



HUME CITY FINANCIAL PLAN 2021/22-2030/31

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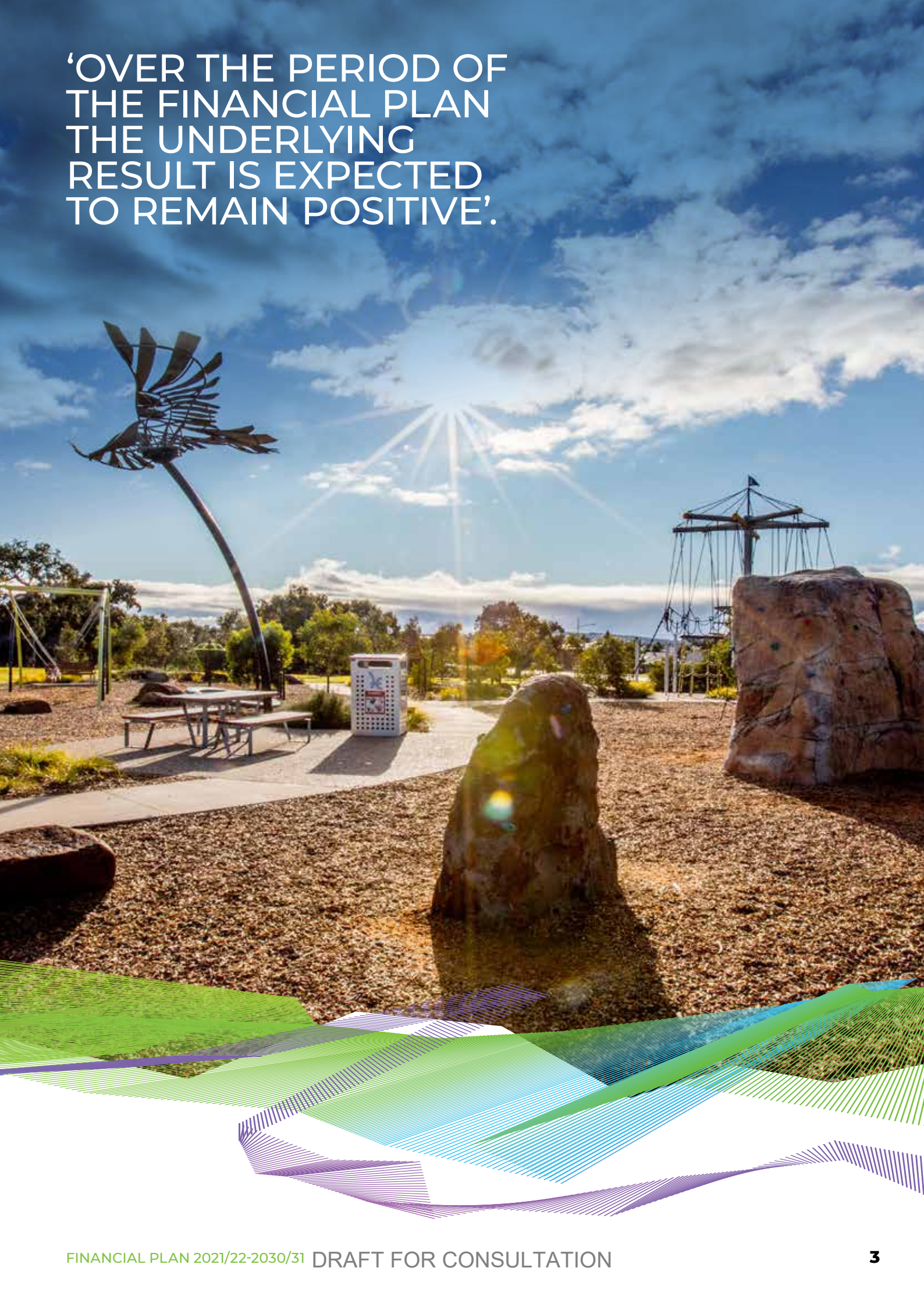
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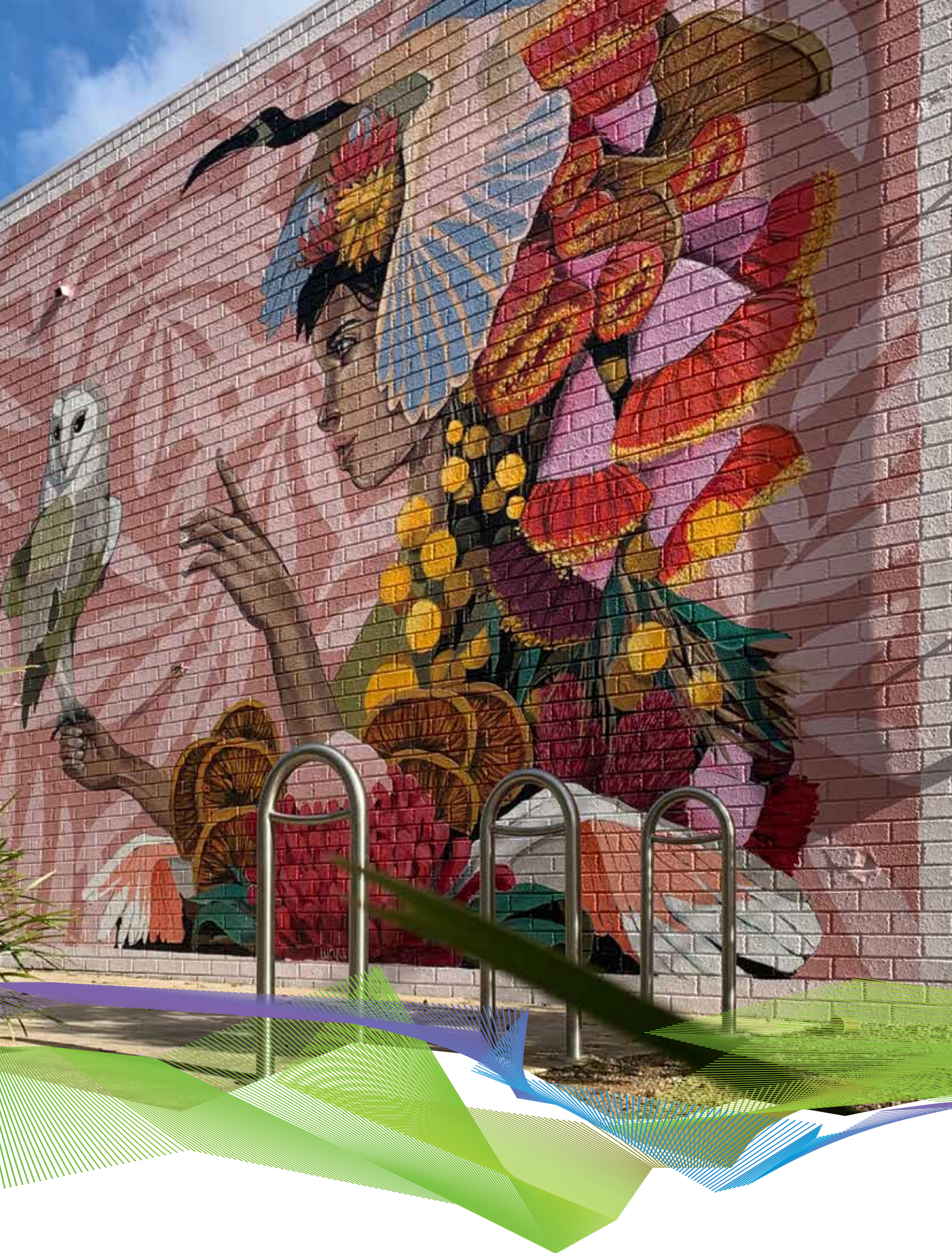


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'OVER THE PERIOD OF
THE FINANCIAL PLAN
THE UNDERLYING
RESULT IS EXPECTED
TO REMAIN POSITIVE'.





1 OUR INTEGRATED STRATEGIC PLANNING FRAMEWORK

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

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

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



Figure 1: Integrated Strategic Planning Framework

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

Community Vision

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

Financial Plan

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

Asset Plan

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

Municipal Strategic Statement

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

1.1 STRATEGIC PLANNING PRINCIPLES

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

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

1.2 FINANCIAL MANAGEMENT PRINCIPLES

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

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

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

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

The Financial Plan demonstrates the following financial management principles:

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

1.3 ENGAGEMENT PRINCIPLES

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

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

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

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

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

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

PRE-VISIONING ENGAGEMENT (PAST CONSULTATIONS ON ASPIRATIONS)

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



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

STAGE 1: BROAD COMMUNITY ENGAGEMENT

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



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

STAGE 2: COMMUNITY PANEL

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

STAGE 3: TESTING COMMUNITY VISION AND LOCAL PRIORITIES

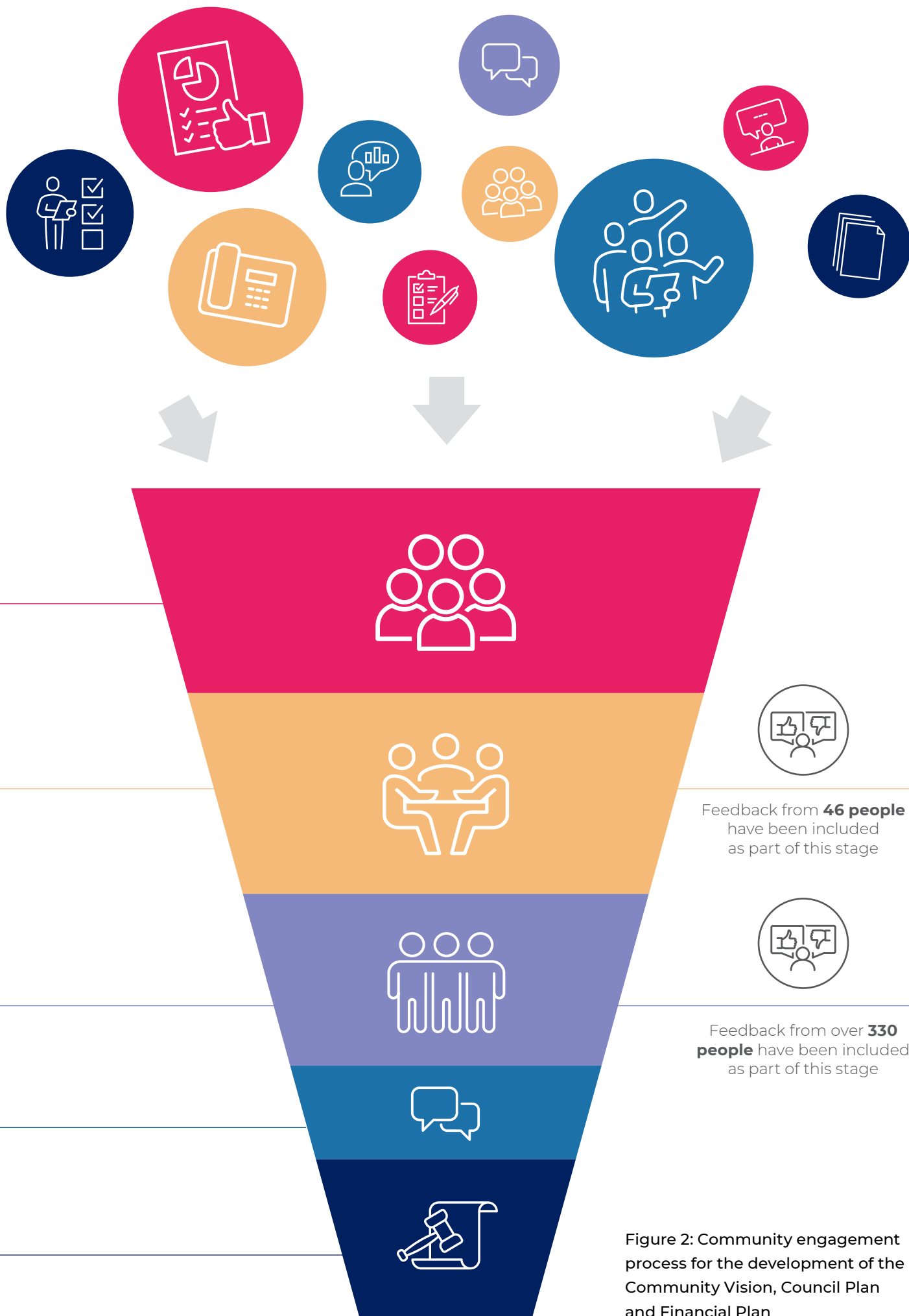
- Let's Shape Together Community Event brings people together to consider how Council can respond to the draft Community Vision, Themes and Strategic Objectives
- Budget Simulator test community views about long-term financial principles and the allocation of resources
- Deliberative Panel reconvenes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

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

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

STAGE 5: COUNCIL CONSIDERATION & ADOPTION

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



1.4 SERVICE PERFORMANCE PRINCIPLES

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

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

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

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

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

1.5 ASSET PLAN INTEGRATION

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

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

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

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

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

2 FINANCIAL PLAN CONTEXT

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

2.1 MUNICIPAL DEMOGRAPHICS

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

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

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

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

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

2.2 COVID-19

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

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

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

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

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

2.3 ECONOMIC ENVIRONMENT

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

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

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

2.4 EPA LANDFILL LEVY

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

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

*from 1 January 2021

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

2.5 COST SHIFTING

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

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

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

2.6 FINANCIAL POLICY STATEMENTS

This section defines the policy statements, and associated measures, that demonstrates Council's financial sustainability to fund the aspirations of the Community Vision and the Council Plan. Council's strategic actions to influence long term financial sustainability include:

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

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

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

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

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

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

2.7 ASSUMPTIONS TO THE FINANCIAL PLAN STATEMENTS

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

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

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

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

2.7.1 Rates and charges

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

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

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

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

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

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

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

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

2.7.2 Statutory fees and fines

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

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

2.7.3 User fees

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

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

2.7.4 Grants – operating

Grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Operating grants are expected to increase on an annual basis by approximately 0.5% plus population growth.

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

2.7.5 Grants – capital

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

2.7.6 Contributions – monetary

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

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

2.7.7 Contributions – non-monetary

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

2.7.8 Other income

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

2.7.9 Employee costs

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

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

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

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

2.7.10 Materials and services

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

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

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

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

2.7.11 Depreciation & amortisation

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

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

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

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

2.7.12 Finance/borrowing costs

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

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

2.7.13 Other expenses

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

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

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

2.7.14 Reimbursement to developers for LIK/WIK projects

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

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

2.7.15 Payment to ICP developer for land equalization

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

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

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

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

2.8 OTHER MATTERS IMPACTING THE 10-YEAR FINANCIAL PROJECTIONS

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

2.8.1 Rates Burden

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

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

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

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

2.8.2 Interface Growth Council challenges

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

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

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

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

2.8.3 Cost shifting

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

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

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

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

2.8.4 Future defined benefits superannuation calls

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

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

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

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

2.8.5 COVID-19

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

2.8.6 Capital works

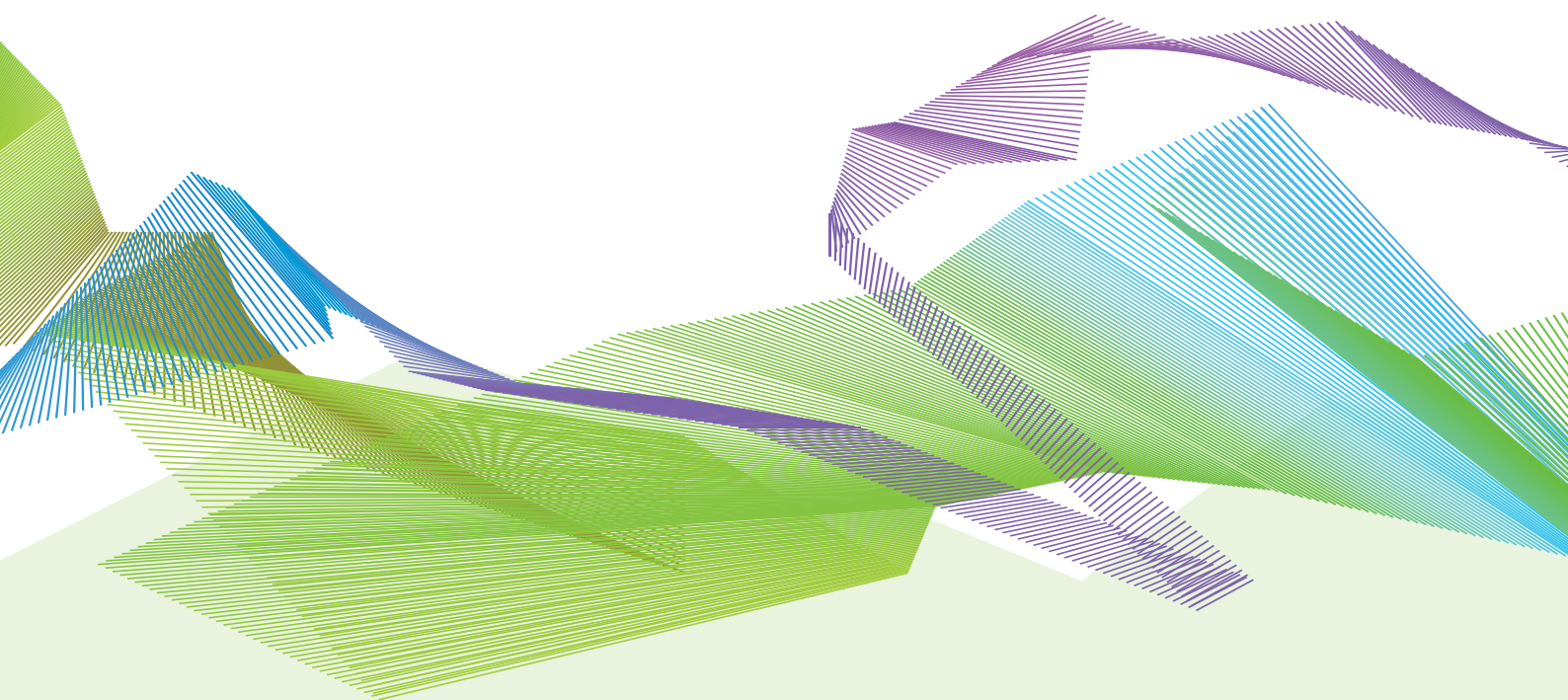
Capital works projects are prioritised in accordance with Council's Capital Investment Policy. Renewal and growth projects relating to DCP/ICP schemes should be prioritised ahead of other projects. The Asset Management Plans prepared for each major area of infrastructure should guide the renewal requirements,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

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

3 FINANCIAL PLAN STATEMENTS

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

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



3.1 COMPREHENSIVE INCOME STATEMENT

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

3.2 BALANCE SHEET

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

3.3 STATEMENT OF CHANGES IN EQUITY

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

3.3 STATEMENT OF CHANGES IN EQUITY CONTINUED

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

3.4 STATEMENT OF CASH FLOWS

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

3.5 STATEMENT OF CAPITAL WORKS

	Forecast 2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000
PROPERTY											
Land	6,325	4,311	-	5,628	-	-	-	29,971	-	-	15,744
Land improvements	19,263	39,750	36,602	39,577	24,928	32,776	16,035	22,719	13,124	13,544	25,719
Total land	25,588	44,061	36,602	45,205	24,928	32,776	16,035	52,690	13,124	13,544	41,463
Buildings	29,493	40,738	49,148	31,905	23,259	21,071	24,067	19,357	16,425	11,392	14,867
Total buildings	29,493	40,738	49,148	31,905	23,259	21,071	24,067	19,357	16,425	11,392	14,867
Total property	55,081	84,799	85,750	77,110	48,187	53,847	40,102	72,047	29,549	24,936	56,330
PLANT AND EQUIPMENT											
Heritage	259	219	140	84	86	88	90	92	95	97	99
Plant, machinery and equipment	4,418	7,995	5,183	5,175	5,179	5,184	5,188	5,192	5,196	5,454	5,725
Furniture and Equipment	5,553	7,862	7,010	6,534	6,642	6,124	4,912	5,039	5,263	5,396	5,638
Total plant and equipment	10,230	16,076	12,333	11,793	11,907	11,396	10,190	10,323	10,554	10,947	11,462
INFRASTRUCTURE											
Roads	29,756	33,264	31,763	20,826	22,461	38,108	26,812	27,993	29,859	32,924	23,598
Bridges	587	564	260	266	48	50	52	54	55	57	11,946
Footpaths and cycleways	4,536	7,621	4,937	5,289	5,450	6,590	6,722	4,722	5,152	4,990	5,174
Drainage	1,915	4,522	3,505	3,542	1,477	2,403	2,510	2,623	2,741	2,873	3,011
Car parks	1,715	24,949	22,863	2,659	1,353	1,400	1,448	1,497	1,548	1,601	1,656
Total infrastructure	38,509	70,920	63,328	32,582	30,789	48,551	37,544	36,889	39,355	42,445	45,385
Total capital works expenditure	103,820	171,795	161,411	121,485	90,883	113,794	87,836	119,259	79,458	78,328	113,177
REPRESENTED BY:											
New asset expenditure	43,336	85,379	87,571	41,501	24,684	57,617	18,537	56,834	12,069	17,712	36,096
Asset renewal expenditure	34,439	39,984	40,418	50,453	45,037	40,742	44,878	46,124	47,492	49,483	51,046
Asset expansion expenditure	7,989	13,638	12,972	5,922	5,467	5,262	11,078	6,493	8,173	-	14,242
Asset upgrade expenditure	18,056	32,794	20,450	23,609	15,695	10,173	13,343	9,808	11,724	11,133	11,793
Total capital works expenditure	103,820	171,795	161,411	121,485	90,883	113,794	87,836	119,259	79,458	78,328	113,177
FUNDING SOURCES REPRESENTED BY:											
Grants	10,727	30,532	5,622	4,651	3,034	3,034	3,035	3,036	3,037	3,038	3,039
Contributions	100	-	25	-	-	-	-	-	-	-	-
Council cash	92,993	141,263	155,764	116,834	87,849	110,760	84,801	116,223	76,421	75,290	110,138
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Total capital works expenditure	103,820	171,795	161,411	121,485	90,883	113,794	87,836	119,259	79,458	78,328	113,177

3.6 STATEMENT OF HUMAN RESOURCES

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

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

3.7 PLANNED HUMAN RESOURCE EXPENDITURE

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

3.7 PLANNED HUMAN RESOURCE EXPENDITURE CONTINUED

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

4 FINANCIAL PERFORMANCE INDICATORS

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

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

Key to Forecast Trend:

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

NOTES TO INDICATORS:

4.1 ADJUSTED UNDERLYING RESULT RATIO

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

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

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

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

4.1.2 Hume City Council underlying result

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

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

Hume City Council – adjusted underlying result

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

4.2 WORKING CAPITAL RATIO

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

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

4.3 UNRESTRICTED CASH RATIO

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

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

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

4.4 LOANS AND BORROWINGS

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

4.5 INDEBTEDNESS RATIO

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

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

4.6 ASSET RENEWAL RATIO

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

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

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

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

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

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

4.7 RATES CONCENTRATION RATIO

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

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

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

4.8 RATES EFFORT RATIO

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

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

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

4.9 EXPENDITURE LEVEL RATIO

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

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

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

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

4.10 REVENUE LEVEL RATIO

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

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

5 STRATEGIES AND PLANS

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

5.1 RATING AND OTHER REVENUE STRATEGIES

5.1.1 Rates Revenue

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

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

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

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

5.1.2 Grant Revenue

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

5.1.3 Fees and charges revenue

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

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

5.1.4 Other revenue

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

5.2 ACHIEVING COST SAVINGS THROUGH EFFICIENCY GAIN

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

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

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

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

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

5.3 BORROWING STRATEGY

5.3.1 Current Debt Position

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

5.4 RESERVES STRATEGY

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

5.4.1 Current Reserves

5.4.1.1 Public Open Space Reserve

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

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

5.4.1.2 Developer Contribution Reserve

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

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

5.4.1.3 Investment Reserve

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

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

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

5.4.1.4 Landfill Reserve

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

5.4.2 Reserve Usage Projections

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

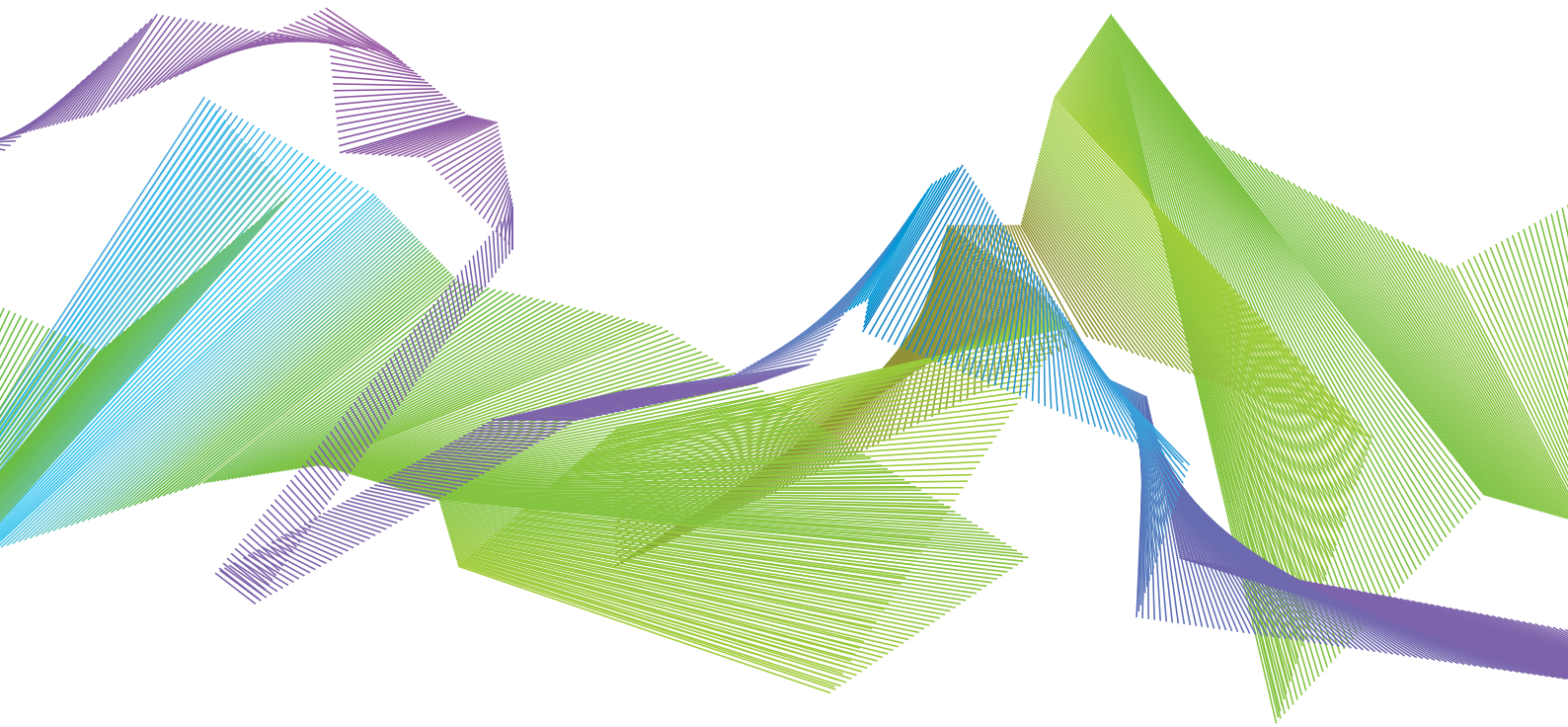
Restricted reserves are to be included in the disclosure of restricted cash assets.

5.4.3 Reserve Usage Projections

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

² of the Planning and Environment Act 1987

2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	2024-25 \$000's	2025-26 \$000's	2026-27 \$000's	2027-28 \$000's	2028-29 \$000's	2029-30 \$000's	2030-31 \$000's
7,074	1,755	17	17	17	17	17	17	17	17	17
919	519	-	-	-	-	-	-	-	-	-
(6,238)	(2,257)	-	-	-	-	-	-	-	-	-
1,755	17	17	17	17	17	17	17	17	17	17
115,183	118,246	81,444	67,450	55,654	64,846	49,772	53,324	33,583	38,085	39,145
13,583	14,986	16,191	20,025	19,366	20,560	22,809	26,008	26,098	23,394	18,281
(10,520)	(51,788)	(30,185)	(31,820)	(10,174)	(35,634)	(19,257)	(45,749)	(21,596)	(22,334)	(24,286)
118,246	81,444	67,450	55,654	64,846	49,772	53,324	33,583	38,085	39,145	33,141
500	500	500	500	500	500	500	500	500	500	500
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
500	500	500	500	500	500	500	500	500	500	500
17,592	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
(17,592)	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
140,349	120,501	81,962	67,967	56,171	65,364	50,289	53,842	34,101	38,602	39,663
14,502	15,505	16,191	20,025	19,366	20,560	22,809	26,008	26,098	23,394	18,281
(34,350)	(54,045)	(30,185)	(31,820)	(10,174)	(35,634)	(19,257)	(45,749)	(21,596)	(22,334)	(24,286)
120,501	81,962	67,967	56,171	65,364	50,289	53,842	34,101	38,602	39,663	33,658
15,930	19,312	9,682	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282
3,382	1,070	-	-	-	-	-	-	-	-	-
-	(10,700)	(8,400)	-	-	-	-	-	-	-	-
19,312	9,682	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282
15,930	19,312	9,682	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282
3,382	1,070	-	-	-	-	-	-	-	-	-
-	(10,700)	(8,400)	-	-	-	-	-	-	-	-
19,312	9,682	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282
156,279	139,812	91,642	69,248	57,453	66,645	51,571	55,123	35,382	39,884	40,944
17,883	16,575	16,191	20,025	19,366	20,560	22,809	26,008	26,098	23,394	18,281
(34,350)	(64,745)	(38,585)	(31,820)	(10,174)	(35,634)	(19,257)	(45,749)	(21,596)	(22,334)	(24,286)
139,812	91,642	69,248	57,453	66,645	51,571	55,123	35,382	39,884	40,944	34,939



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