Bayside City Council

Financial Plan 2021/22 – 2030/31

Contents

1 Executive Summary

The Local Government Act 2020 requires Council to exercise sound financial management in managing the affairs of Bayside City Council. A key component of sound financial management is the preparation of longer-term financial strategies, plans and budgets.

The ten-year Financial Plan is a key financial planning document that contains a series of financial strategies and accompanying performance indicators that Council considers when making significant strategic decisions about resource allocation.

The goal of the Financial Plan is to ensure financial sustainability which can be defined as:

"The Bayside Community receives good quality services and enjoys well maintained facilities and infrastructure at an affordable level of property rates both now and into the future."

The directions of the Financial Plan are informed by the Council Plan and the medium to long term service strategies adopted by Council. The Financial Plan also feeds back the other way, providing the context and financial limits and risks that need to be considered in the development of long-term plans.

1.1 KEY FINANCIAL ISSUES AND CHALLENGES

The key issues and challenges for Bayside include:

a) Maintaining Council's quality of services and infrastructure investment within a rate capping framework
b) Providing sufficient funding to renew existing assets to ensure they continue to meet community needs
c) Delivering new and upgraded community infrastructure (roads, buildings, drains, footpaths etc.) to address the demands of a growing and changing community
d) Continuing to provide an appropriate range and level of services to the community
e) Managing within a narrow revenue base with limited growth opportunities
f) Managing ongoing cost shifting from other levels of government, dealing with changes to legislative requirements and the expanding expectations of Local Government
g) Managing the extreme nature of Defined Benefits Superannuation Shortfall calls
h) Managing and responding to the ongoing risks of climate change and its impact on Council's services and infrastructure and the community

1.2 STRATEGIES TO ADDRESS THESE CHALLENGES

Financial Plan Goal		Strategic Actions
Council will have fair, affordable and stable revenue mechanisms	1	That the General rates and Municipal charge be capped in accordance with the rate capping and variation framework.
	2	That the Waste Service Charge be set based on direct cost recovery as allowed under the rate capping framework.
	3	That Council investigates options to reduce the reliance on property rates over time by identifying alternative revenue streams as well as increasing funding opportunities through advocacy.
	4	That service users make a reasonable contribution towards the cost of those services.
	5	That Council regularly engages with local Members of State and Federal Parliaments to ensure they understand the financial pressures on Bayside City Council and the need for improved funding from other levels of government.
Council will lead an efficient, environmentally friendly, and customer focused culture	6	That a 0.5% efficiency dividend be achieved annually to ensure the annual increase in the net cost of services excluding waste be aligned to the increase in rates.
	7	That targeted service reviews and annual four year service planning continue for all major service areas and that identified savings and service improvements be incorporated into the budget and financial plan annually.
	8	That service key performance indicators and other metrics including the annual community satisfaction survey results inform investment decisions.
	9	Operational budget savings are quarantined at year end and placed in the Infrastructure Reserve for the purposes of funding debt reduction or unavoidable projects.
Council will provide fit for purpose contemporary community assets which are well maintained, efficiently utilised and environmentally sustainable	10	Assets will be managed in accordance with community need, optimum utilisation and long-term efficiency.
	11	That Council continues to develop its maturity regarding asset management planning to inform future asset renewal, compliance and maintenance requirements, the service potential of the existing asset infrastructure and how this matches the current community needs.
	12	That funding for the Renewal of existing assets be given priority over new and upgrade projects in the Capital Works Program.
	13	Reserves may be built up over time to enable part funding of periodic large capital expenditure items where this is considered more efficient than the use of debt.
	14	Council will consider borrowings for property acquisitions or large capital works projects that provide inter-generational community benefit.
	15	That Council engages with community groups and sporting organizations to build strong partnerships and to explore alternative funding models for the replacement/upgrade of community facilities.
	16	Proceeds from the sale of property will be transferred to strategic reserves and used to repay loan borrowings, fund capital projects or to purchase land/property.
Council will have a sustainable and balanced budget over the term of the financial plan	17	Council maintains an underlying surplus result which is sufficient to fund the capital program and debt servicing commitments.
	18	Unrestricted Cash and Investments will be maintained at levels sufficient to ensure operational liquidity and for contingencies.
	19	That $500,000 be placed in a reserve annually to fund any call as a result of a shortfall in Defined Benefits Superannuation liability.

These strategies are interrelated and the implications of directions in each area must be considered holistically. Maintaining financial sustainability is a balancing act – managing expectations against available resources and making informed decisions about priorities.

1.3 SUMMARY OF KEY OUTCOMES

The purpose of the Financial Plan is to provide a financial framework to Council in terms of what can be prudently achieved over this period.

The key outputs included in the financial plan are:

a) The achievement of an ongoing underlying operational surplus throughout the life of the Financial Plan.
b) Maintaining sufficient working capital (liquidity) to meet our financial obligations.
c) The allocation of sufficient funding to meet capital renewal obligations
d) Fair and affordable revenue mechanisms with stability in rate increases and rates concentration
e) Ensuring that borrowings meet prudential targets for indebtedness

While the successful implementation of the Plan will ensure that Bayside exceeds the financial sustainability targets set by the Victorian Auditor General in the short term there are longer term risks to maintaining Council's current level of services and infrastructure investment if ambitious savings targets are not achieved or additional sources of revenue identified in the short term.

2 What is Financial Sustainability?

2.1 FINANCIAL SUSTAINABILITY DEFINED

The Australian Local Government Association's (ALGA's) definition of financial sustainability is:

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

Another way of looking at it is:

"The Bayside Community receives good quality services and enjoys well maintained facilities and infrastructure at an affordable level of property rates both now and into the future."

However, it is defined, it is important to have some agreed quantifiable measures of sustainability to judge where Council is now and what corrective action may need to be taken.

2.2 MONITORING OUR FINANCIAL SUSTAINABILITY

We use the Victorian Auditor General's (VAGO) financial sustainability indicators to monitor our financial sustainability. Our financial strategy is designed to ensure an overall low risk rating over the period of the Plan unless we can demonstrate it is prudent not to (for example, one-off abnormal transactions that do not have an enduring impact). We are forecasting that we will achieve an overall risk rating of low throughout the 10-year period, as shown in the table below.

Based on these measures, Council is currently in a sound financial position. However, there are some looming challenges that will test the financial sustainability of Council in the coming years.

3 Financial Plan Context

In developing the Financial Plan, a range of issues and challenges have been identified that will have an impact on Council’s financial position in the years ahead. These issues include:

3.1 CLIMATE CHANGE

Climate change has traditionally been considered an environmental challenge but is now readily accepted as posing a significant risk to economies, community wellbeing and business. The impacts of climate change are a key risk to the business of Council as well as to the community.

Bayside City Council declared a Climate Emergency in December 2019, with significant community support. Declaring a ‘Climate Emergency’ recognises the need for urgent, meaningful action on human-induced climate change at all levels of government, including local government.

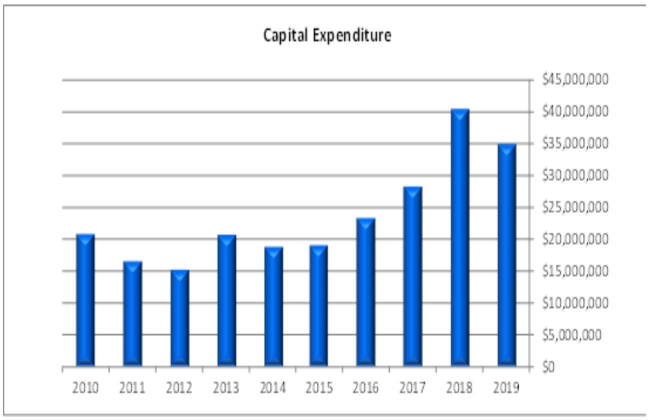
Council has invested in renewable electricity to power our buildings and street lighting, electric vehicles and charging infrastructure, and continues to reduce costs through investment in energy efficiency. Further actions to reduce our environmental impact will help to maintain our status as a certified ‘carbon neutral’ organisation, as well as reduce costs. With its partners in the South East Councils Climate Change Alliance (SECCCA), Council is assessing the vulnerability of its assets to climate change, to understand the financial implications of adapting now.

However, Council recognises that reducing municipal greenhouse gas emissions to avoid climate change requires a whole of community effort. By working with representative organisations, the state and federal governments, and other councils in the south east region, Bayside can leverage Council’s resources more effectively. We will use targeted funding opportunities to deliver sustainable outcomes.

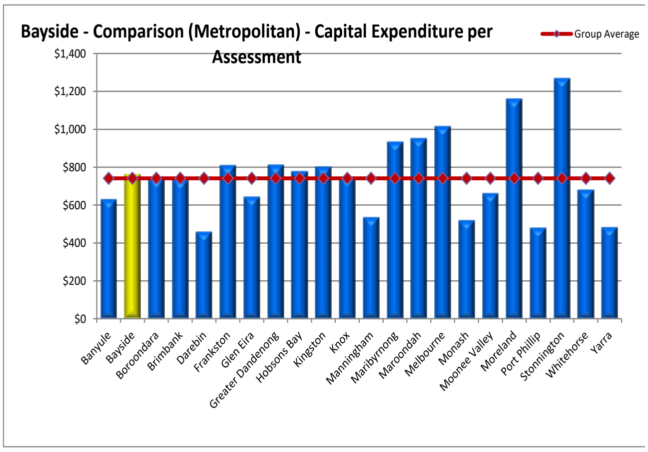
3.2 ASSET RENEWAL

Council owns and controls a wide variety of assets ranging from land and buildings to roads, drains, footpaths and open space improvements. The total value of Council’s property, infrastructure, plant, and equipment is $3.4 billion. Land owned or managed by Council including the value of land under roads makes up $2.8 billion with the balance of $600 million made up of renewable infrastructure such as roads, footpaths, drains, buildings and other plant and equipment. Many of these assets were constructed in the 1960 -1970s during the major growth phase of Bayside and are approaching the end of their useful life. Council is required to renew these assets over time to ensure that they meet the needs of the community.

In recent years Council has increased its spending on renewal and new assets substantially to combat the under investment in prior years. In addition to expenditure on renewing existing assets, there is an ongoing demand for new infrastructure driven by growth, changes in demographics, and increasing community expectations.

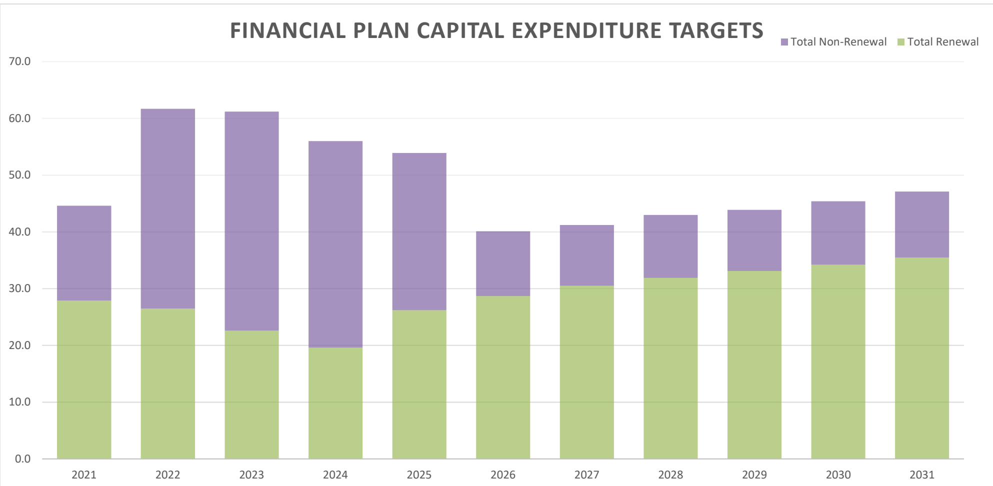


The increase in capital investment as shown in this graph has been largely funded from the ongoing efficiency savings identified in the operating budget which have been redirected to the capital budget.



The increase in budget available for the capital program now puts Bayside in line with other Melbourne metropolitan Councils in terms of spend per ratepayer.

The following graph shows the increasing investment required to meet both the renewal requirements and the communities demand for new assets within the confines of the financial plan capital expenditure targets.



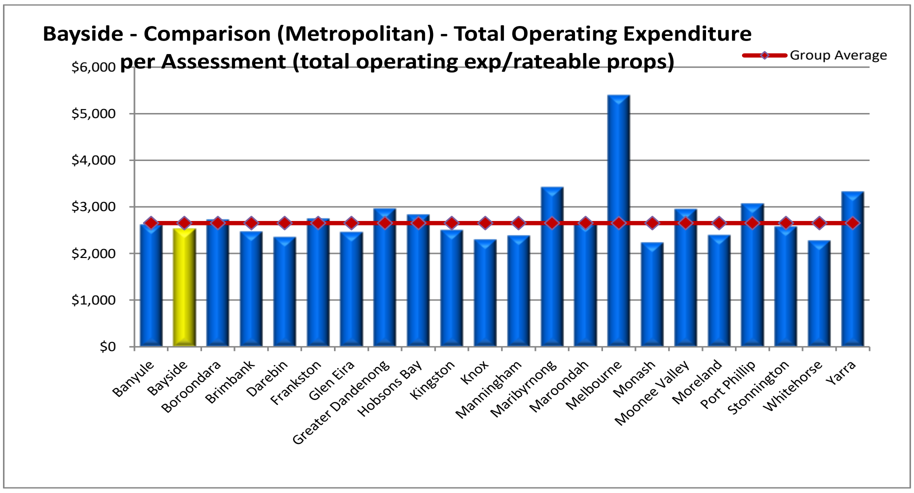
Bayside will spend $237 million, an average of $60 million over the next four years utilizing $53 million of cash reserves. This reflects the recent implementation of Council's infrastructure strategies which are designed to respond to the community's need for improved infrastructure and deliver better service outcomes to the community. From 2025/26 Investment in capital will return to sustainable levels to maintain renewal expenditure funded largely from annual rate revenue.

While this increase particularly over the next four years is being funded from cash reserves and external grants and contributions, the challenge is to continue to provide sufficient funding for capital works that will allow for renewal and to maintain a viable allocation for new works into the future.

3.3 DELIVERING COMMUNITY SERVICES

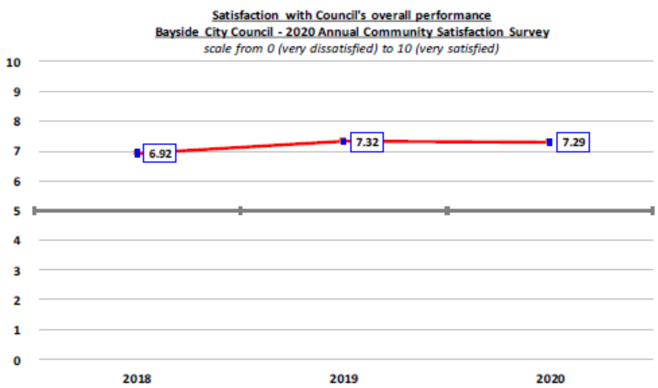
Council delivers over 100 different services to the Bayside community and expectations about the role of Council have expanded significantly over the last decade driven by the policies of State and Federal Governments and the accessibility of Council to the community. The current service mix has developed over time often driven by the availability of government grants or by the policy direction of Council at a particular point in time

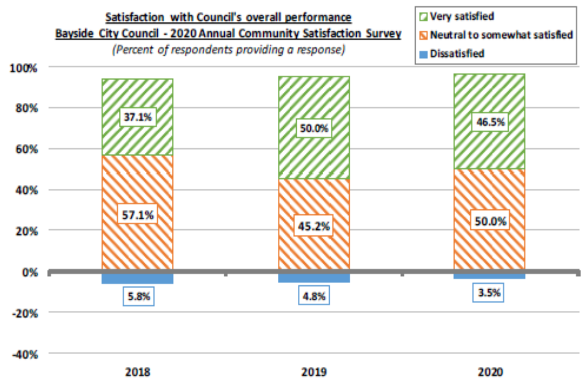
Bayside spending on service delivery to the community is in line with other inner metropolitan Councils.



This has been achieved by implementing a combination of efficient savings in the operating budget as well as ongoing service delivery reviews to identify further efficiency savings and or opportunities for improvements to service quality.

Furthermore, when compared to other Victorian councils in the most recent customer service satisfaction survey results, our results are measurably higher than the average for the six inner easter region Council's as well as the Melbourne metropolitan average.





The survey conducted by an independent body is designed to measure the communities satisfaction with the broad range of Council provided facilities and services, aspects of leadership and governance, planning and development, customer service, and the performance of Council across all areas of responsibility.

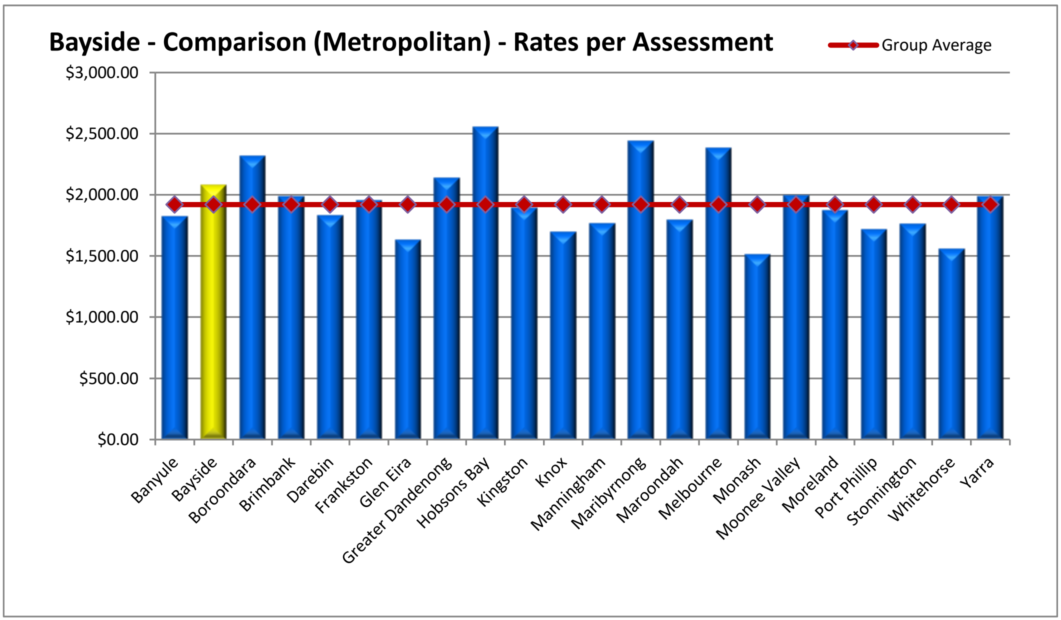
The results demonstrate that Bayside can provide a greater quality of service for a similar price compared to other Councils and confirms the efficiencies that have been achieved over recent years in service delivery.

3.4 RATING LEVELS

The introduction of rate capping in July 2016 has seen a reduction in rate revenue compared to previous long-term forecasts, with an estimated cumulative impact of around $75 million over the life of the Financial Plan. Council has been actively pursuing efficiency measures and optimising other income sources to endeavour to ameliorate the impacts on the range and level of services and assets provided to the community.

The Victorian Government appointed an independent panel in 2019 to review all aspects of Victoria’s local government rating system. Their final report was submitted to the Minister for Local Government on 31 March 2020 and the Victorian Government released the final report and its response to the 56 recommendations on 21 December 2020. The panel made 56 recommendations concluding that rates are better described as a tax and that the rating system was not broken. The Government response supports 36 of the panel’s recommendations in full, in-principle or in part and prioritises the reforms that will support ratepayers in financial hardship and improve the transparency and consistency of decision making. The State Government has confirmed it will not substantially change the arrangements for general rates, nor will it change rate exemptions for charities or other entities or alternative rating arrangements. This gives certainty to all ratepayers as Victoria focuses on social and economic recovery from the COVID-19 pandemic.

Although total revenue per assessment is in line with the Inner metropolitan average, Bayside’s rating levels per assessment are marginally higher than the average for inner metropolitan Councils as the following graph shows.



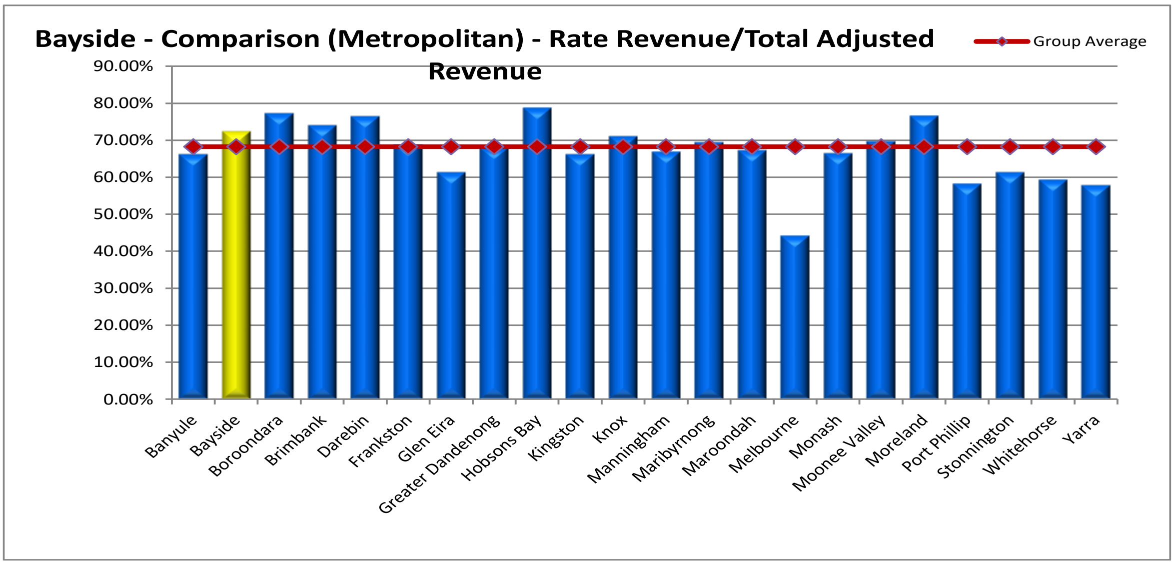
This is driven by several factors including:

- Bayside receives a lower level of State and Federal Government grants than many other Councils. This is a function of the high socio-economic status of the Bayside community
- Bayside is a relatively small municipality compared with the other inner metropolitan Councils. This means it does not have the same economies of scale and ability to spread costs over a higher number of rate-able properties.

The challenge is to strike a balance between continuing to provide the services and capital works expected by the community at a level of property rates that is affordable and which the community sees as value for money.

3.5 RESTRICTED REVENUE BASE

Bayside relies heavily on Council rates as its major source of income. The following graph indicates that Bayside received 73.1% of its total income from rates in 2020/21 which is higher than the average for inner metropolitan Councils of 68%. Furthermore 80% of Council's revenue is set by others which significantly reduces Council's flexibility to manage its resources to respond to uncertainty and shocks such as the COVID-19 pandemic.



The factors that contribute to this situation are:

- Bayside is considered to be a wealthy community which means that it receives a relatively low level of government grants as these grants are often allocated on a perceived needs basis.
- Council does not have significant revenue generating assets nor does it receive substantial revenue from car parking fees and fines.

An additional factor is that Bayside is predominantly a residential municipality with commercial/industrial assessments making up around 7% of the total number of rate-able properties. This is low compared to other inner metropolitan Councils. This means that the bulk of the rate burden falls on households as there is very little opportunity for cross subsidization from industrial/commercial ratepayers. As a result, residential rates per assessment is above the inner metro average. It's the price our residential ratepayers pay for having a low-density municipality with relatively low growth.

The challenge here is to find alternative revenue sources to offset some of the reliance on property rates.

3.6 DEFINED BENEFITS SUPERANNUATION SHORTFALLS

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, currently at 9.50% of members' salaries.

Council is also obligated to:

- Reimburse the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.
- Make additional contributions to cover the contribution tax payable on the contributions

- Make member contributions to cover the shortfall in assets in the Fund.

Currently 10% of Council employees are members.

Since 1997, Council has made payments totalling $15.3 million to the Fund for shortfall calls due to low investment returns achieved by the Fund. As a contributing member, Council is therefore liable for any future funding shortfall calls.

The challenge is ensuring that Council has sufficient cash in reserves to cover these future shortfall calls.

4 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.

In responding to these challenges and ensuring the financial sustainability of Bayside in the long term, Council has a number of budget 'levers' that it can adjust. The following section sets out the financial plan goals for each of these interrelated aspects of the financial plan and their strategic actions.

4.1 COUNCIL WILL HAVE FAIR, AFFORDABLE AND STABLE REVENUE MECHANISMS

4.1.1 RATES AND CHARGES

Council Rates and Waste Charges account for 76% of our underlying income and will remain the major source of revenue for Bayside into the future.

The introduction of the Rate Capping and Variation Framework by the State Government which commenced in 2016 requires Council to cap future rate increase for the General Rates and Municipal Charge to the rate of inflation. The Minister for Local Government announced the rate cap for the 2020/21 year in December 2020 of 1.5%.

4.1.2 USER FEES AND CHARGES

User Fees and Charges represent around 11% of Council's revenue. This is slightly lower than the inner metro average. Many of these fees and charges are set by State Government and are inadequately indexed.

In the past Bayside has indexed most of its fees and charges by the Consumer Price Index (CPI), typically in the range of 2% - 3%. This is despite the fact that CPI bears no relationship on the cost of providing Council services. The cost of Council services is driven by increases in labour, contract, and utilities costs and tends to be around 3% - 4%% per annum above CPI. Increasing the indexation of fees and charges to reflect the increase in the costs of providing those services would generate a relatively minor amount in the context of the overall budget. However, under indexation of fees and charges over time shifts more pressure onto Council rates. In order to compensate for this discretionary fees and charges have been increased by 5% over the last couple of years.

For 2020/21 and 2021/22 Council has chosen to set the increase in fees and charges at a level commensurate with CPI or where appropriate freeze the increase in fees and charges as part of Council's response to COVID-19 in order to provide relief to small businesses and the vulnerable in our community. Future increases in fees and charges are expected to reflect the increase in service costs except where benchmarking against other Council's indicates a premium exists for the same level of service. New or expanded fees and charges are also an option that needs to be explored.

4.1.3 GOVERNMENT GRANTS AND CONTRIBUTIONS

Grants and Contributions represent around 9% of Council's revenue. This is lower than the inner metro average. Bayside is on the minimum grant from the Victorian Grants Commission and always will be due to the high socio-economic status of the community in average terms.

Specific purpose grants (mainly in the Community Services area) are usually indexed by CPI which means that they do not keep pace with the cost of providing the services to which they are linked.

Advocacy to attract and retain government funding will be important as the financial position of both State and Federal governments continues to deteriorate. Attracting higher levels of capital grants to help offset the cost of some major projects should be a particular area of focus.

Harnessing greater community and stakeholder contributions to capital projects is also an area worth further exploration. Opportunities for Improved utilisation of facilities with clubs enjoying joint sports facilities, requiring clubs to contribute to the expansion of facilities via loan guarantees, and entering into joint funding agreements with other levels of Government to secure community access to facilities, demonstrate that the role of Council can in some circumstances change from directly funding facilities to coordinating the efforts of community groups and other stakeholders to contribute to the cost of facilities.

Council will not be able to fund the replacement of all of the existing community buildings in a time frame suitable to the users of those buildings without a strong partnership approach that draws together funding from a range of contributors.

4.1.4 INCOME FROM COUNCIL OWNED PROPERTY

Council owns or controls around 1,200 individual property titles in Bayside. Many of these parcels are used for roads, open space, sports facilities etc. and will continue to be used for this purpose into the future.

Council also owns a range of properties that are used for commercial purposes and to deliver Council services whilst others are utilized to varying degrees by community groups. Some of these properties are not well used and apart from the commercial properties, the financial return on these properties is minimal whilst the maintenance costs are substantial.

Council has adopted a property strategy that seeks to ensure that Council property is well utilized, maintained, and generates value through financial or community return.

This area can be controversial particularly when changes to property use are proposed. Engagement with the community regarding decisions taken in accordance with the Property Strategy is essential so that an informed debate can occur.

Financial Plan Goal		Strategic Actions
Council will have fair, affordable and stable revenue mechanisms	1	That the General rates and Municipal charge be capped in accordance with the rate capping and variation framework.
	2	That the Waste Service Charge be set based on direct cost recovery as allowed under the rate capping framework.
	3	That Council investigates options to reduce the reliance on property rates over time by identifying alternative revenue streams as well as increasing funding opportunities through advocacy.
	4	That service users make a reasonable contribution towards the cost of those services.
	5	That Council regularly engages with local Members of State and Federal Parliaments to ensure they understand the financial pressures on Bayside City Council and the need for improved funding from other levels of government.

4.2 COUNCIL WILL LEAD AN EFFICIENT, ENVIRONMENTALLY FRIENDLY, AND CUSTOMER FOCUSED CULTURE

4.2.1 EXPENDITURE ON SERVICES TO THE COMMUNITY

Council’s operating expenditure is driven by three main variables:

- The services Council provides
- The quantity and quality of those services
- The efficiency and productivity of the processes used to deliver those services.

It therefore follows that the level of Operating Costs can to some extent be influenced by the choices Council make about these variables.

The decision about which services are to be provided and the scope of those services is driven by Council. Changing the scope, method of delivery, or discontinuing services can be a contentious and lengthy process. It requires appropriate consultation with direct users of services and the wider community.

Expansions to the range or scope of services are often sought by particular interest groups in the community and Government policy initiatives can also place expectations on Council to take on new responsibilities. Given the financial constraints on Council, any proposals for new or expanded services should be critically reviewed to ensure they are focused on areas of key community priority and can be funded in a responsible way.

Improving the efficiency and productivity of the organization to deliver services at a lower cost is a major driver of this year’s draft budget and delivering community value in the long term is a key area of focus for Council in the years ahead.

Council has achieved productivity savings of $7.8 million in the operating budget over the last 8 years as a result of the introduction of cost management initiatives including savings targets in each budget and internal service reviews. While the achievement of these productivity savings has delivered historically low rates and allowed additional funds to be redirected to capital investment and debt reduction, the capacity of the organization to achieve further savings without impacting service delivery is diminishing. The 2021/22 budget guidelines include a budget target underlying increase of 1.5% in line with the rate cap of 1.5% and an allowance of 1% for growth in assessments, which the 2021/22 budget has been developed within.

Financial Plan Goal		Strategic Actions
Council will lead an efficient, environmentally friendly, and customer focused culture	6	That a 0.5% efficiency dividend be achieved annually to ensure the annual increase in the net cost of services excluding waste be aligned to the increase in rates.
	7	That targeted service reviews and annual four year service planning continue for all major service areas and that identified savings and service improvements be incorporated into the budget and financial plan annually.
	8	That service key performance indicators and other metrics including the annual community satisfaction survey results inform investment decisions.
	9	Operational budget savings are quarantined at year end and placed in the Infrastructure Reserve for the purposes of funding debt reduction or unavoidable projects.

4.3 COUNCIL WILL PROVIDE FIT FOR PURPOSE CONTEMPORARY COMMUNITY ASSETS WHICH ARE WELL MAINTAINED, EFFICIENTLY UTILISED AND ENVIRONMENTALLY SUSTAINABLE

4.3.1 CAPITAL WORKS

Funding of capital renewal is a fundamental element of financial sustainability and should be prioritised ahead of new and upgrade projects. The Asset Management Plans prepared for each major area of infrastructure should guide the setting of priorities for funding and a long term capital plan is required to ensure that a strategic approach is taken to the allocation of funds to new and upgrade projects.

4.3.2 DEBT MANAGEMENT

In the long term, borrowing money does not increase the amount of money available to spend. It allows a higher level of expenditure in a given year, but as it must be repaid with interest it requires a reduction in expenditure in future years. Council's previous debt strategy has been to repay debt on maturity from excess cash reserves generated from savings identified in the operating budget. Since 2010 Council has repaid $17.5 million of debt and in 2017/18 Council achieving debt free status.

Financial Plan Goal		Strategic Actions
Council will provide fit for purpose contemporary community assets which are well maintained, efficiently utilised and environmentally sustainable	10	Assets will be managed in accordance with community need, optimum utilisation and long-term efficiency.
	11	That Council continues to develop its maturity regarding asset management planning to inform future asset renewal, compliance and maintenance requirements, the service potential of the existing asset infrastructure and how this matches the current community needs.
	12	That funding for the Renewal of existing assets be given priority over new and upgrade projects in the Capital Works Program.
	13	Reserves may be built up over time to enable part funding of periodic large capital expenditure items where this is considered more efficient than the use of debt.
	14	Council will consider borrowings for property acquisitions or large capital works projects that provide inter-generational community benefit.
	15	That Council engages with community groups and sporting organizations to build strong partnerships and to explore alternative funding models for the replacement/upgrade of community facilities.
	16	Proceeds from the sale of property will be transferred to strategic reserves and used to repay loan borrowings, fund capital projects or to purchase land/property.

4.4 HOW WE WILL MEASURE OUR SUCCESS AGAINST THE STRATEGIC ACTIONS

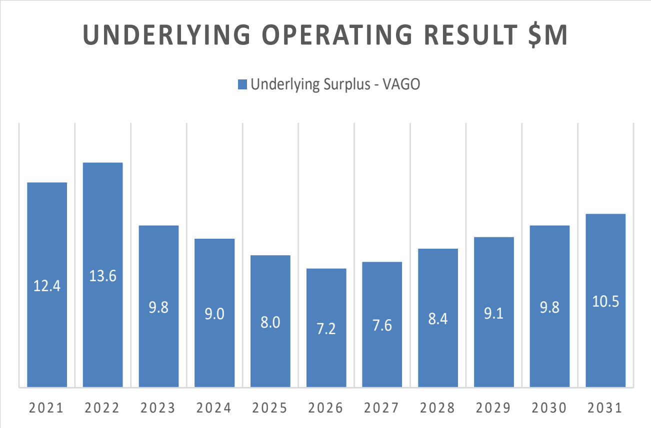
This section defines the policy statements, and associated measures, that demonstrates Council's financial sustainability to fund the aspirations of the Community Vision and the Council Plan.

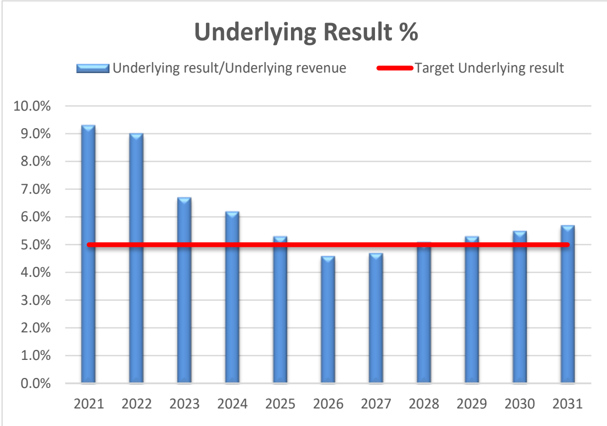
Financial Plan Goals		Strategic Actions
Council will have a sustainable and balanced budget over the term of the financial plan	17	Council maintains an underlying surplus result which is sufficient to fund the capital program and debt servicing commitments.
	18	Unrestricted Cash and Investments will be maintained at levels sufficient to ensure operational liquidity and for contingencies.
	19	That $500,000 be placed in a reserve annually to fund any call as a result of a shortfall in Defined Benefits Superannuation liability.

Policy Statement	Measure	Target	Forecast Actual 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Consistent underlying surplus results	Adjusted underlying result	>5%	9.4%	9.8%	6.9%	6.2%	5.3%	4.6%	4.7%	5.1%	5.3%	5.5%	5.7%
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due.	Current Assets / Current Liabilities	>1.5	4.68	3.25	2.44	2.32	2.33	2.07	2.03	1.97	1.94	1.90	1.85
Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.	Asset renewal and upgrade expenses / Depreciation	>100%	101%	138%	97%	48%	57%	101%	106%	109%	110%	112%	113%
Council will have fair, affordable and stable revenue mechanisms. Reflects extent of reliance on rate revenues to fund all of Council's on-going services.	Rate revenue / adjusted underlying revenue	76%	76%	75%	76%	76%	76%	76%	76%	76%	77%	77%	77%
Council borrowings meet prudential guidelines and are are able to be serviced sustainably without impacting operating services.	Non curent liabilties / Own source revenue	<40%	1.7%	1.6%	1.8%	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%

4.4.1 ENSURING CONSISTENT UNDERLYING SURPLUS RESULTS

Achieving an underlying operating surplus is a key component of our financial strategy. It excludes capital related revenue (grants and open space contributions) and assesses Council’s ability to generate sufficient funds for asset renewals, manage the impact of financial risks materialising, and invest in transformative strategies.



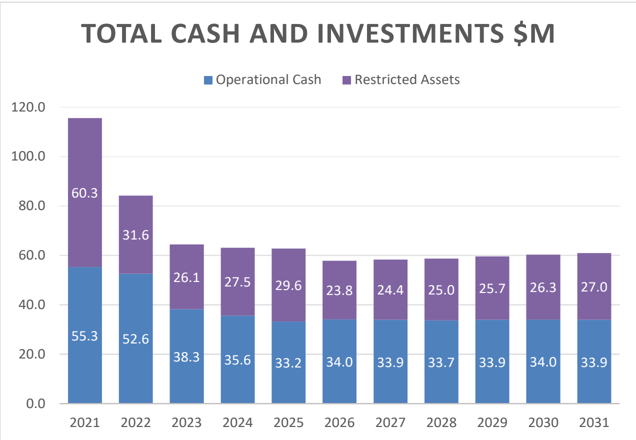


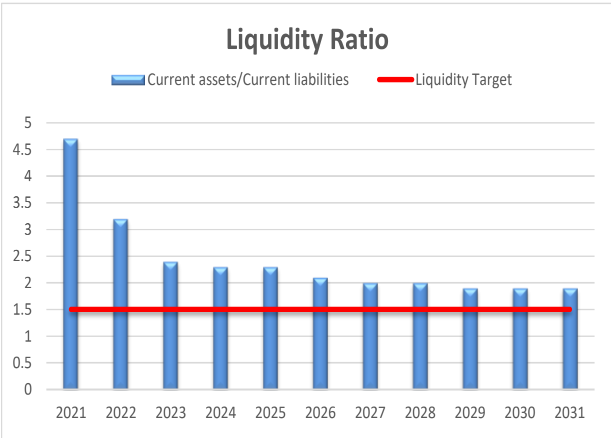
The underlying surplus is expected to decrease in coming years due primarily to a reduction in interest income reflecting a significant reduction in cash reserves to fund Councils' ambitious capital program. The increased investment in capital projects is also expected to increase depreciation. The underlying result is forecast to meet the target of 5% in the longer term.

4.4.2 MAINTAINING SUFFICIENT WORKING CAPITAL TO MEET OUR OBLIGATIONS

This ratio is the traditional Working Capital Ratio that is widely used in private enterprise and is a mandatory performance measurement for Local Government.

A decreasing trend, and in particular a ratio below 100%, may indicate Council cannot meet its current debt obligations (i.e. debts that will be due within the current twelve-month period).

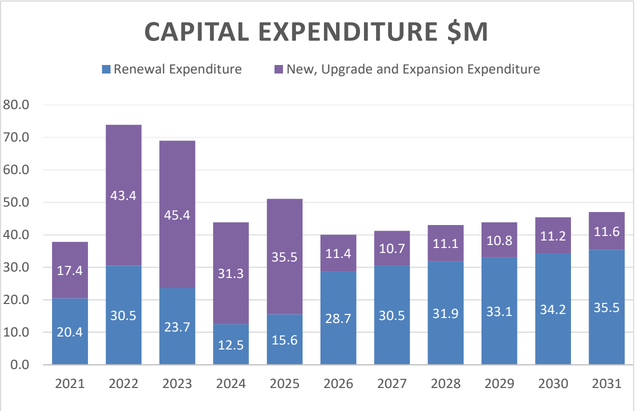


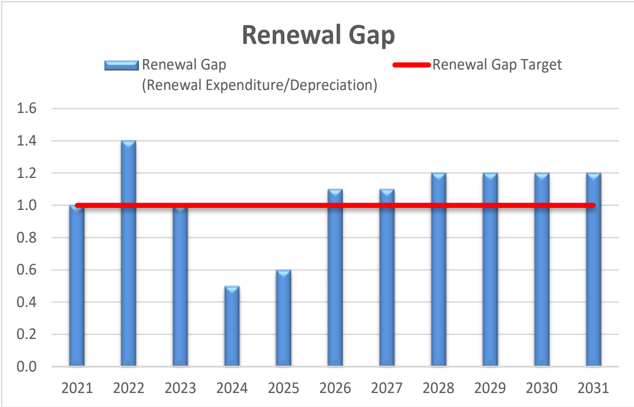


Any ratio over 150% represents a sound outcome in terms of short-term liquidity and is the target set to ensure that Council can meet its obligations when they fall due. Council has a strong liquidity ratio mainly due its strong cash reserve position. There is a significant drop in the liquidity ratio particularly over the next four years as Council draws down on its cash reserves in the short term to complete its ambitious capital program. Despite this draw down of cash, Council maintains its liquidity above 1.5 over the financial plan.

4.4.3 ALLOCATING ADEQUATE FUNDS TOWARDS THE RENEWAL OF ASSETS AS THEY REACH THE END OF THEIR SERVICE LIFE

This graph shows the asset renewal and upgrade budget over the financial plan compared to depreciation. It assesses if Council's spend on its asset base is keeping up with the rate of asset depletion.

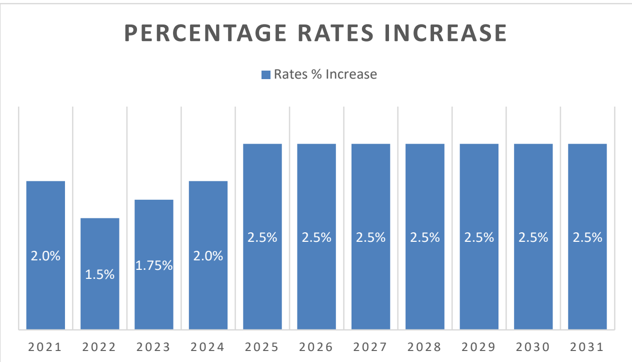


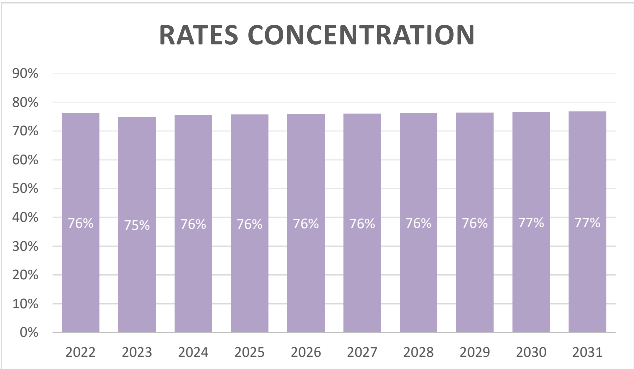


The fluctuation compared to the target over the next 4 years reflects a combination of the increased capital budget funded from reserves as well as the mix of asset renewal compared to upgrade over that period. During 2023/24 and 2024/25 the reduced renewal target accommodates the funding in the capital program of new facilities including the CSIRO Highett community facilities, the Warm Water Pool and continued investment in Elsternwick Park South. Over the period of the financial plan, we intend to stay above 100 per cent, which shows our commitment to not only maintaining, but also upgrading our existing assets.

4.4.4 COUNCIL WILL HAVE FAIR, AFFORDABLE AND STABLE REVENUE MECHANISMS.

Rates and charges are set in the financial plan to reflect the expected CPI and Rate Cap set by the State Government.



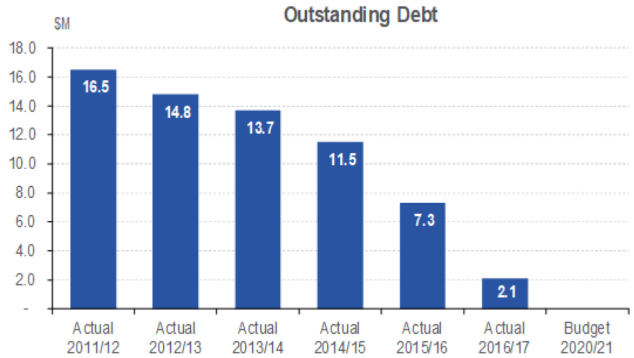


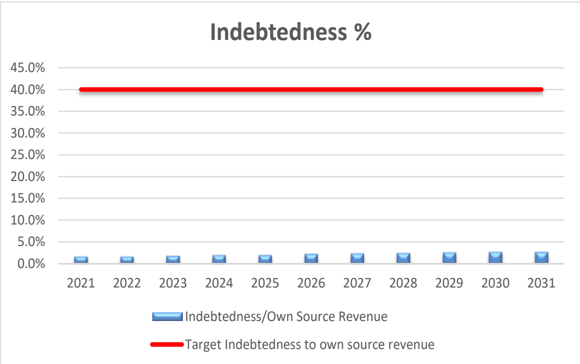
This rates concentration ratio reflects the extent of reliance on rate revenues compared to underlying revenue to fund all of Council's on-going services. Underlying revenue is adjusted to exclude capital grants and contributions which are often tied to specific capital projects and is therefore a more reliable measure of rate dependency. Bayside relies heavily on Council rates as its major source of income as it received 76% of its underlying income from rates in 2020/21 which is higher than the average for inner metropolitan Councils. The ratio for Bayside is relatively high compared to other Council's as Bayside receives a relatively low level of government grants as these grants are often allocated on a perceived needs basis and Bayside does not have significant revenue generating assets nor does it receive substantial revenue from car parking fees and fines. Despite being high relative to other Council's the trend indicates there is ongoing stability in our reliance on rates as Councils main source of income.

4.4.5 ENSURING BORROWINGS MEET PRUDENTIAL GUIDELINES AND CAN BE SERVICED SUSTAINABLY

Council is currently debt free and has strategically paid off fixed term and fixed interest of 7% over the last eight years when payments fell due. This debt was largely inherited from the amalgamation of the former City of Brighton, the former City of Sandringham and part of the former cities of Moorabbin and Mordialloc in 1994.

This ratio measures the level of long-term liabilities compared to own source revenue.
An increasing trend may indicate that the level of long-term liabilities is not appropriate to the size and nature of Council's activities. A high or increasing level of long-term liabilities may suggests a decline in the capacity of Council to meet long term obligations.





5 Assumptions to the financial plan statements

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

The following financial statements portray the projected financial position of Council over the 10-year financial plan. The following financial statements are presented:

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

5.1 MODELLING METHODOLOGY

The statements are prepared based on current knowledge and service levels and will no doubt be affected by various events that will occur in future years. The long-term financial outlook is reviewed on an annual basis as part of Council's annual budget process to ensure it reflects the latest financial plan risk assessment and underlying assumptions.

5.2 ACHIEVING COST SAVINGS

The Financial Plan is a high-level strategic plan that acts as a framework for future annual Budgets. Whilst this Plan is based on the premise of continuing to deliver all present-day operational services, it must be highlighted that Council intends to institute a savings approach against the framework and will continue to identify savings in the future. Additional sources of revenue are also pursued when available or identified.

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 DELIVERING BEST VALUE

Council completes annual four-year service planning reviews on all of the services that Council provides as part of the annual budget and service planning process. Council also conducts targeted service reviews which involve detailed cost and quality benchmarking of Council services against other Councils and provide assessments of community needs for the services involved, ensuring that Council is delivering value for money. Council's service planning framework and targeted service reviews provide a clear demonstration of value for money for Council services.

5.4 PARAMETERS USED IN DEVELOPING THIS FINANCIAL PLAN

The table highlights the broader parameters used in the calculation of this financial plan. These parameters are discussed in more detail under each of the respective notes following the Income Statement.

Escalation Factors % movement	Notes	Year									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Consumer Price Index	1	1.50%	1.75%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Wage Price Index	2	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.5%
Growth in rateable assessments	3	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Rate revenue cap	4	1.50%	1.75%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.5%
Rates - Waste charges	5	7.80%	4.98%	4.80%	4.80%	4.80%	4.79%	4.80%	4.80%	4.79%	4.80%
User fees	6	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various
Statutory fees and fines	7	1.50%	1.75%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Operating	8	1.50%	1.75%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Capital	8	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various
Contributions - monetary	9	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Contributions - non-monetary	9	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various
Other income	10	1.50%	1.75%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs	11	2.75%	2.25%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Materials and services	12	1.50%	1.75%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Waste Services	5	7.80%	4.98%	4.80%	4.80%	4.80%	4.79%	4.80%	4.80%	4.79%	4.80%
Insurance	13	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Depreciationa nd Amortisation	14	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various

Sources:

1. State-wide consumer price index (CPI) is forecast to be 1.50 per cent for the 2021/22 year increasing to 2.5% by 2024/25 and remaining stable over the term of this financial plan (Victorian Budget Papers 2020/21).
2. Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to November 2020 was 2.8 per cent (ABS release January 2021). The wages price index in Victoria is projected to be 1.75 per cent per annum in 2021/22 increasing to 2.0 per cent and 2.25 per cent in the subsequent two years (Victorian Budget Papers 2020/21).
3. Rate assessments are predicted to grow by 0.8% in 2021/22 and return to their long-term average of 1% in future years.
4. The price increase in the General Rates and Municipal Charge in all years of this financial plan is based on Council's compliance with the State Government Rate cap which is expected to reflect CPI. The 2020/21 year is based on the forecast consumer price index as directed by the Minister Local Government under the Victorian Government Fair Go Rates System of 1.5%.
5. Council's general waste charges have increased by 7.8% per cent in 2021/22 due mainly to the increase in the State Government Landfill Levy and the recycling costs. It is expected that waste charges will continue to escalate higher than CPI reflecting continued instability in the waste and recycling industry. The industry continues to be challenged by the contamination standards required by the international markets using recycled products. Recycling processors have progressed with installing infrastructure with funding from the increased recycling charges to lower the contamination and improve the quality of recycled products for reuse. Council has allowed for a blanket hard waste collection for the term of the financial plan and will retain an "at call" service for the convenience of residents and ratepayers.
6. Council has set a minimum increase for fees and charges in line with CPI and reviewed fees in detail to determine accepted pricing unless the overriding policy is in favour of subsidisation. In addition, considerations of community factors are required such as encouraging use of a service and ability to pay. 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. Therefore, fees have been adjusted based on this methodology rather than a blanket increase.

7. The Financial Plan indexes statutory fees, set by legislation, according on the estimated annual rate of CPI. This is often a best-case scenario given some fees are outside of the control by Council and therefore may be subject to increases less than CPI.
8. Council currently receives grants for tied (specific purpose grants) and un-tied Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGGC). Operating grants are expected to increase on an annual basis in accordance with CPI.
9. Council receives contributions from developers. These contributions represent funds to enable council to provide the necessary infrastructure and infrastructure improvements to accommodate development growth. These contributions are statutory contributions and are transferred to a restricted reserve until utilised for a specific purpose through the capital works program or delivered as works in kind by developers.
10. Revenue from other income mainly comprises investment income plus the recovery income from a variety of sources and rental income received from the hire of Council buildings.
11. The 2021/22 year includes a 2.75% increase for employee costs that mainly reflects the salary increase for all staff pursuant to the Enterprise Bargaining Agreement as well as a further 0.5% to fund increased staff resources due to service demands. The ensuing years, from 2022/23 to 2030/31, reflect annual increases of 3% per annum to provide for annual EBA increases, some required increases to staff salaries as well as a marginal increase to the delivery of existing services.
12. Material costs include items required for the maintenance and repairs of Council buildings, roads, drains and footpaths and buildings. Council's outsourced Open Space and Maintenance contracts have also been indexed by CPI. Other associated costs included under this category are utilities, materials for the supply of meals on wheels and consumable items for a range of services. Council also utilises external expertise on a range of matters, including legal services and audit. These costs are kept to within CPI levels year on year.
13. Insurance premiums continue to escalate well more than CPI generally caused by an ongoing hardening of the market, withdrawal of insurers, and the impacts of recent large-scale events such as the recent bushfires and storm events across Australia and high COVID-19 business interruption claims. High volatility in the future years is expected which is reflected in the forecast.
14. The annual increases in depreciation and amortisation will be impacted by Council's investment in renewal and new capital infrastructure as well as the impact of annual valuation assessments.

6 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

6.1 COMPREHENSIVE INCOME STATEMENT

	Forecast Year 2021 $000's	Budget Year 2022 $000's	Budget Year 2023 $000's	Budget Year 2024 $000's	Budget Year 2025 $000's	Budget Year 2026 $000's	Budget Year 2027 $000's	Budget Year 2028 $000's	Budget Year 2029 $000's	Budget Year 2030 $000's	Budget Year 2031 $000's
Income											
Rate Revenue	101,032	104,278	107,227	110,639	114,641	118,791	123,093	127,554	132,181	136,978	141,953
Statutory Fees and Fines	6,489	8,404	8,551	8,722	8,940	9,163	9,392	9,627	9,868	10,115	10,368
User Fees	6,666	8,381	8,528	8,699	8,916	9,139	9,367	9,601	9,841	10,087	10,339
Rental Income	2,664	3,951	4,020	4,100	4,203	4,308	4,416	4,526	4,639	4,755	4,874
Interest Income	1,268	1,200	698	634	639	964	926	1,090	1,108	1,132	1,156
Contributions - monetary - operating	109	110	112	114	117	120	123	126	129	132	135
Contributions - monetary - capital	4,792	2,750	3,691	3,832	12,875	2,918	2,962	3,006	3,051	3,096	3,143
Contributions - non-monetary - capital	0	12,000	5,000	0	0	0	0	0	0	0	0
Grants - Operating	12,469	11,157	11,352	11,579	11,868	12,165	12,469	12,781	13,101	13,429	13,765
Grants - Capital	1,431	2,971	9,321	1,621	371	380	390	400	410	420	430
Other Income	1,735	1,767	1,448	1,477	1,514	1,552	1,591	1,631	1,672	1,714	1,756
Net Gain/(Loss) on disposal of assets	1,094	0	0	0	0	0	0	0	0	0	0
Total Income	**139,749**	**156,969**	**159,948**	**151,417**	**164,084**	**159,500**	**164,729**	**170,342**	**176,000**	**181,858**	**187,919**
Expenses											
Employee Costs	46,756	49,173	50,307	51,555	53,824	62,690	58,305	60,042	61,840	63,692	65,599
Materials & Services	50,294	52,190	54,260	56,189	58,284	60,959	63,245	65,632	68,122	70,719	73,431
Bad and Doubtful Debts	839	839	860	882	904	927	950	974	998	1,023	1,049
Depreciation and Amortisation	19,572	21,381	23,755	25,333	25,889	26,362	26,886	27,439	28,031	28,625	29,255
Amortisation - intangible assets	721	685	670	670	1,584	2,169	1,998	1,996	2,005	2,025	2,055
Amortisation - right of use assets	772	808	1,727	1,743	1,760	1,777	1,795	1,797	1,800	1,803	1,805
Borrowing Costs	61	61	61	61	61	61	61	61	61	61	61
Other Expenses	975	482	490	500	513	526	539	552	566	580	595
Total Expenses	**119,990**	**125,619**	**132,130**	**136,933**	**142,819**	**155,471**	**153,779**	**158,493**	**163,423**	**168,528**	**173,850**
Surplus for the year	**19,759**	**31,350**	**27,818**	**14,484**	**21,265**	**4,029**	**10,950**	**11,849**	**12,577**	**13,330**	**14,069**

6.2 BALANCE SHEET

	Forecast Year 2021 $000's	Budget Year 2022 $000's	Budget Year 2023 $000's	Budget Year 2024 $000's	Budget Year 2025 $000's	Budget Year 2026 $000's	Budget Year 2027 $000's	Budget Year 2028 $000's	Budget Year 2029 $000's	Budget Year 2030 $000's	Budget Year 2031 $000's
Assets											
Current assets											
Cash and cash equivalents	1,609	1,220	1,378	1,594	1,318	1,301	1,272	1,156	1,553	1,299	1,378
Trade and other receivables	5,996	6,608	6,889	6,979	7,172	7,388	7,612	7,842	8,080	8,324	8,578
Other financial Assets	111,028	80,028	60,028	58,528	61,528	56,528	57,028	57,528	58,028	59,028	59,528
Inventories	148	152	156	160	164	168	172	176	180	185	190
Non-current classified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Other Assets	1,614	1,692	1,683	1,729	1,790	1,881	1,945	2,023	2,095	2,171	2,249
Total current assets	**120,395**	**89,700**	**70,134**	**68,990**	**71,972**	**67,266**	**68,029**	**68,725**	**69,936**	**71,007**	**71,923**
Non-current assets											
Trade and other Receivables	93	96	98	101	105	109	113	117	121	125	130
Other financial assets	3,000	3,000	3,000	3,000	0	0	0	0	0	0	0
Infrastructure, Property, Plant and Equipment	3,415,291	3,464,476	3,509,734	3,524,135	3,547,999	3,559,577	3,571,900	3,585,392	3,599,085	3,613,666	3,629,149
Right of Use Asset	4,403	19,446	18,527	17,608	16,689	15,769	14,849	13,944	13,039	12,134	11,229
Intangible Assets	3,829	3,794	8,136	11,577	11,308	11,276	11,316	11,418	11,573	11,775	12,019
Total non-current assets	**3,426,616**	**3,490,812**	**3,539,495**	**3,556,421**	**3,576,101**	**3,586,731**	**3,598,178**	**3,610,871**	**3,623,818**	**3,637,700**	**3,652,527**
Total assets	**3,547,011**	**3,580,512**	**3,609,629**	**3,625,411**	**3,648,073**	**3,653,997**	**3,666,207**	**3,679,596**	**3,693,754**	**3,708,707**	**3,724,450**
Liabilities											
Current liabilities											
Trade and other payables	9,200	10,228	10,589	10,932	11,333	12,050	12,254	12,692	13,144	13,613	14,102
Trust funds and deposits	5,065	5,188	5,314	5,443	5,575	5,710	5,848	5,989	6,134	6,283	6,436
Provisions	10,326	10,886	11,451	12,023	12,619	13,350	13,979	14,629	15,293	15,971	16,666
Interest bearing liabilties	0	0	0	0	0	0	0	0	0	0	0
Lease liabilities	714	725	737	752	771	790	810	830	851	872	894
Income in Advance	400	593	603	615	630	646	662	679	696	713	731
Total current liabilities	**25,705**	**27,620**	**28,694**	**29,765**	**30,928**	**32,546**	**33,553**	**34,819**	**36,118**	**37,452**	**38,829**
Non-current liabilities											
Trade and other payables	0	0	0	0	0	0	0	0	0	0	0
Provisions	1,322	1,570	1,823	2,082	2,351	2,665	2,955	3,252	3,557	3,870	4,192
Interest bearing liabilities	0	0	0	0	0	0	0	0	0	0	0
Lease liabilities	683	671	642	611	576	539	502	479	456	432	407
Total non-current liabilities	**2,005**	**2,241**	**2,465**	**2,693**	**2,927**	**3,204**	**3,457**	**3,731**	**4,013**	**4,302**	**4,599**
Total liabilities	**27,710**	**29,861**	**31,160**	**32,458**	**33,855**	**35,750**	**37,010**	**38,550**	**40,131**	**41,754**	**43,428**
Net assets	**3,519,301**	**3,550,651**	**3,578,469**	**3,592,953**	**3,614,218**	**3,618,247**	**3,629,197**	**3,641,046**	**3,653,623**	**3,666,953**	**3,681,022**
Equity											
Accumulated surplus	937,534	997,708	1,031,152	1,044,433	1,063,681	1,073,710	1,084,160	1,095,509	1,107,586	1,120,416	1,133,985
Asset revaluation reserve	2,526,495	2,526,495	2,526,495	2,526,495	2,526,495	2,526,495	2,526,495	2,526,495	2,526,495	2,526,495	2,526,495
Other reserves	55,272	26,448	20,822	22,025	24,042	18,042	18,542	19,042	19,542	20,042	20,542
Total Equity	**3,519,301**	**3,550,651**	**3,578,469**	**3,592,953**	**3,614,218**	**3,618,247**	**3,629,197**	**3,641,046**	**3,653,623**	**3,666,953**	**3,681,022**

6.3 STATEMENT OF CHANGES IN EQUITY

	Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
2021 Forecast Actual				
Balance at beginning of the financial year	3,499,542	899,520	2,526,495	73,527
Surplus/(deficit) for the year	19,759	19,759	-	-
Transfers to other reserves	-	(8,870)	-	8,870
Transfers from other reserves	-	27,125	-	(27,125)
Balance at end of the financial year	**3,519,301**	**937,534**	**2,526,495**	**55,272**
2022				
Balance at beginning of the financial year	3,519,301	937,534	2,526,495	55,272
Surplus/(deficit) for the year	31,350	31,350	-	-
Transfers to other reserves	-	(2,711)	-	2,711
Transfers from other reserves	-	31,535	-	(31,535)
Balance at end of the financial year	**3,550,651**	**997,708**	**2,526,495**	**26,448**
2023				
Balance at beginning of the financial year	3,550,651	997,708	2,526,495	26,448
Surplus/(deficit) for the year	27,818	27,818	-	-
Transfers to other reserves	-	(2,634)	-	2,634
Transfers from other reserves	-	8,260	-	(8,260)
Balance at end of the financial year	**3,578,469**	**1,031,152**	**2,526,495**	**20,822**
2024				
Balance at beginning of the financial year	3,578,469	1,031,152	2,526,495	20,822
Surplus/(deficit) for the year	14,484	14,484	-	-
Transfers to other reserves	-	(2,633)	-	2,633
Transfers from other reserves	-	1,430	-	(1,430)
Balance at end of the financial year	**3,592,953**	**1,044,433**	**2,526,495**	**22,025**
2025				
Balance at beginning of the financial year	3,592,953	1,044,433	2,526,495	22,025
Surplus/(deficit) for the year	21,265	21,265	-	-
Transfers to other reserves	-	(2,667)	-	2,667
Transfers from other reserves	-	650	-	(650)
Balance at end of the financial year	**3,614,218**	**1,063,681**	**2,526,495**	**24,042**
2026				
Balance at beginning of the financial year	3,614,218	1,063,681	2,526,495	24,042
Surplus/(deficit) for the year	4,029	4,029	-	-
Transfers to other reserves	-	(2,706)	-	2,706
Transfers from other reserves	-	8,706	-	(8,706)
Balance at end of the financial year	**3,618,247**	**1,073,710**	**2,526,495**	**18,042**
2027				
Balance at beginning of the financial year	3,618,247	1,073,710	2,526,495	18,042
Surplus/(deficit) for the year	10,950	10,950	-	-
Transfers to other reserves	-	(2,738)	-	2,738
Transfers from other reserves	-	2,238	-	(2,238)
Balance at end of the financial year	**3,629,197**	**1,084,160**	**2,526,495**	**18,542**
2028				
Balance at beginning of the financial year	3,629,197	1,084,160	2,526,495	18,542
Surplus/(deficit) for the year	11,849	11,849	-	-
Transfers to other reserves	-	(2,770)	-	2,770
Transfers from other reserves	-	2,270	-	(2,270)
Balance at end of the financial year	**3,641,046**	**1,095,509**	**2,526,495**	**19,042**
2029				
Balance at beginning of the financial year	3,641,046	1,095,509	2,526,495	19,042
Surplus/(deficit) for the year	12,577	12,577	-	-
Transfers to other reserves	-	(2,803)	-	2,803
Transfers from other reserves	-	2,303	-	(2,303)
Balance at end of the financial year	**3,653,623**	**1,107,586**	**2,526,495**	**19,542**
2030				
Balance at beginning of the financial year	3,653,623	1,107,586	2,526,495	19,542
Surplus/(deficit) for the year	13,330	13,330	-	-
Transfers to other reserves	-	(2,836)	-	2,836
Transfers from other reserves	-	2,336	-	(2,336)
Balance at end of the financial year	**3,666,953**	**1,120,416**	**2,526,495**	**20,042**
2031				
Balance at beginning of the financial year	3,666,953	1,120,416	2,526,495	20,042
Surplus/(deficit) for the year	14,069	14,069	-	-
Transfers to other reserves	-	(2,870)	-	2,870
Transfers from other reserves	-	2,370	-	(2,370)
Balance at end of the financial year	**3,681,022**	**1,133,985**	**2,526,495**	**20,542**

6.4 STAEMENT OF CASH FLOWS

	Forecast Year 2021 $000's	Budget Year 2022 $000's	Budget Year 2023 $000's	Budget Year 2024 $000's	Budget Year 2025 $000's	Budget Year 2026 $000's	Budget Year 2027 $000's	Budget Year 2028 $000's	Budget Year 2029 $000's	Budget Year 2030 $000's	Budget Year 2031 $000's
Cash Flows from Operating Activities											
Rates and charges	101,864	104,181	107,139	110,537	114,521	118,666	122,964	127,420	132,043	136,834	141,803
Statutory fees and fines	8,392	8,476	8,618	8,786	9,000	9,225	9,454	9,691	9,934	10,183	10,437
User charges	6,236	7,727	8,116	8,319	8,527	8,739	8,958	9,181	9,411	9,646	9,886
Rental income	1,976	4,404	4,425	4,514	4,627	4,744	4,862	4,984	5,108	5,235	5,367
Grants - Operating	12,456	11,282	11,464	11,692	11,984	12,284	12,590	12,906	13,228	13,560	13,899
Grants - Capital	1,543	3,219	10,084	1,858	420	414	425	436	447	458	469
Contributions - monetary	4,950	2,889	3,841	3,985	13,122	3,068	3,116	3,163	3,212	3,260	3,311
Interest received	1,849	1,205	723	638	638	948	928	1,081	1,108	1,130	1,155
Trust Funds and deposits taken	1,470	1,544	1,621	1,702	1,787	1,876	1,970	2,069	2,172	2,281	2,395
Other receipts	1,666	1,895	1,617	1,612	1,646	1,687	1,729	1,773	1,817	1,863	1,909
Net GST refund	6,914	9,678	9,626	7,744	8,583	7,917	8,186	8,532	8,803	9,147	9,503
Employee costs	(45,283)	(48,428)	(49,600)	(50,835)	(53,040)	(61,522)	(57,715)	(59,214)	(60,993)	(62,827)	(64,713)
Materials and services	(58,920)	(62,743)	(65,575)	(64,970)	(67,884)	(69,725)	(72,377)	(75,128)	(77,908)	(80,864)	(83,950)
Trust funds and deposits repaid	(1,350)	(1,421)	(1,495)	(1,573)	(1,655)	(1,741)	(1,832)	(1,928)	(2,027)	(2,132)	(2,242)
Other payments	(1,063)	(526)	(534)	(545)	(559)	(574)	(588)	(602)	(617)	(632)	(649)
Net cash provided by operating activities	**42,700**	**43,382**	**50,070**	**43,464**	**51,717**	**36,006**	**42,670**	**44,364**	**45,738**	**47,142**	**48,580**
Cash flows from investing activities											
infrastructure, plant and equipment	4,158	0	0	0	0	0	0	0	0	0	0
Payments for property, infrastructure, plant and	(37,861)	(73,898)	(69,025)	(43,844)	(51,069)	(40,076)	(41,248)	(43,028)	(43,885)	(45,433)	(47,037)
Proceeds from sale of term deposit investments	0	31,000	20,000	1,500	0	5,000	0	0	0	0	0
Payments for term deposit investments	(7,000)	0	0	0	0	0	(500)	(500)	(500)	(1,000)	(500)
Net cash used in investing activities	**(40,703)**	**(42,898)**	**(49,025)**	**(42,344)**	**(51,069)**	**(35,076)**	**(41,748)**	**(43,528)**	**(44,385)**	**(46,433)**	**(47,537)**
Cash flows from financing activities											
Interest paid - lease liability	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(61)
Repayment of lease liabilities	(800)	(812)	(826)	(843)	(864)	(885)	(891)	(891)	(895)	(902)	(904)
Net cash used in financing activities	**(861)**	**(873)**	**(887)**	**(904)**	**(925)**	**(946)**	**(952)**	**(952)**	**(956)**	**(963)**	**(965)**
Net increase/(decrease) in cash and cash equivalent	**1,136**	**(389)**	**158**	**216**	**(276)**	**(16)**	**(30)**	**(116)**	**397**	**(254)**	**78**
Cash and cash equivalent at the beginning of the financial year	473	1,609	1,220	1,378	1,594	1,318	1,301	1,272	1,156	1,553	1,299
Cash and cash equivalent at the end of the financial year	**1,609**	**1,220**	**1,378**	**1,594**	**1,318**	**1,301**	**1,272**	**1,156**	**1,553**	**1,299**	**1,378**

6.5 STATEMENT OF CAPITAL WORKS

	Forecast Year 2021 $000's	Budget Year 2022 $000's	Budget Year 2023 $000's	Budget Year 2024 $000's	Budget Year 2025 $000's	Budget Year 2026 $000's	Budget Year 2027 $000's	Budget Year 2028 $000's	Budget Year 2029 $000's	Budget Year 2030 $000's	Budget Year 2031 $000's
Property											
Land	-	-	6,000	-	-	-	-	-	-	-	-
Total land	**2,021**	**-**	**6,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Buildings	6,488	32,895	36,477	13,467	27,587	15,174	14,989	15,396	14,830	15,349	15,886
Building improvements	3,010	2,950	2,223	1,387	1,388	1,770	1,832	1,896	1,962	2,031	2,102
Asset contributions	3,000	15,050	-	-	-	-	-	-	-	-	-
Total buildings	**12,498**	**50,895**	**38,700**	**14,854**	**28,975**	**16,944**	**16,821**	**17,292**	**16,792**	**17,380**	**17,988**
Total property	**12,498**	**50,895**	**44,700**	**14,854**	**28,975**	**16,944**	**16,821**	**17,292**	**16,792**	**17,380**	**17,988**
Plant and equipment											
Arts and culture collection	259	230	130	130	130	154	160	165	171	177	183
Fixtures, fittings and furniture	759	150	75	75	75	89	92	95	99	102	106
Computers and telecommunications	1,622	487	635	5,012	5,025	1,900	1,966	2,036	2,107	2,180	2,257
Library books	550	550	470	480	490	594	627	662	698	736	776
Total plant and equipment	**3,190**	**1,419**	**1,310**	**5,697**	**5,720**	**2,737**	**2,845**	**2,958**	**3,075**	**3,195**	**3,322**
Infrastructure											
Roads	2,568	4,112	2,836	2,962	2,960	3,731	4,120	4,561	5,051	5,229	5,411
Bridges	-	283	-	-	-	49	49	51	51	53	55
Kerbs and Channels	-	1,654	1,057	1,136	1,166	1,220	1,275	1,331	1,391	1,439	1,490
Footpaths & cycleways	2,202	2,656	3,990	4,791	2,230	3,550	3,628	3,700	3,780	3,912	4,048
Road Management	1,076	1,047	1,749	747	756	611	632	654	677	701	725
Drainage	1,578	2,487	3,930	3,429	3,014	2,535	2,818	3,117	3,433	3,553	3,677
Parks, Open Space and Streetscapes	12,606	6,907	5,086	6,295	5,536	5,578	5,809	5,980	6,122	6,336	6,558
Foreshore and Conservation	1,933	2,102	2,644	2,153	286	2,679	2,785	2,892	2,997	3,102	3,211
Off Street Car Parks	212	335	1,723	1,780	425	442	466	492	516	533	552
Total infrastructure	**22,175**	**21,583**	**23,015**	**23,293**	**16,373**	**20,395**	**21,582**	**22,778**	**24,018**	**24,858**	**25,727**
Total capital works expenditure	**37,863**	**73,897**	**69,025**	**43,844**	**51,068**	**40,076**	**41,248**	**43,028**	**43,885**	**45,433**	**47,037**
Represented by:											
New, Upgrade and Expansion Expenditure	17,418	43,403	45,375	31,302	35,472	11,351	10,704	11,079	10,810	11,186	11,577
Renewal Expenditure	20,445	30,494	23,650	12,542	15,596	28,725	30,544	31,949	33,075	34,247	35,460
Total capital works Expenditure	**37,863**	**73,897**	**69,025**	**43,844**	**51,068**	**40,076**	**41,248**	**43,028**	**43,885**	**45,433**	**47,037**
Sources of funding											
Grants	1,431	2,971	9,321	1,621	371	380	390	400	410	420	430
Contributions	4,792	2,750	3,691	3,832	12,875	2,918	2,962	3,006	3,051	3,096	3,143
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Council cash	31,640	68,176	56,013	38,391	37,822	36,778	37,896	39,622	40,424	41,917	43,464
Total Funding Sources	**37,863**	**73,897**	**69,025**	**43,844**	**51,068**	**40,076**	**41,248**	**43,028**	**43,885**	**45,433**	**47,037**

6.6 STATEMENT OF HUMAN RESOURCES

Staff 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
Total staff expenditure										
Male	14,110									
Female	22,544									
Self-described gender	-									
Vacant	9,508									
Total staff expenditure	46,162	-	-	-	-	-	-	-	-	-
Permanent full time										
Male	13,844	17,108	17,536	18,062	18,604	19,162	19,737	20,329	20,939	21,567
Female	16,965	20,084	20,586	21,204	21,840	22,495	23,170	23,865	24,581	25,318
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	5,565	-	-	-	-	-	-	-	-	-
Total	36,373	37,192	38,122	39,266	40,444	41,657	42,907	44,194	45,520	46,885
Permanent part time										
Male	266	2,157	2,211	2,278	2,346	2,416	2,489	2,563	2,640	2,720
Female	5,579	7,820	8,016	8,256	8,504	8,759	9,022	9,292	9,571	9,858
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	3,943	21	21	522	7,522	23	24	24	25	26
Total	9,789	9,998	10,248	11,055	18,372	11,198	11,534	11,880	12,237	12,604

Staff numbers	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	111	131	131	131	131	131	131	131	131	131
Female	205	292	292	292	292	292	292	292	292	292
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	108	-	-	-	-	-	-	-	-	-
Total staff numbers	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**
Permanent full time										
Male	108	126	126	126	126	126	126	126	126	126
Female	149	187	187	187	187	187	187	187	187	187
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	57	-	-	-	-	-	-	-	-	-
Total	314	314	314	314	314	314	314	314	314	314
Permanent part time										
Male	3	4	4	4	4	4	4	4	4	4
Female	56	105	105	105	105	105	105	105	105	105
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	51	-	-	-	-	-	-	-	-	-
Total	109	109	109	109	109	109	109	109	109	109
Casuals, temporary and other expenditure	11.1	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2
Total staff numbers	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**

	Permanent Full Time					Permanent Part Time				
Division	Male $'000	Female $'000	Vacant $'000	Self-described $'000	Total $'000	Male $'000	Female $'000	Vacant $'000	Self-described $'000	Total $'000
Executive Division	650	1,144	-	-	1,794	-	361	20	-	381
Corporate Services Division	3,056	3,577	484	-	7,117	68	362	62	-	492
Environment, Recreation and Infrastructure	2,839	2,715	894	-	6,447	-	201	56	-	258
City Planning and Amenity	5,751	4,013	1,425	-	11,189	68	336	718	-	1,122
Community and Customer Experience	1,549	5,515	2,762	-	9,826	130	4,320	3,086	-	7,537
Total permanent staff expenditure	13,844	16,965	5,565	-	36,374	266	5,579	3,943	-	9,789
Casuals, temporary and other expenditure					3,011					
Capitalised labour costs					2,292					
Total staff	**13,844**	**16,965**	**5,565**	**-**	**41,676**	**266**	**5,579**	**3,943**	**-**	**9,789**

6.7 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
Executive Division										
Permanent - Full time	**1,794**	**1,834**	**1,880**	**1,937**	**1,995**	**2,054**	**2,116**	**2,180**	**2,245**	**2,312**
Female	1,144	1,170	1,199	1,235	1,272	1,311	1,350	1,390	1,432	1,475
Male	650	664	681	701	722	744	766	789	813	837
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	-	-	-	-	-	-	-	-	-	-
Permanent - Part time	**381**	**389**	**399**	**411**	**423**	**436**	**449**	**463**	**477**	**491**
Female	361	369	378	389	401	413	425	438	451	465
Male	-	-	-	-	-	-	-	-	-	-
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	20	21	21	22	22	23	24	24	25	26
Total Executive Division	**2,175**	**2,224**	**2,279**	**2,348**	**2,418**	**2,491**	**2,565**	**2,642**	**2,722**	**2,803**
Corporate Services Division										
Permanent - Full time	**7,117**	**7,277**	**7,459**	**7,683**	**7,914**	**8,151**	**8,395**	**8,647**	**8,907**	**9,174**
Female	3,577	3,905	4,003	4,123	4,247	4,374	4,505	4,641	4,780	4,923
Male	3,056	3,372	3,456	3,560	3,667	3,777	3,890	4,007	4,127	4,251
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	484	-	-	-	-	-	-	-	-	-
Permanent - Part time	**492**	**493**	**506**	**521**	**536**	**552**	**569**	**586**	**604**	**622**
Female	362	409	419	432	445	458	472	486	500	515
Male	68	84	87	89	92	95	97	100	103	106
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	62	-	-	-	-	-	-	-	-	-
Total Corporate Services Division	**7,609**	**7,771**	**7,965**	**8,204**	**8,450**	**8,703**	**8,964**	**9,233**	**9,510**	**9,796**
Environment, Recreation and Infrastructure										
Permanent - Full time	**6,447**	**6,593**	**6,757**	**6,960**	**7,169**	**7,384**	**7,605**	**7,834**	**8,069**	**8,311**
Female	2,715	3,160	3,239	3,336	3,436	3,539	3,645	3,755	3,867	3,983
Male	2,839	3,433	3,519	3,624	3,733	3,845	3,960	4,079	4,201	4,328
Self-described gender	0	-	-	-	-	-	-	-	-	-
Vacant	894	-	-	-	-	-	-	-	-	-
Permanent - Part time	**258**	**263**	**270**	**278**	**286**	**295**	**304**	**313**	**322**	**332**
Female	201	263	270	278	286	295	304	313	322	332
Male	0	0	0	0	0	0	0	0	0	0
Self-described gender	0	-	-	-	-	-	-	-	-	-
Vacant	56	-	-	-	-	-	-	-	-	-
Total Environment, Recreation and Infrastructu	**6,705**	**6,856**	**7,027**	**7,238**	**7,455**	**7,679**	**7,909**	**8,146**	**8,391**	**8,642**
City Planning and Amenity										
Permanent - Full time	**11,189**	**11,441**	**11,727**	**12,078**	**12,441**	**12,814**	**13,198**	**13,594**	**14,002**	**14,422**
Female	4,013	4,628	4,743	4,886	5,032	5,183	5,339	5,499	5,664	5,834
Male	5,751	6,813	6,983	7,193	7,409	7,631	7,860	8,096	8,339	8,589
Self-described gender	0	-	-	-	-	-	-	-	-	-
Vacant	1,425	-	-	-	-	-	-	-	-	-
Permanent - Part time	**1,122**	**1,147**	**1,176**	**1,211**	**1,247**	**1,285**	**1,323**	**1,363**	**1,404**	**1,446**
Female	336	564	578	595	613	632	651	670	690	711
Male	68	583	598	616	634	653	673	693	714	735
Self-described gender	0	-	-	-	-	-	-	-	-	-
Vacant	718	-	-	-	-	-	-	-	-	-
Total City Planning and Amenity	**12,311**	**12,588**	**12,903**	**13,290**	**13,688**	**14,099**	**14,522**	**14,958**	**15,406**	**15,868**
Community and Customer Experience										
Permanent - Full time	**9,826**	**10,048**	**10,299**	**10,608**	**10,926**	**11,254**	**11,591**	**11,939**	**12,297**	**12,666**
Female	5,515	7,221	7,402	7,624	7,852	8,088	8,331	8,580	8,838	9,103
Male	1,549	2,826	2,897	2,984	3,074	3,166	3,261	3,359	3,459	3,563
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	2,762	-	-	-	-	-	-	-	-	-
Permanent - Part time	**7,536**	**7,705**	**7,898**	**8,635**	**15,879**	**8,630**	**8,889**	**9,156**	**9,430**	**9,713**
Female	4,320	6,215	6,371	6,562	6,759	6,962	7,170	7,385	7,607	7,835
Male	130	1,490	1,527	1,573	1,620	1,669	1,719	1,770	1,823	1,878
Self-described gender	0	-	-	-	-	-	-	-	-	-
Vacant	3,086	-	-	500	7,500	-	-	-	-	-
Total Community and Customer Experience	**17,363**	**17,753**	**18,196**	**19,242**	**26,805**	**19,884**	**20,480**	**21,095**	**21,727**	**22,379**
Casuals, temporary and other expenditure	**3,011**	**3,054**	**3,122**	**3,439**	**3,809**	**3,923**	**4,040**	**4,162**	**4,287**	**4,415**
Capitalised labour costs	**2,292**	**2,344**	**2,403**	**2,475**	**2,549**	**2,626**	**2,705**	**2,786**	**2,869**	**2,955**
Total staff expenditure	**49,173**	**50,245**	**51,492**	**53,760**	**62,624**	**56,778**	**58,481**	**60,236**	**62,043**	**63,904**

	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
Executive Division										
Permanent - Full time	**11.0**	**11.0**	**11.0**	**11.0**	**11.0**	**11.0**	**11.0**	**11.0**	**11.0**	**11.0**
Female	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Male	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	-	-	-	-	-	-	-	-	-	-
Permanent - Part time	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**
Female	3.1	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Male	-	-	-	-	-	-	-	-	-	-
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	0.2	-	-	-	-	-	-	-	-	-
Total Executive Division	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3
Corporate Services Division										
Permanent - Full time	**56.0**	**56.0**	**56.0**	**56.0**	**56.0**	**56.0**	**56.0**	**56.0**	**56.0**	**56.0**
Female	29.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0
Male	23.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	4.0	-	-	-	-	-	-	-	-	-
Permanent - Part time	**5.3**	**5.3**	**5.3**	**5.3**	**5.3**	**5.3**	**5.3**	**5.3**	**5.3**	**5.3**
Female	4.1	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Male	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	0.6	-	-	-	-	-	-	-	-	-
Total Corporate Services Division	**61.3**	**61.3**	**61.3**	**61.3**	**61.3**	**61.3**	**61.3**	**61.3**	**61.3**	**61.3**
Environment, Recreation and Infrastructure										
Permanent - Full time	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**
Female	24.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
Male	20.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	8.0	-	-	-	-	-	-	-	-	-
Permanent - Part time	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**
Female	2.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Male	-	-	-	-	-	-	-	-	-	-
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	0.5	-	-	-	-	-	-	-	-	-
Total Environment, Recreation and Infrastructu	**54.5**	**54.5**	**54.5**	**54.5**	**54.5**	**54.5**	**54.5**	**54.5**	**54.5**	**54.5**
City Planning and Amenity										
Permanent - Full time	**104.4**	**104.4**	**104.4**	**104.4**	**104.4**	**104.4**	**104.4**	**104.4**	**104.4**	**104.4**
Female	40.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0
Male	49.0	57.4	57.4	57.4	57.4	57.4	57.4	57.4	57.4	57.4
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	15.4	-	-	-	-	-	-	-	-	-
Permanent - Part time	**14.7**	**14.7**	**14.7**	**14.7**	**14.7**	**14.7**	**14.7**	**14.7**	**14.7**	**14.7**
Female	3.4	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3
Male	0.6	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	10.8	-	-	-	-	-	-	-	-	-
Total City Planning and Amenity	**119.1**	**119.1**	**119.1**	**119.1**	**119.1**	**119.1**	**119.1**	**119.1**	**119.1**	**119.1**
Community and Customer Experience										
Permanent - Full time	**90.4**	**90.4**	**90.4**	**90.4**	**90.4**	**90.4**	**90.4**	**90.4**	**90.4**	**90.4**
Female	48.0	73.4	73.4	73.4	73.4	73.4	73.4	73.4	73.4	73.4
Male	13.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	29.4	-	-	-	-	-	-	-	-	-
Permanent - Part time	**83.6**	**83.6**	**83.6**	**83.6**	**83.6**	**83.6**	**83.6**	**83.6**	**83.6**	**83.6**
Female	43.0	81.2	81.2	81.2	81.2	81.2	81.2	81.2	81.2	81.2
Male	1.7	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Self-described gender	-	-	-	-	-	-	-	-	-	-
Vacant	39.0	-	-	-	-	-	-	-	-	-
Total Community and Customer Experience	**174.0**	**174.0**	**174.0**	**174.0**	**174.0**	**174.0**	**174.0**	**174.0**	**174.0**	**174.0**
Casuals and temporary staff	**11.1**	**11.2**	**11.2**	**11.2**	**11.2**	**11.2**	**11.2**	**11.2**	**11.2**	**11.2**
Capitalised labour	**19.0**	**19.0**	**19.0**	**19.0**	**19.0**	**19.0**	**19.0**	**19.0**	**19.0**	**19.0**
Total staff numbers	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**	**434.3**

7 Financial Performance Indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. These indicators provide a useful analysis of financial position and performance and should be used in the context of the organisation's objectives.

Indicator	Measure	Forecast 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Low Risk
Operating position													
Adjusted underlying surplus result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	9.4%	9.8%	6.9%	6.2%	5.3%	4.6%	4.7%	5.1%	5.3%	5.5%	5.7%	**>5%**
Liquidity													
Working Capital	Current assets / current liabilities	468%	325%	244%	232%	233%	207%	203%	197%	194%	190%	185%	**>150%**
Unrestricted cash	Unrestricted cash / current liabilities	328%	225%	151%	138%	127%	105%	103%	100%	98%	96%	94%	**>80%**
Obligations													
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Indebtedness	Non-current liabilities / own source	1.7%	1.6%	1.8%	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%	
Asset renewal	Asset renewal expenditure /	101%	138%	97%	48%	57%	101%	106%	109%	110%	112%	113%	**>100%**
Stability													
Rates concentration	Rate revenue / adjusted underlying revenue	76%	75%	76%	76%	76%	76%	76%	76%	77%	77%	77%	
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.15%	0.15%	0.15%	0.16%	0.16%	0.17%	0.17%	0.18%	0.18%	0.18%	0.19%	
Efficiency													
Expenditure level	Total expenditure / no. of property assessments	$2,608	$2,673	$2,811	$2,913	$2,975	$3,239	$3,138	$3,235	$3,268	$3,371	$3,409	
Revenue level	Total rate revenue / No. of property assessments	$2,196	$2,219	$2,281	$2,354	$2,388	$2,475	$2,512	$2,603	$2,644	$2,740	$2,783	

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

1. Adjusted underlying surplus result

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. There is a slight deterioration in the underlying result driven mainly by a reduction in interest income as Council's reserves are drawn down to fund the capital program and an increase in depreciation reflecting Council's increasing investment in major Capital projects and Infrastructure.

2. Working Capital

The proportion of current liabilities represented by current assets. Working capital is forecast to decrease from 2022/23 due to cash reserves being utilised to fund the capital program. The trend in later years is to remain steady at an acceptable level.

3. Unrestricted Cash

All cash and cash equivalents other than restricted cash, including cash that will be used to fund capital expenditure from the previous financial year.

4. Debt compared to rates

Council is currently debt free and there are no current plans for borrowings.

5. Asset Renewal

This percentage indicates the extent of Council's renewals against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets. A number of major projects have impacted 2023/24 and 2024/25 with asset renewal returning to sustainable levels in 2025/26

6. Rates concentration

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

8 Strategies and plans

8.1 RATING STRATEGY

Property Rates and Charges

Council Rates and Waste Charges will remain the major source of revenue for Bayside into the future.

The introduction of rate capping in July 2016 has seen a reduction in rate revenue compared to previous long-term forecasts, with an estimated cumulative impact of around $75 million over the life of the Financial Plan. Council has been actively pursuing efficiency measures and optimising other income sources to endeavour to ameliorate the impacts on the range and level of services and assets provided to the community.

The Victorian Government appointed an independent panel in 2019 to review all aspects of Victoria's local government rating system. Their final report was submitted to the Minister for Local Government on 31 March 2020 and the Victorian Government released the final report and its response to the 56 recommendations on 21 December 2020. The panel made 56 recommendations concluding that rates are better described as a tax and that the rating system was not broken. The Government response supports 36 of the Panel's recommendations in full, in-principle or in part and prioritises the reforms that will support ratepayers in financial hardship and improve the transparency and consistency of decision making. The Government has confirmed it will not substantially change the arrangements for general rates, nor will it change rate exemptions for charities or other entities or alternative rating arrangements. This gives certainty to all ratepayers as Victoria focuses on social and economic recovery from the COVID-19 pandemic.

Rates are property taxes that allow Council to raise revenue to fund essential public services to cater to their municipal population. Importantly, it is a taxation system that includes flexibility for councils to utilise different tools in its rating structure to accommodate issues of equity and to ensure fairness in rating for all ratepayers.

Council has established a rating structure comprised of three key elements. These are:

- **General Rates** – Based on property values (using the Capital Improved Valuation methodology), which are indicative of capacity to pay and form the central basis of rating under the *Local Government Act 1989*;
- **Service Charges** - A 'user pays' component for council services to reflect benefits provided by Council to ratepayers who benefit from a service; and
- **Municipal Charge** - A 'fixed rate" portion per property to cover some of the administrative costs of Council.

The Victorian City Council rating structure comprises three differential rates (residential or general, commercial/industrial, and farm). These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the *Local Government Act 1989*, and the Ministerial Guidelines for Differential Rating 2013.

Bayside does not use differential rating but rather uses a uniform rate across its rating categories.

- Residential 100%
- Commercial 100%
- Industrial 100%

Council also levies a municipal charge. The municipal charge is a minimum rate per property and declared for the purpose of covering some of the administrative costs of Council. In applying the municipal charge, Council ensures that each ratable property in the municipality contributes.

The formula for calculating General Rates, excluding any additional charges, arrears or additional supplementary rates is Valuation (Capital Improved Value) x Rate in the Dollar (Differential Rate Type). The rate in the dollar for each rating differential category is included in Council's annual budget.

Planning for future rate increases is therefore an essential component of the financial planning process and plays a significant role in funding both additional service delivery and the increasing costs related to providing Council services.

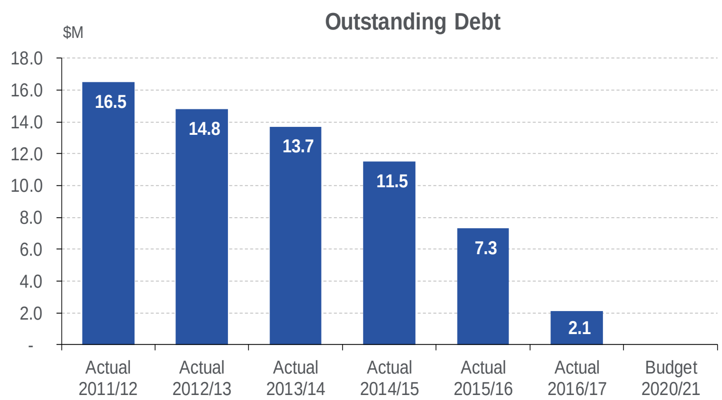
Council is aware of the balance between rate revenue (as an important income source) and community sensitivity to rate increases. With the introduction of the State Government's Fair Go Rates System, all rate increases are capped to a rate declared by the Minister for Local Government, which is announced in December for the following financial year.

Council currently utilises a service charge to fully recover the cost of Council's waste services. The waste service charge is not capped under the Fair Go Rates System.

8.2 BORROWING STRATEGY

8.2.1 BACKGROUND TO COUNCIL'S CURRENT LEVEL OF INDEBTEDNESS

Council is currently debt free and has strategically paid off fixed term and fixed interest of 7% over the last eight years when payments fell due. This debt was largely inherited from the amalgamation of the former City of Brighton, the former City of Sandringham and part of the former cities of Moorabbin and Mordialloc in 1994.



8.2.2 FUTURE LOAN STRATEGIES

Many Victorian Councils are debt averse and view the achievement of a low level of debt or even debt free status as a primary goal. Others see the use of loan funding as being a critical component of the funding mix to deliver much needed infrastructure to the community.

The use of loans to fund capital expenditure can be an effective mechanism of linking the payment for the asset (via debt redemption payments) to the successive Council populations who receive benefits over the life of that asset. This matching concept is frequently referred to as 'inter-generational equity'.

One of the key considerations for Council in the application of future loan borrowings is the premise that its long-term financial strategies should strive for a financial structure where its annual operational and asset renewal needs can be met from annual funding sources. That is, Council does not have to access funding from non-renewable sources such as loans, asset sales or reserves to meet its annual expenditure needs.

Council's current position in respect of the utilisation of loan funding is to consider the use of loan funding as a viable and equitable mechanism of funding new/significantly upgraded major assets that provide a broad community benefit. Prior to undertaking any future borrowings, Council model the implications of the proposed loan program on council's long-term financial position and determine the funding mechanism to meet annual debt servicing and redemption requirements.

There is currently no requirement to borrow funds over the duration of the financial plan.

	Forecast / Actual 2020/21 $'000	2021/22 $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000
Opening balance		0	0	0	0	0	0	0	0	0	0
Plus New loans											
Less Principal repayment											
Closing balance	0	0	0	0	0	0	0	0	0	0	0
Interest payment											

Performance Indicator	Target	Forecast / Actual 2020/21 %	2021/22 %	2022/23 %	2023/24 %	2024/25 %	2025/26 %	2026/27 %	2027/28 %	2028/29 %	2029/30 %	2030/31 %
Total borrowings / Rate revenue	Below 60%	%	%	%	%	%	%	%	%	%	%	%
Debt servicing / Rate revenue	Below 5%	%	%	%	%	%	%	%	%	%	%	%
Debt committment / Rate revenue	Below 10%	%	%	%	%	%	%	%	%	%	%	%
Indebtedness / Own source revenue	Below 60%	%	%	%	%	%	%	%	%	%	%	%

8.2.3 MEASURING WHAT LEVEL OF DEBT IS APPROPRIATE

The maximum levels of indebtedness are prescribed for Council by way of prudential limits established by the Victorian Government.

The three principle prudential limits are:

- Debt Servicing (Interest repayments) as a percentage of total revenue should not exceed 5 per cent.
- Total Indebtedness as a percentage of rate revenue should not exceed 60 per cent (with this latter prudential limit – where ratios exceed 60 per cent, Councils are required to demonstrate long-term strategies to reduce indebtedness prior to undertaking further borrowings.
- Working capital ratio (current assets/current liabilities) to remain in excess of 1.5

8.3 RESERVES STRATEGY

Victorian local government councils have traditionally operated with Reserve funds that are amounts of money set aside for specific purposes in later years. In general, these funds do not have bank accounts of their own but are a theoretical split up of the cash surplus that Council has on hand. The following sections provide a picture of what Reserve funds Council holds and their purpose.

The following summary outlines the purpose of each current reserve and its typical inflows and outflows. Projected balances have been updated to reflect 2019/20 current forecast movements.

8.3.1 CURRENT RESERVES

Public resort and recreation land reserve (open space)

As part of Bayside's Planning Scheme, open Space contributions equal to 5% of the site value for a sub-division of 3 or more lots are required to be paid to Bayside City Council.

All open space contributions collected at the time of subdivision are placed in a dedicated Open Space Reserve, and may only be expended to maintain, improve or purchase open space.

Car park reserve

The car parking reserve is a statutory reserve designed to hold funds for allocation to car park projects works

Drainage contribution reserve

The drainage contribution reserve is a statutory reserve that contains contributions received from planning applicants who sought to increase the number of dwellings on a private lot or expand the area of a commercial building and is used to fund future drainage works.

Capital carry forward reserve

The capital works carried forward reserve is to quarantine funding for budgeted capital projects which are in progress at 30 June 2021 but will require the funds to be carried forward to complete the projects.

Infrastructure reserve

The infrastructure reserve is to quarantine identified savings from the operating and capital budget to fund replacement infrastructure or held as a contingency to finance projects deemed as unavoidable or to be allocated against the repayment of borrowings.

Community facilities enhancement reserve

The community facilities enhancement reserve holds the proceeds from the sale of the independent living units to fund new or improvements to community facilities that provide direct benefit to the Bayside community.

Dendy beach precinct reserve

The Dendy street beach improvement reserve receives the net proceeds from the sale of bathing boxes and is used to fund future works in the Dendy street beach precinct.

Defined Benefits Superannuation Shortfall

Since 1997, Council has made in total $15.3 million to the Fund for shortfall calls due to low investment returns achieved by the Fund. In 2012/13, Council made a shortfall call contribution of $5.3 million to the Fund, which is a substantial amount in one year.

One of the MAV Defined Benefits Taskforce recommendations was to make annual allowances for shortfalls, to smooth out the extreme nature of the shortfalls over time. This will ensure that Council will not be subject to large once-off shortfalls.

The defined superannuation shortfall reserve is to quarantine $0.5 million annually to ensure Council sets aside sufficient cash to cover for future defined benefit superannuation shortfall calls, which are one-off and material in nature.

Early childhood facilities reserve

Early Childhood Facilities Reserve holds the proceeds from the sale of former childcare centres to fund the redevelopment of early childhood facilities.

Street and park tree management reserve

Street and park tree management reserve holds the cumulative surplus from income received from applications to remove trees less the amount spent to fund the continued re-planting of trees within the municipality.

8.3.2 RESERVE USAGE PROJECTIONS

Reserves	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
Public resort and recreation land reserve											
Opening balance	23,009	17,166	15,713	14,570	15,273	16,790	16,790	16,790	16,790	16,790	16,790
Transfer to reserve	4,070	2,086	2,109	2,133	2,167	2,206	2,238	2,270	2,303	2,336	2,370
Transfer from reserve	(9,913)	(3,539)	(3,252)	(1,430)	(650)	(2,206)	(2,238)	(2,270)	(2,303)	(2,336)	(2,370)
Closing balance	**17,166**	**15,713**	**14,570**	**15,273**	**16,790**	**16,790**	**16,790**	**16,790**	**16,790**	**16,790**	**16,790**
Car park reserve											
Opening balance	423	423	423	423	423	423	423	423	423	423	423
Transfer to reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve	-	-	-	-	-	-	-	-	-	-	-
Closing balance	**423**	**423**	**423**	**423**	**423**	**423**	**423**	**423**	**423**	**423**	**423**
Drainage contribution reserve											
Opening balance	829	829	829	829	829	829	829	829	829	829	829
Transfer to reserve	750	750	761	772	784	796	808	820	832	844	857
Transfer from reserve	(750)	(750)	(761)	(772)	(784)	(796)	(808)	(820)	(832)	(844)	(857)
Closing balance	**829**	**829**	**829**	**829**	**829**	**829**	**829**	**829**	**829**	**829**	**829**
Total Restricted Reserves											
Opening balance	24,261	18,418	16,965	15,822	16,525	18,042	18,042	18,042	18,042	18,042	18,042
Transfer to reserve	4,820	2,836	2,870	2,905	2,951	3,002	3,046	3,090	3,135	3,180	3,227
Transfer from reserve	(10,663)	(4,289)	(4,013)	(2,202)	(1,434)	(3,002)	(3,046)	(3,090)	(3,135)	(3,180)	(3,227)
Closing balance	**18,418**	**16,965**	**15,822**	**16,525**	**18,042**	**18,042**	**18,042**	**18,042**	**18,042**	**18,042**	**18,042**
Infrastructure Reserve											
Opening balance	17,353	16,338	2,913	0	0	0	0	0	0	0	0
Transfer to reserve	122	82	15	-	-	-	-	-	-	-	-
Transfer from reserve	(1,137)	(13,507)	(2,928)	-	-	-	-	-	-	-	-
Closing balance	**16,338**	**2,913**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Dendy Beach Precinct Reserve											
Opening balance	2,483	2,490	0	0	0	0	0	0	0	0	0
Transfer to reserve	7	12	-	-	-	-	-	-	-	-	-
Transfer from reserve	-	(2,502)	-	-	-	-	-	-	-	-	-
Closing balance	**2,490**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Community Facilities Enhancement Reserve											
Opening balance	0	1,029	0	0	0	0	0	0	0	0	0
Transfer to reserve	4,158	5	-	-	-	-	-	-	-	-	-
Transfer from reserve	(3,129)	(1,034)	-	-	-	-	-	-	-	-	-
Closing balance	**1,029**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Reserves	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Defined Benfits Superannuation Shortfall											
Opening balance	3,500	4,000	4,500	5,000	5,500	6,000	0	500	1,000	1,500	2,000
Transfer to reserve	500	500	500	500	500	500	500	500	500	500	500
Transfer from reserve	-	-	-	-	-	(6,500)	-	-	-	-	-
Closing balance	**4,000**	**4,500**	**5,000**	**5,500**	**6,000**	**0**	**500**	**1,000**	**1,500**	**2,000**	**2,500**
Early Childhood Facilities											
Opening balance	5,314	5,179	2,070	0	0	0	0	0	0	0	0
Transfer to reserve	13	26	10	-	-	-	-	-	-	-	-
Transfer from reserve	(148)	(3,135)	(2,080)	-	-	-	-	-	-	-	-
Closing balance	**5,179**	**2,070**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Unspent Conditional Grants											
Opening balance	490	0	0	0	0	0	0	0	0	0	0
Transfer to reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve	(490)	-	-	-	-	-	-	-	-	-	-
Closing balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Capital Carried Forwards											
Opening balance	20,126	7,818	0	0	0	0	0	0	0	0	0
Transfer to reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve	(12,308)	(7,818)	-	-	-	-	-	-	-	-	-
Closing balance	**7,818**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Discretionary Reserves											
Opening balance	49,266	36,854	9,483	5,000	5,500	6,000	0	500	1,000	1,500	2,000
Transfer to reserve	4,800	625	525	500	500	500	500	500	500	500	500
Transfer from reserve	(17,212)	(27,996)	(5,008)	-	-	(6,500)	-	-	-	-	-
Closing balance	**36,854**	**9,483**	**5,000**	**5,500**	**6,000**	**0**	**500**	**1,000**	**1,500**	**2,000**	**2,500**
Total Restricted and Discretionary Reserves											
Opening balance	73,527	55,272	26,448	20,822	22,025	24,042	18,042	18,542	19,042	19,542	20,042
Transfer to reserve	9,620	3,461	3,395	3,405	3,451	3,502	3,546	3,590	3,635	3,680	3,727
Transfer from reserve	(27,875)	(32,285)	(9,021)	(2,202)	(1,434)	(9,502)	(3,046)	(3,090)	(3,135)	(3,180)	(3,227)
Closing balance	**55,272**	**26,448**	**20,822**	**22,025**	**24,042**	**18,042**	**18,542**	**19,042**	**19,542**	**20,042**	**20,542**

8.4 ASSET PLAN INTEGRATION

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

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

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

Together the Financial Plan and Asset Plan seek to balance projected investment requirements against projected budgets.

8.4.1 SUMMARY OF COUNCIL'S FIXED ASSETS

Council's Property, Infrastructure, Plant & Equipment, Intangible Assets, and Right of Use Assets have a total value projected at June 2021 of $3.42 billion of which includes $2.8 billion of land. The assets subject to renewal have a written down value of $617.5 million.

Bayside City Council's total asset portfolio consisting of property, plant and equipment and infrastructure assets comprising the following asset quantities:

176 parks, reserves, gardens, foreshore precincts, and grounds	356km of local roads
66 playgrounds	20km of laneways
27 sportsground ovals	121 carparks
5 playing fields	672km of kerb and channel
2 golf courses	781km of civil and open space pathways
4 skate parks	15,531 drainage pits
4 cricket and baseball nets	415km drainage pipes
14 park shelters	3 major stormwater harvesting systems
13,671 park and street furniture assets	34 major buildings
63,110 street and park trees	147 minor buildings

These assets are critical in supporting a variety of community services and must be effectively managed to ensure quality and reliable service delivery into the future.

8.4.2 SERVICE PLANNING

Service planning is an integral driver of Council's Asset Management Planning and has many benefits. Service planning enables Council to demonstrate that:

- Levels of service are defined in consultation with the community.

- Cost and quality standards are established for services delivered from Council assets
- Services are regularly reviewed in consultation with the community to determine the financial impact of a change in service levels.

Service planning and the setting of service levels enables Council to develop Asset Management Plans and practices that support desired service outcomes. Without Service Plans, Council's Asset Management Plans can only reliably predict future funding requirements to safely retain assets in a condition that is compliant with relevant regulatory requirements and fit for use, but not necessarily fit for purpose.

Council's approach to asset management determines the quality of services available to the public. The approach adopted therefore significantly impacts the quality of life experienced by current and future Bayside communities.

8.4.3 MANAGING COUNCIL'S ASSETS FOR THE FUTURE

Council's adopted Asset Management Policy set outs the following principles to be used by Council to guide Asset Management planning and decision making:

- Prioritises renewal or upgrade of existing assets
- New assets require demonstrated community need following consideration of alternative provision
- Assets delivering low community benefit considered for rationalisation
- Asset planning considers physical condition criticality utility and efficiency and enables renewal modelling to inform the capital works programme and long-term financial plan
- Capital works approval follows documentation that the projects can be delivered and that lifecycle costs are reasonable
- Council will maintain a corporate asset management system of integrated finance customer request and geographic information systems; it meets statutory and legislative requirements for responsible asset management.

It is essential that any approach towards strategic financial planning be linked closely with Council's Asset Management Strategy which aims to address gaps in asset information and asset management practices across the organisation. The Financial Plan will ensure that forward resourcing is allocated in a manner that supports the delivery of the Strategy and the effective management of Council's assets into the future.

Asset Management Plans have been adopted by Council for Drainage, Roads, Open Space, Buildings and Pathways. These Plans assist Council in identifying its long-term financial obligations. The Plans also identify operational and strategic practices which will ensure that Council manages assets across their lifecycle in a financially sustainable manner.

Implicit in the delivery of these plans is an understanding that the best available data be used to interpret current performance of Council's asset base and develop financial projections for future service delivery.

The table below records the development of Council's Asset Management Policy, Strategy and Plans:

Item	Status
Asset Plan	This plan is a requirement of the Local Government Act 2020 and its design and implementation is currently being developed by council. The asset plan will contain a 10-year infrastructure plan with clear and demonstrable links to service planning and deliberative engagement under councils engagement policy 2021. A draft asset plan will be completed by October 2021.
Asset Management Policy	The purpose of the asset management policy is to guide the future management of all council assets to meet community needs within financial and other practical constraints
Asset management (Improvement strategy)	This Strategy aims to raise Council's Asset Management activities to the point where they would be recognised as best appropriate practice. Delivered as two key components (service levels capability and improvements to information systems) it will increase Council's ability to manage its assets and by improving its knowledge of those assets in a way that also meets community expectations.
Drainage asset management plan	The purpose of the Plan is to clearly document Council's current asset management practices and present a lifecycle management strategy for the drainage network for the next 10 years. Council's stormwater drainage assets represent a significant community infrastructure investment with a total replacement value of $101.4 million comprising of 410+ kilometres of pipe and 15,000+ pits.
Roads asset management plan	The Plan shows that if Council maintains its annual average renewal budget on roads of $3.1 million it will maintain service levels with no renewal gap or backlog. This Plan assesses detailed asset condition data, current and future needs, establishes service levels, assesses optimum funding requirements and identifies management strategies to improve the

	management of this asset class. (incl laneways, footpaths and bridges).
Open space asset management plan	The Plan identifies a need to embed service levels for Open Space assets and capture their associated costs. The Plan recommends improvements to asset information to move Council towards best practice asset and service delivery and a slight refinement of the long-term funding strategy of open space assets for optimal lifecycle management.
Buildings asset management plan	The plan documents a robust business case for the continued investment in buildings owned and operated by Council and the services those buildings provide to the Community. Includes underlying infrastructure strategies such as Public Toilets (now at 2019-23), Early Years Infrastructure, Sporting Pavilion and Playground strategies.
Asset Management Information System (AMIS)	Council uses the Authority Asset Register from the Civica suite of tools and Intramaps corporate Geospatial Information system (GIS). The Asset Management Improvement Strategy identifies a number of key areas of improvement that are critical for delivering the level of analysis required for mature asset management.

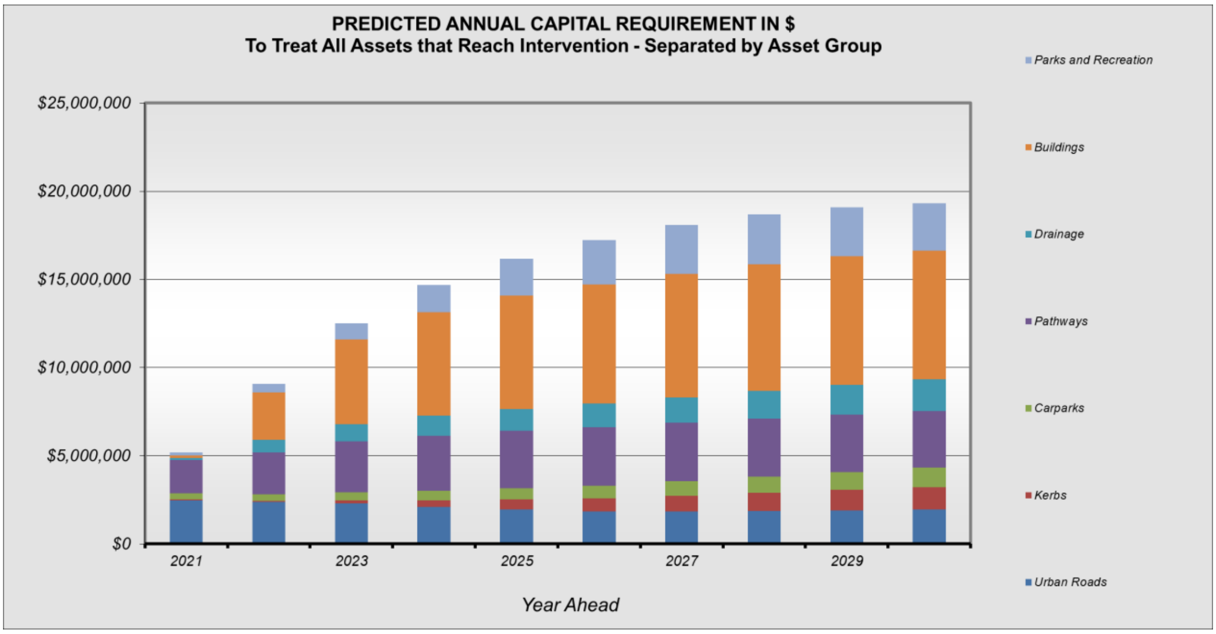
8.4.4 COUNCIL'S ANNUAL RENEWAL GAP

Council is committed to providing a sufficient level of annual funding to meet ongoing asset renewal needs. If this funding isn't provided a 'renewal gap' develops and asset overall condition declines.

Modelling the renewal gap requires inputs (data) on asset inventory, condition, replacement cost, asset life and intervention levels. Accuracy and procedure on any of these inputs can have a significant impact on the percentage of the asset base above or below the nominated intervention level. Therefore, all inputs to the modelling are under continuous improvement and scrutiny.

In 2019/20 Council undertook a major review of how it calculates replacement cost.

Early renewal is driven by service levels rather than asset condition. For example, the growth in women's AFL required early intervention and major upgrade /renewal of sporting pavilions across Bayside. This led to an overall improvement in Building condition, and a temporary reduction in renewal funds needed, although the overall requirement for building renewal funding re-establishes itself in 2023 as is shown in the graph below. All other asset classes show a steady renewal funding requirement for the 10-year horizon.



This graph represents the following assumptions:

- Infrastructure assets are based on a 20 year funding scenario, with more detailed figures over the first 4 and 10 year periods
- Roads are based on current condition data, where over 90% of assets are within acceptable parameters and funding needs are currently stabilised.
- Buildings are based on current condition data. Predicted renewal costs are kept under control by intensive maintenance, particularly that of building fit out which is a major renewal component but with a relatively short useful life.
- Parks and leisure assets are based on at cost/age.
- Drains are depreciated based on age. Drainage assets are often capable of adequately performing their service until end of life and are more frequently upgraded rather than renewed.