Transfers from the reserve (outflows) relate to a deficit where waste expenditure exceeds waste income.

#### **Car Park reserve**

Purpose – This reserve relates to a car parking strategy for the commercial centre in Williamstown to address a number of car parking issues confronting Douglas Parade, Ferguson Street and Nelson Place.

Movements – Transfers to the reserve (inflows) comprise contributions from businesses in lieu of providing sufficient customer parking. Transfers from the reserve (outflows) fund additional parking spaces in designated areas.

#### **Recreation Land Fund**

Purpose – This reserve holds funds contributed by developers for works associated with developing and improving public open space and recreational facilities within Council. Funds are contributed in accordance with Section 18 of the *Subdivision Act 1988* and transfers are restricted for the purpose of creating open space such as parks, playgrounds, pavilions and other such items where it is deemed that these works should occur at a later point than the initial development.

Movements - Transfers to the reserve (inflows) comprise contribution income from subdividers in lieu of the Public Open Space requirement. Transfers from the reserve (outflows) fund Open Space capital projects on an annual basis.

#### **Street Tree Planting reserve**

Purpose – This reserve holds funds contributed by developers to be used towards street tree planting and maintenance.

Movements – Transfers to the reserve (inflows) comprise contribution income from subdividers and developers. Transfers from the reserve (outflows) contribute to the annual street tree planting program.

#### **Port Phillip Woollen Mills Developer Contribution Plan (DCP)**

Purpose – This reserve holds funds received under Design and Development Overlay Schedule 1 of the Hobsons Bay Planning Scheme, relating to the Former Port Phillip Woollen Mill Development Contributions Plan. This plan covers land within Williamstown, roughly bounded by Nelson Place, Kanowna Street, Ann Street and Cecil Street and is associated with the Former Port Phillip Woollen Mills Strategic Redevelopment Area.

Movements – Transfers to the reserve (inflows) comprise contribution income from developers. Transfers from the reserve (outflows) are for nominated capital works for development infrastructure projects and community infrastructure projects in accordance with the Former Port Phillip Woollen Mills Development Contributions Plan.

#### **Hobsons Bay Caravan Park DC**

Purpose – This reserve holds community infrastructure levy funds received from the development of the former Hobson Bay Caravan Park site in Williamstown North. Funds are received via a section 173 Agreement that is on the title to the land.

Movements – Transfers to the reserve (inflows) comprise community infrastructure levy income from the developers. Transfers from the reserve (outflows) will be for nominated community infrastructure projects that are within the proximity of the development site, and that has nexus to the development area.

### **Altona North DCP (Precinct 15)**

Purpose – This reserve holds funds received under the Design and Development Overlay Schedule 2 of the Hobsons Bay Planning Scheme, relating to the Altona North Development Contributions Plan. This plan covers land generally bounded by Kyle Road, Blackshaws Road, New Street, the West Gate Freeway and Brooklyn Terminal Sub-station, in Altona North and South Kingsville.

Movements – Transfers to the reserve (inflows) comprise contribution income from developers. Transfers from the reserve (outflows) will be for nominated capital works for development infrastructure projects and community infrastructure projects in accordance with the Altona North Development Contributions Plan. Payments can also be made from this reserve for development or community infrastructure projects that have been undertaken by the developer under this program, also known as “works in kind.”

### **Victorian Grants Commission reserve**

Purpose – This reserve holds funds received in advance from the Victorian Grants Commission based on 50 per cent of an indicative Financial Assistance Grant and Local Road Funding relating to the next financial year.

Movements – Transfers to the reserve (inflows) comprise funds received in advance from the Victorian Grants Commission. Transfers from the reserve (outflows) are applied in the next financial year, for which the grant relates to.

### **Infrastructure reserve**

Purpose – This reserve is used to set aside funds for future capital works and is generally used to balance the Available Funding Result.

Movements – Transfers to the reserve (inflows) are mainly sourced from operational or capital budget savings. Transfers from the reserve (outflows) are aligned to Council’s Capital Works Program on an annual basis.

### **Capital Works Carryover reserve**

Purpose – This reserve is used to fund timing differences caused by projects being delayed (or bought forward) in the annual Capital Works Program.

Movements – Transfers to the reserve (inflows) are equivalent to the amount of capital works delayed in the year that they are originally budgeted to be completed. Transfers from the reserve (outflows) fund capital works that has been delayed, in the year that they will now be completed.

### **Loan Repayment reserve**

Purpose – This reserve is designed to ensure that sufficient funds are available for future principle repayments of interest only loans.

Movements – Transfers to the reserve (inflow) are equal to the deemed principle repayment of an interest only loan in a given year. Transfers from the reserve (outflows) equal the final payment of an interest only loan when they fall due.

## **6.2.2 Reserve Usage Projections**

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

Reserves	Restricted / Discretionary	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	2024-25 \$000's	2025-26 \$000's	2026-27 \$000's	2027-28 \$000's	2028-29 \$000's	2029-30 \$000's	2030-31 \$000's
<b>Waste Management Sinking Fund</b>												
	Restricted											
Opening balance		(201)	(3,011)	(5,345)	(6,650)	(9,275)	(9,538)	(9,274)	(9,009)	(8,742)	(8,474)	(8,206)
Transfer to reserve		-	435	-	-	-	264	265	267	268	269	270
Transfer from reserve		2,373	2,769	1,305	2,625	264	-	-	-	-	-	-
Closing balance		(2,574)	(5,345)	(6,650)	(9,275)	(9,538)	(9,274)	(9,009)	(8,742)	(8,474)	(8,206)	(7,936)
<b>Car Park Reserve</b>												
	Restricted											
Opening balance		222	222	222	222	222	222	222	222	222	222	222
Transfer to reserve		-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve		-	-	-	-	-	-	-	-	-	-	-
Closing balance		222	222	222	222	222	222	222	222	222	222	222
<b>Recreation Land Fund</b>												
	Restricted											
Opening balance		10,558	5,511	3,601	2,501	2,701	2,901	3,501	3,601	3,701	3,801	3,901
Transfer to reserve		3,258	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Transfer from reserve		8,047	5,110	4,300	3,000	3,000	2,600	3,100	3,100	3,100	3,100	3,100
Closing balance		5,769	3,601	2,501	2,701	2,901	3,501	3,601	3,701	3,801	3,901	4,001
<b>Street Tree Planting Contributions</b>												
	Restricted											
Opening balance		136	91	85	75	65	55	45	35	25	15	5
Transfer to reserve		84	60	60	60	60	60	60	60	60	60	60
Transfer from reserve		95	66	70	70	70	70	70	70	70	70	70
Closing balance		125	85	75	65	55	45	35	25	15	5	(5)
<b>Port Phillip Woolen Mills DCP</b>												
	Restricted											
Opening balance		413	632	670	670	670	670	670	670	670	670	670
Transfer to reserve		219	38	-	-	-	-	-	-	-	-	-
Transfer from reserve		53	-	-	-	-	-	-	-	-	-	-
Closing balance		580	670	670	670	670	670	670	670	670	670	670
<b>Hobsons Bay Caravan Park DCP</b>												
	Restricted											
Opening balance		92	92	92	92	92	92	92	92	92	92	92
Transfer to reserve		-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve		-	-	-	-	-	-	-	-	-	-	-
Closing balance		92	92	92	92	92	92	92	92	92	92	92
<b>Altona North DCP (Precinct 15)</b>												
	Restricted											
Opening balance		-	50	1,350	3,550	7,550	10,450	8,850	4,150	50	50	50
Transfer to reserve		50	1,300	2,200	4,000	3,500	800	-	-	-	-	-
Transfer from reserve		-	-	-	-	600	2,400	4,700	4,100	-	-	-
Closing balance		50	1,350	3,550	7,550	10,450	8,850	4,150	50	50	50	50
<b>Reserves Summary</b>												
	Total Restricted											
Opening balance		11,221	3,588	676	461	2,026	4,852	4,106	(239)	(3,982)	(3,624)	(3,265)
Transfer to reserve		3,610	5,033	5,460	7,260	6,760	4,324	3,525	3,527	3,528	3,529	3,530
Transfer from reserve		10,568	7,945	5,675	5,695	3,934	5,070	7,870	7,270	3,170	3,170	3,170
Closing balance		4,263	676	461	2,026	4,852	4,106	(239)	(3,982)	(3,624)	(3,265)	(2,906)

Reserves	Restricted / Discretionary	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	2024-25 \$000's	2025-26 \$000's	2026-27 \$000's	2027-28 \$000's	2028-29 \$000's	2029-30 \$000's	2030-31 \$000's
<b>Victorian Grants Commission Reserve</b>												
	Discretionary											
Opening balance		1,479	1,454	1,487	1,524	1,562	1,601	1,641	1,682	1,724	1,767	1,811
Transfer to reserve		1,450	1,487	1,524	1,562	1,601	1,641	1,682	1,724	1,767	1,811	1,857
Transfer from reserve		1,479	1,454	1,487	1,524	1,562	1,601	1,641	1,682	1,724	1,767	1,811
Closing balance		1,450	1,487	1,524	1,562	1,601	1,641	1,682	1,724	1,767	1,811	1,857
<b>Infrastructure Reserve</b>												
	Discretionary											
Opening balance		23,409	8,749	2,148	110	214	1,923	5,470	2,153	(0)	113	234
Transfer to reserve		-	-	-	104	1,709	3,547	-	-	113	121	1,249
Transfer from reserve		12,301	6,601	2,038	-	-	-	3,317	2,153	-	-	-
Closing balance		11,108	2,148	110	214	1,923	5,470	2,153	(0)	113	234	1,483
<b>Capital Works Carryover Reserve</b>												
	Discretionary											
Opening balance		1,620	(6,939)	-	-	-	-	-	-	-	-	-
Transfer to reserve		(2,817)	-	-	-	-	-	-	-	-	-	-
Transfer from reserve		1,620	(6,939)	-	-	-	-	-	-	-	-	-
Closing balance		(2,817)	-	-	-	-	-	-	-	-	-	-
<b>Loan Repayment Reserve</b>												
	Discretionary											
Opening balance		9,650	11,175	4,200	5,400	6,600	7,800	3,500	4,200	4,900	5,600	6,300
Transfer to reserve		1,525	1,200	1,200	1,200	1,200	700	700	700	700	700	-
Transfer from reserve		-	8,175	-	-	-	5,000	-	-	-	-	6,300
Closing balance		11,175	4,200	5,400	6,600	7,800	3,500	4,200	4,900	5,600	6,300	-
<b>Reserves Summary</b>												
	Total Discretionary											
Opening balance		36,157	14,438	7,834	7,033	8,375	11,323	10,610	8,034	6,623	7,480	8,345
Transfer to reserve		158	2,687	2,724	2,866	4,510	5,888	2,382	2,424	2,580	2,632	3,106
Transfer from reserve		15,400	9,291	3,525	1,524	1,562	6,601	4,958	3,835	1,724	1,767	8,111
Closing balance		20,915	7,834	7,033	8,375	11,323	10,610	8,034	6,623	7,480	8,345	3,339
<b>Reserves Summary</b>												
	Restricted & Discretionary											
Opening balance		47,378	18,026	8,510	7,494	10,401	16,176	14,717	7,796	2,642	3,856	5,080
Transfer to reserve		3,768	7,719	8,184	10,126	11,270	10,212	5,907	5,951	6,108	6,161	6,635
Transfer from reserve		25,968	17,236	9,199	7,219	5,495	11,671	12,828	11,105	4,894	4,937	11,281
Closing balance		25,178	8,510	7,494	10,401	16,176	14,717	7,796	2,642	3,856	5,080	433



## Appendix A: Alternative Financial Plan Modelling Scenarios

### A.1: Increase income Scenario

Increase User fees (representing own source revenue outside of rates) by \$1 million each year (cumulative) from 2022-23 to 2026-27, in comparison to the existing forecasts contained within the Financial Plan. In this scenario, the increased income could be derived from increases in volume, category, fee amount or the generation of new revenue streams, which will be directly used to fund additional Capital Works and reduce the existing funding gap.

Alternatively, Council could choose to increase its operational expenditure by redirecting the additional income into other operational expenditure within the priority service areas of Council.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>User Fees</b>											
User Fees - Scenario 1	2,848	3,863	4,979	6,099	7,222	8,348	9,479	9,613	9,751	9,894	10,041
User Fees - Current Financial Plan	2,848	3,863	3,979	4,099	4,222	4,348	4,479	4,613	4,751	4,894	5,041
<b>Additional User Fees</b>	-	-	<b>1,000</b>	<b>2,000</b>	<b>3,000</b>	<b>4,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Capital Works Program</b>											
Capital Works - Scenario 1	66,705	62,089	47,129	45,047	43,543	45,477	56,237	54,806	48,888	49,962	50,141
Capital Works - Current Financial Plan	66,705	62,089	46,129	43,047	40,543	41,477	51,237	49,806	43,888	44,962	45,141
<b>Additional Capital Works</b>	-	-	<b>1,000</b>	<b>2,000</b>	<b>3,000</b>	<b>4,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>

#### Assumptions

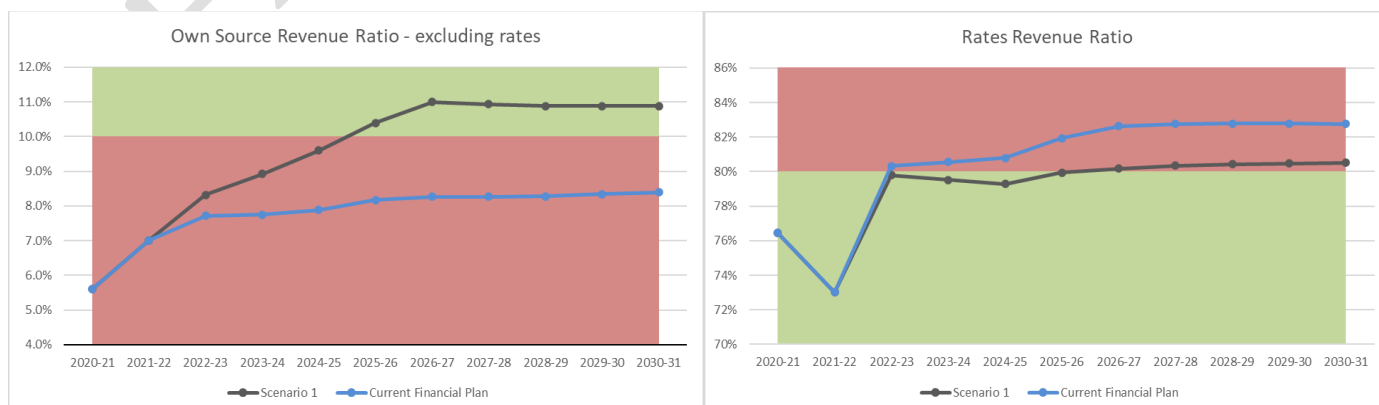
- Increased User fees (representing own source revenue outside of rates) by \$1 million each year (cumulative) from 2022-23 to 2026-27 in comparison to the existing forecasts contained within the Financial Plan, derived from increases in volume, category, fee amount or the generation of new revenue streams.
- Increase capital expenditure by \$1 million each year (cumulative) from 2022-23 to 2026-27, although none has been allocated to renewal or upgrade.
- All other assumptions remain consistent with section 3.3 - Assumptions to the financial plan statements.

#### Outcomes

The **Own Source Revenue Ratio (excluding rates)** graph below indicates that Council would achieve the target by 2025-26 if it were able to raise additional own source revenue outside of rates of \$1 million each year (cumulative) from 2022-23 to 2026-27, over and above the existing Financial Plan.

The **Rates Revenue Ratio** graph indicates that Council would still **not** achieve the target from 2026-27, even if it were able to raise additional own source revenue outside of rates of \$1 million each year (cumulative) from 2022-23 to 2026-27. This highlights the difficulty for Council to reduce its rate reliance.

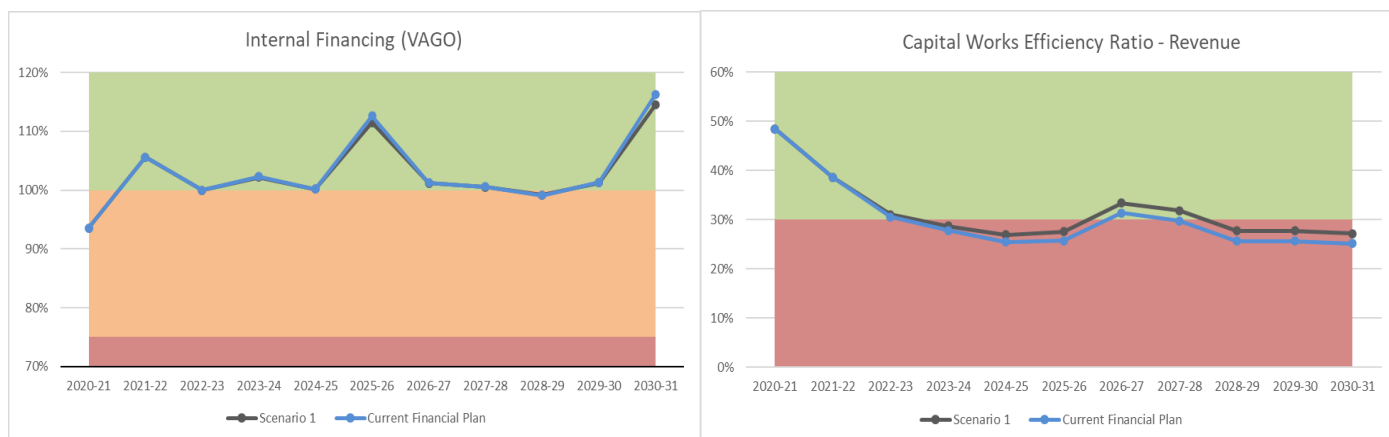
There would therefore be mixed success in relation to Council reducing the current high dependence on rates and becoming more financially self-reliant by prioritised pursuit of own source revenue opportunities, even under this increased income scenario.



The **Internal Financing** graph below indicates very little change, although Council would achieve the indicator targets and have low VAGO financial sustainability risk ratings if it were able to raise additional own source revenue outside of rates of \$1 million each year (cumulative) from 2022-23 to 2026-27, over and above the existing Financial Plan.

The **Capital Works Efficiency Ratio – Revenue** indicates that Council would achieve the indicator target of averaging greater than 30 per cent (average result = 30.1 per cent) if it were able to raise additional own source revenue outside of rates of \$1 million each year (cumulative) from 2022-23 to 2026-27 to fund an equivalent increase in capital expenditure.

Council would therefore achieve its aims of ensuring there is enough cash being generated from operations to fund new assets and increasing the amount of funding currently available for Capital Works if it were able to raise additional own source revenue outside of rates of \$1 million each year (cumulative) from 2022-23 to 2026-27.



EXAMPLE

## A.2: Decrease employee costs

Decrease Employee costs by \$1 million each year (cumulative) from 2022-23 to 2026-27, in comparison to the existing forecasts contained within the Financial Plan. The decreased expenditure will be directly used to fund additional Capital Works and reduce the existing funding gap.

Alternatively, Council could choose to maintain its operational expenditure at existing levels by redirecting savings into other operational expenditure within the priority service areas of Council.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Employee Costs</b>											
Employee Costs - Scenario 2	56,599	55,226	55,601	56,265	56,976	58,037	58,899	60,816	62,791	64,824	66,917
Employee Costs - Current Financial Plan	56,599	55,226	56,601	58,265	59,976	62,037	63,899	65,816	67,791	69,824	71,917
<b>Additional User Fees</b>	-	-	(1,000)	(2,000)	(3,000)	(4,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
<b>Capital Works Program</b>											
Capital Works - Scenario 2	66,705	62,089	47,129	45,047	43,543	45,477	56,237	54,806	48,888	49,962	50,141
Capital Works - Current Financial Plan	66,705	62,089	46,129	43,047	40,543	41,477	51,237	49,806	43,888	44,962	45,141
<b>Additional Capital Works</b>	-	-	1,000	2,000	3,000	4,000	5,000	5,000	5,000	5,000	5,000

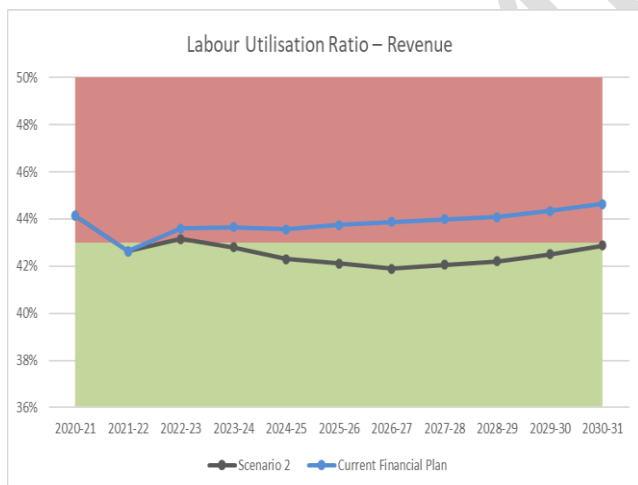
### Assumptions

- Decreased Employee costs by \$1 million each year (cumulative) from 2022-23 to 2026-27, in comparison to the existing forecasts contained within the Financial Plan.
- Increase capital expenditure by \$1 million each year (cumulative) from 2022-23 to 2026-27, although none has been allocated to renewal or upgrade.
- All other assumptions remain consistent with section 3.3 - Assumptions to the financial plan statements.

### Outcomes

The **Labour Utilisation Ratio – Revenue** graph below indicates that Council would achieve the targets if it were able to decrease Employee costs by \$1 million each year (cumulative) from 2022-23 to 2026-27.

Council would therefore achieve its aim of managing employee labour costs at an appropriate percentage of operating revenue if it were able to decrease employee costs by \$1 million each year (cumulative) from 2022-23 to 2026-27.



The **Internal Financing** graph below indicates very little change, although Council would achieve the targets and have low VAGO financial sustainability risk ratings if it were able to reduce employee costs by \$1 million each year (cumulative) from 2022-23 to 2026-27 to fund an equivalent increase in capital expenditure.

The **Capital Works Efficiency Ratio – Revenue** indicates that Council would achieve the target of averaging greater than 30 per cent (average result = 30.1 per cent) if it were able to reduce employee costs by \$1 million each year (cumulative) from 2022-23 to 2026-27 to fund an equivalent increase in capital expenditure.

Council would therefore achieve its aims of ensuring there is enough cash being generated from operations to fund new assets and increasing the amount of funding currently available for Capital Works if it were able to reduce employee costs by \$1 million each year (cumulative) from 2022-23 to 2026-27.

