



HUME CITY FINANCIAL PLAN 2021/22-2030/31

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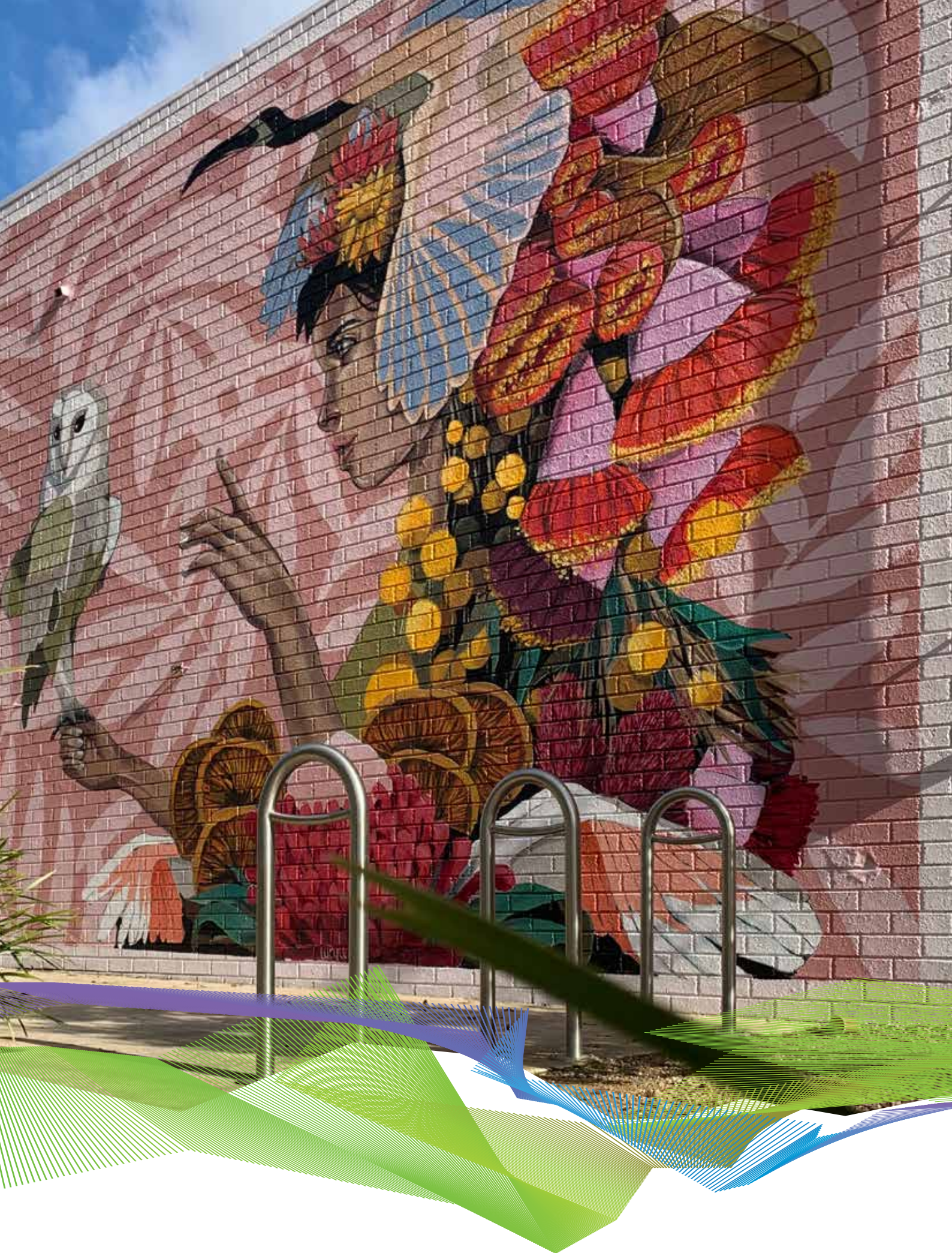


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‘OVER THE PERIOD OF
THE FINANCIAL PLAN
THE UNDERLYING
RESULT IS EXPECTED
TO REMAIN POSITIVE’.





1 OUR INTEGRATED STRATEGIC PLANNING FRAMEWORK

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

Our Integrated Strategic Planning Framework describes how Hume City Council will work towards achieving the vision of our community.

This planning framework consists of a number of integrated long, medium and short-term plans that consider the priorities and resources needed to achieve the strategic objectives of Council. As demonstrated in Figure 1 below, each of these document and plans should outline how they support and contribute to the delivery of the Community Vision, and are underpinned by Council's guiding principles of Sustainability and Social Justice.



Figure 1: Integrated Strategic Planning Framework

LONG-TERM STRATEGIC PLANS – PLANNING FOR HUME CITY OVER THE NEXT 10 YEARS AND BEYOND

Community Vision

Outlines the community's aspirations for Hume City's future – all of Council's integrated strategic planning documents aim to support the delivery of this vision.

Financial Plan

Outlines financial resources, decisions and assumptions required to support the delivery of the Council Plan and other strategic plans of the Council.

Asset Plan

Outlines how Council will strategically manage our assets and infrastructure, including our obligations to maintain and upgrade existing assets or renew, expand or acquire new assets, or decommission or dispose of assets which are no longer required to support service delivery.

Municipal Strategic Statement

Focuses on the physical, social, economic, and environmental land-use planning and development strategies aimed at achieving the Community Vision. It provides the basis for planning application under the Hume Planning Scheme.

1.1 STRATEGIC PLANNING PRINCIPLES

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

- Council has an integrated approach to planning, monitoring and performance reporting.
- Council's 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.
- Council's Community Vision is for a sustainable and thriving community with great health, education, employment, infrastructure and a strong sense of belonging.
- The Financial Plan Statements articulate the 10-year financial resources necessary to implement the goals and aspirations of the Council Plan to achieve the Community Vision.
- Council's strategic planning principles identify and address the risks to effective implementation of the Financial Plan. The financial risks are included below.
- The Financial Plan provides for the strategic planning principles of progress monitoring and reviews to identify and adapt to changing circumstances.

1.2 FINANCIAL MANAGEMENT PRINCIPLES

All Victorian Councils are operating under the State Government rate capping regime which significantly impacts Council's ability to generate income from rates. At the same time Council continues to experience increasing cost pressures and continued cost shifting from other levels of government. This situation is not expected to change in the foreseeable future.

The City of Hume has and continues to undergo a significant increase in population and households particularly through the northern corridor of the municipality. However, whilst the growth generates additional rates and contributed assets from developers, it also comes with a number of challenges in the form of increased service provision and the need to deliver, maintain and renew infrastructure assets (eg roads, open space and footpaths) and community facilities. The Financial Plan therefore provides for this growth accordingly.

The purpose of the Financial Plan is to ensure Council can continue to maintain and expand (due to growth), current service levels in a financially sustainable and viable manner and to ensure adequate funding is allocated to new, renewal, expansion and upgrade of infrastructure under Council's control.

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

The Financial Plan demonstrates the following financial management principles:

- Revenue, expenses, assets, liabilities, investments and financial transactions are managed in accordance with Council's financial policies and strategic plans.
- Management of the following financial risks:
 - the financial viability of Council.
 - the management of current and future liabilities of Council. Council is currently debt free. No borrowings have been included in Council's Financial Plan.
- Financial policies and strategic plans are designed to provide financial stability and predictability to the community.
- Council maintains accounts and records that explain its financial operations and financial position (refer section 3 Financial Plan Statements).
- Financial plans provide for the growth in population and households and the associated challenges of maintaining and expanding service provision.

1.3 ENGAGEMENT PRINCIPLES

Council engages with Hume's community on a daily basis, listening to, and responding to a broad range of community needs. These formal and informal conversations help to guide our planning for the services we deliver to our community. To further support our daily interactions, Council also undertakes more than 100 separate community consultation and engagement activities each year, ranging from community surveys to focus groups, to online discussions and face-to-face workshops.

Leading to the development of the Community Vision, Council Plan, Budget and Financial Plan, Hume City Council began with the collection of community views through a range of surveys including the Community Indicators Survey, the New Household Survey, the Community Satisfaction Survey and a range of targeted research to better understand the experiences and aspirations of our community. Further to this, the Community COVID Survey and the Noticing the Changing use of Public Spaces Survey sought to understand the impacts of the pandemic on our community. The Climate Change Community Views Survey informs our response to the impacts of climate change.

Building on the short and long priorities gathered through surveys, Hume City Council then undertook a broad engagement speaking with our community about the long-term priorities seen as most important for Hume. We facilitated workshops across different places in Hume and held ten workshops facilitated in range of other languages. There were online forum boards, postcards and popups. All planned in a way to engage with a broad range of Hume residents, from all walks of life.

Our community provided views about the long-term financial priorities of Council using a 'budget simulator'. This tool allowed residents to further understand the allocation of financial resources to services and priority projects in Hume. Respondents shared views on key principle decisions informing the development of the Hume Financial Plan and made recommendations for changes to the allocations of resources into the future.

Key to the development of the Community Vision, Council Plan and Financial Plan was the Hume Community Vision Deliberative Panel. It was broadly representative of Hume's community in terms of demographic composition, with panel members being randomly selected via an Expression of Interest process.

As shown in the diagram below, feedback was received from more than 8,500 people across Hume City during the various stages of the project. A summary report from the engagement process around the Community Vision, Council Plan and Financial Plan is available on Council's Website.

PRE-VISIONING ENGAGEMENT (PAST CONSULTATIONS ON ASPIRATIONS)

- Climate Change Community Views Survey
- Community COVID Survey
- Community Indicators Survey
- Community Satisfaction Survey
- New Household Survey
- Noticing changing use of public spaces in Hume Survey
- Rural Strategy Survey and Workshops



Feedback from over **5,700 people** have been included as part of this stage

STAGE 1: BROAD COMMUNITY ENGAGEMENT

- Community surveys on long-term priorities
- 10 workshops (online, bilingual and place-based)
- 3 online ideas boards
- 12 popups at events across Hume City
- Postcard campaign with feedback



Feedback from over **2,600 people** have been included as part of this stage

STAGE 2: COMMUNITY PANEL

- Randomly selected as representative of Hume's demographics
- Work with ideas and feedback from the community to develop a draft Community Vision for Hume City and work with Council to shape the themes and strategic objectives.

STAGE 3: TESTING COMMUNITY VISION AND LOCAL PRIORITIES

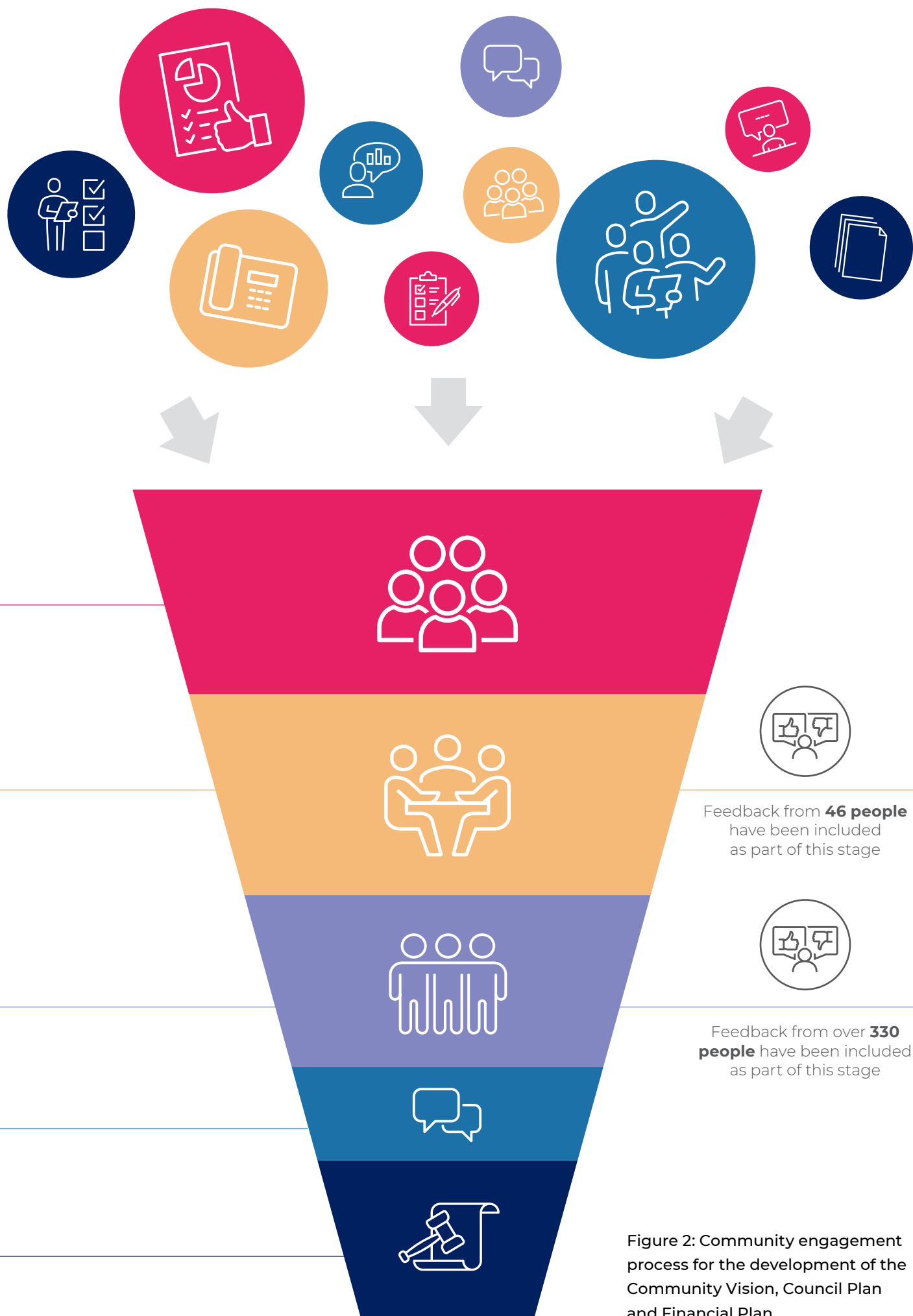
- Let's Shape Together Community Event brings people together to consider how Council can respond to the draft Community Vision, Themes and Strategic Objectives
- Budget Simulator test community views about long-term financial principles and the allocation of resources
- Deliberative Panel reconvenes to consider community feedback and results of budget simulator

STAGE 4: FINAL DRAFT COMMUNITY VISION, COUNCIL PLAN & FINANCIAL PLAN

- Community submissions and feedback on the final draft of the Community Vision, Council Plan and Financial Plan

STAGE 5: COUNCIL CONSIDERATION & ADOPTION

- Deliberative Panel presents Draft Vision to Council for consideration
- Council is presented the Council Plan and the Financial Plan for adoption



1.4 SERVICE PERFORMANCE PRINCIPLES

Hume is one of Australia's most vibrant, diverse and fastest-growing municipalities and has undertaken significant planning for this growth, so that we can continue to provide high quality services that meet the needs of our growing community. Council will continue to deliver all of its services and programs in a manner that will ensure a continued strong financial position for the city. Council aims to provide a balance to ensure we deliver the services, facilities and infrastructure that families and businesses need today, while planning for future generations.

Council has robust processes for service planning and review to ensure all services continue to provide value for money and are in line with community expectations. In doing so, Council will engage with the community to determine how to prioritise resources and balance service provision against other responsibilities such as asset maintenance and capital works. Community consultation needs to be in line with Council's adopted Community Engagement Policy and Public Transparency Policy.

In addition, Council will advocate for services and infrastructure to pursue partnerships with other levels of government, service providers and businesses, and facilitate opportunities for our community to grow and prosper.

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

- The pricing for services should be based on Council's Setting of Fees and Charges Policy to ensure transparency in Council pricing decisions.
- Services are provided in an equitable manner and are responsive to the diverse needs of the community. The Council Plan is designed to identify the key services and projects to be delivered to the community. The Financial Plan provides the mechanism to demonstrate how the service aspirations within the Council Plan may be funded.
- Services are accessible to the relevant users within the community.
- Council provides quality services that provide value for money to the community. The Local Government Performance Reporting Framework (LGPRF) is designed to communicate Council's performance regarding the provision of quality and efficient services.
- Council is developing a performance monitoring framework to continuously improve its service delivery standards.
- Council is developing a service delivery framework that considers and responds to community feedback and complaints regarding service provision.
- Projected growth in population and households is considered in financial and service plans.

1.5 ASSET PLAN INTEGRATION

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

Complementing the Asset Plan is an annual State of the Assets Report which provides a snapshot of the current value and condition of assets. The State of the Assets Report is part of a suite of asset management reports that includes the Asset Management Policy, Asset Management Strategy and Asset Management Plans for each asset class. The State of the Assets Report helps to evaluate Council's performance in renewing assets in a timely manner. Asset Management Plans look in greater detail at how Council manages each asset class (Roads, Drainage, Buildings and Open Space) and include forecasts of what funding Council will require in the future.

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

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

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

2 FINANCIAL PLAN CONTEXT

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

2.1 MUNICIPAL DEMOGRAPHICS

Home to over 248,000 residents in 2021, Hume City's population is expected to grow to 372,600 by the year 2041. Our residents come from 156 different countries and speak over 150 languages. In comparison to metropolitan Melbourne, Hume City residents are relatively younger in age, and there is a higher proportion of 'family households'.

Hume City's population forecasts are heavily influenced by migration and availability of land supply for new development. Over the next 10 years, the forecasts predict a slowing of Hume City's growth rate, as available land for development becomes more limited, and several current growth areas finish development. Hume City's forward supply of land for residential land is constrained by the Urban Growth Boundary, the protection of the Melbourne Green Wedge and the protection of Melbourne Airport Environs Overlays.

Hume City Council is considered to be an interface Council and is one of ten municipalities which form a ring around Metropolitan Melbourne. In order to help fund the infrastructure and new facilities, the Victorian Planning Authority (VPA) has developed a framework known as Development Contributions Plans (DCP's) or Infrastructure Contributions Plans (ICP) which outline the levies that landowners and developers must pay to the State Government and to Council.

Council is required to manage DCPs/ICP's to ensure that funding is available for projects at the right time. That is, infrastructure and community facilities may be required before all the developer contributions are received as some development may not occur for some time in the future. While developers contribute funding towards infrastructure, ultimately Council is liable to provide the items in the DCP's/ICP's.

Shortfalls in the funding generated from DCP's/ICP's and the amounts required to deliver the infrastructure and community facilities, are required to be funded from government grants or rates revenue.

2.2 COVID-19

In 2019/20 and 2020/21 Council was significantly impacted by the COVID-19 pandemic which has forced the shutdown of some services and facilities including leisure centres and community facilities throughout the year. This has directly impacted Council's statutory and user fees.

In response to this pandemic Council invested \$11.5 million to support local businesses, sporting clubs, community groups and its rate payers with a stimulus package to respond directly to the impacts of the COVID-19 pandemic.

The Victorian lockdown measures weighed less on economic activity than earlier assumed. Consumption has recovered faster and dwelling and business investment have not been as weak as had been anticipated.

In the Financial Plan, Council forecasts the staged return to pre-COVID-19 service levels from 2021/22 resulting in an increase in Council's own-source revenue compared to 2020/21.

Council currently has an agreement in the form of a Memorandum of Understanding (MOU) with Australia Pacific Airports (Melbourne) Pty Ltd (APAM) for the payment of 'Rates In Lieu' (RIL). This amount of RIL represents a significant portion of Council's rate revenue. However, the impacts of COVID-19 have had a significant impact on the APAM's operations, resulting in significantly reduced non-aeronautical revenue which has subsequently resulted in a lower valuation and lower RIL payable up to 2024/25. RIL are expected to return to pre-COVID-19 levels post the 2024/25 year.

2.3 ECONOMIC ENVIRONMENT

The Australian economy has experienced a contraction in Gross Domestic Product (GDP) of around 10% during the first half of the 2020 year as a result of COVID-19. On 4 November 2020, the Reserve Bank of Australia (RBA) lowered the official cash rate to 0.10% to respond to further measures to support job creation and the recovery of the Australian economy from the pandemic.

The Reserve Bank Board has indicated that the cash rate will not increase until actual inflation is sustainably within the 2 to 3 per cent target range. The central scenario for the economy is that this condition will not be met before 2024¹.

In the Financial Plan, Council has used forecast CPI as the driver for the rate cap increase which is in line with the RBA estimates. In addition, Council forecasts a low interest environment, gradually improving from 2025/26 onwards. As a result, the amount of interest revenue expected to be generated over the reporting period will be significantly impacted.

2.4 EPA LANDFILL LEVY

The Land Fill Levy payable to the State Government upon disposal of waste into landfill continues to increase resulting in additional waste collection and disposal costs. The levy has increased from \$9 per tonne in 2008/09 to \$85.90 per tonne in 2020/21 and is expected to increase to \$125.90 in 2022/23.

| RATE (\$/T) | 2020/21 | 2021/22 | 2022/23 |
|--------------------------|----------|----------|----------|
| Metropolitan – Municipal | \$85.90* | \$105.90 | \$125.90 |

*from 1 January 2021

This has significantly added to Council's cost of waste collection and disposal over the forecast period. Beyond 2022/23, the EPA landfill levy is forecast to increase by 3% per annum.

2.5 COST SHIFTING

Local Government provides a service to the community on behalf of the State and Commonwealth Government. Over time the funds received by local governments have not increased in line with real cost increases. Examples of services that are subject to cost shifting include maternal and child health, school crossing supervisors, library services and home and community care for aged residents. In the Financial Plan, government grants and statutory fees are forecast to increase in line population growth and the funding shortfall for providing these services has been absorbed by Council's own source revenue and savings in expenditure through efficiency gains.

Since the introduction of rate capping in 2015, it is vital that councils have robust service planning and review processes to ensure the services they provide are both cost effective and meeting community needs.

¹ <https://www.rba.gov.au/media-releases/2021/mr-21-14.html>

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

Achieving Council's strategic objectives, maintaining and expanding (due to growth), current service levels in a financially sustainable and viable manner. This will be attained by:

- Targeting a positive adjusted underlying result (which is a more accurate reflection of Council's financial performance and therefore excludes items of a capital or one-off / infrequent nature) in the statement of financial performance over the Financial Plan period.
- Aiming for a working capital ratio (which is a measure of Council's ability to meet its obligations as they fall due) above 2 (i.e. \$2 of current assets for every \$1 of current liabilities).
- Rate Cap increases will be set in accordance with forecast Consumer Price Index (CPI).
- Council will continue to regularly engage with State and Federal government to ensure they understand the financial pressures on Council to deliver its services and capital works program under the current Rate Capping environment.
- Council will continue to advocate to attract and retain government funding to help offset the cost of delivering some major capital projects.
- Discretionary user fees and charges will be indexed generally in line with the cost of providing the relevant services within the context of Council's Setting of Fees and Charges Policy.
- Council will investigate opportunities to improve the efficient and effective utilisation of Council's assets and financial return on Council property.
- Council will aim to achieve cost savings through efficiency gains by encouraging more operational innovation to enhance operating activities and control expenditure at levels that can consistently support the provision of quality services.

Ensuring adequate funding is available to achieve the objectives of Council's Asset Plans. This will be attained by ensuring that:

- renewal and upgrade (where it contains a significant element of renewal) expenditure is based on requirements as identified through condition audits and inspections. This will be used to inform the capital works program.
- funding for the renewal and upgrade (where it contains a significant element of renewal) expenditure on existing assets be given priority over new and expansion projects in the capital works program in accordance with Council's Capital Investment Policy.
- the 10-year capital works program be developed to achieve the infrastructure requirements to maintain and expand (for growth) current service levels and sufficient funds are allocated to new, renewal, upgrade, and expansion works.
- Council manages the challenges associated with being a growth council and the cashflow of delivery of Developer Contribution Plans (DCP) and Infrastructure Contribution Plans (ICP) projects ahead of the receipt of developer contributions.
- Reserve funds can be drawn down to fund capital works expenditure that is consistent with the purpose of the reserve as noted in section 5.4.

Hume City Council maintains a healthy financial position under this Financial Plan and generates consistent cash from operations. Council plans to maintain a debt free position over the forecast reporting period which demonstrates that the financial management principles can be maintained in the long term.

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

2.7 ASSUMPTIONS TO THE FINANCIAL PLAN STATEMENTS

For this Financial Plan, the 2021/22 budget (first year of the Financial Plan) has been based upon historical actuals and forms the basis for the future years of the plan.

A number of variables were applied to the base data to project the future financials for years two to ten. Assumptions underpinning the revenue and expenditure items comprise both growth and price indexation factors.

However, it is worthwhile detailing the approach to the modelling process as broad percentages have not been universally applied. Certain revenue and expenditure items are adjusted to account for future variations in operating activities (e.g. election expenses and adjustments for one-off financial impacts). It is therefore not possible to simply multiply the previous year's base by a percentage.

The following table outlines the assumptions utilised to project revenue and expenditure items contained within Council's Comprehensive Income Statement for the 10-year period from 2021/22 to 2030/31. Items that are not determined by trends are not contained in the following table but are explained in the items below.

2.7.1 Rates and charges

Base rate revenue will increase by 1.5% for the 2021/22 year, based on the state government rate cap, with estimated future annual increases in line with forecast CPI for the ensuing years of the Financial Plan.

In addition, it is expected that during the 2021/22 year a further \$4 million will be received for growth (additional properties) as a result of supplementary rates. The subsequent years of the Financial Plan include an increase in line with household growth.

In limited cases, the owner or tenant of land exempt from rates may have an agreement in place to pay Council an amount in lieu of rates (e.g. Commonwealth owned land used for defence and other purposes). Council currently has an agreement in the form of a Memorandum of Understanding (MOU) with Australia Pacific Airports (Melbourne) Pty Ltd (APAM) for the payment of 'Rates In Lieu' (RIL) up to 2023/24. The subsequent year's RIL are projected to increase in accordance with new valuations.

The other RIL agreement is with Note Printing Australia which is a wholly owned subsidiary of the Reserve Bank of Australia that produces bank notes and passports. The ensuing year's RIL are projected to increase in accordance with CPI.

| ESCALATION FACTORS % movement | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Consumer Price Index (CPI) | 1.50% | 1.75% | 2.00% | 2.25% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Rate Cap Increase | 1.50% | 1.75% | 2.00% | 2.25% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Population Growth | 2.98% | 2.71% | 2.66% | 2.59% | 2.53% | 2.31% | 2.22% | 2.18% | 2.14% | 2.06% |
| Households Growth | 3.15% | 2.98% | 2.88% | 2.81% | 2.67% | 2.54% | 2.43% | 2.40% | 2.35% | 2.24% |
| User Fees* | | 2.50% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Statutory Fees* | | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Operating Grants* | | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Contributions - Non-Monetary** | 3.15% | 2.98% | 2.88% | 2.81% | 2.67% | 2.54% | 2.43% | 2.40% | 2.35% | 2.24% |
| Employee Costs (EBA increase)*** | 1.50% | 1.75% | 2.00% | 2.25% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Material and Service* | 1.50% | 1.75% | 2.00% | 2.25% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Utilities* | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Other expenses* | | 1.75% | 2.00% | 2.25% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |

* % increase in the above table does not include growth.

**Contributions - Non-monetary projection is driven by household growth.

*** The current EBA expired on 30 June 2021. Future EBA increases are based on the rate cap forecast.

2.7.2 Statutory fees and fines

Statutory fees mainly relate to fees and fines levied in accordance with legislation and include animal registrations, Food Act registrations and parking fines. Changes in statutory fees are made in accordance with legislative requirements. The Financial Plan indexes statutory fees by 0.5% each year plus population growth. Given these fees are outside the control of Council, the annual increase is set below the CPI.

The 2021/22 year has been set by management based on expected activity and the projected price increase. Given that the 2020/21 year has been significantly impacted by COVID-19, displaying a percentage increase for 2021/22 in the above table would not provide a meaningful comparison.

2.7.3 User fees

User fees relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include the use of leisure, community facilities, landfill operations and the provision of human services such as family day care and home help services.

User fees have been significantly impacted in 2020/21 by COVID-19. Council expects user fees to gradually return to pre-COVID-19 levels from 2021/22 onwards. User fees are set to increase between 2.5% to 3% plus population growth over the Financial Plan period in accordance with Council's Setting of Fees and Charges Policy. 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.

2.7.4 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. Operating grants are expected to increase on an annual basis by approximately 0.5% plus population growth.

The 2020/21 year has been impacted by the timing of the receipt of 50% of the 2021/22 Victorian Grants Commission (VGC) funding. Therefore, the 2021/22 budget was not set by reference to an incremental increase but rather based on known variables.

2.7.5 Grants – capital

Capital grants are received for specific capital projects. Only confirmed funding has been included in Council's Financial Plan except for recurrent capital grants including Roads to Recovery and Library funding.

2.7.6 Contributions – monetary

Council receives contributions from developers which enable Council to provide the necessary infrastructure and land improvements to accommodate development growth. These contributions are for specific purposes and often require Council to deliver infrastructure or land improvement works before the funds are received from developers. These contributions are statutory contributions and are transferred to a restricted reserve until utilised for a specific purpose through the capital works program or for reimbursements to developers for over-provided in-kind items.

The projected contributions are based on forecasted net developable areas provided by relevant developers and take into account credits provided to developers for in-kind items.

2.7.7 Contributions – non-monetary

Council receives non-monetary assets from developers. These projected contributions are based on forecast household growth in the municipality (i.e. household growth by the historical average contributed asset values for every 1% household growth).

2.7.8 Other income

Revenue from other income mainly comprises interest earned on investments, rental income from investment property and from the hire of Council facilities plus the recovery income from a variety of sources. Rental and interest income is forecast to increase in line with CPI and interest rate projections.

2.7.9 Employee costs

Employee costs include all labour related expenditure including wages and on-costs such as allowances, leave entitlements, employer superannuation and staff training and development.

The current Enterprise Bargaining Agreement (EBA) expired on the 30 June 2021 and at the time of preparing the annual budget for 2021/22, the new EBA was still to be finalised. The projected EBA increase has been pegged to the forecast rate cap increase over the Financial Plan period (between 1.5% to 2.5%).

The residential population is expected to grow on average by 2.44% per annum to the year 2031. The growth in population will result in an increase in demand for services. A modest increase of 1% per annum in staff numbers is anticipated reflecting an efficiency gain through cost savings over the Financial Plan period. To manage costs pressures, Council must continually seek improved ways of delivering services to its community.

In addition, a 0.5% increase per annum has been included from 2021/22 to 2025/26 to reflect the expected superannuation increase from 9.5% to 12% as per the Superannuation Guarantee Contribution (SGC).

2.7.10 Materials and services

Materials and services include the purchase of consumables and payments to contractors for the provision of services. These services include requirements for the maintenance and repairs of Council infrastructure assets which are influenced by market forces. Other associated costs included under this category are externally provided services for a range of matters, including legal and consulting services.

These costs are kept to within CPI levels year-on-year plus 1.75% increase per annum which is less than the city's growth and therefore reflects efficiency gains.

Utilities are also included in the materials and services category. Utilities include electricity, water, gas and telecommunication expenses incurred to run Council buildings and services.

The utility costs are projected to increase by 3% per annum plus 1.75% for growth to accommodate the requirements of the increasing number of new assets owned and operated by Council.

2.7.11 Depreciation & amortisation

Depreciation is an accounting charge which attempts to measure the usage of Council's property, plant, equipment and infrastructure assets such as roads and drains. While depreciation is a 'non-cash' expense, ongoing renewal and maintenance of these assets is essential.

Amortisation of intangibles is the process of expensing the cost of Council's intangible assets over the projected life of the asset. Council's intangible assets of landfill airspace with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight-line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life.

A right-of-use asset is a lessee's right to use an asset over the life of a lease. Rather than being shown as rent or lease costs, it will be recognised as amortisation of the 'right-of-use' asset and an interest charge on the lease liability. Any signed agreement with a lease term over 12 months has been included in this Financial Plan.

Depreciation is projected to increase in line with the increasing asset base over the life of the Financial Plan. Depreciation estimates have been based on the projected capital expenditure and new contributed assets to be received over the Financial Plan period. Depreciation has been further increased by the indexing of the replacement cost of Council's fixed assets.

2.7.12 Finance/borrowing costs

Over the Financial Plan period Council has sufficient cash reserves to fund its operating and investment activities such as asset renewal, upgrade, expansion and new assets, therefore there is no requirement for Council to use any loan borrowings to maintain its current service levels and fund the long-term capital works program contained within this Financial Plan.

The finance costs in the Financial Plan includes a non-cash book entry associated with the net present value (NPV) of its future liabilities for employee benefits and landfill rehabilitation and aftercare costs. The accounting standards require the effect of the increase in the liability caused by the movement in discount and inflation rates, known as the unwinding interest effect, to be shown as financing costs.

2.7.13 Other expenses

Other expenses relate to a range of unclassified items including contributions to community groups, bank charges, short-term and low value leases and councillor allowances.

Other expenses are projected to increase in accordance with CPI levels year on year plus 1.75% growth.

The 2021/22 year has been set by management. The 2020/21 year has been impacted by COVID-19 as Council made a number of contributions to support those impacted. In addition, the contribution to the EPA has increased significantly in 2021/22. Therefore, the 2021/22 budget was not set by reference to an incremental increase but rather based on known variables.

2.7.14 Reimbursement to developers for LIK/WIK projects

Under the DCP regime, developers can contribute Land-in-kind (LIK) or Works-in-kind (WIK) items to Council in lieu of paying the developer levies in cash. In some cases, the value of the LIK or WIK items are more than the levies the developer is obliged to pay Council. When this occurs, Council is required to reimburse the developer the difference between the total value of the LIK or WIK items and the liability of the development contribution levies owed to Council.

The projected reimbursement is determined by the difference between indexed individual in-kind items and the levies the developer is obligated to pay Council based on the forecasted net developable areas.

2.7.15 Payment to ICP developer for land equalization

Under the ICP regime, a land contributions model ensures that all landowners affected by an ICP contribute equally to the provision of land for public purposes (through the payment of land equalisation amounts and land credit amounts). Landowners who contribute a greater percentage of their land for public purpose are compensated by the landowners who contribute a lesser percentage of the land for public purposes. This is done by requiring each landowner who underprovides inner public purpose land to pay a land equalisation amount.

Council will collect the land equalisation amount from developers who underprovide public purpose land and make payments to those who overprovide when they vest the public purpose land parcel in Council through the land equalisation process.

The land credit and the land equalisation amounts are adjusted on 1 July each year in accordance with the method of adjustment specified in the relevant ICP. A valuation report will be prepared on 1 July of every third financial year after the commencement date of the infrastructure contribution plan. In the interim years the values are adjusted in accordance with the public land index that is prepared by the Valuer-General Victoria for the Minister for Planning and published on the Department of Environment, Land, Water and Planning website.

The land equalisation and land credit amounts are assumed to increase by 5% per annum over the Financial Plan period based on historical data.

2.8 OTHER MATTERS IMPACTING THE 10-YEAR FINANCIAL PROJECTIONS

The following are the current challenges and expected future events likely to impact the Financial Plan projections.

2.8.1 Rates Burden

Council's rate revenue will remain the main source of revenue for Hume into the future.

The introduction of rate capping under the Victorian Government's Fair Go Rates System (FGRS) has brought a renewed focus to Council's long-term financial sustainability. The FGRS continues to restrict Council's ability to raise revenue above the rate cap unless application is made to the Essential Services Commission for a variation. The FGRS cap is set at 1.50% for 2021/22.

Maintaining service delivery levels and investing in community assets remain key priorities for Council. As Council is heavily dependent on rate revenue and rate capping limits the ability to generate revenue above this cap, the challenge for Council is to seek options to reduce the reliance on property rates over time by identifying alternative revenue streams and funding opportunities.

The costs of waste collection and disposal has been significantly impacted by the increases in the EPA landfill levy. Therefore, Council may consider implementing a separate waste charge that recovers the cost of collection and disposal services as currently the waste charges are included as part of the general rates which is limited to rate cap increases.

2.8.2 Interface Growth Council challenges

The City of Hume has and continues to undergo a significant increase in population and households particularly through the northern corridor of the municipality. However, whilst the growth generates additional rates and contributed assets from developers, it also comes with a number of challenges in the form of increased service provision and the need to deliver, maintain and renew infrastructure assets (eg roads, open space and footpaths) and community facilities.

Council, in meeting its obligations as the Collecting Agency and Development Agency under the DCP/ICP system is tasked with managing the cost effective and timely delivery of specified community/recreation and transport infrastructure to meet community need. Cost recovery associated with land purchases or construction is reliant on developer contributions (levies/ equalisation payments).

Council faces challenges of matching assets and liabilities under the DCP/ICP scheme. The timing of receipt of developer contributions differs to the timing of land purchase or delivery of the infrastructure items and can result in a potential financial risk to Council if not soundly managed. If the acquisition of land parcels or the construction of infrastructure assets occurs at a later stage in the development of the Precinct Structure Plan (PSP) area, Council may be in an unfavourable financial position as the levies collected in previous development stages/ years are at a lower indexed rate and therefore will be insufficient to cover the cost of land/ construction at a higher indexed value/rate (resulting in a funding gap).

Therefore, in order to minimise the financial risk of a funding gap, Council may need to forward fund the delivery of projects or secure land parcels ahead of collecting sufficient levies to cover costs, noting that future development levies are indexed.

2.8.3 Cost shifting

Cost shifting from State and Federal Governments continues to be a major problem for Local Government in Victoria. Cost shifting occurs when Commonwealth and State programs transfer responsibilities to local government with insufficient funding or grants which don't keep pace with costs of delivering these programs.

This includes services for maternal and child health, libraries and school crossings. Furthermore, statutory fees are generally advised by the state government department responsible for the corresponding services or legislation, and generally councils will have limited discretion in applying these fees which prohibits the ability to fully recover the costs associated with these services.

The challenge for Council is to continue to provide services that are part funded by other levels of government when the ratepayer is expected to continue to absorb an increasing share of the deficit in providing these services.

Under the current rate capping and low interest rate environment, Council has limited opportunities to cover the deficit in funding for these services through its own source revenue. However, Council will undertake service reviews, may increase some discretionary user fees in line with the cost of providing the relevant services (instead of just CPI), continue to advocate for more funding from other levels of government and investigate opportunities to improve the efficient and effective utilisation of Council's assets to maximise financial returns.

2.8.4 Future defined benefits superannuation calls

The Defined Benefits Superannuation Scheme provides lump sum benefits based on years of service and final average salary. It is a multi-employer sponsored plan, where the assets and liabilities are pooled and are not allocated to each employer. Council makes employer contributions to this plan as determined by the Trustee.

In the event that the Fund Actuary determines that there is a shortfall, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

The last super call was made by Council in 2011 of \$11.3 million on the basis of the results of the actuarial investigation conducted by the Fund Actuary. A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. Vision Super has advised that the estimated VBI at 30 June 2021 was 109.7%.

If the VBI falls below 100%, Council will be liable for any future funding shortfall calls. The challenge is to ensure that Council has sufficient cash in reserves to cover these future shortfall calls. In the Financial Plan, Council has allocated \$0.5 million each year to provide for the possibility of future defined benefits super calls.

2.8.5 COVID-19

COVID-19 is expected to continue to effect Australia's economy into 2021/22, with the medium to long-term economic effects still unknown. Many of Councils' critical services were significantly affected by the financial impacts of COVID-19. The rate of easing of restrictions will impact the timing and speed of recovery of Council's activities to pre-COVID-19 service levels which will affect the financial outcome of this Financial Plan.

2.8.6 Capital works

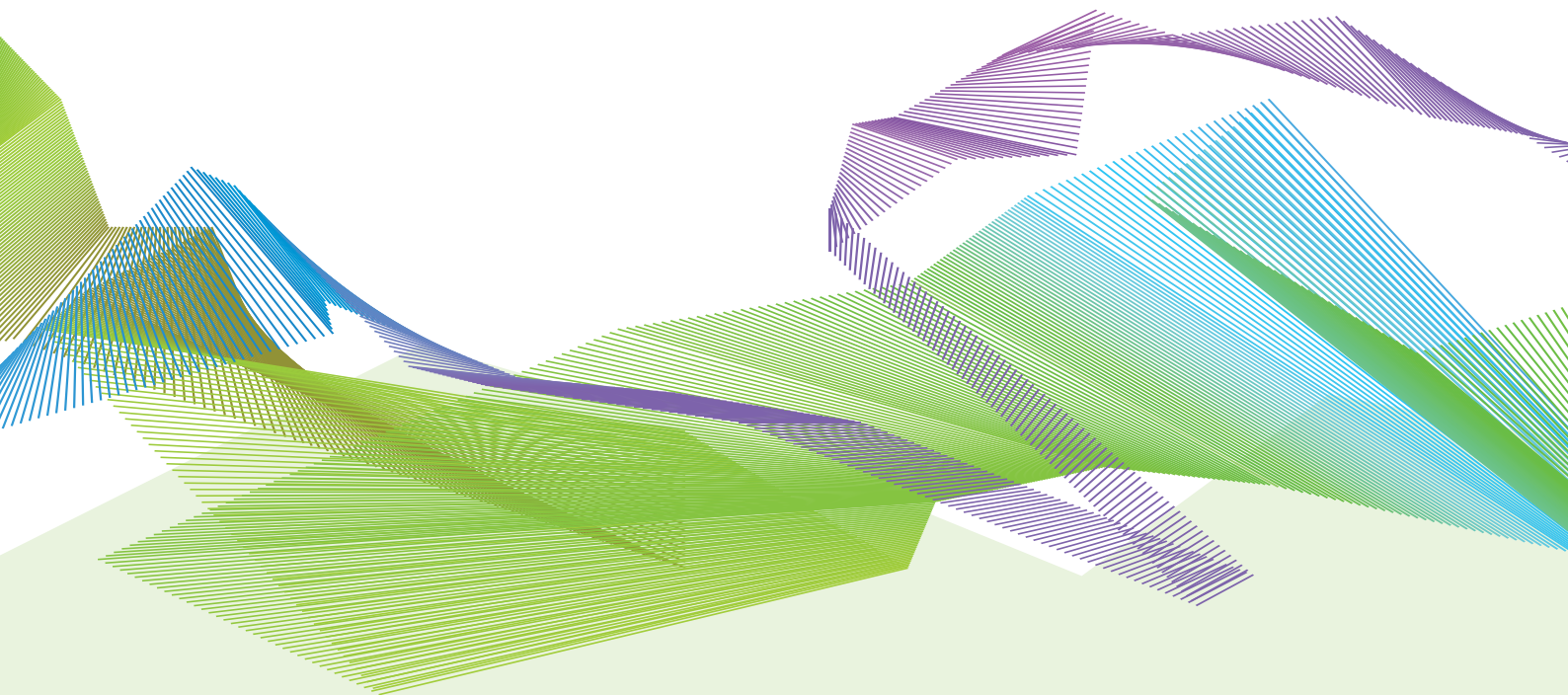
Capital works projects are prioritised in accordance with Council's Capital Investment Policy. Renewal and growth projects relating to DCP/ICP schemes should be prioritised ahead of other projects. The Asset Management Plans prepared for each major area of infrastructure should guide the renewal requirements, set priorities for funding and ensure that a strategic approach is taken to the allocation of funds to new and upgrade projects.

A 10-year Capital Works plan has been developed which is informed by the infrastructure requirements of the Hume Growth Infrastructure Plans and Asset Management Plans. The 10-year Capital Works plan aims to ensure the increase in required renewal expenditure is achieved and sufficient funds for new and upgrade works are delivered. The planned capital expenditure is expected to be \$1.14 billion over the 10-year Financial Plan period or an average of \$114 million per annum.

3 FINANCIAL PLAN STATEMENTS

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

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



3.1 COMPREHENSIVE INCOME STATEMENT

| | Forecast 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 | 2026/27 \$'000 | 2027/28 \$'000 | 2028/29 \$'000 | 2029/30 \$'000 | 2030/31 \$'000 |
|--|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| INCOME | | | | | | | | | | | |
| Rates and charges | 201,891 | 209,307 | 219,585 | 230,543 | 242,870 | 255,721 | 269,434 | 283,028 | 297,029 | 311,628 | 326,820 |
| Statutory fees and fines | 11,681 | 15,516 | 15,765 | 16,264 | 17,022 | 17,539 | 17,776 | 18,259 | 18,748 | 19,243 | 19,735 |
| User fees | 17,431 | 30,656 | 32,714 | 35,057 | 37,016 | 39,064 | 41,140 | 43,287 | 45,527 | 47,868 | 50,288 |
| Grants - Operating | 54,001 | 51,575 | 53,232 | 54,915 | 56,611 | 58,328 | 59,969 | 61,600 | 63,248 | 64,918 | 66,578 |
| Grants - Capital | 10,727 | 30,532 | 5,622 | 4,651 | 3,034 | 3,034 | 3,035 | 3,036 | 3,037 | 3,038 | 3,039 |
| Contributions - monetary | 11,853 | 16,301 | 17,016 | 20,829 | 20,174 | 21,102 | 23,354 | 26,555 | 26,648 | 23,947 | 18,837 |
| Contributions - non-monetary | 100,047 | 113,123 | 108,877 | 106,872 | 105,696 | 102,261 | 98,767 | 96,045 | 96,121 | 95,894 | 92,720 |
| Net gain on disposal of property, infrastructure, plant and equipment | 4,797 | 517 | - | - | - | - | - | - | - | - | - |
| Fair value adjustments for investment property | 699 | 932 | 1,183 | 1,206 | 1,236 | 1,266 | 1,297 | 1,329 | 1,361 | 1,394 | 1,428 |
| Other income | 6,331 | 5,328 | 5,568 | 5,679 | 6,514 | 6,953 | 7,396 | 7,643 | 8,595 | 9,152 | 9,613 |
| Total income | 419,458 | 473,787 | 459,562 | 476,016 | 490,173 | 505,268 | 522,168 | 540,782 | 560,314 | 577,082 | 589,058 |
| EXPENSES | | | | | | | | | | | |
| Employee costs | 128,140 | 137,200 | 142,250 | 148,701 | 156,027 | 163,883 | 171,312 | 179,079 | 187,198 | 195,683 | 204,552 |
| Materials and services | 113,361 | 107,335 | 109,615 | 114,351 | 120,699 | 125,278 | 131,259 | 137,519 | 145,422 | 150,946 | 158,132 |
| Depreciation | 54,122 | 57,404 | 61,946 | 67,918 | 73,226 | 78,872 | 84,025 | 88,270 | 91,777 | 96,874 | 100,840 |
| Amortisation - intangible assets | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 |
| Amortisation - right of use assets | 335 | 327 | 321 | 319 | 313 | 314 | 162 | 21 | 21 | 21 | 21 |
| Bad and doubtful debts | - | - | - | - | - | - | - | - | - | - | - |
| Borrowing costs | 200 | 326 | 331 | 337 | 344 | 351 | 358 | 365 | 372 | 380 | 388 |
| Finance Costs - leases | 30 | 43 | 58 | 46 | 34 | 22 | 9 | 6 | 5 | 4 | 3 |
| Other expenses | 14,985 | 8,097 | 8,821 | 9,157 | 9,513 | 9,887 | 10,273 | 10,674 | 11,094 | 11,532 | 11,985 |
| Reimbursement to developer for LIK/WIK projects | 4,707 | 21,967 | - | 4,121 | - | - | - | - | - | - | - |
| Payment to ICP developer for land equalization | - | - | 1,170 | 4,669 | 371 | - | 20,789 | - | 18,795 | 3,884 | - |
| Total expenses | 317,393 | 334,212 | 326,025 | 351,132 | 362,040 | 380,120 | 419,700 | 417,447 | 456,197 | 460,837 | 477,434 |
| Surplus for the year | 102,065 | 139,575 | 133,537 | 124,884 | 128,133 | 125,148 | 102,468 | 123,335 | 104,117 | 116,245 | 111,624 |
| OTHER COMPREHENSIVE INCOME | | | | | | | | | | | |
| Items that will not be reclassified to surplus or deficit in future periods | | | | | | | | | | | |
| Net asset revaluation increment | 73,867 | 72,332 | 77,292 | 82,183 | 86,633 | 90,689 | 95,058 | 99,123 | 103,839 | 107,864 | 111,957 |
| Total comprehensive result | 175,932 | 211,907 | 210,829 | 207,067 | 214,766 | 215,837 | 197,526 | 222,458 | 207,956 | 224,109 | 223,581 |

3.2 BALANCE SHEET

| | Forecast 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 | 2026/27 \$'000 | 2027/28 \$'000 | 2028/29 \$'000 | 2029/30 \$'000 | 2030/31 \$'000 |
|--|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash and cash equivalents | 277,281 | 192,299 | 124,338 | 94,720 | 105,146 | 100,978 | 106,449 | 109,418 | 134,648 | 178,723 | 191,231 |
| Trade and other receivables | 39,954 | 40,455 | 41,052 | 41,751 | 42,562 | 44,743 | 47,048 | 49,479 | 52,040 | 54,737 | 57,574 |
| Non-current assets classified as held for sale | 890 | - | - | - | - | - | - | - | - | - | - |
| Other assets | 1,656 | 1,712 | 1,764 | 1,817 | 1,871 | 1,927 | 1,985 | 2,045 | 2,106 | 2,169 | 2,234 |
| Total current assets | 319,781 | 234,466 | 167,154 | 138,288 | 149,579 | 147,648 | 155,482 | 160,942 | 188,794 | 235,629 | 251,039 |
| Non-current assets | | | | | | | | | | | |
| Trade and other receivables | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 |
| Property, infrastructure, plant & equipment | 4,077,739 | 4,369,149 | 4,647,196 | 4,882,832 | 5,085,990 | 5,308,165 | 5,498,848 | 5,720,077 | 5,899,784 | 6,080,061 | 6,289,853 |
| Right-of-use assets | 513 | 1,509 | 1,205 | 901 | 596 | 287 | 125 | 104 | 83 | 63 | 42 |
| Investment property | 47,321 | 48,254 | 49,437 | 50,645 | 51,879 | 53,145 | 54,442 | 55,771 | 57,132 | 58,526 | 59,954 |
| Intangible assets | 15,127 | 13,615 | 12,102 | 10,589 | 9,077 | 7,564 | 6,051 | 4,538 | 3,026 | 1,513 | - |
| Total non-current assets | 4,140,781 | 4,432,608 | 4,710,021 | 4,945,048 | 5,147,623 | 5,369,242 | 5,559,547 | 5,780,571 | 5,960,106 | 6,140,244 | 6,349,930 |
| Total assets | 4,460,562 | 4,667,074 | 4,877,175 | 5,083,336 | 5,297,202 | 5,516,890 | 5,715,029 | 5,941,513 | 6,148,900 | 6,375,873 | 6,600,969 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | |
| Trade and other payables | 27,814 | 23,504 | 24,011 | 23,676 | 23,119 | 26,106 | 26,876 | 28,793 | 29,027 | 29,602 | 31,015 |
| Trust funds and deposits | 3,060 | 3,060 | 3,060 | 3,060 | 3,060 | 3,060 | 3,060 | 3,060 | 3,060 | 3,060 | 3,060 |
| Provisions | 34,735 | 33,256 | 31,944 | 31,302 | 30,890 | 31,692 | 31,314 | 33,041 | 31,847 | 33,737 | 33,430 |
| Interest-bearing liabilities | - | - | - | - | - | - | - | - | - | - | - |
| Lease liabilities | 196 | 303 | 312 | 317 | 330 | 174 | 22 | 23 | 24 | 25 | 26 |
| Total current liabilities | 65,805 | 60,123 | 59,327 | 58,355 | 57,399 | 61,032 | 61,272 | 64,917 | 63,958 | 66,424 | 67,531 |
| Non-current liabilities | | | | | | | | | | | |
| Trust funds and deposits | 8,984 | 8,015 | 8,015 | 8,015 | 8,015 | 8,015 | 8,015 | 8,015 | 8,015 | 8,015 | 8,015 |
| Provisions | 32,466 | 32,822 | 33,185 | 33,555 | 33,933 | 34,320 | 34,715 | 35,119 | 35,532 | 35,955 | 36,388 |
| Interest-bearing liabilities | - | - | - | - | - | - | - | - | - | - | - |
| Lease liabilities | 335 | 1,235 | 940 | 636 | 314 | 145 | 123 | 100 | 77 | 52 | 27 |
| Total non-current liabilities | 41,785 | 42,072 | 42,140 | 42,206 | 42,262 | 42,480 | 42,853 | 43,234 | 43,624 | 44,022 | 44,430 |
| Total liabilities | 107,590 | 102,195 | 101,467 | 100,561 | 99,661 | 103,512 | 104,125 | 108,151 | 107,582 | 110,446 | 111,961 |
| Net assets | 4,352,972 | 4,564,879 | 4,775,708 | 4,982,775 | 5,197,541 | 5,413,378 | 5,610,904 | 5,833,362 | 6,041,318 | 6,265,427 | 6,489,008 |
| EQUITY | | | | | | | | | | | |
| Accumulated surplus | 2,173,820 | 2,361,565 | 2,517,496 | 2,654,175 | 2,773,116 | 2,913,338 | 3,012,254 | 3,155,330 | 3,254,945 | 3,370,130 | 3,487,759 |
| Reserves | 2,179,152 | 2,203,314 | 2,258,212 | 2,328,600 | 2,424,425 | 2,500,040 | 2,598,650 | 2,678,032 | 2,786,373 | 2,895,297 | 3,001,249 |
| Total equity | 4,352,972 | 4,564,879 | 4,775,708 | 4,982,775 | 5,197,541 | 5,413,378 | 5,610,904 | 5,833,362 | 6,041,318 | 6,265,427 | 6,489,008 |

3.3 STATEMENT OF CHANGES IN EQUITY

| | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---|------------------|----------------------------------|----------------------------------|-----------------------------|
| 2021 FORECAST | | | | |
| Balance at beginning of the financial year | 4,177,040 | 2,055,288 | 1,965,473 | 156,279 |
| Surplus for the year | 102,065 | 102,065 | - | - |
| Net asset revaluation increment | 73,867 | - | 73,867 | - |
| Transfers to other reserves | - | (17,883) | - | 17,883 |
| Transfers from other reserves | - | 34,350 | - | (34,350) |
| Balance at end of the financial year | 4,352,972 | 2,173,820 | 2,039,340 | 139,812 |
| 2022 | | | | |
| Balance at beginning of the financial year | 4,352,972 | 2,173,820 | 2,039,340 | 139,812 |
| Surplus for the year | 139,575 | 139,575 | - | - |
| Net asset revaluation increment | 72,332 | - | 72,332 | - |
| Transfers to other reserves | - | (16,575) | - | 16,575 |
| Transfers from other reserves | - | 64,745 | - | (64,745) |
| Balance at end of the financial year | 4,564,879 | 2,361,565 | 2,111,672 | 91,642 |
| 2023 | | | | |
| Balance at beginning of the financial year | 4,564,879 | 2,361,565 | 2,111,672 | 91,642 |
| Surplus for the year | 133,537 | 133,537 | - | - |
| Net asset revaluation increment | 77,292 | - | 77,292 | - |
| Transfers to other reserves | - | (16,191) | - | 16,191 |
| Transfers from other reserves | - | 38,585 | - | (38,585) |
| Balance at end of the financial year | 4,775,708 | 2,517,496 | 2,188,964 | 69,248 |
| 2024 | | | | |
| Balance at beginning of the financial year | 4,775,708 | 2,517,496 | 2,188,964 | 69,248 |
| Surplus for the year | 124,884 | 124,884 | - | - |
| Net asset revaluation increment | 82,183 | - | 82,183 | - |
| Transfers to other reserves | - | (20,025) | - | 20,025 |
| Transfers from other reserves | - | 31,820 | - | (31,820) |
| Balance at end of the financial year | 4,982,775 | 2,654,175 | 2,271,147 | 57,453 |
| 2025 | | | | |
| Balance at beginning of the financial year | 4,982,775 | 2,654,175 | 2,271,147 | 57,453 |
| Surplus for the year | 128,133 | 128,133 | - | - |
| Net asset revaluation increment | 86,633 | - | 86,633 | - |
| Transfers to other reserves | - | (19,366) | - | 19,366 |
| Transfers from other reserves | - | 10,174 | - | (10,174) |
| Balance at end of the financial year | 5,197,541 | 2,773,116 | 2,357,780 | 66,645 |

3.3 STATEMENT OF CHANGES IN EQUITY CONTINUED

| | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---|------------------|----------------------------------|----------------------------------|-----------------------------|
| 2026 | | | | |
| Balance at beginning of the financial year | 5,197,541 | 2,773,116 | 2,357,780 | 66,645 |
| Surplus for the year | 125,148 | 125,148 | - | - |
| Net asset revaluation increment | 90,689 | - | 90,689 | - |
| Transfers to other reserves | - | (20,560) | - | 20,560 |
| Transfers from other reserves | - | 35,634 | - | (35,634) |
| Balance at end of the financial year | 5,413,378 | 2,913,338 | 2,448,469 | 51,571 |
| 2027 | | | | |
| Balance at beginning of the financial year | 5,413,378 | 2,913,338 | 2,448,469 | 51,571 |
| Surplus for the year | 102,468 | 102,468 | - | - |
| Net asset revaluation increment | 95,058 | - | 95,058 | - |
| Transfers to other reserves | - | (22,809) | - | 22,809 |
| Transfers from other reserves | - | 19,257 | - | (19,257) |
| Balance at end of the financial year | 5,610,904 | 3,012,254 | 2,543,527 | 55,123 |
| 2028 | | | | |
| Balance at beginning of the financial year | 5,610,904 | 3,012,254 | 2,543,527 | 55,123 |
| Surplus for the year | 123,335 | 123,335 | - | - |
| Net asset revaluation increment | 99,123 | - | 99,123 | - |
| Transfers to other reserves | - | (26,008) | - | 26,008 |
| Transfers from other reserves | - | 45,749 | - | (45,749) |
| Balance at end of the financial year | 5,833,362 | 3,155,330 | 2,642,650 | 35,382 |
| 2029 | | | | |
| Balance at beginning of the financial year | 5,833,362 | 3,155,330 | 2,642,650 | 35,382 |
| Surplus for the year | 104,117 | 104,117 | - | - |
| Net asset revaluation increment | 103,839 | - | 103,839 | - |
| Transfers to other reserves | - | (26,098) | - | 26,098 |
| Transfers from other reserves | - | 21,596 | - | (21,596) |
| Balance at end of the financial year | 6,041,318 | 3,254,945 | 2,746,489 | 39,884 |
| 2030 | | | | |
| Balance at beginning of the financial year | 6,041,318 | 3,254,945 | 2,746,489 | 39,884 |
| Surplus for the year | 116,245 | 116,245 | - | - |
| Net asset revaluation increment | 107,864 | - | 107,864 | - |
| Transfers to other reserves | - | (23,394) | - | 23,394 |
| Transfers from other reserves | - | 22,334 | - | (22,334) |
| Balance at end of the financial year | 6,265,427 | 3,370,130 | 2,854,353 | 40,944 |
| 2031 | | | | |
| Balance at beginning of the financial year | 6,265,427 | 3,370,130 | 2,854,353 | 40,944 |
| Surplus for the year | 111,624 | 111,624 | - | - |
| Net asset revaluation increment | 111,957 | - | 111,957 | - |
| Transfers to other reserves | - | (18,281) | - | 18,281 |
| Transfers from other reserves | - | 24,286 | - | (24,286) |
| Balance at end of the financial year | 6,489,008 | 3,487,759 | 2,966,310 | 34,939 |

3.4 STATEMENT OF CASH FLOWS

| | Forecast 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 | 2026/27 \$'000 | 2027/28 \$'000 | 2028/29 \$'000 | 2029/30 \$'000 | 2030/31 \$'000 |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Rates and charges | 195,046 | 208,603 | 218,786 | 229,642 | 241,859 | 253,341 | 266,931 | 280,399 | 294,272 | 308,736 | 323,788 |
| Statutory fees and fines | 11,739 | 15,574 | 15,823 | 16,321 | 17,079 | 17,596 | 17,833 | 18,316 | 18,804 | 19,299 | 19,791 |
| User fees | 17,577 | 30,801 | 32,858 | 35,200 | 37,159 | 39,206 | 41,281 | 43,428 | 45,668 | 48,007 | 50,427 |
| Grants - operating | 51,523 | 51,575 | 53,232 | 54,915 | 56,611 | 58,328 | 59,969 | 61,600 | 63,248 | 64,918 | 66,578 |
| Grants - capital | 8,942 | 26,988 | 5,622 | 4,651 | 3,034 | 3,034 | 3,035 | 3,036 | 3,037 | 3,038 | 3,039 |
| Contributions - monetary | 11,719 | 16,301 | 17,016 | 20,829 | 20,174 | 21,102 | 23,354 | 26,555 | 26,648 | 23,947 | 18,837 |
| Interest received | 1,797 | 1,700 | 1,700 | 1,700 | 1,700 | 2,000 | 2,300 | 2,400 | 3,200 | 3,600 | 3,900 |
| Trust funds and deposits taken | 962 | 652 | - | - | - | - | - | - | - | - | - |
| Other receipts | 2,905 | 3,628 | 3,868 | 3,979 | 4,814 | 4,953 | 5,096 | 5,243 | 5,395 | 5,552 | 5,713 |
| Employee costs | (127,545) | (135,244) | (140,283) | (147,036) | (153,831) | (161,552) | (168,870) | (175,997) | (184,991) | (193,377) | (201,564) |
| Materials and services | (116,195) | (109,105) | (109,673) | (114,502) | (120,590) | (125,388) | (130,989) | (137,394) | (144,875) | (150,539) | (157,877) |
| Short-term, low value and variable lease payments | (972) | (405) | (412) | (420) | (430) | (441) | (452) | (463) | (474) | (486) | (498) |
| Trust funds and deposits repaid | (1,759) | (1,621) | - | - | - | - | - | - | - | - | - |
| Other payments | (8,273) | (7,692) | (8,409) | (8,737) | (9,083) | (9,446) | (9,821) | (10,211) | (10,619) | (11,045) | (11,486) |
| Net cash provided by operating activities | 47,466 | 101,755 | 90,128 | 96,542 | 98,496 | 102,733 | 109,667 | 116,912 | 119,313 | 121,650 | 120,648 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Payments for property, infrastructure, plant and equipment | (98,645) | (167,350) | (157,358) | (117,812) | (88,148) | (107,349) | (84,024) | (114,715) | (76,060) | (74,463) | (108,912) |
| Payment to DCP developers for LIK/WIK | (4,707) | (21,967) | - | (4,121) | - | - | - | - | - | - | - |
| Payment to ICP developers for land equalisation | - | - | (1,170) | (4,669) | (371) | - | (20,789) | - | (18,795) | (3,884) | - |
| Proceeds from sale of property, infrastructure, plant and equipment | 7,585 | 2,940 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 |
| Proceeds from sale of investments | 110,478 | - | - | - | - | - | - | - | - | - | - |
| Net cash provided by/ (used in) investing activities | 14,711 | (186,377) | (157,728) | (125,802) | (87,719) | (106,549) | (104,013) | (113,915) | (94,055) | (77,547) | (108,112) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Interest paid - lease liability | (30) | (43) | (58) | (46) | (34) | (22) | (9) | (6) | (5) | (4) | (3) |
| Repayment of lease liabilities | (331) | (317) | (303) | (312) | (317) | (330) | (174) | (22) | (23) | (24) | (25) |
| Net cash used in financing activities | (361) | (360) | (361) | (358) | (351) | (352) | (183) | (28) | (28) | (28) | (28) |
| Net increase/ (decrease) in cash & cash equivalents | 61,816 | (84,982) | (67,961) | (29,618) | 10,426 | (4,168) | 5,471 | 2,969 | 25,230 | 44,075 | 12,508 |
| Cash and cash equivalents at the beginning of the financial year | 215,465 | 277,281 | 192,299 | 124,338 | 94,720 | 105,146 | 100,978 | 106,449 | 109,418 | 134,648 | 178,723 |
| Cash and cash equivalents at the end of the financial year | 277,281 | 192,299 | 124,338 | 94,720 | 105,146 | 100,978 | 106,449 | 109,418 | 134,648 | 178,723 | 191,231 |

3.5 STATEMENT OF CAPITAL WORKS

| | Forecast 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 |
|--|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| PROPERTY | | | | | | | | | | | |
| Land | 6,325 | 4,311 | - | 5,628 | - | - | - | 29,971 | - | - | 15,744 |
| Land improvements | 19,263 | 39,750 | 36,602 | 39,577 | 24,928 | 32,776 | 16,035 | 22,719 | 13,124 | 13,544 | 25,719 |
| Total land | 25,588 | 44,061 | 36,602 | 45,205 | 24,928 | 32,776 | 16,035 | 52,690 | 13,124 | 13,544 | 41,463 |
| Buildings | 29,493 | 40,738 | 49,148 | 31,905 | 23,259 | 21,071 | 24,067 | 19,357 | 16,425 | 11,392 | 14,867 |
| Total buildings | 29,493 | 40,738 | 49,148 | 31,905 | 23,259 | 21,071 | 24,067 | 19,357 | 16,425 | 11,392 | 14,867 |
| Total property | 55,081 | 84,799 | 85,750 | 77,110 | 48,187 | 53,847 | 40,102 | 72,047 | 29,549 | 24,936 | 56,330 |
| PLANT AND EQUIPMENT | | | | | | | | | | | |
| Heritage | 259 | 219 | 140 | 84 | 86 | 88 | 90 | 92 | 95 | 97 | 99 |
| Plant, machinery and equipment | 4,418 | 7,995 | 5,183 | 5,175 | 5,179 | 5,184 | 5,188 | 5,192 | 5,196 | 5,454 | 5,725 |
| Furniture and Equipment | 5,553 | 7,862 | 7,010 | 6,534 | 6,642 | 6,124 | 4,912 | 5,039 | 5,263 | 5,396 | 5,638 |
| Total plant and equipment | 10,230 | 16,076 | 12,333 | 11,793 | 11,907 | 11,396 | 10,190 | 10,323 | 10,554 | 10,947 | 11,462 |
| INFRASTRUCTURE | | | | | | | | | | | |
| Roads | 29,756 | 33,264 | 31,763 | 20,826 | 22,461 | 38,108 | 26,812 | 27,993 | 29,859 | 32,924 | 23,598 |
| Bridges | 587 | 564 | 260 | 266 | 48 | 50 | 52 | 54 | 55 | 57 | 11,946 |
| Footpaths and cycleways | 4,536 | 7,621 | 4,937 | 5,289 | 5,450 | 6,590 | 6,722 | 4,722 | 5,152 | 4,990 | 5,174 |
| Drainage | 1,915 | 4,522 | 3,505 | 3,542 | 1,477 | 2,403 | 2,510 | 2,623 | 2,741 | 2,873 | 3,011 |
| Car parks | 1,715 | 24,949 | 22,863 | 2,659 | 1,353 | 1,400 | 1,448 | 1,497 | 1,548 | 1,601 | 1,656 |
| Total infrastructure | 38,509 | 70,920 | 63,328 | 32,582 | 30,789 | 48,551 | 37,544 | 36,889 | 39,355 | 42,445 | 45,385 |
| Total capital works expenditure | 103,820 | 171,795 | 161,411 | 121,485 | 90,883 | 113,794 | 87,836 | 119,259 | 79,458 | 78,328 | 113,177 |
| REPRESENTED BY: | | | | | | | | | | | |
| New asset expenditure | 43,336 | 85,379 | 87,571 | 41,501 | 24,684 | 57,617 | 18,537 | 56,834 | 12,069 | 17,712 | 36,096 |
| Asset renewal expenditure | 34,439 | 39,984 | 40,418 | 50,453 | 45,037 | 40,742 | 44,878 | 46,124 | 47,492 | 49,483 | 51,046 |
| Asset expansion expenditure | 7,989 | 13,638 | 12,972 | 5,922 | 5,467 | 5,262 | 11,078 | 6,493 | 8,173 | - | 14,242 |
| Asset upgrade expenditure | 18,056 | 32,794 | 20,450 | 23,609 | 15,695 | 10,173 | 13,343 | 9,808 | 11,724 | 11,133 | 11,793 |
| Total capital works expenditure | 103,820 | 171,795 | 161,411 | 121,485 | 90,883 | 113,794 | 87,836 | 119,259 | 79,458 | 78,328 | 113,177 |
| FUNDING SOURCES REPRESENTED BY: | | | | | | | | | | | |
| Grants | 10,727 | 30,532 | 5,622 | 4,651 | 3,034 | 3,034 | 3,035 | 3,036 | 3,037 | 3,038 | 3,039 |
| Contributions | 100 | - | 25 | - | - | - | - | - | - | - | - |
| Council cash | 92,993 | 141,263 | 155,764 | 116,834 | 87,849 | 110,760 | 84,801 | 116,223 | 76,421 | 75,290 | 110,138 |
| Borrowings | - | - | - | - | - | - | - | - | - | - | - |
| Total capital works expenditure | 103,820 | 171,795 | 161,411 | 121,485 | 90,883 | 113,794 | 87,836 | 119,259 | 79,458 | 78,328 | 113,177 |

3.6 STATEMENT OF HUMAN RESOURCES

| STAFF EXPENDITURE | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 | 2026/27 \$'000 | 2027/28 \$'000 | 2028/29 \$'000 | 2029/30 \$'000 | 2030/31 \$'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total staff expenditure | | | | | | | | | | | |
| Male | 46,513 | 48,703 | 50,480 | 52,728 | 55,278 | 58,018 | 60,603 | 63,303 | 66,126 | 69,073 | 72,151 |
| Female | 76,965 | 86,897 | 90,091 | 94,166 | 98,792 | 103,755 | 108,445 | 113,350 | 118,475 | 123,832 | 129,431 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - | - |
| Casual | 4,662 | 6,418 | 6,654 | 6,956 | 7,298 | 7,666 | 8,013 | 8,377 | 8,756 | 9,153 | 9,568 |
| Total staff expenditure | 128,140 | 142,018 | 147,225 | 153,849 | 161,369 | 169,439 | 177,061 | 185,030 | 193,357 | 202,058 | 211,150 |
| Permanent full time and Part time | | | | | | | | | | | |
| Male | 46,513 | 44,919 | 46,573 | 48,685 | 51,083 | 53,655 | 56,088 | 58,630 | 61,289 | 64,067 | 66,970 |
| Female | 76,965 | 85,863 | 89,023 | 93,061 | 97,645 | 102,562 | 107,211 | 112,072 | 117,153 | 122,463 | 128,014 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - | - |
| Total | 123,478 | 130,782 | 135,596 | 141,745 | 148,729 | 156,217 | 163,299 | 170,702 | 178,442 | 186,530 | 194,984 |
| Capitalised labour costs | | | | | | | | | | | |
| Male | - | 3,784 | 3,907 | 4,043 | 4,195 | 4,363 | 4,515 | 4,673 | 4,837 | 5,006 | 5,181 |
| Female | - | 1,034 | 1,068 | 1,105 | 1,147 | 1,193 | 1,234 | 1,278 | 1,322 | 1,369 | 1,417 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | 4,818 | 4,975 | 5,148 | 5,342 | 5,556 | 5,749 | 5,951 | 6,159 | 6,375 | 6,598 |
| STAFF NUMBERS | 2020/21 FTE | 2021/22 FTE | 2022/23 FTE | 2023/24 FTE | 2024/25 FTE | 2025/26 FTE | 2026/27 FTE | 2027/28 FTE | 2028/29 FTE | 2029/30 FTE | 2030/31 FTE |
| Total staff numbers | | | | | | | | | | | |
| Male | 405 | 418 | 422 | 426 | 430 | 435 | 439 | 443 | 448 | 452 | 457 |
| Female | 665 | 794 | 802 | 810 | 818 | 826 | 834 | 842 | 851 | 859 | 868 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - | - |
| Casual | 54 | 77 | 78 | 78 | 79 | 80 | 81 | 82 | 82 | 83 | 84 |
| Total staff numbers | 1,123 | 1,288 | 1,301 | 1,314 | 1,327 | 1,341 | 1,354 | 1,367 | 1,381 | 1,395 | 1,409 |
| Permanent full time and Part time | | | | | | | | | | | |
| Male | 405 | 386 | 390 | 394 | 398 | 403 | 407 | 411 | 416 | 420 | 425 |
| Female | 665 | 785 | 793 | 801 | 809 | 817 | 825 | 833 | 842 | 850 | 859 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - | - |
| Total | 1,069 | 1,170 | 1,182 | 1,195 | 1,207 | 1,219 | 1,232 | 1,245 | 1,258 | 1,271 | 1,284 |
| Capitalised labour costs | | | | | | | | | | | |
| Male | - | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| Female | - | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |

*Please note total staff in 2020/21 include EFT relating to the Working for Victoria.
Council will start to capitalise labour costs from 2021/22 onwards.

3.7 PLANNED HUMAN RESOURCE EXPENDITURE

| | 2021/22 \$'000 | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 | 2026/27 \$'000 | 2027/28 \$'000 | 2028/29 \$'000 | 2029/30 \$'000 | 2030/31 \$'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| CHIEF EXECUTIVE OFFICER | | | | | | | | | | |
| Permanent - Full time and Part time | 776 | 805 | 841 | 883 | 927 | 969 | 1,013 | 1,059 | 1,107 | 1,157 |
| Female | 776 | 805 | 841 | 883 | 927 | 969 | 1,013 | 1,059 | 1,107 | 1,157 |
| Male | - | - | - | - | - | - | - | - | - | - |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Chief Executive Officer | 776 | 805 | 841 | 883 | 927 | 969 | 1,013 | 1,059 | 1,107 | 1,157 |
| COMMUNICATIONS, ENGAGEMENT AND ADVOCACY | | | | | | | | | | |
| Permanent - Full time and Part time | 13,593 | 14,093 | 14,733 | 15,458 | 16,237 | 16,973 | 17,742 | 18,547 | 19,387 | 20,266 |
| Female | 10,587 | 10,977 | 11,474 | 12,040 | 12,646 | 13,219 | 13,818 | 14,445 | 15,100 | 15,784 |
| Male | 3,006 | 3,117 | 3,258 | 3,419 | 3,591 | 3,754 | 3,924 | 4,102 | 4,288 | 4,482 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Communications, Engagement and Advocacy | 13,593 | 14,093 | 14,733 | 15,458 | 16,237 | 16,973 | 17,742 | 18,547 | 19,387 | 20,266 |
| PLANNING AND DEVELOPMENT | | | | | | | | | | |
| Permanent - Full time and Part time | 15,065 | 15,620 | 16,328 | 17,132 | 17,995 | 18,811 | 19,663 | 20,555 | 21,487 | 22,461 |
| Female | 8,474 | 8,786 | 9,184 | 9,637 | 10,122 | 10,581 | 11,061 | 11,562 | 12,086 | 12,634 |
| Male | 6,591 | 6,834 | 7,143 | 7,495 | 7,873 | 8,230 | 8,603 | 8,993 | 9,400 | 9,826 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Planning and Development | 15,065 | 15,620 | 16,328 | 17,132 | 17,995 | 18,811 | 19,663 | 20,555 | 21,487 | 22,461 |
| CORPORATE SERVICES | | | | | | | | | | |
| Permanent - Full time and Part time | 23,201 | 24,055 | 25,146 | 26,385 | 27,713 | 28,969 | 30,283 | 31,656 | 33,090 | 34,590 |
| Female | 13,526 | 14,023 | 14,659 | 15,382 | 16,156 | 16,888 | 17,654 | 18,455 | 19,291 | 20,165 |
| Male | 9,675 | 10,031 | 10,486 | 11,003 | 11,557 | 12,081 | 12,629 | 13,201 | 13,799 | 14,425 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Corporate Services | 23,201 | 24,055 | 25,146 | 26,385 | 27,713 | 28,969 | 30,283 | 31,656 | 33,090 | 34,590 |
| SUSTAINABLE INFRASTRUCTURE AND SERVICES | | | | | | | | | | |
| Permanent - Full time and Part time | 27,887 | 28,914 | 30,225 | 31,714 | 33,311 | 34,821 | 36,399 | 38,050 | 39,774 | 41,577 |
| Female | 6,341 | 6,575 | 6,873 | 7,211 | 7,575 | 7,918 | 8,277 | 8,652 | 9,044 | 9,454 |
| Male | 21,546 | 22,339 | 23,352 | 24,502 | 25,736 | 26,903 | 28,122 | 29,397 | 30,730 | 32,123 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Sustainable Infrastructure and Services | 27,887 | 28,914 | 30,225 | 31,714 | 33,311 | 34,821 | 36,399 | 38,050 | 39,774 | 41,577 |
| COMMUNITY SERVICES | | | | | | | | | | |
| Permanent - Full time and Part time | 50,260 | 52,110 | 54,473 | 57,157 | 60,035 | 62,756 | 65,601 | 68,576 | 71,684 | 74,933 |
| Female | 46,159 | 47,858 | 50,028 | 52,493 | 55,136 | 57,635 | 60,249 | 62,980 | 65,835 | 68,819 |
| Male | 4,101 | 4,252 | 4,445 | 4,664 | 4,899 | 5,121 | 5,353 | 5,596 | 5,849 | 6,114 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Community Services | 50,260 | 52,110 | 54,473 | 57,157 | 60,035 | 62,756 | 65,601 | 68,576 | 71,684 | 74,933 |
| CAPITALISED LABOUR COSTS | | | | | | | | | | |
| Permanent - Full time and Part time | 4,818 | 4,975 | 5,148 | 5,342 | 5,556 | 5,749 | 5,951 | 6,159 | 6,375 | 6,598 |
| Female | 1,034 | 1,068 | 1,105 | 1,147 | 1,193 | 1,234 | 1,278 | 1,322 | 1,369 | 1,417 |
| Male | 3,784 | 3,907 | 4,043 | 4,195 | 4,363 | 4,515 | 4,673 | 4,837 | 5,006 | 5,181 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Capitalised labour costs | 4,818 | 4,975 | 5,148 | 5,342 | 5,556 | 5,749 | 5,951 | 6,159 | 6,375 | 6,598 |
| Casuals, temporary and other expenditure | 6,418 | 6,654 | 6,956 | 7,298 | 7,666 | 8,013 | 8,377 | 8,756 | 9,153 | 9,568 |
| Total staff expenditure | 142,018 | 147,225 | 153,849 | 161,369 | 169,439 | 177,061 | 185,030 | 193,357 | 202,058 | 211,150 |

3.7 PLANNED HUMAN RESOURCE EXPENDITURE CONTINUED

| | 2021/22 FTE | 2022/23 FTE | 2023/24 FTE | 2024/25 FTE | 2025/26 FTE | 2026/27 FTE | 2027/28 FTE | 2028/29 FTE | 2029/30 FTE | 2030/31 FTE |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| CHIEF EXECUTIVE OFFICER | | | | | | | | | | |
| Permanent - Full time and Part time | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Female | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Male | - | - | - | - | - | - | - | - | - | - |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Chief Executive Officer | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| COMMUNICATIONS, ENGAGEMENT AND ADVOCACY | | | | | | | | | | |
| Permanent - Full time and Part time | 98 | 99 | 100 | 101 | 102 | 103 | 104 | 105 | 107 | 108 |
| Female | 77 | 77 | 78 | 79 | 80 | 81 | 81 | 82 | 82 | 84 |
| Male | 22 | 22 | 22 | 22 | 23 | 23 | 23 | 23 | 24 | 24 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Communications, Engagement and Advocacy | 98 | 99 | 100 | 101 | 102 | 103 | 104 | 105 | 107 | 108 |
| PLANNING AND DEVELOPMENT | | | | | | | | | | |
| Permanent - Full time and Part time | 128 | 129 | 130 | 132 | 133 | 134 | 136 | 137 | 138 | 140 |
| Female | 72 | 73 | 73 | 74 | 75 | 76 | 76 | 77 | 78 | 79 |
| Male | 56 | 57 | 57 | 58 | 58 | 59 | 59 | 60 | 61 | 61 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Planning and Development | 128 | 129 | 130 | 132 | 133 | 134 | 136 | 137 | 138 | 140 |
| CORPORATE SERVICES | | | | | | | | | | |
| Permanent - Full time and Part time | 208 | 210 | 212 | 214 | 216 | 219 | 221 | 223 | 225 | 227 |
| Female | 121 | 122 | 124 | 125 | 126 | 127 | 129 | 130 | 131 | 133 |
| Male | 87 | 88 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Corporate Services | 208 | 210 | 212 | 214 | 216 | 219 | 221 | 223 | 225 | 227 |
| SUSTAINABLE INFRASTRUCTURE AND SERVICES | | | | | | | | | | |
| Permanent - Full time and Part time | 275 | 278 | 281 | 283 | 286 | 289 | 292 | 295 | 298 | 301 |
| Female | 63 | 63 | 64 | 64 | 65 | 66 | 66 | 67 | 68 | 68 |
| Male | 213 | 215 | 217 | 219 | 221 | 223 | 226 | 228 | 230 | 232 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Sustainable Infrastructure and Services | 275 | 278 | 281 | 283 | 286 | 289 | 292 | 295 | 298 | 301 |
| COMMUNITY SERVICES | | | | | | | | | | |
| Permanent - Full time and Part time | 499 | 504 | 509 | 514 | 519 | 524 | 530 | 535 | 540 | 546 |
| Female | 458 | 463 | 467 | 472 | 477 | 482 | 486 | 491 | 496 | 501 |
| Male | 41 | 41 | 42 | 42 | 42 | 43 | 43 | 44 | 44 | 45 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Community Services | 499 | 504 | 509 | 514 | 519 | 524 | 530 | 535 | 540 | 546 |
| CAPITALISED LABOUR COSTS | | | | | | | | | | |
| Permanent - Full time and Part time | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Female | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Male | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| Self-described gender | - | - | - | - | - | - | - | - | - | - |
| Total Capitalised labour costs | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Casuals, temporary and other expenditure | 77 | 78 | 78 | 79 | 80 | 81 | 82 | 82 | 83 | 84 |
| Total staff numbers | 1,288 | 1,301 | 1,314 | 1,327 | 1,341 | 1,354 | 1,367 | 1,381 | 1,395 | 1,409 |

4 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.

| | | Notes | Forecast 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | Trend +/- |
|----------------------------|---|-------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------|
| OPERATING POSITION | | | | | | | | | | | | | | |
| Adjusted underlying result | Adjusted underlying surplus (deficit) / Adjusted underlying revenue | 4.1 | -2% | -1% | 6.0% | 3.9% | 5.3% | 5.2% | 0.4% | 5.7% | 1.3% | 3.8% | 3.4% | + |
| LIQUIDITY | | | | | | | | | | | | | | |
| Working Capital | Current assets / current liabilities | 4.2 | 486% | 390% | 282% | 237% | 261% | 242% | 254% | 248% | 295% | 355% | 372% | + |
| Unrestricted cash | Unrestricted cash / current liabilities | 4.3 | 131% | 165% | 76% | 47% | 50% | 65% | 68% | 99% | 133% | 193% | 217% | + |
| OBLIGATIONS | | | | | | | | | | | | | | |
| Loans and borrowings | Interest bearing loans and borrowings / rate revenue | 4.4 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | o |
| Loans and borrowings | Interest and principal repayments on interest bearing loans and borrowings / rate revenue | 4.4 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | o |
| Indebtedness | Non-current liabilities / own source revenue | 4.5 | 17% | 16% | 15% | 15% | 14% | 13% | 13% | 12% | 12% | 11% | 11% | + |
| Asset renewal | Asset renewal and upgrade expense / Asset depreciation | 4.6 | 97% | 127% | 98% | 109% | 83% | 65% | 69% | 63% | 65% | 63% | 62% | - |
| STABILITY | | | | | | | | | | | | | | |
| Rates concentration | Rate revenue / adjusted underlying revenue | 4.7 | 65% | 63% | 63% | 63% | 64% | 64% | 64% | 64% | 64% | 65% | 66% | o |
| Rates effort | Rate revenue / CIV of rateable properties in the municipality | 4.8 | 0.37% | 0.36% | 0.36% | 0.36% | 0.37% | 0.37% | 0.37% | 0.38% | 0.38% | 0.39% | 0.39% | + |
| EFFICIENCY | | | | | | | | | | | | | | |
| Expenditure level | Total expenses/ no. of property assessments | 4.9 | \$3,437 | \$3,495 | \$3,305 | \$3,457 | \$3,464 | \$3,538 | \$3,805 | \$3,691 | \$3,937 | \$3,884 | \$3,932 | + |
| Revenue level | Total rate revenue / no. of property assessments | 4.10 | \$1,999 | \$2,011 | \$2,045 | \$2,085 | \$2,131 | \$2,183 | \$2,237 | \$2,291 | \$2,348 | \$2,405 | \$2,464 | + |

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance/financial position indicator
- o Forecasts that Council's financial performance/financial position indicator will be steady
- Forecasts deterioration in Council's financial performance/financial position indicator

NOTES TO INDICATORS:

4.1 ADJUSTED UNDERLYING RESULT RATIO

This is an indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives.

4.1.1 Department of Jobs, Precincts and Regions (DJPR) adjusted underlying result

The definition of underlying result for the purpose of the Performance Statement, refers to the net surplus or deficit for the year (per Australian Accounting Standards) as a percentage of adjusted underlying revenue. It is calculated by adjusted underlying revenue which includes total income other than non-recurrent grants used to fund capital expenditure, non-monetary contributions, and contributions to fund capital expenditure less total expenditure, divided by adjusted underlying revenue.

Over the period of the Financial Plan (2022/23 to 2030/31), the ratio is expected to remain positive within the range of 0.4% to 6% as outlined in the above table.

4.1.2 Hume City Council underlying result

Council's view of an appropriate definition of the underlying result refers to the net surplus or deficit for the year (per Australian Accounting Standards) calculated by total income less total expenditure excluding items of a capital or one-off / infrequent nature of transactions such as contributed assets, developer contributions and payments, gain on disposal of assets and fair value adjustments for investment property.

Over the period of the Financial Plan the underlying result is expected to remain positive.

Hume City Council – adjusted underlying result

| | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 | 2026/27 \$'000 | 2027/28 \$'000 | 2028/29 \$'000 | 2029/30 \$'000 | 2030/31 \$'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| INCOME | | | | | | | | | | | |
| Rates and charges | 201,891 | 209,307 | 219,585 | 230,543 | 242,870 | 255,721 | 269,434 | 283,028 | 297,029 | 311,628 | 326,820 |
| Statutory fees and fines | 11,681 | 15,516 | 15,765 | 16,264 | 17,022 | 17,539 | 17,776 | 18,259 | 18,748 | 19,243 | 19,735 |
| User fees | 17,431 | 30,656 | 32,714 | 35,057 | 37,016 | 39,064 | 41,140 | 43,287 | 45,527 | 47,868 | 50,288 |
| Grants - Operating | 54,001 | 51,575 | 53,232 | 54,915 | 56,611 | 58,328 | 59,969 | 61,600 | 63,248 | 64,918 | 66,578 |
| Contributions - monetary | 888 | 796 | 800 | 804 | 808 | 542 | 545 | 547 | 550 | 553 | 556 |
| Other income | 6,331 | 5,328 | 5,568 | 5,679 | 6,514 | 6,953 | 7,396 | 7,643 | 8,595 | 9,152 | 9,613 |
| Total income | 292,223 | 313,178 | 327,664 | 343,262 | 360,841 | 378,147 | 396,260 | 414,364 | 433,697 | 453,362 | 473,590 |
| Expenses | | | | | | | | | | | |
| Employee costs | 128,140 | 137,200 | 142,250 | 148,701 | 156,027 | 163,883 | 171,312 | 179,079 | 187,198 | 195,683 | 204,552 |
| Materials and services | 108,361 | 103,335 | 105,615 | 110,351 | 116,699 | 121,278 | 127,259 | 133,519 | 141,422 | 146,946 | 154,132 |
| Depreciation | 54,122 | 57,404 | 61,946 | 67,918 | 73,226 | 78,872 | 84,025 | 88,270 | 91,777 | 96,874 | 100,840 |
| Amortisation - intangible assets | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 | 1,513 |
| Amortisation - right of use assets | 335 | 327 | 321 | 319 | 313 | 314 | 162 | 21 | 21 | 21 | 21 |
| Bad and doubtful debts | - | - | - | - | - | - | - | - | - | - | - |
| Borrowing costs | 200 | 326 | 331 | 337 | 344 | 351 | 358 | 365 | 372 | 380 | 388 |
| Finance Costs - leases | 30 | 43 | 58 | 46 | 34 | 22 | 9 | 6 | 5 | 4 | 3 |
| Other expenses | 9,245 | 8,097 | 8,821 | 9,157 | 9,513 | 9,887 | 10,273 | 10,674 | 11,094 | 11,532 | 11,985 |
| Total expenses | 301,946 | 308,245 | 320,855 | 338,342 | 357,669 | 376,120 | 394,911 | 413,447 | 433,402 | 452,953 | 473,434 |
| Hume adjusted underlying Surplus/(deficit) for the year | (9,723) | 4,933 | 6,809 | 4,920 | 3,172 | 2,027 | 1,349 | 917 | 295 | 409 | 156 |
| Grants - Capital | 10,727 | 30,532 | 5,622 | 4,651 | 3,034 | 3,034 | 3,035 | 3,036 | 3,037 | 3,038 | 3,039 |
| Contributions - developer contributions | 10,865 | 15,505 | 16,191 | 20,025 | 19,366 | 20,560 | 22,809 | 26,008 | 26,098 | 23,394 | 18,281 |
| Contributions - capital | 100 | - | 25 | - | - | - | - | - | - | - | - |
| Contributions - non-monetary | 100,047 | 113,123 | 108,877 | 106,872 | 105,696 | 102,261 | 98,767 | 96,045 | 96,121 | 95,894 | 92,720 |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | 4,797 | 517 | - | - | - | - | - | - | - | - | - |
| Fair value adjustments for investment property | 699 | 932 | 1,183 | 1,206 | 1,236 | 1,266 | 1,297 | 1,329 | 1,361 | 1,394 | 1,428 |
| Reimbursement to developer for LIK/WIK projects | 4,707 | 21,967 | - | 4,121 | - | - | - | - | - | - | - |
| Payment to ICP developer for land equalisation | - | - | 1,170 | 4,669 | 371 | - | 20,789 | - | 18,795 | 3,884 | - |
| PAO overlay compensation | 1,000 | - | - | - | - | - | - | - | - | - | - |
| Capital works expensed | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Asset renewed | 5,740 | - | - | - | - | - | - | - | - | - | - |
| Surplus/(deficit) for the year | 102,065 | 139,575 | 133,537 | 124,884 | 128,133 | 125,148 | 102,468 | 123,335 | 104,117 | 116,245 | 111,624 |
| Other comprehensive income | | | | | | | | | | | |
| Items that will not be reclassified to surplus or deficit in future periods | | | | | | | | | | | |
| Net asset revaluation increment / (decrement) | 73,867 | 72,332 | 77,292 | 82,183 | 86,633 | 90,689 | 95,058 | 99,123 | 103,839 | 107,864 | 111,957 |
| Total comprehensive result | 175,932 | 211,907 | 210,829 | 207,067 | 214,766 | 215,837 | 197,526 | 222,458 | 207,956 | 224,109 | 223,581 |

4.2 WORKING CAPITAL RATIO

This ratio is a liquidity ratio that measures Council's ability to cover its short-term obligations with its current assets. It is calculated by dividing total current assets by total current liabilities. A ratio below 100% may indicate Council cannot meet its current debt obligations.

The working capital is forecast to decrease from 390% to 372% during the Financial Plan period due to reducing cash balance as the result of investment in Council's large capital works program.

4.3 UNRESTRICTED CASH RATIO

The unrestricted cash ratio is the proportion of unrestricted cash as a percentage of current liabilities. A ratio above 100% indicates that Council has sufficient unrestricted cash to be able to fund its current liabilities.

Restricted cash means cash, cash equivalents and financial assets, within the meaning of Accounting Standard AASB 107 Statement of Cash Flows, that are not available for use other than for a purpose for which it is restricted and includes statutory reserves, trust funds and deposits and cash to be used to fund capital works expenditure from the previous financial year.

Council's unrestricted cash ratio falls below 100% temporarily from 2022/23 to 2027/28 but is forecast to increase above 100% from 2028/29 onwards. The reason for the unfavourable ratio during the 2022/23 to 2027/28 period is due to the cash outflow for the delivery of DCP/ICP infrastructure assets ahead of the receipt of the corresponding developer contributions. In 2030/31, the restricted cash ratio is forecast to be 217%.

4.4 LOANS AND BORROWINGS

Over the Financial Plan period Council has sufficient cash reserves to fund its operating and investment activities such as asset renewal, upgrade, expansion and new assets, therefore there is no requirement for Council to use any loan borrowings to maintain its current service levels and fund the long-term capital works program contained within this Financial Plan. As a result, Council has 0% for both Loan and Borrowings ratios over the Financial Plan period.

4.5 INDEBTEDNESS RATIO

The purpose of this ratio is to assess whether council long term liabilities are appropriate to the size and nature of council activities. Lower proportion of non-current liabilities suggests greater capacity to meet long-term obligations.

The indebtedness ratio is forecast to decrease from 17% to 11% during the Financial Plan period, which is mainly reflective of the growth in rates revenue and user charges and fees linked to population growth.

4.6 ASSET RENEWAL RATIO

The purpose of this ratio is to indicate the extent of Council's renewal and upgrade capital expenditure against depreciation (annual consumption) of the asset base.

A ratio above 100% is a theoretical indication that Council reinvests adequately to match its assets consumption. Whether this ratio needs to be above 100% depends on the relative age of Council's asset base and historical, present and future growth rate of its asset base.

It is important to note that depreciation reflects the annual consumption of existing assets on a straight-line basis in accordance with Australian Accounting Standards and is frequently not a true reflection of the timing that asset renewal is required. For example, when an infrastructure asset is halfway through its life using straight line depreciation, it may not have moved in condition at all and does not require any renewal. The majority of the decline in condition for most infrastructure assets occurs during the last quarter of their life.

Hume is a growth council and its asset base is relatively new. The annual renewal requirement in the long-term capital works program is based on the latest asset condition audit and is therefore lower than the annual depreciation amount which is calculated under the accounting straight-line method.

Council's asset renewal ratio deteriorates from 127% to 62% over the term of the Financial Plan due to a large capital works program and a high level of developer contributed assets due to growth. These new assets are contributing to the increased depreciation expense without the requirement for renewal in the near future as they have long useful lives.

Deprecation forms part of the adjusted underlying result and therefore by achieving a positive adjusted underlying result, Council is able to accumulate a retained earnings reserve to fund future renewal expenditure when required.

4.7 RATES CONCENTRATION RATIO

This ratio reflects extent of reliance on rate revenue to fund all of Council's on-going services.

Rates concentration is measured as rate revenue compared to adjusted underlying revenue which is the total income other than non-recurrent grants used to fund capital expenditure, non-monetary contributions and contributions to fund capital expenditure from sources other than those referred to above.

Over the Financial Plan period, this ratio is in the range of 63% to 66%, indicating that Council is heavily reliant on rate revenue.

4.8 RATES EFFORT RATIO

This ratio is intended to examine the community's capacity to pay.

This ratio measures rate revenue as a percentage of the capital improved value of rateable properties in the municipality.

Over the Financial Plan period, this ratio is stable in the range of 0.36% to 0.39% indicating that rate revenue is expected to increase in line with the capital improved value of rateable properties in the municipality.

4.9 EXPENDITURE LEVEL RATIO

This ratio represents the total expenditure divided by the number of property assessments. This ratio shows the average operating expense outlay for each rateable property.

Over the Financial Plan period, this ratio is forecast to increase within the range of \$3,495 to \$3,934 in line with growth in the municipality and increases in expenditure as a result of price increases for contracts, materials, utilities and EBA.

This ratio represents the total rate revenue divided by the number of property assessments. Rate revenue includes revenue from general rates, municipal charges, service rates and service charges. This ratio shows the average rate revenue that Council receives for each rateable property.

Over the Financial Plan period, this ratio is forecast to increase within the range of \$2,011 to \$2,464 in line with the expected rate increases (within the rate cap) and forecast growth within the municipality.

4.10 REVENUE LEVEL RATIO

This ratio represents the total rate revenue divided by the number of property assessments. Rate revenue includes revenue from general rates, municipal charges, service rates and service charges. This ratio shows the average rate revenue that Council receives for each rateable property.

Over the Financial Plan period, this ratio is forecast to increase within the range of \$2,011 to \$2,464 in line with the expected rate increases (within the rate cap) and forecast growth within the municipality.

5 STRATEGIES AND PLANS

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

5.1 RATING AND OTHER REVENUE STRATEGIES

5.1.1 Rates Revenue

Council's rating approach for the future will be restricted to the rate cap set by the Minister for Local Government under the Victorian Government's Fair Go Rates System. For the 2021/22 year, the cap is the forecast CPI of 1.50 per cent. Beyond this year, the cap reflects the expected forecast CPI over the Financial Plan period.

In limited cases, the owner or tenant of land exempt from rates may have an agreement in place to pay Council an amount in lieu of rates (e.g. Commonwealth owned land used for defence and other purposes). Council currently has an agreement in the form of a Memorandum of Understanding (MOU) with Australia Pacific Airports (Melbourne) Pty Ltd (APAM) for the payment of 'Rates In Lieu' (RIL). This amount of RIL represents a significant portion of Council's rate revenue. However, the impacts of COVID-19 have had a significant impact on the APAM's operations, resulting in significantly reduced non-aeronautical revenue which has subsequently resulted in a lower valuation and lower RIL payable. Council will closely monitor the post COVID-19 economic climate and will negotiate the current MOU with Melbourne Airport which expires in 2023/24.

Under the current Rate Capping environment, Council faces challenges to maintain a balanced budget associated with increased costs of providing services and cost shifting from other levels of government without reducing the current service level.

In the current Financial Plan there is no separate waste charge for the standard waste and recycling services offered by Council however, Council may investigate the option of implementing a separate waste charge to meet the rising cost of waste services and improve Council's financial sustainability.

5.1.2 Grant Revenue

Continue to advocate for ongoing grant funding for important community services and make application for specific grants based on the merits of individual operating and capital projects.

5.1.3 Fees and charges revenue

One of the major sources of revenue for Council is that gained from fees and charges. Fees and charges come in two broad categories. A number of Council fees and charges are statutory in nature in that the amount levied is fixed by statute and can only be increased in line with the annual increases announced by Victorian Government. The balance of fees and charges is discretionary in that Council can levy the amounts it believes are equitable.

Council will continue to review its approach to fees and charges across a number of services in accordance with Council's Setting of Fees and Charges Policy. This Financial Plan includes the assumption that these fees will increase by the cost escalation factor that currently averages 2.5 to 3 per cent in providing these services on an annual basis. The cost of Council services is driven not only by the CPI but also by increase in labour, contract and utilities costs. It is also recommended that Council will continue to review its fees and charges at regular intervals and at least annually to ensure appropriate pricing for the relevant market.

5.1.4 Other revenue

Council needs to identify any alternative revenue sources to reduce reliance on rates. This may include commercial activities and deploy assets in an efficient manner to provide additional income for Council such as the development of Racecourse Road in Sunbury, the Broadmeadows Town Hall redevelopment which included commercial tenancies and sales of assets which are considered surplus to its needs.

5.2 ACHIEVING COST SAVINGS THROUGH EFFICIENCY GAIN

The Financial Plan is a high-level strategic plan that acts as a framework for future annual Budgets. Since 2001 the City's residential population has doubled to over 248,000 in 2020/21. This is expected to grow to almost 372,600 by 2041. The growth in population will result in an increase in demand for services.

Improving the efficiency and productivity of the organisation to deliver services at a lower cost is a major driver of this Financial Plan and delivering community value in the long term is a key area of focus for Council in the years ahead.

To manage costs pressures, Council needs to achieve a sustainable Enterprise Bargaining Agreement (EBA) outcome, continually seek improved ways of delivering services to its community, improve service planning and reviews to ensure future services meet the needs of the community and review Council's procurement policy on a frequent basis to ensure Council continually achieves value-for-money from procurement activities.

A modest increase in staff numbers and material and services expenditure are anticipated (approximately 1% increase per annum for equivalent full-time (EFT) staff and 1.75% increase in growth for material and services) to accommodate this significant household and population growth. The assumed increase in employee and material and services costs in the forward projections are lower than forecast increases in population and household growth (average of 2.44% over the next 10 years).

Whilst the Financial Plan establishes a framework for the annual Budget, Council thoroughly reviews all draft operational budgets on an annual basis and seeks to achieve savings against this framework wherever possible.

5.3 BORROWING STRATEGY

5.3.1 Current Debt Position

No borrowings have been included in the Financial Plan period. Council has sufficient cash reserves to fund its daily operational activities and capital works requirements.

5.4 RESERVES STRATEGY

Hume has operated with Reserve funds that are amounts of money set aside for specific purposes in later years. These funds do not have separate bank accounts but represent a theoretical split of the cash surplus that Council has on hand. The following sections outline the Reserve funds Council holds and their purpose.

5.4.1 Current Reserves

5.4.1.1 Public Open Space Reserve

The Open Space reserve is established to hold funds contributed by developers for works associated with developing improved open space facilities within Hume City Council. Funds are contributed in accordance with the Subdivision Act 1988 and transfers are restricted to the purpose of creating or improving public open space such as parks, playgrounds and other land improvements within the municipality where it is deemed that these works should occur at a later point than the initial development. Separate reserves have been established to record revenues received from developers in each suburb that are to be applied specifically to undertaking future capital works within these suburbs.

The expenditure on the relevant land improvement assets from previous year's capital works program will be removed from the relevant income catchment reserve through an annual reconciliation process.

5.4.1.2 Developer Contribution Reserve

All income received via developer contribution agreements will be recorded against reserves in the Balance Sheet where there is a future obligation on Council. A separate reserve is to be created for each Developer Contribution Plan (DCP), Infrastructure Contribution Plan (ICP) or Section 173 Agreement².

An annual reconciliation process will be implemented to remove any expenditure incurred from the corresponding reserve when the relevant project has been delivered through the capital works program.

5.4.1.3 Investment Reserve

The Investment Reserve has been established by Council with the proceeds to fund works considered by Council to be of a strategic nature.

Inflow to this reserve will typically be from 50% of the sales proceeds of Council's land assets and Council will determine how the reserve will be allocated to future strategic capital works projects.

An annual reconciliation process will be implemented to remove any expenditure incurred from the reserve when the relevant project has been delivered through the capital works program.

5.4.1.4 Landfill Reserve

This reserve has established based on the EPA request to set aside the funding for possible remedial works required to fix any pollution issues at Council's landfill sites.

5.4.2 Reserve Usage Projections

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

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

5.4.3 Reserve Usage Projections

| RESERVES | Restricted / Discretionary |
|--|----------------------------|
| PUBLIC OPEN SPACE RESERVE | Restricted |
| Opening balance | |
| Transfer to reserve | |
| Transfer from reserve | |
| Closing balance | |
| DEVELOPMENT CONTRIBUTIONS RESERVE | Restricted |
| Opening balance | |
| Transfer to reserve | |
| Transfer from reserve | |
| Closing balance | |
| LANDFILL RESERVE | Restricted |
| Opening balance | |
| Transfer to reserve | |
| Transfer from reserve | |
| Closing balance | |
| CONDITIONAL GRANTS | Restricted |
| Opening balance | |
| Transfer to reserve | |
| Transfer from reserve | |
| Closing balance | |
| RESERVES SUMMARY | Total Restricted |
| Opening balance | |
| Transfer to reserve | |
| Transfer from reserve | |
| Closing balance | |
| INVESTMENT RESERVE | Discretionary |
| Opening balance | |
| Transfer to reserve | |
| Transfer from reserve | |
| Closing balance | |
| RESERVES SUMMARY | Total Discretionary |
| Opening balance | |
| Transfer to reserve | |
| Transfer from reserve | |
| Closing balance | |
| RESERVES SUMMARY | Restricted & Discretionary |
| Opening balance | |
| Transfer to reserve | |
| Transfer from reserve | |
| Closing balance | |

² of the Planning and Environment Act 1987

| | 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 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | | | | | | | | | | |
| | 7,074 | 1,755 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| | 919 | 519 | - | - | - | - | - | - | - | - | - |
| | (6,238) | (2,257) | - | - | - | - | - | - | - | - | - |
| | 1,755 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| | | | | | | | | | | | |
| | 115,183 | 118,246 | 81,444 | 67,450 | 55,654 | 64,846 | 49,772 | 53,324 | 33,583 | 38,085 | 39,145 |
| | 13,583 | 14,986 | 16,191 | 20,025 | 19,366 | 20,560 | 22,809 | 26,008 | 26,098 | 23,394 | 18,281 |
| | (10,520) | (51,788) | (30,185) | (31,820) | (10,174) | (35,634) | (19,257) | (45,749) | (21,596) | (22,334) | (24,286) |
| | 118,246 | 81,444 | 67,450 | 55,654 | 64,846 | 49,772 | 53,324 | 33,583 | 38,085 | 39,145 | 33,141 |
| | | | | | | | | | | | |
| | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| | | | | | | | | | | | |
| | 17,592 | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - |
| | (17,592) | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | |
| | 140,349 | 120,501 | 81,962 | 67,967 | 56,171 | 65,364 | 50,289 | 53,842 | 34,101 | 38,602 | 39,663 |
| | 14,502 | 15,505 | 16,191 | 20,025 | 19,366 | 20,560 | 22,809 | 26,008 | 26,098 | 23,394 | 18,281 |
| | (34,350) | (54,045) | (30,185) | (31,820) | (10,174) | (35,634) | (19,257) | (45,749) | (21,596) | (22,334) | (24,286) |
| | 120,501 | 81,962 | 67,967 | 56,171 | 65,364 | 50,289 | 53,842 | 34,101 | 38,602 | 39,663 | 33,658 |
| | | | | | | | | | | | |
| | 15,930 | 19,312 | 9,682 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 |
| | 3,382 | 1,070 | - | - | - | - | - | - | - | - | - |
| | - | (10,700) | (8,400) | - | - | - | - | - | - | - | - |
| | 19,312 | 9,682 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 |
| | | | | | | | | | | | |
| | 15,930 | 19,312 | 9,682 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 |
| | 3,382 | 1,070 | - | - | - | - | - | - | - | - | - |
| | - | (10,700) | (8,400) | - | - | - | - | - | - | - | - |
| | 19,312 | 9,682 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 | 1,282 |
| | | | | | | | | | | | |
| | 156,279 | 139,812 | 91,642 | 69,248 | 57,453 | 66,645 | 51,571 | 55,123 | 35,382 | 39,884 | 40,944 |
| | 17,883 | 16,575 | 16,191 | 20,025 | 19,366 | 20,560 | 22,809 | 26,008 | 26,098 | 23,394 | 18,281 |
| | (34,350) | (64,745) | (38,585) | (31,820) | (10,174) | (35,634) | (19,257) | (45,749) | (21,596) | (22,334) | (24,286) |
| | 139,812 | 91,642 | 69,248 | 57,453 | 66,645 | 51,571 | 55,123 | 35,382 | 39,884 | 40,944 | 34,939 |

