



Banyule
City Council

Financial Plan 2025–2035

**Banyule
Futures**

**Your Voice
Our Future**

Contents

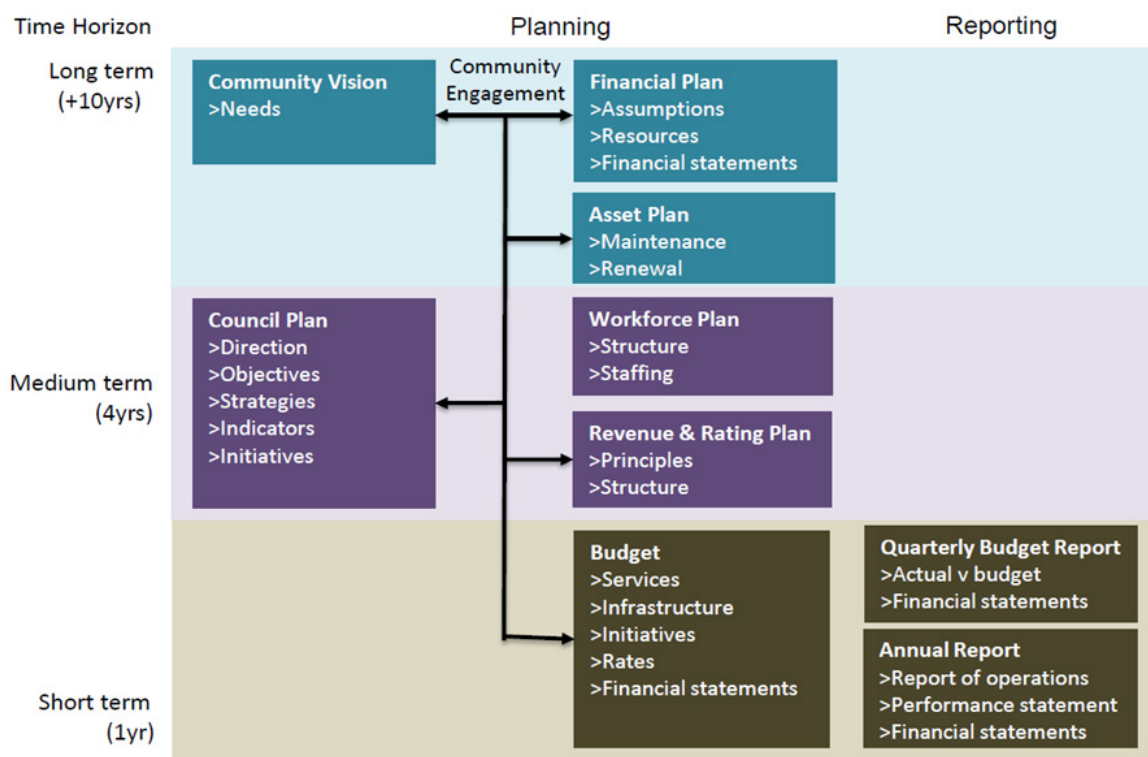
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1. Legislative Requirements

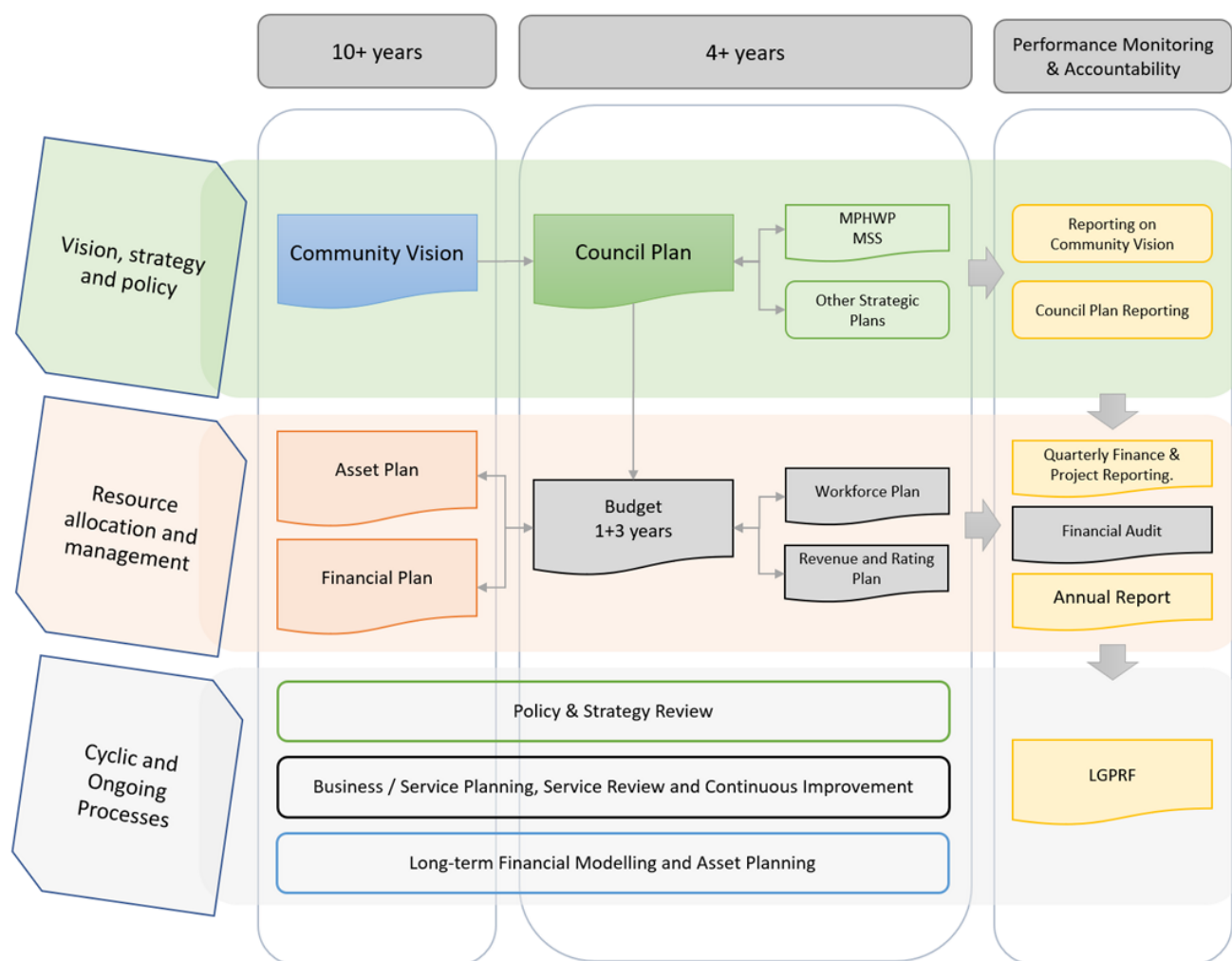
The *Local Government Act 2020* Section 91 requires Council to develop, adopt and keep in force a financial plan with an outlook of at least 10 years to show how the viability and financial sustainability of Banyule City Council will be achieved and maintained, and to define the broad fiscal boundaries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

This section describes how the Financial Plan links to the achievement of the Community Vision and the Council Plan within the Integrated Strategic Planning & Reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Community Vision), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

The following diagram provides an overview of the core legislated elements of an integrated strategic planning and reporting framework and outcomes.



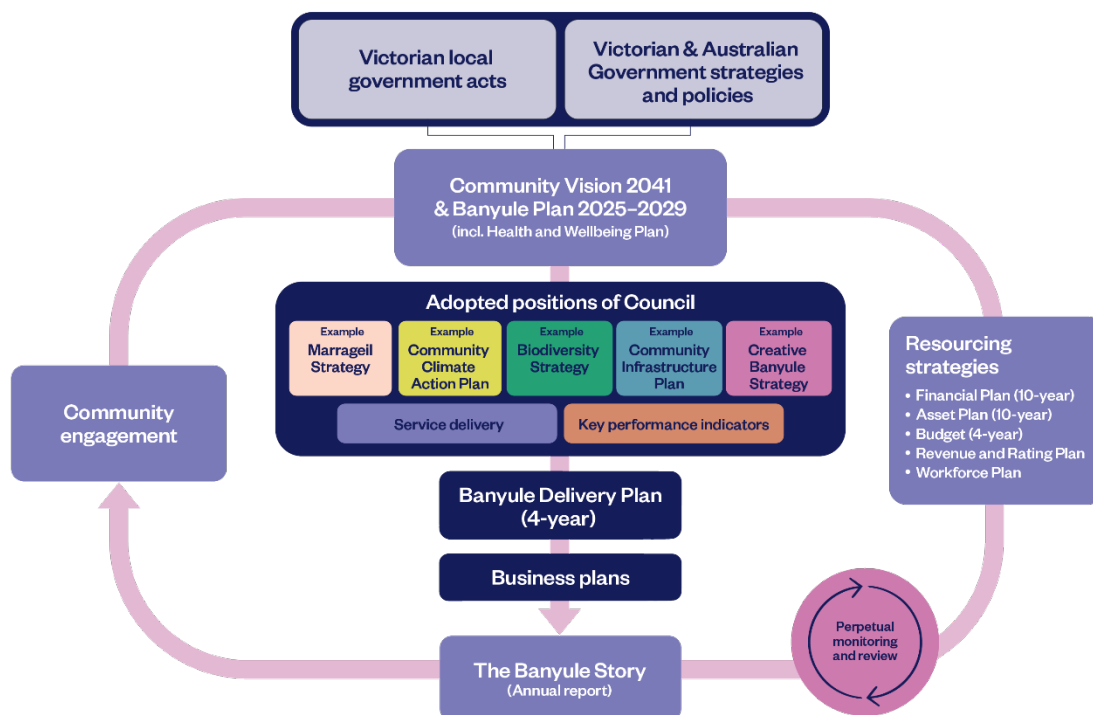
The following figure demonstrates how each element might inform or be informed by other parts of the integrated framework.



1.1 Integrated Strategic Planning and Reporting

Banyule has developed an integrated strategic approach to planning, delivering, and reporting to deliver service outcomes for the community and to meet requirements of the *Local Government Act 2020* (the Act).

Integrated planning and reporting aim to ensure we remain an adaptive, responsive, and viable local government authority. This is facilitated by understanding what our community aspires to, setting direction within our resource capability and allowing Council to make informed decisions on behalf of our community.



Council's integrated approach to planning, delivery and reporting supports and underpins the delivery of the Banyule Community Vision 2041 and Banyule Plan.

The Banyule Plan

The Banyule Plan outlines Council's strategic priorities and directions in the broader context of the Community Vision and adopted policies, strategies, and plans (including the Municipal Planning Strategy and Municipal Public Health and Wellbeing Plan).

It works together with key plans such as the Financial Plan, Budget, Revenue and Rating Plan, Asset Plan, and a range of other policies and plans.

The Banyule Plan outlines and integrates Banyule's Health and Wellbeing Priorities for 2025-2029 and Banyule's Climate Action Response.

The Banyule Plan is reviewed on an annual basis to ensure that it continues to meet the needs of the community. It is implemented through annual action plans, which reflect Council's decisions on the initiatives and priority services to be funded through the Budget each year.

The Budget and Financial Plan are closely linked with and support the achievement of the Banyule Plan and Community Vision.

1.2 Financial Management Principles

Like other councils, Banyule City Council faces increasingly challenging financial conditions over the next decade. The State Government's rate capping regime will significantly limit the Council's

ability to generate funds from its operations. Concurrently, the Council will encounter rising cost pressures due to an ageing population, ageing infrastructure, and ongoing cost shifting from other government levels. This situation is expected to persist in the foreseeable future.

The Banyule City Council Financial Plan aims to ensure the continued delivery of high-quality services to the community, provide job security and stability for our valued workforce, and meet capital requirements while investing in new infrastructure. The Financial Plan offers context and structure to many innovative financial strategies adopted by the Council in recent years, including our strategic approach to property acquisition and development.

The Financial Plan establishes a prudent and sound financial framework, integrating financial strategies to achieve planned outcomes. It provides a financial measurement framework against the Council's plans and policies and ensures compliance with sound financial management principles as required by the *Local Government Act 2020*, planning for the Council's long-term financial sustainability.

Additionally, Banyule City Council will continue to focus on operational efficiencies, support initiatives that deliver financial savings, reduce reliance on property rates to fund services and infrastructure, and reduce debt.

The Financial Plan demonstrates the following financial management principles:

- Revenue, expenses, assets, liabilities, investments, and financial transactions are managed in accordance with the Council's financial policies and strategic plans.
- Management of financial risks, including:
 - The financial viability of the Council.
 - The management of current and future liabilities.
 - The beneficial enterprises of the Council (where appropriate).
- Financial policies and strategic plans are designed to provide financial stability and predictability to the community.
- The Council maintains accounts and records that explain its financial operations and position.

1.3 Engagement Principles

In accordance with the *Local Government Act 2020*, Banyule City Council is engaging with the community, driven by principles of deliberative engagement, to inform the development of the Banyule Community Vision 2041, Council Plan 2025-2029 (Year 1), and Financial Plan 2025-2035.

1.3.1 Deliberative Engagement

The key characteristics of deliberative engagement are:

- Authentic engagement with the community
- Good representation of the community in engagement activities
- Clear demonstration of how all views have been considered
- Accessible and relevant information available to the community to ensure the decision-making process
- The community's level of influence is clear in each instance and that participants are fully informed.

1.3.2. Banyule Futures

During 2024, Council's Banyule Futures project conducted intensive community engagement throughout Banyule at pop-up consultation sessions in all seven community precincts and via community forums and online surveys. After the data was collated and reviewed, it was reviewed by the first ever Banyule Community ThinkTank, a diverse and representative group of community members tasked with identifying key priorities and principles to guide Council in its work over the next four years and beyond.

Throughout the Banyule Futures – Your Voice Our Future Project high-quality community engagement enabled us to make well-informed decisions as well as achieving effective and transparent governance.

The aim of the Banyule Futures Project was to develop an innovative, aspirational and co-designed Community Vision that guides Council's work in enhancing the municipality of Banyule over the next 20 years. Through a robust engagement program Council and community worked together to inform the:

- Community Vision that captures how the community want Banyule to be in 2041
- Council Plan that sets out how Council is working toward that vision every 4 years
- Financial Plan that will guide how Council will remain financially sustainable while supporting the Community Vision and the Council Plan.
- The Budget and the Revenue and Rating Plan that defines how revenue is generated through various sources.

Information about the *Banyule Futures project* can be found on Council's website.

1.4 Service Performance Principles

Banyule's community is diverse, and this is part of what makes Banyule such a great place. We want our communities to be strong, healthy and inclusive. There are many different characteristics that make Banyule great, including highly valued public space, strong identity and character and vibrant shopping strips, waterways and a sustainable transport network in the region. People participate in their local community in many ways, whether it be participation in local sports, recreation and cultural activities, volunteering or having a say on the issues that are important. We want everyone in Banyule to feel like they are connected to their communities.

Council want to deliver the best value services and facilities for people of all ages and in differing circumstances. Council has an ongoing commitment to achieving outcomes that are sustainable, eco-friendly and bear the least impact on our environment including our response to climate change and the way our waste is managed.

To help us to deliver on our focus areas and important initiatives Council will work in partnership with the community; engage with our community to ensure they are well informed and represented and meaningfully involved in decision making; encourage community participation and inclusion to provide opportunities for all and advocate for our community to improve services, infrastructure and social outcomes.

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

- Services are provided in an equitable manner and are responsive to the diverse needs of the community. The Council Plan is designed to identify the key services and projects to be delivered to the community. The Financial Plan provides the mechanism to demonstrate how the service aspirations within the Council Plan may be funded.
- Services are accessible to the relevant users within the community.
- Council provides quality services that provide value for money to the community. The Local Government Performance Reporting Framework (LGPRF) is designed to communicate council's performance regarding the provision of quality and efficient services.

1.5 Asset Plan Integration

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

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

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

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

2. Financial Plan Context

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

2.1 Municipal Demographics

Banyule's estimated resident population for 2025 is approximately 135,000. The municipality continues to have an older age profile compared to Greater Melbourne, with older adults aged 50+ years making up 37% of Banyule's population compared to 32% in Greater Melbourne.

Banyule's population is forecast to grow to 165,256 by 2046 at an average annual growth rate of 0.95%. The population aged 80 years and over is expected to experience the largest growth across the municipality.

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

The City is substantially developed, and while it is experiencing a small increase in property numbers, these mainly arise from higher density developments. Council continues to support appropriate increases in development density around its activity centres, which will have ongoing implications for many service areas and infrastructure provision. Council's structure planning processes for these precincts are well established. Council has implemented an open space contribution scheme and an infrastructure development contribution plan.

2.2 Economic and Fiscal Indicators

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

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

Gross Domestic Product (GDP) rose 0.6% in the December 2024 quarter 1, with the economy showing modest growth. Household spending increased by 3.8% in this quarter 1, reflecting continued consumer confidence. The labour market has also performed better than expected, with the national unemployment rate declining to 4.1% in May 2025. The unemployment rate in Banyule dropped to 3.1% in December 2024.

The cash rate is Australia's official interest rate, which is currently held at a target of 3.85% by the Reserve Bank of Australia (RBA). It has been adjusted several times since 2022 to manage inflation to keep within the 2-3% target range.

At the micro level, circumstances within municipalities may influence decisions. These circumstances can include the general economic condition or likely outcomes for stakeholders (particularly ratepayers) in a municipality. For example, unfavourable conditions may discourage councils from taking decisions that may unnecessarily impact their ratepayers. This may be a valid concern but will need to be balanced against achieving the most cost effective return to Council in the medium to long term.

2.2.1 North East Link

There are major Victorian Government transport projects being rolled out in Banyule, and we remain committed to advocating in the best interests of our community. We continue to push for improvements and increased project scope for the North East Link and the Hurstbridge Line Duplication to enhance local amenities, upgrade transport infrastructure, construct shared trails, and improve the connectivity and frequency of transport services across all modes.

The North East Link project, part of Victoria's Big Build, includes the construction of 6.5km tunnels from Watsonia to Bulleen, which will address the missing link in Melbourne's freeway network. This project aims to take 15,000 trucks off local roads daily and reduce travel times by up to 35 minutes. Upgrades to the Eastern Freeway and M80 Ring Road will include new lanes, smart technology, and a seamless connection to the North East Link tunnels. The project is expected to be completed by 2028.

Additionally, the Hurstbridge Line Duplication will improve train services by increasing capacity and frequency, enhancing connectivity for residents.

2.2.2 Climate Emergency

Council is firmly committed to working towards carbon neutrality as an organisation by 2028 and zero waste to landfill by 2030. Among the initiatives, Council will be installing more electric vehicle charging stations, LED street lighting, solar panels, and batteries, and making energy-efficient enhancements in Council buildings. We are also continuing to transition our fleet to electric vehicles and plant thousands of advanced trees each year.

With the introduction of a food organics and garden organics (FOGO) service, thousands of tonnes of waste have been diverted from landfill each year and used to help produce compost for farms, parks, and gardens. The Victorian Government continues to reform the waste industry and will implement changes to household recycling, including a fourth bin for glass. While this promotes better recycling and the reuse of products, providing four separate waste services increases Council costs well above what we can recover through rates. This is compounded by the Victorian Government's increase to the landfill levy. These rising costs have been absorbed by local governments over many years and have now become unsustainable, particularly since councils have been subject to rate caps.

We also continue to fund other ongoing environmental initiatives, including solar system and energy-efficient subsidies, environmental grants, home energy audits, and a range of educational workshops. All these measures are reducing our carbon footprint and making our City more sustainable.

2.2.3 Local jobs creation

Through investing in our substantial capital works program and partnering with other government initiatives, Council are stimulating the local economy. Combined with the ongoing success of our inclusive jobs and social enterprises initiatives, we are helping to creating more local jobs in the municipality and transforming lives by providing opportunities to learn skills, gain experience and improve financial security.

In the year ending June 2025, there were approximately 50,200 jobs in Banyule. The largest employer in the municipality remains the Health Care and Social Assistance industry, making up 37% of all employment, followed by Education and Training (11%), Retail Trade (9%), and Construction (8%). A considerable proportion of the people who work in Banyule also live in the area (36%).

2.2.4 Land Fill Levy

Under the State Government's Recycling Victoria waste policy, the landfill levy has continued to increase, resulting in additional waste tipping costs. The levy has increased from \$9 per tonne in 2008/09 to its current price of \$145.90 per tonne in 2024/25 and is set to further increase to \$169.79 per tonne in 2025/26. This has significantly added to Council's costs.

Rate (\$/T)	2022/23	2023/24	2024/25	2025/26
Metropolitan- municipal	\$125.90	\$129.27	\$132.76	\$169.79

Council's Towards Zero Waste Plan 2019-2023 and the Community Climate Action Plan identified the need to divert more waste from landfill. In Victoria, about 50% of Councils have changed their services to divert food waste from landfill. We recently implemented a high-performance Food Organics Garden Organics (FOGO) waste service to reflect the changes required to meet sector challenges and Council, State, and Federal Government objectives.

2.2.5 Maintenance of public assets

Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition, Councils are entrusted with the maintenance of more than 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.

2.2.6 Cost Shifting

Local Government provides a service to the community on behalf of the State and Commonwealth Government. Over time the funds received by local governments have not increased in line with real cost increases. Examples of services that are subject to cost shifting include school crossing supervisors, library services and home & community care for aged residents. Council continues to monitor services in these areas and advocate to ensure equity under the 'fair go rates system' rate cap environment.

2.3 Financial Policy Statements and Risk Management

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

2.3.1 Strategic Actions

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

- Generate enough cash to fund capital works and meet the asset renewal requirements as outlined by the VAGO financial sustainability ratios.
- Encourage more operational innovation to enhance operating activities and control expenditure at levels that can consistently support the funding requirements of the capital works program and provision of quality services.
- Support the growth of non-rate revenue to achieve greater diversification of the current revenue base and provide flexibility within which to better manage rate revenue increases to within the rate cap.
- Balance meeting the ongoing core service needs of our community, expectations and quality of delivery with the ongoing achievement of long-term financial sustainability.
- Delivery of a revenue and rating plan based on stability, equity, efficiency and transparency.
- Delivery of a debt management strategic plan to ensure decisions and opportunities can be accommodated within a context of responsible, sustainable financial management.

Banyule City Council is in a strong financial position under this Financial Plan. Council expected to deliver a surplus in the 2025/26 financial year and generated consistent cash from operations. Total gross debt is at its low level in five years and this Financial Plan demonstrates that the financial management principles can be maintained in the long term.

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

Council will continue to implement strategies and actions that address concerns of our community, organisation and management and measure success through utilising key financial sustainable ratios. These ratios assist to monitor and highlight issues for appropriate discussion and decision making throughout the planning process.

2.3.2 Sector influences

The Key Sector Influences continue to guide the organisation in planning for a sustainable future and include:

- Major projects and project management

- Environment
- Advocacy / engagement
- Urban development and transport
- Governance and reform
- Employment pathways and social enterprise.

2.3.3 Risk Management

Significant work has been undertaken in relation to Council's Risk Management Framework and ongoing consideration of risk – particularly in reference to Council's consideration of Strategic and Enterprise (Operational) risks.

Strategic Risks are the risks where Council has little to no control or influence over the risk materialising. Strategic Risk focuses on uncertainty – they are risks where the causes are external to the organisation that, if they were to occur, would be serious enough that a change in strategic direction may be required. Conversely, Enterprise risk focuses on those risks where Council has significant control/influence in relation to the risk materialising.

The Strategic Risks identified by Council are:

- 1) Increase in the number and/or severity of climate influenced major disaster events impact Council's ability to deliver services and infrastructure and increasing the burden on Council to support the community.

As the climate changes, modelling has predicted an increase in the number and severity of natural disaster events. This may require changes to Council's strategy in relation to increased requirements for new builds; consideration of zoning restrictions as well as the types of services offered by Council during disaster events. This risk takes account of Council's ability to deliver services and infrastructure as well as the increased burden on resources that will be required in order to provide adequate support to the community.

- 2) State/Federal major projects do not adequately factor in local amenity and connectivity needs resulting in substandard outcomes for the community.

The North East link Project and the new rail project do bring significant potential opportunities, but they may also result in impacts on Council that need to be managed through, and beyond, the projects.

- 3) Technology advances more rapidly than Council can adapt its services and infrastructure resulting in substandard customer service and delivery.

Technology is advancing rapidly, which may require additional services and/or infrastructure. If Council is unable to adapt to these changing needs in a timely manner, community dissatisfaction could increase.

- 4) External financial challenges such as rate capping impact Council's ability to deliver quality services and infrastructure.

Any significant extension of, or changes to the current rate-capping regime may see significant impacts in relation to Council's ability to provide services, particularly if the rate increases do not grow at the same pace as Council's operating costs.

- 5) Changes to Federal and/or State legislation and regulations are not adequately managed by Council resulting in non-compliant operations.

Such changes (Glass bin, Fire Service Property Levy changes) can result in a significant cost impost to Council that is not necessarily covered by increases. These changes (particularly when they occur relatively close to each other in terms of implementation) can have a significant impact on Council's strategy.

- 6) Changes in demographics across the local government area are not properly considered and planned, resulting in inefficient long-term resource allocation.

With the new road and rail projects to be completed in the next few years, the appeal of Banyule LGA as a place to live is likely to increase. With that may come a change in the demographic across Banyule. This may result in current services being over and/or underutilised and/or required services not available. This could see a significant change to Council's structure/strategy and long-term community plans.

Some of the above strategic risks have been outlined within this section and how they may influence this Financial Plan. Generally, Section 2 of this Financial Plan provides more specific details of these strategic risks such as population growth, rate capping, reliance on supplementary rates and financial assistance grants and other grant funding from the State and Federal Governments. These in turn have influenced several assumptions made in Section 2.5 below on income generation.

The Enterprise Agreement (EA) is currently in negotiation and remaining competitive within the labour market to recruit the skilled specialists has been challenging.

Councils have a duty of care in the context of climate change adaptation that is recognised in law. The Victorian Government outlines how failure to act may leave your council open to claims of negligence. Acting on climate change is no longer optional.

The Environment Protection Agency (EPA) regulation has a sustained impact on Council with regards to compliance with existing and past landfills sites. Waste disposal costs are also impacted by industry changes such as increasing EPA landfill levies and negotiation of contracts e.g. recycling sorting and acceptance.

2.4 Assumptions to the financial plan statements

2.4.1 Assumptions

This section presents information regarding the assumptions to the Comprehensive Income Statement for the 10 years from 2025/26 to 2034/35. The assumptions comprise the annual escalations / movement for each line item of the Comprehensive Income Statement.

The projections are based on known information at a point in time. The assumptions used for income and expenditure are:

- The average annual rate increase matches the projected rate cap e.g. 3.00% for year 1.

- The annual increase of Grants, User Fees & Charges, Statutory Fees & Charges, Contribution income, Rental Income and Other Income match projected CPI.
- Interest income is based on predicted cash flows, cash balance and investment returns. The interest rate returns are predicted to remain low with a return aligned to CPI.
- The assumption for Council's Employee Benefit expenditure is based on Rate Cap, and an additional 0.50% has been included each year for natural banding level increments.
- The super guarantee rate increasing to 12.00% on 1 July 2025 and remain at the same rate.
- Other expenses are assumed at 25 basis points greater than CPI.
- Utility charges increase more than CPI, but there is an assumed reduction on usage.

Escalation Factors % movement	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
CPI	3.00%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Growth	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rates and charges	3.00%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Statutory fees and fines	3.00%	3.25%	2.80%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User fees	3.00%	3.25%	2.80%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Operating	3.00%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants - Capital	3.00%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Contributions - monetary	3.00%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Contributions - non-monetary	3.00%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other income	3.00%	3.25%	2.80%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs	4.50%	3.50%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Materials and services (CPI +)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Depreciation & Amortisation	%	%	%	%	%	%	%	%	%	%
Other expenses (CPI +)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%

2.4.2 Rates and charges

Base rate revenue will increase by 3.00% for the 2025/26 year, based on the state government rate cap, with estimated future annual increases as per the table below. In addition, it is expected that during the 2025/26 year a further increase of \$0.78 million per annum will be received for growth (additional properties) as a result of supplementary rates.

Projection	Y1 2025/26	Y2 2026/27	Y3 2027/28	Y4 2028/29	Y5 2029/30	Y6 2030/31	Y7 2031/32	Y8 2032/33	Y9 2033/34	Y10 2034/35
CPI	3.00%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate Cap	3.00%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

These indicative rates are predicated on a rate capping environment and not indicative of maintaining all Council's services at their current level.

Banyule will continue to revisit these figures when further information is received from the State Government on the extent of rate capping, this will be then matched with the community's desire to maintain current service levels versus a reduced rate environment.

Supplementary rates are additional rates received after the budget is adopted each year, for the part of the year when a property value increases in value (e.g. due to improvements made or

change in land class), or new residents become assessable. Importantly, supplementary rates recognise that new residents require services on the day they move into the municipality and Council is committed to providing these. Supplementary rates income is based on historical and forecast data and is set at anticipated levels.

2.4.3 Fees and Charges

Fees and Charges are the second major source of revenue for Council and represent in the Budget 2025/26 16.10% of total revenue. In this Financial Plan, Council's strategy is to increase the total revenue generated from user fees by at least equal to CPI. Council has discretion in setting these fees and has identified the importance to generating more revenue to cover the enterprise agreement and banding increment cost increases and other expenditure management challenges.

Fees and Charges fall into two broad categories: statutory fees and fines and user fees.

2.4.3.1 Statutory fees and fines

Statutory Fees & Charges are fixed by statute and can only be increased in line with the annual increases announced by State Government.

The Financial Plan indexes statutory fees, set by legislation, according on the estimated annual rate of CPI. This is often a best-case scenario given some fees are outside of the control by Council and therefore may be subject to increases less than CPI.

2.4.3.2 User fees

The balance of fees and charges are discretionary in that Council can levy the amount it believes is equitable for each service/item. Council in its determination of user fee increases has taken into consideration the needs and accessibility of the community; demand for the service, pricing and cost to sustain a viable service.

Community fees are fees where no competition for the service exists. The services provided aim to strengthen capacity and connections to build healthy and strong communities. Council aims to encourage greater participation across the municipality and maintain sustainable community affordability by keeping these fees low.

Commercial fees represent 66% of Council's user fees. The fees for these services are predominately provided to commercial clients, or for the services operating under a commercial environment and have been maintained where possible to reflect CPI increases, to balance cost recovery, competitive pressures and council's financial sustainability objectives.

Details of user fees for the 2025/26 budget year can be found in Council's schedule of Fees and Charges that is adopted in conjunction with the budget. Revenue increases for the ensuing years are based on a conservative annual rate in line with CPI.

The increase in fees and charges revenue will need to be balanced with the appropriate utilisation of services to ensure demand in services is maintained and increased where practical.

2.4.4 Grants

Council currently receives grants for tied (specific purpose grants) and un-tied Financial Assistance grant funding received via the Victorian Local Government Grants Commission (VLGGC). Operating grants are expected to increase on an annual basis by CPI.

Financial Assistance Grants are the largest source of government funding to Council (through the annual Victorian Grants Commission allocation). The overall state allocation is determined by the Federal Financial Assistance Grant and grant funding is limited to the minimum increase available to Council.

2.4.5 Contributions

Contributions relate to monies paid by property developers towards public open space and developer contribution plan monies paid by local sporting clubs/organisations to contribute towards capital works projects and contributions to other operational programs.

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

2.4.6 Other income

Revenue from other income mainly comprises investment income plus the recovery income from a variety of sources and rental income received from the hire of Council buildings.

2.4.6.1 Interest Income

Interest income is predominantly made up of the interest received on Council's cash holdings. With interest rates at historical lows, the income generated from investments has declined over time placing pressure on other sources of income to fund operations.

An Investment Strategy and Policy have been developed and approved. Council will have implemented this strategy and commenced reporting and monitoring of the outcomes during 2026. It is expected that the investment return on overall portfolio will achieve CPI+2.50% outlined in the strategy.

2.4.6.2 Rental Income

Rental income for all residential and commercial properties is expected to increase at contracted rates or CPI in 2025/26. Rental Income represents 1.62% of Council's income budget.

2.4.6.3 Developer Contribution Plan (DCP)

A DCP is a financial management tool to help fund Council's capital works commitment for projects that service a community's changing profile. Because Banyule has an established community, only a portion of total project cost can be allocated to a DCP and paid by developers.

A DCP enables Council to require developers to pay a contribution. In most instances, the need for payment is triggered by a planning permit condition. For smaller developments, like extensions to shops and offices, payment can be triggered by a building permit only. Contributions are then paid before a Statement of Compliance is given for land subdivision or before a building permit can be issued.

Development contributions fall into two categories, these are for:

- Development Infrastructure required for basic community health, safety or wellbeing. This includes roads, paths and drains.
- Community Infrastructure. This includes construction of buildings or facilities that will be used for community or social purposes.

2.4.7 Employee costs

The assumption for Council's Employee Benefit expenditure is based on Rate Cap, and an additional 0.50% has been included each year for natural banding level increments.

The super guarantee rate increased from 10% on 1 July 2021, increasing by 0.50% increments each year until it reaches 12.00% by 1 July 2025.

A potential Defined Benefit Superannuation call has not been factored into this plan.

In addition, under the Statement of Human Resources (Section 3.6) The Equivalent Full Time (EFT) remains stable after Year 4. The split between Female, Male and Self-described gender is generally based on current categories. Council is committed to boosting diversity (gender, race, disability) in our staff recruitment and engagement practices.

2.4.8 Materials and services

Material costs include items required for the maintenance and repairs of Council buildings, roads, drains and footpaths which are more governed by market forces based on availability than CPI. Waste disposal is included in this category and the increases in the landfill levy will have a direct impact on Council's costs to collect kerbside general waste bins and the fee charged by the Waste Recovery Centre.

Other associated costs included under this category are materials and consumable items for a range of services, insurances, and motor vehicle operating costs. Council also utilises external expertise on a range of matters, including legal services, consultants, contractors and auditors.

These costs are kept to within CPI levels where possible and according to specific contract agreements with service providers.

2.4.9 Depreciation & amortisation

Depreciation estimates have been based on the projected capital spending contained within this Financial Plan document. Depreciation has been further increased by the indexing of the replacement cost of Council's fixed assets.

2.4.10 Borrowing costs

Borrowing costs comprise the interest expense to service Council's loan portfolio that is described in Section 5.1 Debt Management Strategic Plan.

2.4.11 Other expense categories

Other expenses are assumed at 25 basis points greater than CPI. Utility charges increase more than CPI, but there is an assumed reduction on usage.

2.4.12 Working Capital

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

2.5 Other Matters impacting the 10-year financial projections

Council will continue delivering quality and inclusive services to the community that offer value for money and respond to community needs; lead on environmental sustainability; invest in infrastructure and community facilities that service our community today and for future generations; plan for our growing City addressing development, transport, open space and diversity; and maintain our public and open spaces and preserve neighbourhood character.

To help us to deliver on these main focus areas and important initiatives above Council will work in partnership with the community; engage with our community to ensure they are well informed and represented and meaningfully involved in decision making; encourage community participation and inclusion to provide opportunities for all; and advocate for our community to improve services, infrastructure and social outcomes.

2.5.1 Rates Burden

Council has developed a Revenue and Rating Plan. In 2015 the State Government introduced the 'Fair Go Rates System' which sets out the maximum amount councils may increase rates in a year. The rate cap is set at 3.00% for 2025/26.

The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges. Local government expenditures can be highly variable due to the nature of capital works programs, damage to infrastructure assets from fire, storms and flood and related increased service needs, operating costs being subject to increases significantly beyond CPI (such as materials), cost shifting between levels of government and other one off impacts such as calls to fund unfunded superannuation liabilities.

While some of these costs may be supported by other forms of funding such as grants, in the absence of matching revenue streams, entities must resort to alternative funding avenues. To assist Council to better manage the State Government Waste reforms a household waste

collection and public waste services has been removed from general rates and levied as two separate waste service rates since 2021/22.

2.5.2 Debt Levels

Borrowing is generally regarded as an appropriate means of funding an enterprise. For councils this is because they do not have a fixed capital base and funding needs will be likely to exceed cash reserves at various times. Funding for councils, as for other public sector levels, can be particularly beneficial given the security of councils' income streams and therefore ability to service debt. This security translates into generally lower servicing costs making debt more attractive (compared to other types of entities) as a funding source.

Councils do not have recourse to capital, other than in the form of accumulated surpluses. Apart from fees and charges which contribute to Council operations generally, debt provides a buffer to assist in maintaining stable rating. The funding structure of a Council should reflect its existing and planned cash requirements. Planned cash requirements should be based on an entity's strategic plans, existing financial position and budgeted and forecast cash flows.

Borrowings are recognised as a legitimate and responsible financial management tool when used for appropriate purposes and in appropriate circumstances. In this Financial Plan Council is not seeking to undertake additional borrowings.

2.5.3 Working Capital

Revenues from the sale or provision of goods and/or services (such as rates, user charges etc) are generally perceived as funding operating expenditure, although ideally generating surpluses for distribution to owners and/or to provide flexibility for future funding needs and thereby contributing to accumulated surpluses and cash reserves. Capital can be invested by the owners of an entity to fund the start or some subsequent part of an enterprise. This type of funding is not available to local government. Capital can also be accumulated over time through surpluses which result in increases in the value (net assets) of the business. However, accumulated surpluses do not necessarily represent cash surpluses available for investing in capital works. The use of this source of funds (internal funding) needs to be managed carefully to ensure "working capital" (that is available cash) is maintained at appropriate levels to fund day to day operations.

2.5.4 Renewal of Infrastructure

Asset management policies and plans will assist in ensuring expenditure aimed at retaining (renewal) or enhancing (upgrade) infrastructure assets occurs at the optimum. Delays in building, renewing and upgrading infrastructure can result in this expenditure not being incurred at a time which minimises the cost

The planned capital expenditure will need to be increased when implementing the Community Climate Action Plan to achieve Zero net emissions by 2040. In addition, any additional demands for Major Projects will be a challenge to funding within current operational surpluses.

The associated costs of new assets will require additional maintenance and management and Council will need to factor these costs into the future operational costs of Council.

2.5.5. Cash Reserves

Council has significant cash reserves that are also used to fund a variety of capital projects. These reserves are either 'statutory' or 'discretionary' cash reserves. Statutory reserves relate to cash and investments held by Council that must be expended on a specific purpose as directed by legislation or a funding body, and include contributions to car parking, drainage and public reserves and recreation.

Discretionary cash reserves relate to those cash and investment balances that have been set aside by Council and can be used at Council's discretion, even though they may be earmarked for a specific purpose.

- Council has allocated a yearly optimal closing cash of \$70m to support long-term sustainability and to provide a strong liquidity position for viability and solvency. It should also be noted that the cash balance may be needed in the future to accommodate the possibility of a superannuation liability call for the defined benefit members. A superannuation call has not been factored into this draft Financial Plan.
- The cash generated from Council's operating activities is estimated to be approximately \$32m over the course of the next 10 years, the projected cash balance including the financial investment is to be \$97.89m at the end of 2034/35.

2.5.6. Capital works and major initiatives

Capital works and major initiatives are an essential component of a financial plan as it provides an indicator of the necessary financial commitment which would adequately sustain Council's asset base in future years. Securing a reliable funding resource for the programs is a key step for Council under the environment of rate capping.

Under the rate capping environment Council has continued to invest generously in its capital works and initiatives program. To continue to support sustainable development on major capital and initiative projects, Council will also seek to maximise external funding opportunities, such as applying for government grants and draw on cash reserves accumulated over the years.

3. Financial Plan Statements

This section presents information regarding the Financial Plan Statements for the 10 years from 2025/26 to 2034/35.

- 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 / Actual 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Income / Revenue											
Rates and charges	121,510	130,248	131,265	135,018	138,421	141,894	145,454	149,104	152,845	156,682	160,616
Statutory fees and fines	10,000	10,258	10,446	10,738	11,031	11,305	11,531	11,853	12,175	12,478	12,728
User fees	21,509	22,613	23,725	24,247	24,919	25,612	26,326	27,063	27,823	28,606	29,414
Grants - operating	13,947	14,644	13,744	13,914	14,153	14,400	14,758	15,125	15,502	15,887	16,283
Grants - capital	12,042	14,804	9,469	8,004	6,421	5,099	5,054	5,090	5,127	5,165	5,203
Contributions - monetary	5,931	6,155	6,783	6,047	6,199	6,354	6,512	6,675	6,842	7,013	7,188
Contributions - non-monetary	-	-	-	-	-	-	-	-	-	-	-
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	840	5,494	851	2,487	2,547	276	999	500	500	500	500
Rental income	3,142	3,346	3,411	3,500	3,593	3,687	3,784	3,884	3,986	4,091	4,199
Interest income	3,484	2,697	2,720	2,744	2,769	2,810	2,839	2,868	2,898	2,928	2,958
Other income	2,572	1,008	1,034	1,059	1,086	1,113	1,141	1,169	1,199	1,229	1,259
Total income / revenue	194,977	211,267	203,448	207,758	211,139	212,550	218,398	223,331	228,897	234,579	240,348
Expenses											
Employee costs	83,861	86,412	88,457	90,648	93,379	96,185	97,854	100,838	103,825	106,945	110,160
Materials and services	55,501	62,779	61,190	61,248	60,596	59,854	60,917	62,474	64,678	65,009	66,540
Depreciation	24,639	25,272	26,200	27,505	28,812	30,307	31,900	33,509	35,155	36,291	37,409
Utility charges	4,560	4,694	4,827	4,964	5,105	5,251	5,401	5,556	5,716	5,881	6,051
Depreciation - right of use assets	420	404	559	535	457	384	494	489	494	399	399
Donation expenses	1,043	860	858	887	906	916	937	968	989	1,001	1,023
Borrowing costs	1,500	1,406	1,304	1,197	1,075	945	804	653	486	306	94
Finance Costs - leases	206	44	38	22	23	26	25	27	29	18	24
Contribution expense	7,989	9,080	9,477	9,711	9,910	10,157	10,615	11,094	11,370	11,653	11,943
Bad and doubtful debts	685	614	630	645	662	678	695	712	730	748	767
Other expenses	1,616	1,624	1,635	1,680	1,722	1,761	1,805	1,854	1,900	1,944	1,993
Total expenses	182,020	193,189	195,175	199,042	202,647	206,464	211,447	218,174	225,372	230,195	236,403
Surplus/(deficit) for the year	12,957	18,078	8,273	8,716	8,492	6,086	6,951	5,157	3,525	4,384	3,945
Other comprehensive income											
Total other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive result	12,957	18,078	8,273	8,716	8,492	6,086	6,951	5,157	3,525	4,384	3,945

3.2 Balance Sheet

	Forecast / Actual 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Assets											
Current assets											
Cash and cash equivalents	40,224	25,155	21,623	14,580	11,731	11,056	13,651	18,566	26,560	37,956	49,159
Trade and other receivables	23,268	23,137	23,263	23,386	23,519	23,665	23,813	23,971	24,136	24,309	24,488
Other financial assets	46,929	46,929	46,929	46,929	46,929	46,929	46,929	46,929	46,929	46,929	46,929
Inventories	45	45	45	45	45	45	45	45	45	45	45
Prepayments	1,726	1,726	1,726	1,726	1,712	1,699	1,695	1,695	1,695	1,695	1,695
Non-current assets classified as held for sale	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258
Contract assets	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total current assets	114,450	99,250	95,844	88,924	86,194	85,652	88,391	93,464	101,623	113,192	124,574
Non-current assets											
Trade and other receivables	204	204	204	204	204	204	204	204	204	204	204
Investments in associates, joint arrangement and subsidiaries	3,586	3,586	3,586	3,586	3,586	3,586	3,586	3,586	3,586	3,586	3,586
Property, infrastructure, plant & equipment	1,959,715	1,992,679	2,004,143	2,019,433	2,030,198	2,034,162	2,037,236	2,036,091	2,030,872	2,022,621	2,014,152
Leasehold improvement	134	60	28	15	15	15	6	-	-	-	-
Right-of-use assets	722	1,007	899	481	24	675	613	124	710	428	29
Investment property	13,652	13,652	13,652	13,652	13,652	13,652	13,652	13,652	13,652	13,652	13,652
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	1,978,013	2,011,188	2,022,512	2,037,371	2,047,679	2,052,294	2,055,297	2,053,657	2,049,024	2,040,491	2,031,623
Total assets	2,092,463	2,110,438	2,118,356	2,126,295	2,133,873	2,137,946	2,143,688	2,147,121	2,150,647	2,153,683	2,156,197
Liabilities											
Current liabilities											
Trade and other payables	14,594	14,806	15,243	15,697	16,178	14,156	14,312	14,471	14,936	15,732	16,249
Trust funds and deposits	7,572	7,572	7,572	7,572	7,572	7,572	7,572	7,572	7,572	7,572	7,572
Provisions	16,559	17,163	17,781	18,415	19,068	19,741	20,425	21,130	21,856	22,604	23,374
Interest-bearing liabilities	1,202	1,304	1,407	1,529	1,659	1,796	1,955	2,118	2,298	2,493	-
Lease liabilities	407	557	578	516	37	688	632	150	711	226	259
Unearned Income	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450
Total current liabilities	46,784	47,852	49,031	50,179	50,964	50,403	51,346	51,891	53,823	55,077	53,904
Non-current liabilities											
Provisions	1,169	1,169	1,169	1,173	1,170	1,170	1,172	1,169	1,166	1,169	1,168
Trust funds and deposits	667	667	667	667	667	667	667	667	667	667	667
Interest-bearing liabilities	16,558	15,255	13,848	12,318	10,659	8,863	6,908	4,790	2,493	-	-
Lease liabilities	441	574	447	47	10	357	157	7	376	266	7
Total non-current liabilities	18,835	17,665	16,131	14,205	12,506	11,057	8,904	6,633	4,702	2,102	1,842
Total liabilities	65,619	65,517	65,162	64,384	63,470	61,460	60,250	58,524	58,525	57,179	55,746
Net assets	2,026,844	2,044,921	2,053,194	2,061,911	2,070,403	2,076,486	2,083,438	2,088,597	2,092,122	2,096,504	2,100,451
Equity											
Accumulated surplus	591,015	589,594	584,444	597,939	604,891	609,434	614,846	620,005	623,530	627,913	631,859
Reserves	1,435,829	1,455,327	1,468,750	1,463,972	1,465,512	1,467,052	1,468,592	1,468,592	1,468,592	1,468,591	1,468,592
Total equity	2,026,844	2,044,921	2,053,194	2,061,911	2,070,403	2,076,486	2,083,438	2,088,597	2,092,122	2,096,504	2,100,451

3.3 Statement of Changes in Equity

	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	'000	'000	'000	'000
2025 Forecast Actual				
Balance at beginning of the financial year	2,013,887	582,976	1,407,782	23,129
Surplus/(deficit) for the year	12,957	12,957	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	(43,494)	-	43,494
Transfers from other reserves	-	38,576	-	(38,576)
Balance at end of the financial year	2,026,844	591,015	1,407,782	28,047
2026				
Balance at beginning of the financial year	2,026,843	591,015	1,407,781	28,047
Surplus/(deficit) for the year	18,078	18,078	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	(41,676)	-	41,676
Transfers from other reserves	-	22,177	-	(22,177)
Balance at end of the financial year	2,044,921	589,594	1,407,781	47,546
2027				
Balance at beginning of the financial year	2,044,921	589,594	1,407,781	47,546
Surplus/(deficit) for the year	8,273	8,273	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	(28,380)	-	28,380
Transfers from other reserves	-	14,957	-	(14,957)
Balance at end of the financial year	2,053,194	584,444	1,407,781	60,969
2028				
Balance at beginning of the financial year	2,053,195	584,445	1,407,781	60,969
Surplus/(deficit) for the year	8,716	8,716	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	(12,985)	-	12,985
Transfers from other reserves	-	17,763	-	(17,763)
Balance at end of the financial year	2,061,911	597,939	1,407,781	56,191
2029				
Balance at beginning of the financial year	2,061,909	597,937	1,407,781	56,191
Surplus/(deficit) for the year	8,492	8,492	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	(13,296)	-	13,296
Transfers from other reserves	-	11,758	-	(11,756)
Balance at end of the financial year	2,070,401	604,891	1,407,781	57,731

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	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	'000	'000	'000	'000
2030				
Balance at beginning of the financial year	2,070,402	604,890	1,407,781	57,731
Surplus/(deficit) for the year	6,086	6,086	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	(13,296)	-	13,296
Transfers from other reserves	-	11,754	-	(11,756)
Balance at end of the financial year	2,076,488	609,434	1,407,781	59,271
2031				
Balance at beginning of the financial year	2,076,486	609,434	1,407,781	59,271
Surplus/(deficit) for the year	6,951	6,951	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	(13,296)	-	13,296
Transfers from other reserves	-	11,757	-	(11,756)
Balance at end of the financial year	2,083,437	614,846	1,407,781	60,811
2032				
Balance at beginning of the financial year	2,083,440	614,848	1,407,781	60,811
Surplus/(deficit) for the year	5,157	5,157	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	-	-	-
Transfers from other reserves	-	-	-	-
Balance at end of the financial year	2,088,597	620,005	1,407,781	60,811
2033				
Balance at beginning of the financial year	2,088,597	620,005	1,407,781	60,811
Surplus/(deficit) for the year	3,525	3,525	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	-	-	-
Transfers from other reserves	-	-	-	-
Balance at end of the financial year	2,092,122	623,530	1,407,781	60,811
2034				
Balance at beginning of the financial year	2,092,120	623,529	1,407,780	60,811
Surplus/(deficit) for the year	4,384	4,384	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	-	-	-
Transfers from other reserves	-	-	-	-
Balance at end of the financial year	2,096,504	627,913	1,407,780	60,811
2035				
Balance at beginning of the financial year	2,096,506	627,914	1,407,781	60,811
Surplus/(deficit) for the year	3,945	3,945	-	-
Net asset revaluation gain/(loss)	-	-	-	-
Transfers to other reserves	-	-	-	-
Transfers from other reserves	-	-	-	-
Balance at end of the financial year	2,100,451	631,859	1,407,781	60,811
Proposed Financial Plan 2025 - 2035				

3.4 Statement of Cash Flows

	Forecast / Actual 2024/25 '000	2025/26 '000	2026/27 '000	2027/28 '000	2028/29 '000	2029/30 '000	2030/31 '000	2031/32 '000	2032/33 '000	2033/34 '000	2034/35 '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	121,448	130,161	131,179	134,924	138,319	141,785	145,338	148,982	152,717	156,546	160,473
Statutory fees and fines	9,767	10,249	10,442	10,731	11,023	11,298	11,525	11,845	12,167	12,470	12,722
User fees	20,972	22,584	23,697	24,233	24,903	25,596	26,307	27,046	27,804	28,587	29,395
Grants - operating	15,579	15,189	15,728	16,349	15,272	19,214	19,602	19,999	20,407	20,824	21,252
Grants - capital	10,480	14,259	7,486	5,569	5,302	285	211	216	222	228	234
Contributions - monetary	5,931	6,155	6,783	6,047	6,199	6,354	6,512	6,675	6,842	7,013	7,188
Interest received	3,180	2,951	2,713	2,737	2,761	2,796	2,829	2,859	2,888	2,918	2,948
Rent received	3,142	3,346	3,411	3,500	3,593	3,687	3,784	3,884	3,986	4,091	4,199
Trust funds and deposits taken	-	-	-	-	-	-	-	-	-	-	-
Other receipts	2,572	1,008	1,034	1,059	1,086	1,113	1,141	1,169	1,199	1,229	1,259
Net GST refund / payment	-	-	-	-	-	-	-	-	-	-	-
Employee costs	(81,321)	(84,936)	(86,825)	(89,029)	(91,735)	(97,012)	(96,474)	(99,380)	(102,065)	(104,816)	(108,272)
Materials and services	(57,640)	(63,438)	(61,767)	(61,779)	(61,105)	(60,378)	(61,455)	(63,068)	(65,247)	(65,594)	(67,141)
Utility charges	(4,560)	(4,694)	(4,827)	(4,964)	(5,105)	(5,251)	(5,401)	(5,556)	(5,716)	(5,881)	(6,051)
Trust funds and deposits repaid	-	-	-	-	-	-	-	-	-	-	-
Other payments	(11,337)	(12,176)	(12,602)	(12,921)	(13,202)	(13,512)	(14,050)	(14,631)	(14,991)	(15,346)	(15,726)
Net cash provided by/(used in) operating activities	38,213	40,658	36,452	36,456	37,311	35,975	39,869	40,040	40,213	42,269	42,480
Cash flows from investing activities											
Payments for property, infrastructure, plant and equipment	(54,673)	(73,066)	(45,832)	(43,282)	(40,064)	(34,759)	(35,460)	(32,858)	(30,436)	(28,540)	(29,440)
Proceeds from sale of property, infrastructure, plant and equipment	27,704	20,398	9,051	2,987	3,047	776	1,499	1,000	1,000	1,000	1,000
Net cash provided by/ (used in) investing activities	(26,969)	(52,668)	(36,781)	(40,295)	(37,017)	(33,983)	(33,961)	(31,858)	(29,436)	(27,540)	(28,440)
Cash flows from financing activities											
Finance costs	(1,508)	(1,406)	(1,304)	(1,197)	(1,075)	(945)	(804)	(653)	(486)	(306)	(94)
Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(1,096)	(1,202)	(1,304)	(1,407)	(1,529)	(1,659)	(1,796)	(1,955)	(2,118)	(2,298)	(2,493)
Interest paid - lease liability	(206)	(44)	(38)	(22)	(23)	(26)	(25)	(27)	(29)	(18)	(24)
Repayment of lease liabilities	(238)	(407)	(557)	(578)	(516)	(37)	(688)	(632)	(150)	(711)	(226)
Net cash provided by/(used in) financing activities	(3,048)	(3,059)	(3,203)	(3,204)	(3,143)	(2,667)	(3,313)	(3,267)	(2,783)	(3,333)	(2,837)
Net increase/(decrease) in cash & cash equivalents	8,196	(15,069)	(3,532)	(7,043)	(2,849)	(675)	2,595	4,915	7,994	11,396	11,203
Cash and cash equivalents at the beginning of the financial year	32,028	40,224	25,155	21,623	14,580	11,731	11,056	13,651	18,566	26,560	37,956
Cash and cash equivalents at the end of the financial year	40,224	25,155	21,623	14,580	11,731	11,056	13,651	18,566	26,560	37,956	49,159

3.5 Statement of Capital Works

	Forecast / Actual											
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Property												
Freehold land	63	-	-	-	-	-	-	-	-	-	-	-
Total land	63	-	-	-	-	-	-	-	-	-	-	-
Freehold buildings	20,710	34,280	14,550	14,958	14,080	6,339	6,483	4,413	5,115	4,027	4,061	
Total buildings	20,710	34,280	14,550	14,958	14,080	6,339	6,483	4,413	5,115	4,027	4,061	
Total property	20,773	34,280	14,550	14,958	14,080	6,339	6,483	4,413	5,115	4,027	4,061	
Plant and equipment												
Motor vehicles	6,641	8,230	9,985	5,658	5,731	8,027	7,775	6,626	6,646	6,666	6,686	
Plant and equipment	2,362	1,651	1,131	1,166	1,351	85	85	85	95	95	95	
Furniture and fittings	30	235	240	245	250	255	260	265	270	275	280	
Total plant and equipment	9,033	10,116	11,356	7,069	7,332	8,367	8,120	6,976	7,011	7,036	7,061	
Infrastructure												
Roads, Streets, Bridges	18,703	12,789	10,278	10,143	7,614	9,924	9,718	11,383	10,242	10,461	10,468	
Drainage	1,585	4,637	1,666	1,516	1,664	2,427	1,854	1,973	1,666	1,673	1,676	
Parks and gardens	3,976	9,585	6,745	7,588	7,564	6,478	7,597	6,820	4,933	3,977	4,621	
Playground	550	1,385	1,077	1,958	1,640	1,174	1,508	1,243	1,279	1,316	1,353	
Total infrastructure	24,814	28,396	19,766	21,205	18,482	20,003	20,677	21,419	18,120	17,427	18,118	
Other												
Art Collection	53	274	160	50	170	50	180	50	190	50	200	
Total other	53	274	160	50	170	50	180	50	190	50	200	
Total capital works expenditure	54,673	73,066	45,832	43,282	40,064	34,759	35,460	32,858	30,436	28,540	29,440	
Represented by:												
Asset renewal expenditure	32,861	40,313	27,359	26,639	27,590	27,584	28,646	25,553	25,863	24,658	25,865	
Asset upgrade expenditure	16,437	18,596	9,811	11,695	11,068	5,343	5,103	6,076	3,242	3,182	2,704	
Asset expansion expenditure	1,871	8,834	2,461	640	220	100	180	100	190	50	200	
New asset expenditure	3,504	5,323	6,201	4,308	1,186	1,732	1,531	1,129	1,141	650	671	
Total capital works expenditure	54,673	73,066	45,832	43,282	40,064	34,759	35,460	32,858	30,436	28,540	29,440	
Funding sources represented by:												
Government grant	10,803	13,535	8,168	1,670	54	5,099	5,054	5,090	5,127	5,165	5,203	
Contribution	6,518	7,548	3,198	3,358	2,793	6,354	6,512	6,675	6,842	7,013	7,188	
Council Cash	37,352	51,983	34,466	38,254	37,217	23,306	23,894	21,093	18,467	16,362	17,049	
Borrowings	-	-	-	-	-	-	-	-	-	-	-	
Total capital works expenditure	54,673	73,066	45,832	43,282	40,064	34,759	35,460	32,858	30,436	28,540	29,440	

3.6 Statement of Human Resources

Staff expenditure	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Staff expenditure											
Employee costs - operating	82,429	84,851	86,949	89,096	91,783	94,543	96,165	99,101	102,038	105,106	108,269
Employee costs - capital	1,432	1,561	1,508	1,552	1,596	1,642	1,689	1,737	1,787	1,839	1,891
Total staff expenditure	83,861	86,412	88,457	90,648	93,379	96,185	97,854	100,838	103,825	106,945	110,160

Staff numbers	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Staff numbers											
Employees	691.59	696.58	695.54	686.78	683.78	683.78	676.78	676.78	676.78	676.78	676.78
Total staff numbers	691.59	696.58	695.54	686.78	683.78	683.78	676.78	676.78	676.78	676.78	676.78

A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

Department	Total	Comprises			
		Permanent			
		Full Time	Part Time	Casual	Temporary
	'000	'000	'000	'000	'000
Assets & City Services	24,813	23,659	217	2	935
City Development	17,225	12,493	3,485	42	1,205
Community Wellbeing	28,665	13,070	13,520	733	1,341
Executive Office	1,661	1,327	269	14	51
Corporate Services	15,609	11,099	2,167	98	2,245
Total permanent staff expenditure	87,973	61,648	19,658	890	5,778
Other employee related expenditure	-	-	-	-	-
Capitalised labour costs	(1,561)	(1,561)	-	-	-
Total staff expenditure	86,412	60,087	19,658	890	5,778

A summary of the number of full time equivalent (FTE) Council staff in relation to the above expenditure is included below:

Department	Total	Comprises			
		Permanent			
		Full Time	Part Time	Casual	Temporary
Assets & City Services	199.49	194.00	1.78	0.02	3.69
City Development	131.67	96.00	26.78	0.30	8.59
Community Wellbeing	236.80	109.00	112.75	5.70	9.35
Executive Office	8.75	7.00	1.42	0.07	0.26
Corporate Services	119.87	88.00	17.18	0.67	14.02
Total staff	696.58	494.00	159.91	6.76	35.91

3.7 Planned Human Resource Expenditure

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Assets & City Services										
Permanent - Full time	23,659	24,412	25,155	26,033	26,813	27,616	28,443	29,295	30,173	31,076
Women	3,049	3,146	3,275	3,390	3,491	3,596	3,704	3,814	3,929	4,046
Men	20,610	21,266	21,880	22,644	23,322	24,020	24,740	25,481	26,244	27,030
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Permanent - Part time	217	224	233	241	249	256	264	272	280	288
Women	217	224	233	241	249	256	264	272	280	288
Men	0	0	0	0	0	0	0	0	0	0
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Total Assets & City Services	23,876	24,636	25,388	26,275	27,062	27,872	28,707	29,567	30,452	31,365
City Development										
Permanent - Full time	12,493	12,935	13,388	13,903	14,319	14,749	15,191	15,646	16,115	16,599
Women	5,466	5,659	5,857	6,082	6,265	6,453	6,646	6,845	7,050	7,262
Men	6,897	7,141	7,392	7,675	7,905	8,142	8,387	8,638	8,897	9,164
Persons of self-described gender	130	135	139	145	149	154	158	163	168	173
Permanent - Part time	3,485	3,608	3,735	3,878	3,994	4,114	4,238	4,365	4,496	4,630
Women	2,458	2,545	2,634	2,736	2,818	2,902	2,989	3,079	3,171	3,266
Men	1,027	1,063	1,100	1,143	1,177	1,212	1,248	1,286	1,324	1,364
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Total City Development	15,978	16,544	17,123	17,781	18,314	18,863	19,428	20,011	20,611	21,229
Community Wellbeing										
Permanent - Full time	13,070	13,481	13,980	14,468	14,902	15,349	15,810	16,283	16,771	17,274
Women	10,072	10,389	10,774	11,150	11,484	11,828	12,184	12,548	12,924	13,312
Men	2,878	2,968	3,078	3,186	3,281	3,380	3,481	3,585	3,693	3,803
Persons of self-described gender	120	124	128	133	137	141	145	149	154	158
Permanent - Part time	13,520	13,997	14,438	14,942	15,390	15,851	16,328	16,816	17,320	17,840
Women	10,322	10,650	10,967	11,350	11,690	12,041	12,403	12,774	13,157	13,551
Men	2,999	3,141	3,258	3,371	3,473	3,577	3,684	3,794	3,908	4,025
Persons of self-described gender	199	205	213	220	227	234	241	248	255	263
Total Community Wellbeing	26,590	27,478	28,418	29,410	30,292	31,200	32,138	33,099	34,091	35,113

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Executive Office										
Permanent - Full time	1,327	1,366	1,413	1,462	1,506	1,551	1,597	1,644	1,693	1,744
Women	1,137	1,165	1,205	1,247	1,284	1,323	1,362	1,403	1,444	1,488
Men	190	201	208	215	221	228	235	242	249	256
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Permanent - Part time	269	285	295	305	314	324	333	343	354	364
Women	269	285	295	305	314	324	333	343	354	364
Men	0	0	0	0	0	0	0	0	0	0
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Total Executive Office	1,596	1,651	1,708	1,767	1,820	1,874	1,930	1,988	2,047	2,108
Corporate Services										
Permanent - Full time	10,976	10,967	11,541	11,958	12,323	12,381	12,760	13,150	13,552	13,966
Women	6,486	6,481	6,820	7,066	7,282	7,486	7,715	7,951	8,194	8,445
Men	4,490	4,487	4,721	4,892	5,041	4,895	5,045	5,199	5,358	5,521
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Permanent - Part time	2,143	2,141	2,253	2,334	2,406	2,473	2,549	2,627	2,707	2,790
Women	1,767	1,766	1,858	1,925	1,984	2,040	2,102	2,167	2,233	2,301
Men	375	375	395	409	421	433	447	460	474	489
Persons of self-described gender	0	0	0	0	0	0	0	0	0	0
Total Corporate Services	13,119	13,108	13,794	14,292	14,729	14,854	15,309	15,777	16,259	16,756
Casuals, temporary and other expenditure	6,814	6,548	5,767	5,450	5,611	4,880	5,063	5,171	5,323	5,480
Capitalised labour costs	-1,561	-1,508	-1,552	-1,596	-1,642	-1,689	-1,737	-1,787	-1,839	-1,891
Total staff expenditure	86,412	88,457	90,648	93,379	96,185	97,854	100,838	103,825	106,945	110,160

	2025/26 FTE	2026/27 FTE	2027/28 FTE	2028/29 FTE	2029/30 FTE	2030/31 FTE	2031/32 FTE	2032/33 FTE	2033/34 FTE	2034/35 FTE
Assets & City Services										
Permanent - Full time	194.0	194.0	192.0	192.0	192.0	192.0	192.0	192.0	192.0	192.0
Women	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Men	169.0	169.0	167.0	167.0	167.0	167.0	167.0	167.0	167.0	167.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent - Part time	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Women	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Men	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Assets & City Services	195.8	195.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8
City Development										
Permanent - Full time	96.0	96.0	96.0	96.0	96.0	96.0	96.0	96.0	96.0	96.0
Women	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Men	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0
Persons of self-described gender	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Permanent - Part time	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8
Women	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9
Men	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total City Development	122.8	122.8	122.8	122.8	122.8	122.8	122.8	122.8	122.8	122.8
Community Wellbeing										
Permanent - Full time	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0
Women	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0
Men	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Persons of self-described gender	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Permanent - Part time	112.8	113.2	112.6	112.6	112.6	112.6	112.6	112.6	112.6	112.6
Women	86.1	86.1	85.5	85.5	85.5	85.5	85.5	85.5	85.5	85.5
Men	25.0	25.4	25.4	25.4	25.4	25.4	25.4	25.4	25.4	25.4
Persons of self-described gender	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Total Community Wellbeing	221.8	222.2	221.6	221.6	221.6	221.6	221.6	221.6	221.6	221.6

	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Executive Office										
Permanent - Full time	7.0	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Women	6.0	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Men	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent - Part time	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Women	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Men	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Executive Office	8.4	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Corporate Services										
Permanent - Full time	88.0	89.0	88.0	88.0	88.0	86.0	86.0	86.0	86.0	86.0
Women	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0
Men	36.0	37.0	36.0	36.0	36.0	34.0	34.0	34.0	34.0	34.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent - Part time	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Women	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Men	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Persons of self-described gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Corporate Services	105.2	106.2	105.2	105.2	105.2	103.2	103.2	103.2	103.2	103.2
Casuals and temporary staff	42.7	40.4	35.3	32.3	32.3	27.3	27.3	27.3	27.3	27.3
Capitalised labour	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0
Total staff numbers	686.6	685.5	676.8	673.8	673.8	666.8	666.8	666.8	666.8	666.8

4. Financial Performance Indicators

4.1 Victorian Auditors-General's Office (VAGO)

Practicing sound financial management is subjective in nature and requires consideration and balancing of competing imperatives. Objective guidance is available in several forms such as generation of surpluses, strength of the balance sheet and cash generated by an enterprise.

The Victorian Auditor-General's Office (VAGO) assesses all Victorian councils annually against six criteria related to financial sustainability. To understand further the way in which the VAGO ratios are calculated refer to their website: <https://www.audit.vic.gov.au>.

4.2 Local Government Performance Reporting Framework (LGPRF)

The Victorian Government has a reporting framework to ensure that all Councils are measuring and reporting on their performance in a consistent way. The framework became mandatory from 1 July 2014. The framework is made up of 59 quantitative measures and 24 qualitative measures which build a comprehensive picture of Council performance. Council's Financial Plan focuses on the Financial Performance Indicators (of which there are 11 quantitative measures).

The 11 financial indicators cover key financial objectives. These indicators provide relevant information about the efficiency, effectiveness and economy of financial management in local government.

Financial Sub area	Definition
Operating position	Measures whether a council can generate an adjusted underlying surplus
Liquidity	Measures whether a council can generate sufficient cash to pay bills on time
Obligations	Measures whether the level of debt and other long-term obligations is appropriate to the size and nature of the Council's activities
Stability	Measures whether a council can generate revenue from a range of sources
Efficiency	Measures whether a council is using resources efficiently

The Financial Performance Indicators provide relevant information about the effectiveness of financial management and an overall assessment of the long-term financial sustainability of Council.

Council has also previously forecast its financial sustainability on the Victorian Auditor-General's Office (VAGO) indicators, and will continue to do so, as they provide another level of financial sustainability assurance.

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

- The 10 years Draft financial plan highlights the healthy financial position of Council and a funded capital works and major initiatives program over the next 10 years.

Funding of the capital works program will continue to be delivered through operational funding and reserves (e.g. Innovation, efficiencies in operations, along with enhanced revenue generating major initiatives). Funding for major projects and initiatives currently outside 4-year cycle will need to be supported from future strategic property initiatives, grants and third-party funding to maintain a financial sustainable position over the next 10 years.

Indicator	Measure	Notes	Forecast Actual	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Trend +/-
Operating position															
Adjusted underlying result (an adjusted underlying surplus is generated in the ordinary course of business)	Adjusted underlying surplus (or deficit) Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1		-1.02%	-0.14%	-2.71%	-1.09%	-1.16%	0.02%	0.39%	-0.51%	-1.31%	-0.97%	-1.20%	+
Liquidity															
Working Capital (sufficient working capital is available to pay bills as and when they fall due)	Current assets compared to current liabilities Current assets / current liabilities	2		245%	207%	195%	177%	169%	170%	172%	180%	189%	206%	231%	o
Unrestricted cash (sufficient cash that is free of restrictions is available to pay bills as and when they fall due)	Unrestricted cash compared to current liabilities Unrestricted cash / current liabilities	3		68.37%	35.35%	27.30%	12.64%	6.85%	5.59%	10.54%	19.90%	34.04%	53.96%	75.91%	o
Obligations															
Loans and borrowings (level of interest bearing loans and borrowings is appropriate to the size and nature of Council's activities)	Loans and borrowings compared to rates Interest bearing loans and borrowings / rate revenue	4		14.77%	12.83%	11.73%	10.35%	8.98%	7.58%	6.15%	4.68%	3.16%	1.61%	0.00%	+
Loans and borrowings (level of interest bearing loans and borrowings is appropriate to the size and nature of Council's activities)	Loans and borrowings repayments compared to rates Interest and principal repayments on interest bearing loans and borrowings / rate revenue	5		2.17%	2.02%	2.00%	1.95%	1.90%	1.85%	1.80%	1.76%	1.72%	1.68%	1.63%	+
Indebtedness (level of long term liabilities is appropriate to the size and nature of a Council's activities)	Non-current liabilities compared to own-source revenue Non-current liabilities / own source revenue	6		11.55%	10.06%	9.30%	7.90%	6.78%	5.92%	4.64%	3.38%	2.33%	1.02%	0.87%	+
Asset renewal (assets are renewed as planned)	Asset renewal compared to depreciation Asset renewal and upgrade expense / Asset depreciation	7		200.08%	233.10%	141.87%	139.37%	134.17%	108.64%	105.80%	94.39%	82.79%	76.71%	76.37%	-
Stability															
Rates concentration (revenue is generated from a range of sources)	Rates compared to adjusted underlying revenue Rate revenue / adjusted underlying revenue	8		66.71%	66.92%	68.45%	67.95%	68.48%	68.10%	67.90%	68.08%	68.09%	68.11%	68.14%	-
Rates effort (rating level is set based on the community's capacity to pay)	Rates compared to property values Rate revenue / CIV of rateable properties in the municipality	9		0.21%	0.23%	0.23%	0.23%	0.24%	0.25%	0.25%	0.26%	0.27%	0.27%	0.28%	o

Indicator	Measure	Notes	Forecast												Trend
			Actual 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	+ / o / -	
Efficiency															
Expenditure level	Expenses per property assessment														
(resources are used efficiently in the delivery of services)	Total expenses/ no. of property assessments	10	\$3,185	\$3,380	\$3,415	\$3,482	\$3,545	\$3,612	\$3,699	\$3,817	\$3,943	\$4,027	\$4,136		+
Revenue level	Average rate per property assessment														
(resources are used efficiently in the delivery of services)	General rates and municipal charges / no. of property assessments	11	\$1,818	\$1,896	\$1,944	\$1,992	\$2,042	\$2,093	\$2,145	\$2,199	\$2,254	\$2,310	\$2,368		+

Key to Forecast Trend:

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

4.3 Disclosure Required (LGPRF)

4.3.1 (OP1) – Adjusted Underlying Result

The underlying surplus as a percentage of adjusted underlying revenue

This is an indicator of the sustainable operating result that is required for Council to continue to provide its core services and meet its objectives. COVID-19 pandemic has continued from into 2020/2021 and has had a negative financial impact on Banyule's results for 2020/21 as Council services adjusted to meet restrictions and the Banyule Economic Support Package came into effect.

4.3.2 (L1) – Working Capital

Current assets as a percentage of current liabilities

Working Capital is an indicator of how easily Council can cover its liabilities that are to fall due over the next 12 months. Council is expected to remain in a strong working capital position.

Results in following years, which include property sales expected in 2025/26 will return current assets and working capital to previous strong levels, although reducing over the 10 years.

4.3.3 (L2) – Unrestricted Cash

Unrestricted cash as a percentage of current liabilities

This is an indicator of the broad objective that sufficient cash is free of restrictions and available to pay bills as and when they fall due. Council's liquidity position will continue at a high level, reflecting our continued sustainable financial operations, although reducing gradually over the years.

Items which are restricted under the definition are:

- trust funds and deposits
- statutory or non-discretionary reserves
- cash held to fund carry forward capital works
- conditional grants unspent

Term deposits with an original maturity of greater than 90 days (i.e. other financial assets) are also considered to be restricted under this definition.

4.3.4 (O2, O3) – Loans and Borrowings

Interest bearing loans and borrowings as a percentage of rate revenue and Interest and principal repayments on interest bearing loans and borrowings as a percentage of rate revenue

The trend of these indicators reflects Council's reducing reliance on debt. Council will continue to pay down existing debt while rate revenue will continue to rise in line with the rate cap. The trend has accelerated in recent years as a result of Council's debt reduction strategy. There is a slight increase in loans and borrowings in 2022/23, associated with Council's expected application for a loan as part of the Victorian Government's Community Infrastructure Loan Scheme, which provides local governments access to very low interest, subsidised loans to help fund infrastructure projects.

4.3.5 (O4) – Indebtedness

Non-current liabilities as a percentage of own source revenue.

This is an indicator of the broad objective that the level of long-term liabilities should be appropriate to the size and nature of a Council's activities. Low or decreasing level of long-term liabilities suggest an improvement in the capacity to meet long term obligations.

4.3.6 (O5) – Asset Renewal

Asset renewal and upgrade expense compared to depreciation assesses whether council spending on assets is focused on purchasing new assets or renewing and upgrading existing ones.

This indicator shows the extent of Council's asset renewal expenditure against its depreciation charge.

Assessment of whether council assets are being renewed or upgraded as planned. It compares the rate of spending on existing assets through renewing, restoring, replacing or upgrading existing assets with depreciation. Ratios higher than 1.0 indicate there is a lesser risk of insufficient spending on Council's asset base.

4.3.7 (S1) – Rates Concentration

Rate revenue as a percentage of adjusted underlying revenue

This indicates the extent of reliance on rate revenue to fund all of Council's ongoing services. This trend indicates Council's reliance on rates is holding relatively steady.

4.3.8 (S2) – Rates Effort

Rate revenue as a percentage of the capital improved value of rateable properties in the municipality

This is an indicator of the broad objective that the rating level should be based on the community's capacity to pay. Low or decreasing level of rates suggest an improvement in the rating burden for ratepayers.

Note: Council policy is not to estimate future movements in property values and assume that they will hold steady from the most recent CIV figures.

4.3.9 (E2) – Expenditure Level

Total expenses per property assessment

This is an indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of expenditure suggests an improvement in organisational efficiency.

4.3.10 (E4) – Revenue Level

The average rate revenue per property assessment

This is an indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of rates suggests an improvement in organisational efficiency.

5. Strategies and Plan

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

5.1 Borrowing Strategy

5.1.1 Current Debt Position

Council's debt management strategic plan responds to Council's strategic direction and considers Council's long-term financial sustainability.

The debt management strategic plan addresses the following matters:

- The legislative framework
- Linkage to the Proposed Council Plan
- Sound financial management principles
- Current level of debt
- Forecast sustainability ratios.

The total amount borrowed as at 30 June 2025 was \$18.35 million.

The Financial Plan contains forecasts that this debt will be reduced to \$7.26 million by 30 June 2032. Council has planned no further borrowings in this period.

5.1.2 Future Borrowing Requirements

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

	Forecast / Actual										
	2024/25 '000	2025/26 '000	2026/27 '000	2027/28 '000	2028/29 '000	2029/30 '000	2030/31 '000	2031/32 '000	2032/33 '000	2033/34 '000	2034/35 '000
Opening balance	18,856	17,760	16,559	15,255	13,847	12,318	10,659	8,863	6,908	4,790	2,492
Plus New loans	-	-	-	-	-	-	-	-	-	-	-
Less Principal repayment	(1,096)	(1,201)	(1,304)	(1,408)	(1,529)	(1,659)	(1,796)	(1,955)	(2,118)	(2,298)	(2,492)
Closing balance	17,760	16,559	15,255	13,847	12,318	10,659	8,863	6,908	4,790	2,492	-
Interest payment	1508	1406	1304	1197	1075	945	804	653	486	306	94

5.1.3 Performance Indicators

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

Performance Indicator	Target	Forecast / Actual 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Total borrowings / Rate revenue	Below 60%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt servicing / Rate revenue	Below 5%	2.31%	1.99%	1.99%	1.93%	1.88%	1.84%	1.79%	1.74%	1.71%	1.66%	1.62%
Debt commitment / Rate revenue	Below 10%	%	%	%	%	%	%	%	%	%	%	%
Indebtedness / Own source revenue	Below 60%	10.23%	8.85%	8.46%	7.23%	6.27%	5.60%	4.38%	3.19%	2.21%	0.96%	0.82%

5.2 Reserves Strategy

5.2.1 Current Reserves

Council maintains reserves of separately identified funds to meet specific purposes in the future and for which there is no existing liability. These amounts are transferred to and from the accumulated surplus. Two of these reserves are statutory reserves, meaning that the funds must remain available for a specific purpose (public open space and off-street car parking).

The remaining reserves are discretionary and while not restricted, Council has made decisions regarding the future use of these funds and unless there is a Council resolution, these funds should be used for those earmarked purposes.

Provisions such as annual leave and long service leave are not held separately in a cash reserve. These amounts are held as an intended allocation with the accumulated surplus balance. Although these funds are not externally restricted, they have been allocated for specific future purposes by Council.

Council had the following Reserve Accounts:

- Public Open Space Reserve (Restricted)
- Off Street Parking Reserve (Restricted)
- General Reserve (including Debt Redemption) Reserve
- Plant and Equipment Reserve
- IT Equipment Reserve
- BPI Investment Reserve
- Asset Renewal Reserve
- Strategic Properties Reserve
- Car Parking Meters Reserve
- Environment Reserve (new)

The recommended purpose of each Reserve is set out as follows:

The recommended purpose of each Reserve is set out as follows:

5.2.1.1 Public Open Space Reserve:

The Public Open Space Reserve is a Statutory Reserve, with the income being determined by legislation.

Property developers are required to contribute 5% of the property development cost into the Public Open Space Reserve.

Expenditure from this Reserve must continue to be of a "public open space" nature, like parks, parklands/reserves, playground equipment, etc. to satisfy the requirements of the legislation.

5.2.1.2 Off Street Parking Reserve:

The Off Street Parking Reserve was a Statutory Reserve and the income was controlled by legislation.

The funds were received from developers when additional shops went into local shopping precincts in lieu of providing the requisite car parking spaces. As of 2009, Council has ceased receiving additional income to fund this reserve.

5.2.1.3 General Reserve (including Debt Redemption):

This Reserve is a general reserve designed to be used for purposes not covered by the other Reserves including environmental projects.

In recent years, this reserve has been built up for the purpose of repaying Council's loans when they are up for review and able to be paid out without penalty.

5.2.1.4 Plant and Equipment Reserve:

The Plant and Equipment Reserve is used to fund the purchase of vehicles (fleet, waste trucks, etc) and some other items of plant & equipment.

It is funded by an internal charge to each business unit for their vehicles less the running costs for those vehicles (fuel, repairs, insurance, etc.). In recent years, due to a healthy balance, the Plant and Equipment Reserve has been used to fund other non-plant types of "equipment".

5.2.1.5 IT Equipment Reserve:

This reserve was created to set aside funds for the replacement of Council's IT Systems & Equipment including software, hardware and audio-visual equipment.

As the levels of expenditure fluctuate between years a consistent amount is transferred from operating each year to 'smooth out' the cost of IT systems & Equipment.

5.2.1.6 BPI Investment Reserve:

10% of Building Permits and Inspections department's profits are set aside in this reserve.

The express purpose is, for the future investment towards improving BPI's services to remain competitive in a commercial environment.

5.2.1.7 Asset Renewal Reserve:

The Asset Renewal Reserve was created during 2013. The purpose of this Reserve is to set aside funds to replace/renew major assets, when required as year to year these costs can fluctuate significantly.

This Reserve is used for the renewal/replacement of major assets, which are outside the scope of the Plant and Equipment Reserve & Public Open Space Reserve.

5.2.1.8 Strategic Properties Reserve:

The Strategic Properties Reserve was created during 2010. The purpose was to fund dealings in property and property developments with the express purpose of creating a profit to reduce the amount of income required to be raised via Rates.

The Reserve was initially commenced via a Council loan, since then the Reserve has been funded via the sale of properties, excess to Council needs, and properties developed by Council including the school sites.

This Reserve continues to be used to buy and sell property in order to fund future major projects and to reduce the amount of income required to be raised by way of rates.

The remaining funds in the reserve can only be used for the express purpose of providing car parking improvements in the shopping centre areas for which the funds were collected.

5.2.1.9 Car Parking Meter Reserve:

The Car Parking Meter Reserve was opened in during 2013 with the installation of parking meters in several locations.

Council decided that 2/3rds of the net profit of operating the parking meters be transferred to a newly created Reserve account. These reserve funds would be used to cover parking improvements and other parking related expenditure in the suburbs from where it was collected.

5.2.1.10 Environmental Reserve (new):

The purpose of the reserve is to allocate and spend the savings on environmental projects. This reserve has only recently been established and should not be used for any other purpose.

5.2.2 Reserve Usage Projections

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

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

5.3 Revenue and Rating Plan

The adoption of a Revenue and Rating Plan is a requirement under Section 93 of the *Local Government Act 2020*. Consultation on the proposed Revenue and Rating Plan 2025-2029 was undertaken in accordance with Council's Banyule Community Engagement Policy which was adopted in accordance with Section 55 of the *Local Government Act 2020*.

Banyule City Council's Revenue and Rating Plan 2025-2029 supports the rating principles used to levy rates and charges, in collaboration with determining the Proposed Budget 2025-2029.

The Revenue and Rating Plan 2025-2029 outlines the framework under which Council will fund services, capital works and initiatives over the four years that the plan is active. There is a requirement to ensure that services are financially sustainable.

In funding services, capital works and initiatives, Council operates under restrictions imposed by the Fair Go Rates System cap and grant allocations from the state and commonwealth government.

Banyule values appropriate commercial and industrial development. However, also acknowledge an increased impact on our shared infrastructure by these developments. We choose to differentially rate these properties to ensure an equitable outcome to infrastructure costs across our community.

The existing rating structure comprises six differential rates being: residential improved, residential vacant, commercial improved, commercial vacant, industrial improved and industrial vacant.

- It is proposed that the following rating principles are included in the rating framework:
 - Rates being payable in four instalments only
 - Maintaining the existing differential rating structure
 - Charging five properties under the *Cultural and Recreational Lands Act 1963*
 - To declare through the budget to separate all waste and recycling collection fees from general rates and create new service rates.
 - Levy a service rate for the provision of a standard waste service; and
 - Levy a service rate for the provision municipal waste collection.
 - Not offering any Council concessions
 - Not offering any incentives for prompt payment.
 - Not levying a Municipal Charge
 - Charging penalty interest in accordance with Section 172 of the *Local Government Act 1989*
 - Undertaking collections of unpaid rates in accordance with Sections 180 and 181 of the *Local Government Act 1989*

5.4 Investments

Council has traditionally invested cash reserves in bank term deposit with the major financial institutions in line with its Investment Policy. Domestic interest rates have been reducing over the past few years and are now at record low levels.

An Investment Strategy has recently been developed by Council. Once fully implemented the financial return outcomes will be updated from current projects. Banyule is also currently invested in several established properties generating commercial returns and several properties which require further investment. Good financial management requires considered assessment of the risks and benefits of investments.

5.4.1 Strategic Property Acquisition

Council, from time to time, may acquire property assets that are deemed to increase its ability to:

- Invest into an appreciating asset that can:
 - Generate appropriate rental revenue
 - Deliver an uplift in value
 - Be later realised
- Increase and provide pathways for property consolidation or growth
- Enable a diversification of its property portfolio
- Influence and shape occupancy that leads to social and economic development outcomes
- Provide for catalyst planning outcomes that demonstrate leadership underpinned by broad community support

The general principles that will guide Council's acquisition methodology are to:

- Provide a financial return and a community benefit to Council
- Ensure the best use of existing, underutilised and/or surplus assets
- Complement and augment existing planning policy framework aspirations

- Lead best practice and high-quality planning outcomes
- Stimulate local investment and infrastructure

5.4.2 Strategic Property Sales

From time to time, Council will evaluate its property portfolio to establish the suitability of its assets to deliver operational services to the community.

Property assets may be held for operational and non-operational reasons. Council holds and manages property assets as a means of responding to and providing for the evolving needs of the community. Operational property holdings provide value via service delivery. Non-operational property is generally acquired or held for income generation.

The disposal of property assets in Banyule are governed by the Guidelines for the Sale and Exchange of Council Land. Council has agreed the following principles for property disposal:

- The sale or exchange of Council Land must comply with the provisions of the Act
- The sale of Council Land should be conducted through a public process (i.e. public auction, public tender or by registration of expressions of interest), unless circumstances exist that justify an alternative method of sale, for example the sale or exchange of Council Land by private treaty. Council should explain to the community the circumstances which led to its decision to use an alternative method of sale in the interest of probity, public accountability and transparency.
- The sale of Council Land should be in the best interest of the community and provide the best result, both financial and non-financial, for Council and the community.
- Generally, all sales of Council Land should occur at not less than market value assessed by a valuer engaged by Council. However, if Council Land is sold for less than the market value, Council should explain the circumstances, reasons or factors which led to the decision to accept a sale price that is less than market value.
- Prior to being offered for sale, Council Land should be appropriately zoned. This will ensure that the ultimate use of the Council Land is determined by that zone and the highest possible sale price is achieved.

Council has made a deliberate decision to diversify its income sources through investment in property assets that have the capacity to provide a return on investment. This includes investment in both commercial and residential properties.

5.5 Operational Efficiency

The concept of operational efficiency encompasses the practice of improving all your processes (all your organisations activities that lead to your final community service). All these processes help the organisation achieve a target, which may be in terms of improved and cost-effective services and greater capital works delivery.

Care needs to be taken to not confuse efficiency with cutting costs, because it has other objectives besides savings, such as improving our productivity and delivering an improved service with the customer at the centre.

There are several ways Council is approaching operational efficiency to achieve Banyule's strategic goals. This includes a continued focus on

- reducing expenditure on external agency and consultancies
- business-oriented initiatives that reduce Council reliance on property rates to fund services and infrastructure
- environmental sustainability initiatives, such as solar panels and water harvesting that also deliver financial savings to Council.

In this Financial Plan, several strategies have been considered to meet the service needs of the community as well as remain financially sustainable. As a result, the increase in operational expenditure has been set to be CPI-0.25%, after including the below strategies.

- Continuous improvement – Council develops and implements a Continuous Improvement program to deliver operational efficiency.
- Service reviews – Council continues to conduct service reviews to ensure operations meet quality, cost and service standards in line with community expectations.
- Digital Transformation – Council maintains its capital works investment in the maintenance and renewal of existing systems and infrastructure and provides additional funding for new systems to build customer capability and operational efficiency.
- Collaborative procurement – Council continues to actively participate in collaborative opportunities with the Northern Region councils in an effort to maximise procurement and purchasing power.

The following is an outline of these programs.

5.5.1 Continuous Improvement

Continuous improvement means to consistently strive to improve services according to the highest standards. It is a process which, in the long term, achieves:

- Customer focus
- Enhanced quality of service delivery
- Simplified processes and procedures
- Attitudinal change
- Recognition of customers, both internal and external.

The continuous improvement process consists of strategies, systems and processes which drive incremental and sustainable change to increase operational efficiency by improving service quality and reducing costs.

Council currently conduct business improvement reviews that may be generated from the service review process or from incremental process changes.

Council is currently reviewing its quality systems to assess the effectiveness of the current program. This is expected to result in a stronger focus on continuous improvement program based on proven methodologies such as Lean. This will require a need to skill up staff to successfully implement a program.

5.5.2 Service Reviews

Service reviews are undertaken across Council each year and recommendations for improvements are implemented to ensure the best quality and cost of service delivery. Current review impacts are included in the Strategic Resource Plan. The purpose of the service review program is best described by the following goals:

- Stronger framework to enhance strategic performance.
- In-depth, evidence-based decision making to enhance service
- Adherence to Strategic Objectives
- Right service at the right price (to the right users/community)
- Leadership input/ownership through Director and Managers

- Sustainable Service Provision (incl. cost assessment)
- A more thorough Service assessment and enquiry for improved value and informed delivery.

There are a number of drivers for service reviews that contribute to the achievement of our Council Plan objectives.

- Strategic business improvement focus
- Issues / Imperatives facing service (timely, generally external)
- Collated evidence / knowledge base for service delivery and capability.
- Service Delivery needs (incl. service provision to community)
- Ongoing sustainability (incl. revenue, budget magnitude, delivery model, etc.)

5.5.3 Digital Transformation

Investment in technology has proven to deliver operational efficiency by eliminating or reducing manual processes. The goal is to provide staff and the community with access to digital tools to conduct business and transact with Council. Digital Transformation is high on the agenda at all levels of government with the aim of eliminating outdated manual processes, cope with the volumes of data and information and to provide access to information on demand.

Council has historically invested in business systems to ensure facilitate efficient business operations and enhanced customer interaction. This includes maintenance and renewal of existing systems and investment in new systems as required. Digital technology is now refocusing on the need for more adaptable, online and mobile technology which is reflected in the change in community demand to transact with Council online 24/7.

Council needs to ensure that it is keeping pace with community demands and efficient business systems to run Council operations. This requires a focus on ongoing investment in IT systems and infrastructure with additional investment required to digitise manual process and provide online capability to the community.

Council is focussed on improving existing IT infrastructure and applications with a goal of removing aged solutions and utilising existing unused functionality in our current applications. We want our community, customers and staff to be empowered and enriched by digital capabilities that enable positive interactions and service delivery outcomes. Council has an IT and Digital Transformation Strategy to move Council to become a more customer centric organisation.

5.5.4 Collaborative Procurement

Council is a member of the Northern Alliance of Council's and utilises Procurement Australia and MAV Procurement for the procurement of goods, services and works undertaking a single competitive process. Each of the members of this group can enter into a contract with the preferred service provider identified through this competitive process. Alternatively, the members of the group may choose to enter into a contract with the council which conducted the public tender.

There are significant advantages participating in collaborative procurement opportunities where the buying power can be providing greater benefits.

Banyule is actively involved in collaborative procurement particularly with the Northern Region. A significant amount of data analysis and documentation review has been undertaken by the group with the objective of identifying collaborative procurement opportunities across the region in an effort to achieve greater value for money.