

FINANCIAL PLAN 2021-31



Acknowledgement of Traditional Owners

The City of Melbourne respectfully acknowledges the Traditional Owners of the land, the Wurundjeri Woi Wurrung and Bunurong Boon Wurrung peoples of the Eastern Kulin and pays respect to their Elders past, present and emerging. We are committed to our reconciliation journey, because at its heart, reconciliation is about strengthening relationships between Aboriginal and non-Aboriginal peoples, for the benefit of all Victorians.

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YOUR COUNCIL

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1 Introduction

Achieving the Community Vision through a responsible and sustainable Financial Plan

City of Melbourne's Financial Plan 2021–31 will activate the city, support businesses and allow the City of Melbourne to achieve its Community Vision. Further, we have allocated expenditure accordingly to support industries and communities with a strong transport network, celebrate and protect Melbourne's unique places, and enabling Melbourne to be an affordable city.

- Total operating expenditure: \$5.9 billion over the next 10 years
- Total capital expenditure: \$2.1 billion over the next 10 years

Infrastructure

The City of Melbourne will invest \$1.2 billion in infrastructure over the next 10 years, delivering much-needed community services, creating hundreds of construction jobs and stimulating our economy.

This record infrastructure investment will require Council to borrow up to \$247 million. We also require financial support and grants from the Victorian Government to deliver this Financial Plan.

The initiatives contained in this Financial Plan will deliver jobs when we need them most, and set the city up for prosperity and liveability for generations to come.

Bringing back the buzz

The City of Melbourne will invest \$21.5 million in events over the next year to reinforce our status as the nation's events and culture capital. It will also shine a light on Melbourne's unique identity and place.

Highlights include:

- \$5.8 million for Christmas Festival
- \$4.6 million for Moomba Festival
- \$3.8 million to celebrate New Year's Eve
- \$2.8 million for Melbourne Fashion Week
- \$1.8 million for Firelight Festival
- \$1.5 million for Melbourne Knowledge Week
- \$1.2 million for Melbourne Music Week.

A further \$2 million has been allocated to the Event Partnership Program to support localised events.

Achieving the community aspiration through supporting Melbourne's existing and new industries

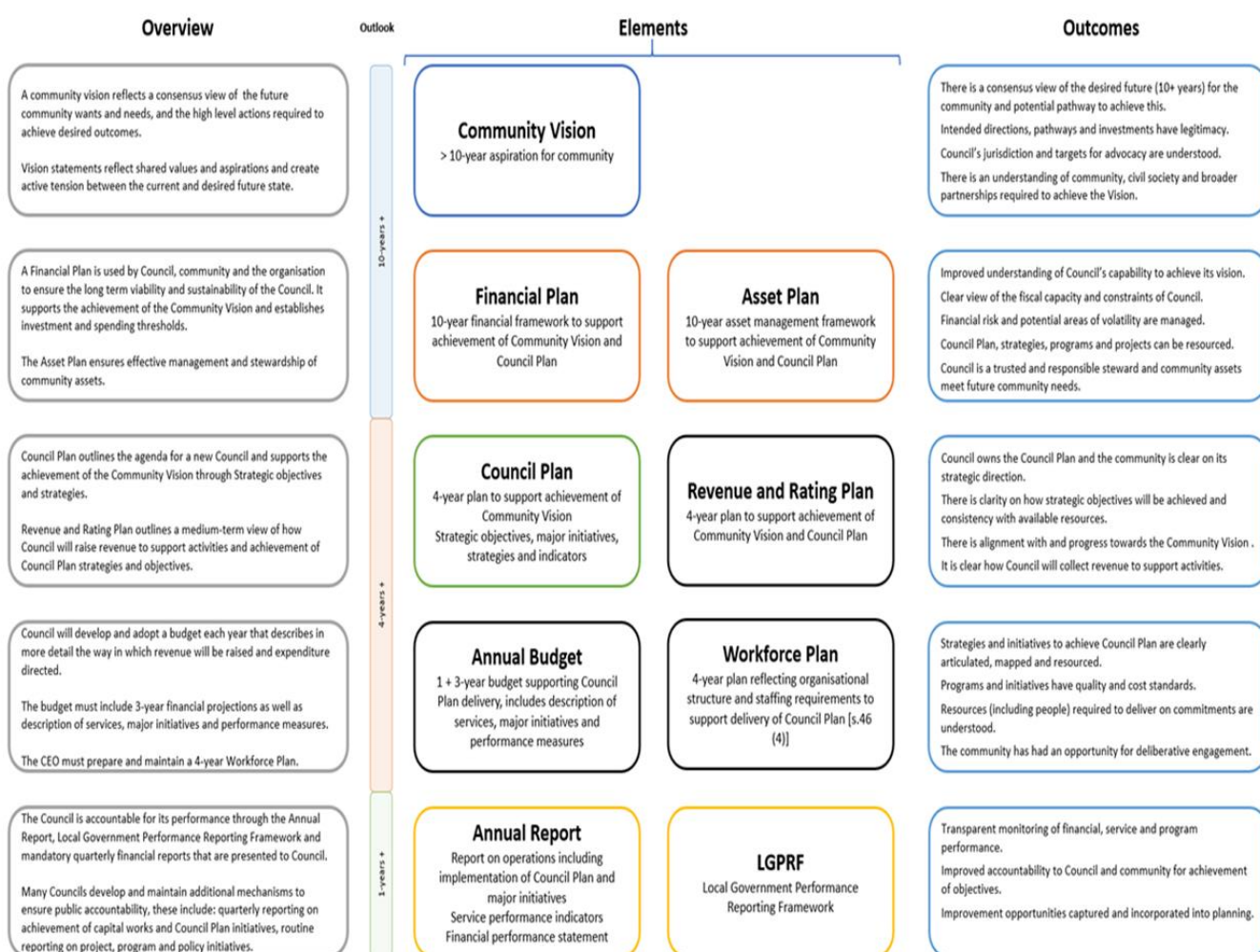
Our procurement policy has recently been updated to include local economic benefits as part of the procurement process, and in some cases even mandate the use of a local business situated in the city precinct. The intent is to give preference to suppliers that establish or retain a business presence in the council municipality or where the service provides direct economic benefits to local businesses situated in the municipality.

2 Legislative requirements

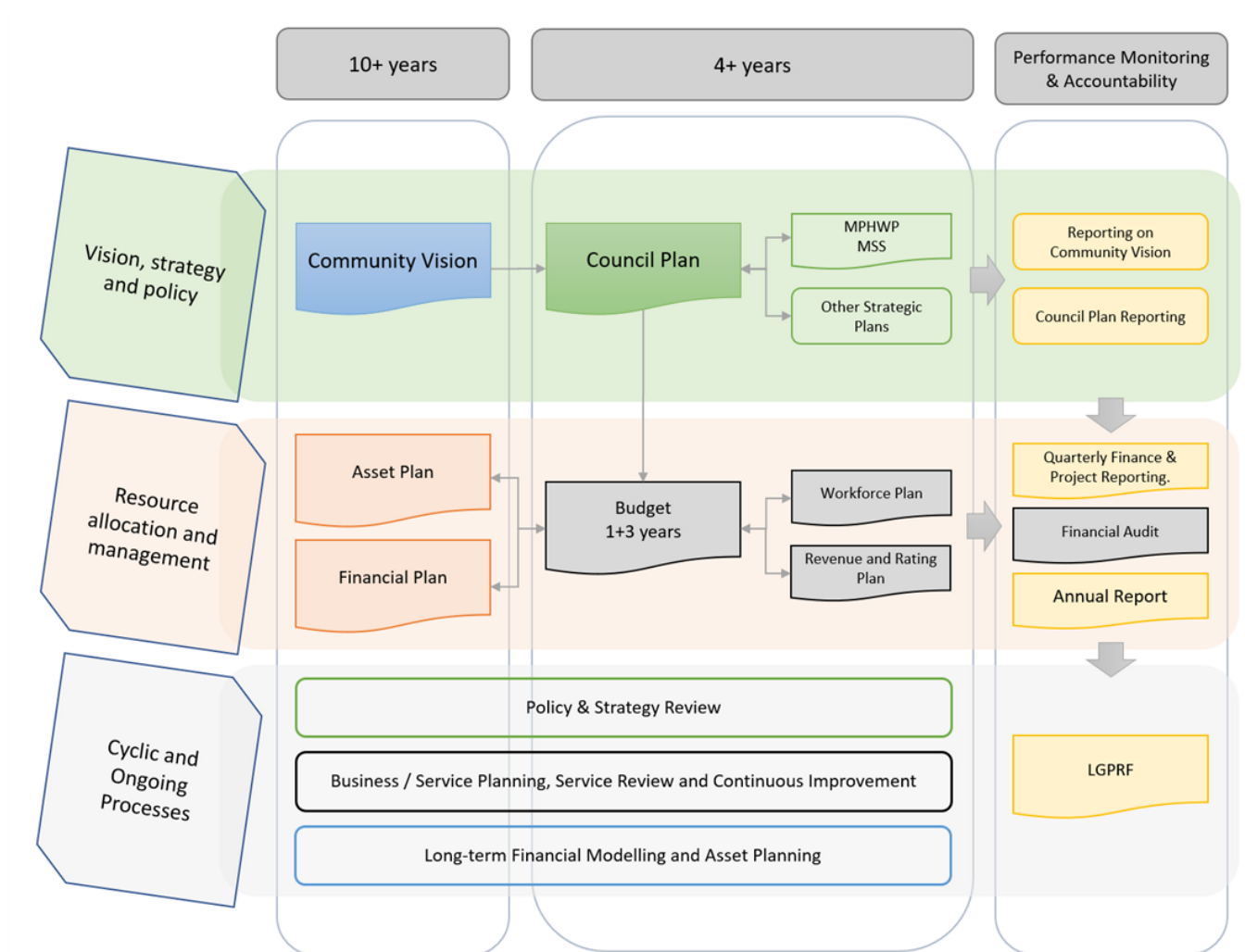
This section describes how the Financial Plan links to the achievement of the Community Vision and the Council Plan, within the Integrated Strategic Planning and Reporting Framework.

This framework guides the Council in identifying community needs and aspirations over the long term (Community Vision), medium term (Council Plan) and short term (annual Budget), and then holds itself accountable (Annual Report).

The following diagram provides an overview of the core legislated elements of the Integrated Strategic Planning and Reporting Framework, and outcomes



The following figure demonstrates how each element interacts with other parts of the integrated framework



2.1 Strategic planning principles

The Financial Plan is a 10-year projection of how we can fund the Council Plan to achieve the Community Vision in a financially sustainable way. It is developed in the context of these strategic planning principles:

- an integrated approach to planning, monitoring and performance reporting
- addressing the Community Vision by funding the aspirations of the Council Plan
- articulating the 10-year financial resources necessary to implement the goals and aspirations of the Council Plan to achieve the Community Vision
- identifying and addressing the risks to effective implementation of the Financial Plan. The financial risks are included at section 1.2.2
- ongoing monitoring progress and reviewing so the Financial Plan can identify and adapt to changing circumstances.

2.2 Financial management principles

The Financial Plan demonstrates the following financial management principles:

- 1.2.1 Revenue, expenses, assets, liabilities, investments and financial transactions are managed in accordance with Council's financial policies and strategic plans.
- 1.2.2 Management of the following financial risks:
- financial viability of the Council (refer to section 2.1 Financial policy statements).
 - management of current and future liabilities of the Council. The estimated 10 year-liabilities are disclosed in section 3.2 Balance Sheet projections.
 - the beneficial enterprises of Council (where appropriate).
- 1.2.3 Financial policies and strategic plans are designed to provide financial stability and predictability in the financial impact on the municipal community.
- 1.2.4 Council maintains accounts and records that explain its financial operations and financial position (refer section 3 Financial statements)

2.3 Engagement principles and approach

The *Local Government Act 2020* requires Council to use deliberative engagement to develop Community Vision, Council Plan, Financial Plan and Asset Plan. The definition of deliberative engagement sits within our Community Engagement Policy.

City of Melbourne uses the International Association of Public Participation (IAP2) Spectrum of Engagement to guide our planning. The IAP2 Spectrum is a useful, widely recognised tool that identifies five levels of participation. For each level, there is a corresponding goal, commitment and role for Council and the community in the process.

The Financial Plan was developed using the 'involve' level of public participation. We worked together with members of the community to ensure its concerns and aspirations were understood. Those concerns and aspirations were considered and incorporated into the plan where possible. We also provided feedback on how participant's input influenced the development of the Financial Plan.

This level of public participation was achieved using deliberative engagement practices, as required under the *Local Government Act 2020*.

As stated in our Community Engagement Policy, deliberative engagement is a process used to reach an outcome or decision for complex issues. It is an inclusive and transparent process in which participants are provided with:

- a clear purpose from the outset of what will be achieved and why
- relevant evidence and background information to analyse
- sufficient time to explore, assess and discuss options
- practical support to enable participation in the process.

For more, see the City of Melbourne's Community Engagement Policy [here](#)

In alignment with this policy, we engaged the community in three ways to canvas a wide range of community views:

- a targeted workshop with Wurundjeri Woi Wurrung Traditional Owners
- a community panel: a group of 24 randomly selected Melburnians
- broader community engagement that includes industry and business communities.



2.3.1 Community panel

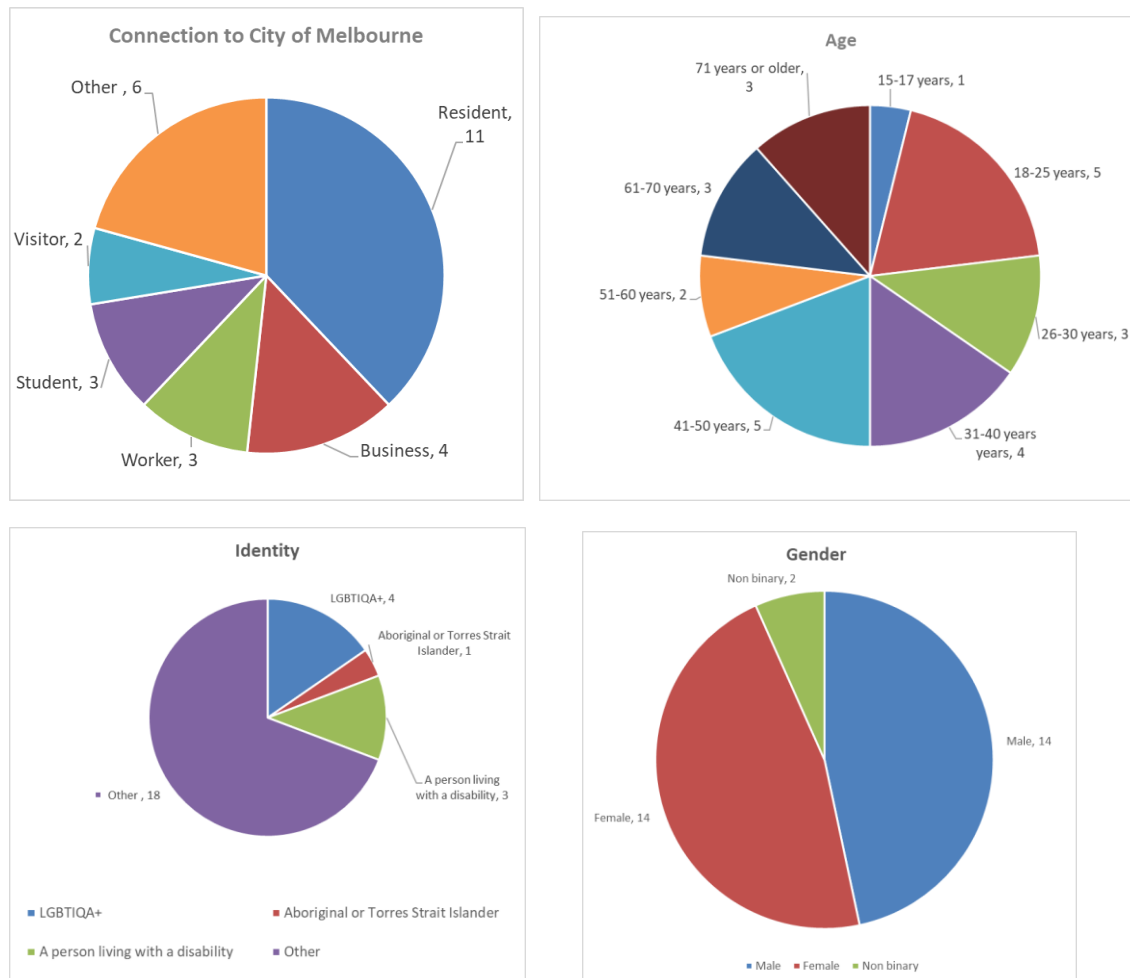
Over two workshops, a community panel of diverse participants met to discuss City of Melbourne's approach to financial planning. The panel also discussed our level of service of City of Melbourne-owned infrastructure assets – including parks, buildings and streetscapes – to inform the new 10-year Asset Plan.

More than 100 people applied to participate in the community panel, including business owners, workers, residents, students and visitors, ratepayers, Aboriginal and Torres Strait Islander peoples, people with disability, and members of the LGBTIQ+ community. They

represented diverse age groups, employment and education types, and cultural backgrounds.

After a process of stratified random selection, 24 were selected to participate in the workshops.

Figure 1: Diversity in the community panel



As the City of Melbourne's budget for the next four years (FY22 to FY25) is set already, the panel's remit was to deliberate on City of Melbourne's financial plan from FY26 onwards.

The panel recommended that the imperative of the City of Melbourne is to preserve or improve current level of services, and continue to invest in the community to ensure the achievement of the Community Vision.

As a result, the panel preferred to repay debt slowly, rather than faster, as there were concerns that steps taken to repay debt may negatively impact the Community Vision and its delivery. However, the panel acknowledges that if there is an opportunity to pay back debt faster, it is something that the City of Melbourne should consider.

In response, in line with the *Local Government Act 2020*, City of Melbourne commits to:

- providing quality services that provide value for money to the community
- seeking to continuously improve service delivery to the municipal community

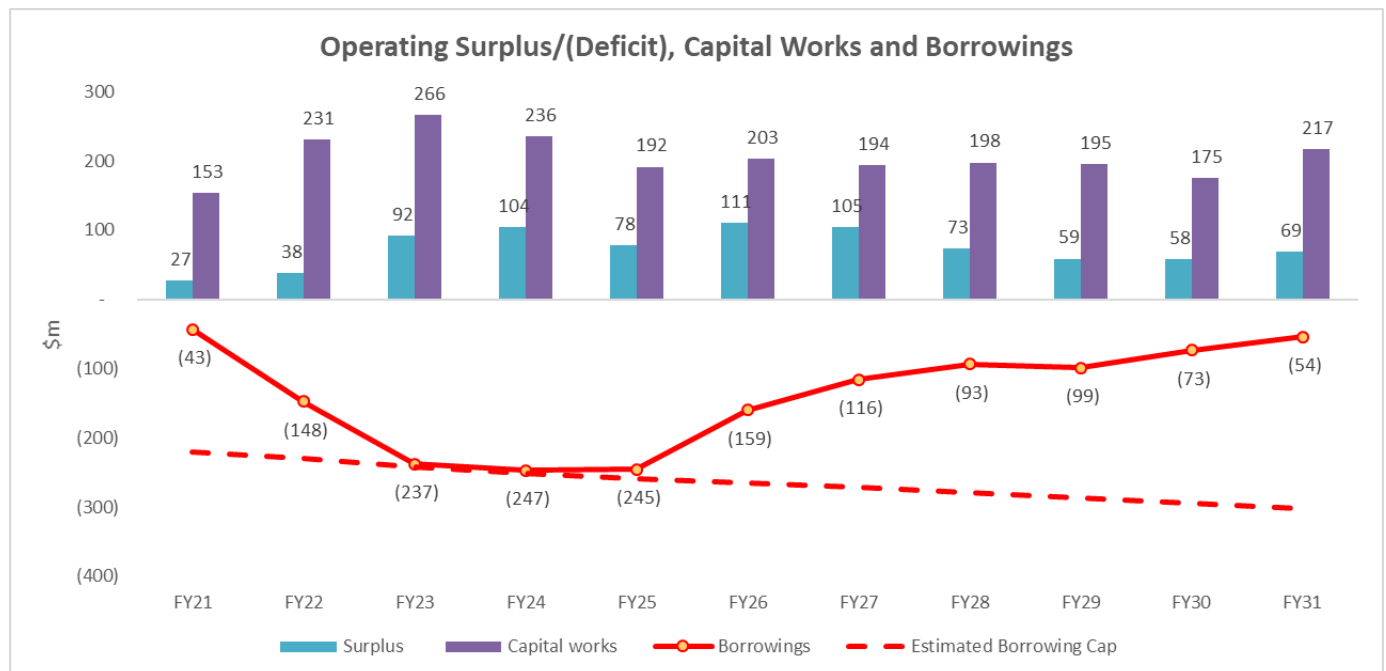
- a fair and effective process for considering and responding to complaints about service provision.

Overall, community feedback on the Financial Plan suggested a balanced approach:

- providing services, (including ability to additional services and projects in future)
- preferring not disposing of a high number of assets
- allowing for debt to be repaid quicker than 10+ years should we have the capacity.

Community feedback Item No.	Panel quotes / feedback	How it is incorporated into the Financial Plan
1	'It is important for Melbourne residents to continue receiving quality services.'	City of Melbourne is committed to providing quality services that provide value for money to the community, and seeks to continuously improve service delivery to the local community as required by the <i>Local Government Act 2020</i> . In the Financial Plan, we are forecasting a significant increase in operating expenditure and capital expenditure over the next few years, to assist with the economy's recovery and to support the community. From FY26 onwards, we forecast modest increases (above CPI level) in operating expenditure as we continue to support the community and the economy.
2	"CoM a city of possibilities" - service delivery support needs to be increased (more services, programs, funds for Not for Profit groups/organisations)'	
3	'Capital works don't need to be such a significant ongoing cost.'	From FY26 onwards, we reduce the forecast capital expenditure from average of \$233m p.a. (from FY22 to FY25 as per our Council Plan and Budget) to average of \$197m p.a. As shown in Figure 2, the average amount of \$197m p.a. represents a sustainable level of spending that allows the city to invest in the community while still having headroom to borrow if there is a higher need of investment.
4	'Capital investment spent in a sustainable manner'	
5	'Continued investment in new projects'.	
6	'If something happens, we should make the State and the Commonwealth governments participate in our support.'	We have incorporated on average \$20.8m p.a. of operating grants and on average \$31.8m of capital grants from the State and Commonwealth governments as part of our 10 Year Financial Plan and advocacy with other levels of government will be a key focus to secure support.
7	'We should keep a crisis plan in the back of our minds'	As can be seen in Figure 2 below, the City of Melbourne is planning a moderate and reasonable repayment plan of our debt starting FY25. This plan will allow us invest in the city, service our community, and at the same time keeping a prudent buffer (headroom to borrow money) in our financial should there be another crisis happening in the city. We are planning to take advantage of the current low rates and maximise our borrowing capacity until FY24 and slowly repaying the debt while still building the city and seeking to improve our level of services to the community.
8	'Keeping a buffer provides some safety'	
9	'Good time for debt for long term wealth, with interest rates low, money is currently cheap.'	
10	'There is always the option to pay back the debt faster if the opportunity is there.'	
11	'Debt has to be paid.'	
12	'Surplus should always be available (can be learnt from previous economic crisis).'	In our forecast, we have forecasted that underlying surplus will return from FY22-23 and will always be available until FY30-31
13	'Unused assets should not be arbitrarily held onto if they are not actively providing value.'	From FY26 onwards, we have allowed a forecast of approximately \$200m from the sale of assets. The assets will generate more value for the community than they would if they were retained by City of Melbourne.

Figure 2: Summary of the City of Melbourne 10-Year Financial Plan



2.3.2 Community engagement on the draft Financial Plan

City of Melbourne considered community views as it developed this 10-year Financial Plan.

After incorporating feedback from the community panel, City of Melbourne implemented a consultation process to ensure consideration and feedback is received from relevant stakeholders. This process of 2-weeks broad community engagement, which also includes engagement with the industry and businesses, is in alignment with the City of Melbourne's Community Engagement Policy.

[This section will be updated after the Community Engagement 6 – 19 October]

2.4 Service performance principles

City of Melbourne's services are designed to be purposeful, targeted to community needs and offer 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 Financial Plan provides the mechanism to demonstrate how the service aspirations within the Council Plan to achieve the Community Vision 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.

- d) Council is seeking to continuously improve service delivery to the municipal community in response to performance monitoring
- e) Council's service delivery includes a fair and effective process for considering and responding to complaints about service provision.

City of Melbourne's service areas

Providing valued services to our customers and community is central to everything we do. Our 'service families' are groups of services that share a common purpose.

We use this to consider what we offer to our customers, the outcomes that are delivered, the benefits that can be achieved and how the needs of our community may change in the future.

These families may be further refined as we continue to manage and improve our services.

ASSISTANCE AND CARE Supporting vulnerable people to enable safe and independent living	ECONOMIC DEVELOPMENT Fostering the development of Melbourne's economy	SAFETY MANAGEMENT Ensuring people are protected and safe when accessing and using spaces
WELCOME AND CONNECTION Supporting people to experience and engage with Melbourne	EARLY YEARS DEVELOPMENT Supporting families with children to develop and thrive	WASTE AND RESOURCES MANAGEMENT Repurposing, recycling or disposing of waste, and reducing resource waste in the municipality
CREATIVITY AND KNOWLEDGE Providing opportunities to create, learn, connect, experience and share	MOVEMENT AND TRAFFIC Facilitating movement into, around and out of the municipality	WELLBEING AND LEISURE Encouraging people to be healthy and active

Service performance outcome indicators

Service performance outcome indicators are a prescribed set of indicators set by the Victorian Government to measure whether the stated service objective has been achieved.

AQUATIC FACILITIES Utilisation of aquatic facilities	ANIMAL MANAGEMENT Animal management prosecutions	FOOD SAFETY Critical and major non-compliance outcome notifications
GOVERNANCE Satisfaction with Council decisions	LIBRARIES Active library borrowers	MATERNAL AND CHILD HEALTH Participation in the MCH service. Participation in MCH service by Aboriginal children
ROADS Satisfaction with sealed local roads	STATUTORY PLANNING Council planning decisions upheld at VCAT	WASTE COLLECTION Kerbside collection waste diverted from landfill

2.5 Asset Plan Integration

City of Melbourne's 10-year Asset Plan identifies the operational and strategic practices that guide us as we manage our assets across their life cycle, in a financially sustainable way. The Asset Plan and associated asset management policies provide City of Melbourne with a sound base to understand the risk associated with managing our assets for the community's benefit. It also quantifies the asset portfolio and the financial implications of those practices.

It is important that City of Melbourne's strategic financial planning principles are well integrated with the Asset Plan 2021–31. This integration helps us ensure that future funding will support service delivery that is true to the Community Vision and Council Plan. It also guides the effective and sustainable asset management into the future.

The Asset Plan informs the 10-year Financial Plan by identifying the amount of capital renewal that is required over the life of each asset category, as well as necessary funding for backlog and maintenance.

The Financial Plan determines how much funding is available to support City of Melbourne's assets. It incorporates knowledge of the condition of our assets, the risk assessment issues, as well as the impact of reviewing and setting intervention and service levels for each asset class identified by the Asset Plan.

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

3 Financial Plan context

This section describes the context, external and internal environments, and considerations in determining the 10-year financial projections and assumptions.

3.1 Financial policy statements

This section defines the key policy statements, and associated measures, that demonstrate Council's financial sustainability so that it can fund the aspirations of the Community Vision and the Council Plan. The Financial Plan has been developed in line with parameters (targets) highlighted in the table below. Where some of the targets are not met, the Council is aiming to achieve the targets on average over 10 years.

Policy Statement	Measure	Target	Forecast										Average over 10 years
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
Consistent net surplus results	Net surplus / Total income greater than 0%	> 0%	6%	15%	16%	13%	16%	15%	11%	8%	8%	9%	12%
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due.	Current Assets / Current Liabilities of at least 1 at 30 June	≥ 1.0	1.0	1.3	1.3	1.3	1.3	1.2	1.1	1.2	1.2	1.0	1.2
Council is committed to spending what is required to renew and enhance its asset base to ensure its ongoing fitness for use	Cash outflows for the addition of new infrastructure, property, plant and equipment/ Depreciation to remain above 1.0	> 1.0	2.8	3.0	2.6	2.1	1.8	1.5	1.4	1.4	1.2	1.5	1.9
Council will ensure that there is sufficient financial resources allocated for asset renewal and upgrade to protect suitability of assets for providing services and facilities that meet community needs	Asset renewal and upgrade expenses / Depreciation of at least 0.5	≥ 0.5	0.78	0.62	0.66	0.82	0.69	0.60	0.63	0.60	0.58	0.62	0.66
Council aims to generate adequate rates revenue to cover borrowings	Interest bearing loans and borrowings / Rate revenue to remain below 70% on average over 10 year time frame	≤ 70%	46%	70%	70%	68%	43%	31%	25%	25%	19%	13%	41%
Ensure Council maintains sufficient unrestricted cash to ensure ongoing liquidity as well as to address unforeseen cash imposts, if required	Unrestricted cash / current liabilities to be between 25% and 50% at 30 June	25% - 30%	16%	28%	23%	20%	26%	27%	29%	29%	27%	30%	26%
Council will aim to finance capital works from generated operating cash flow	Net operating cash flow / net capital expenditure to remain more than 75% on average over 10 year time frame	≥ 75%	63%	76%	83%	89%	82%	97%	99%	103%	118%	87%	90%
Council will aim to generate adequate own-sourced revenue to cover non-current liabilities	Non-current liabilities / own-sourced revenue to remain less than 60% on average over 10 year time frame	≤ 60%	33%	49%	49%	47%	28%	20%	17%	18%	13%	10%	28%
Council will aim to generate revenue from multiple sources of revenue to reduce its dependency on rates to fund services and activities	Rates / adjusted underlying revenue of maximum 80%	≤ 80%	62%	63%	66%	65%	59%	59%	61%	63%	62%	62%	62%

3.2 Strategic actions

Following a series of community engagement activities, Council has identified the following strategic actions to support the aspirations of the Council Plan.

The strategic actions are included to the 10-year Financial Plan and, where appropriate, referenced in the commentary associated with the 10-year Comprehensive Income Statement and the 10-year Statement of Capital Works.

In response to the Community Vision, Council has developed the strategic objectives and major initiatives for the Council Plan 2021–25. Our vision for Melbourne as a 'City of Possibility' anchors and connects these objectives to deliver real outcomes for the community.



Council's 4-year objective	Major Initiatives (examples only)
Economy of the future	<p>Ensure Melbourne is the easiest place to start and grow a business through the establishment of Invest Melbourne which will facilitate headquarter attraction, business support and fast-tracked permits.</p> <p>Develop a corporate strategy for the City of Melbourne to drive exemplary customer service, digitise services and operations, improve productivity and identify new revenue opportunities.</p> <p>Work in partnership with the Victorian Government and other stakeholders to advocate for and deliver integrated high-quality public and active transport in urban renewal areas, including Melbourne Metro 2, tram to Fisherman's Bend and tram to connect the Arden Precinct.</p>
Melbourne's unique identity and place	<p>Deliver Queen Victoria Market precinct improvements through quality public open space, new connections to the city, community services and facilities such as the Munro Community Hub.</p> <p>Partner with the Victorian Government and other stakeholders to deliver specific components of Greenline along the north bank of the Yarra River (including the implementation of the Yarra River – Birrarung Strategy).</p> <p>Increase the amount of public open space in the municipality with a focus on areas of greatest need, such as Southbank and emerging urban renewal areas.</p>

Aboriginal Melbourne	<p>Explore and deliver opportunities for ‘truth-telling’ to facilitate learning, healing and change within Melbourne and beyond. This will be an opportunity to impart knowledge of thousands of years of rich history, language and stories, as well as provide a form of restorative justice by acknowledging Aboriginal peoples’ experiences of dispossession and inequity.</p> <p>Govern with Sovereign First Nations to enable true self-determination, where deliberative engagement is proactive, responsive and consistent.</p> <p>Commence planning for a co-designed First Nations Cultural Precinct with First Peoples – a place to retain, maintain and recreate in a culturally specific geography, where First Peoples can practice continuity of customs and traditions, through uninterrupted connection to lands and waters.</p>
Climate and biodiversity emergency	<p>Deliver on our Urban Forest Strategy including tree canopy, private greening incentives and city greening.</p> <p>Lead the reduction of food waste and diversion of waste from landfill, by continuing the Food Organics, Green Organics rollout through high-rise apartment innovation and by addressing food-waste reduction.</p> <p>Support the development of battery storage and renewable energy in the municipality through the Power Melbourne initiative.</p>
Access and affordability	<p>As part of a new corporate strategy for the City of Melbourne, ensure our core services remain accessible and affordable.</p> <p>In partnership with the Victorian Government, commence construction on a replacement North Melbourne Community Centre precinct for the Melrose St community and growing Macaulay population.</p> <p>Create a new entity ‘Homes Melbourne’, to coordinate and facilitate more affordable housing for key workers and people on low-incomes. Progress a demonstration project on Council-owned land. Support the Make Room accommodation project and new homeless support hubs for vulnerable citizens to access essential support services including food, showers, lockers, information, and housing and homelessness advice.</p>
Safety and wellbeing	<p>Deliver the North and West Melbourne and Docklands Transport and Amenity Program in partnership with the Victorian Government.</p> <p>Deliver and maintain a clean city through the Rapid Response Clean Team initiative.</p> <p>Continue to implement the Transport Strategy 2030.</p>

Council's strategies

Council's strategies can be broadly divided by five major areas:

- strategies, frameworks and action plans
- place-based structure plans and master plans
- public space master plans
- urban forest precinct plans
- major streetscape master plans.

3.3 Assumptions to the Financial Plan statements

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

In delivering the Financial Plan, we keep the assumptions from the year 2021/22 to year 2024/25 the same as per our Council Plan and Budget 2021-25.

Table 1: Assumptions to the Financial Plan

Escalation Factors % movement	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
CPI	1.50%	1.75%	2.00%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
Wage Price Index	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rates and charges	4.17%	5.48%	3.65%	2.93%	2.38%	2.68%	2.67%	2.66%	2.65%	2.64%
Statutory fees and fines - parking fines	61.26%	3.77%	1.82%	1.79%	-0.70%	2.50%	2.50%	2.50%	2.50%	2.50%
Statutory fees and fines - other	-9.91%	19.17%	20.36%	4.55%	3.60%	3.70%	3.70%	3.71%	3.72%	3.73%
User fees - parking fees	71.46%	1.98%	2.00%	4.00%	5.43%	-1.84%	0.15%	21.43%	0.00%	0.00%
User fees - other	39.64%	26.36%	18.53%	4.24%	3.30%	3.41%	3.41%	3.42%	3.42%	3.43%
Grants - Operating	-16.97%	-20.30%	-69.75%	0.00%	41.60%	1.69%	1.70%	1.72%	1.73%	1.74%
Grants - Capital	50.10%	59.23%	1.40%	-38.95%	-67.59%	0.21%	0.21%	0.22%	0.22%	0.23%
Contributions - monetary	-32.83%	-16.03%	29.21%	4.55%	59.28%	0.36%	0.37%	0.38%	0.40%	0.41%
Contributions - non-monetary	-100.00%	0.00%	0.00%	0.00%	0.00%	10.75%	0.00%	0.00%	17.20%	0.00%
Other income	31.54%	6.53%	14.51%	11.95%	17.06%	5.56%	9.13%	9.09%	8.68%	7.83%
Employee costs	11.23%	1.76%	2.50%	3.15%	5.26%	2.45%	2.45%	2.45%	2.45%	2.45%
Materials and services	-1.91%	-4.48%	0.98%	1.50%	3.18%	2.91%	2.73%	2.43%	2.48%	2.44%
Depreciation & Amortisation	3.33%	7.86%	7.25%	1.93%	20.33%	9.62%	8.69%	4.77%	5.38%	-4.10%
Bad and doubtful debts	64.86%	4.08%	1.79%	1.76%	11.27%	-10.08%	2.42%	6.93%	2.06%	2.50%
Borrowing costs	16.75%	611.04%	202.83%	103.79%	-81.95%	-11.47%	-22.15%	11.59%	-9.46%	-18.57%
Other expenses	16.97%	-0.34%	2.06%	2.72%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants and contributions - Expenditure	55.56%	-25.54%	-63.15%	2.50%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%

3.3.1 Rates and charges

Base rate revenue will increase by 1.5 per cent for 2021–22 year, based on the Victorian Government rate cap, with estimated future annual increases of 1.75 per cent to 2.50 per cent per annum as per the CPI forecast stated in the table above for the following years of the long term financial plan. A total rebate of \$4.8 million is expected to be granted in 2021–22 due to the ongoing pandemic.

Supplementary rates reflect additional revenue generated through new properties that come online during the financial year, as developments are completed. Supplementary rates are expected to decrease by 74 per cent in 2021–22 compared to the previous financial year, as a result of a reduction of, and delays in, development. It is expected that supplementary rates will further reduce during the outer years.

3.3.2 Statutory fees and fines

Statutory fees and fines are predominantly represented by revenue from parking fines. It is expected that parking fines revenue will increase by approximately 61 per cent for 2021–22. This significant increase is anticipated as more people return to the city after restrictions ease. When parking fines revenue returns to pre-pandemic levels, it is assumed that parking fines revenue will increase by CPI.

From FY26 onwards, total other statutory fees and fines are assumed to increase by either CPI or as per a five-year average year-on-year escalation prior to the pandemic. On average this escalation rate is approximately 3.7 per cent.

3.3.3 User fees

Revenue from user fees is predominantly generated by parking fees. Revenue from parking fees is expected to increase by 71 per cent for 2021–22. This significant increase anticipates more people coming into the city as restrictions ease.

Although it is expected that the number of parking spaces will decrease in the future due to infrastructure developments such as bike lanes, revenue is forecasted to increase in alignment with the Council's endorsed Transport Strategy.

Details of user fees for 2021–22 can be found in Council's Schedule of Fees and Charges, adopted in conjunction with the Budget 2021–22.

From FY26 onwards, total other user fees are expected to increase back to pre-pandemic levels, and it is assumed in general it will increase by CPI or by a modest growth rate.

3.3.4 Grants

City of Melbourne currently receives grants for tied (specific purpose grants) and un-tied grant funding.

Operating grants will decrease by 17 per cent for 2021–22 and further reduce over the next two years, mainly due to one-off Victorian Government grant funding received for the \$200 million Melbourne City Revitalisation fund in 2020–21. This is jointly funded by City of Melbourne and Victorian Government. After 2024–25, operating grants are assumed to increase as it would have in a five-year average year-on-year escalation prior to the pandemic.

Capital grants revenue will increase by approximately 50 per cent and 59 per cent in 2021–22 and 2022–23 respectively. Capital grants are aligned to grant funding expected for various projects as part of the council works investment program. The Council aims to revitalise the city through major investment of approximately \$925 million in capital expenditure over the next four years. Capital grants are expected to reduce and stabilise to pre-pandemic levels after 2024–25.

3.3.5 Contributions

There are two types of contributions, monetary contributions and non-monetary contributions.

3.3.5.1 Monetary contributions

Council receives contributions from developers and other parties. These contributions represent funds to enable the City of Melbourne to provide the infrastructure and infrastructure improvements needed to accommodate development growth. The contributions are for specific purposes. These contributions are statutory contributions and are transferred to a restricted reserve until used for a specific purpose through the capital works program, or delivered as works in kind by developers.

Revenue from contributions are mainly sourced from Public Open Space (POS) and Developer Contribution Plan (DCP). Contributions will decrease by 33 per cent in 2021–22 and further decrease by 16 per cent in 2022–23. This is mainly due to a reduction in POS contributions as a result of decreased developments. DCP revenue is expected to be steadily received from FY26 to FY31 with total revenue of \$126 million over 6 years.

City of Melbourne is the collection agency for the said developments, and will collect cash payments. FY31 is projected to have a significant spend due to City of Melbourne allocating approximately \$55 million of contributions collected in previous years to the State to secure land required for drainage.

3.3.5.2 Non-monetary contributions

Non-monetary contributions relate to assets given to the City of Melbourne as 'Works in Kind'. This is considered to be revenue from DCP, as the developers deliver infrastructure assets to the City of Melbourne instead of providing cash. It is forecasted that the City of Melbourne will receive Works in Kind equivalent to \$45 million between FY26 and FY31. It is forecast to continue to grow from FY26 onwards as the city continues its growth path.

3.3.6 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 City of Melbourne properties. As the economy recovers, rental income from City of Melbourne properties and dividend income are expected to increase.

3.3.7 Employee costs

Employee costs are forecast to increase by on average 2.9 per cent between FY26 and FY31. It is forecasted that the number of full-time employees will stabilise beyond 2024–25.

The increase in employee costs can also be attributed to the increase in cost as forecasted by the Wage Price Index (as shown in the table 1 above) and the increase in the superannuation costs as according to the Australian Taxation Office, super guarantee will steadily increase to 12 per cent by 1 July 2025.

3.3.8 Materials and services

Material costs include items required for the maintenance and repair of City of Melbourne-owned buildings, roads, drains and footpaths which are governed more by demand level and market forces based on availability than CPI. Other associated costs included under this category are utilities, materials and consumable items for a range of services. City of Melbourne also uses external consultants on a range of matters, including legal services and audit. These costs are kept to within CPI levels year on year.

3.3.9 Depreciation and amortisation

Depreciation and amortisation estimates have been based on the projected capital spending contained within this 10-year Financial Plan. Depreciation and amortisation rates are assumed based on the asset category and corresponding useful lives of the assets. Escalation is higher during the first four years, due to Council's increased capital works program of \$925 million.

3.3.10 Borrowing costs

Borrowing costs comprise the interest expense required to service Council's loan portfolio that is described in Section 5.1 Borrowing plan.

The RBA's cash rate is expected to remain at 0.1 per cent during the next three years and this will enable the Council to access borrowings at cheaper rates. Hence it is forecasted that the Council will be able to borrow at a cheaper rate until 2023–24. The interest rate is expected to increase beyond 2023–24 with the anticipation of a rise in the RBA's cash rate.

Most of the interest expense is likely to be capitalised according to City of Melbourne's policy. However, for transparency purposes the interest expense is disclosed under operating expenditure until decisions are made regarding what proportion of the interest can be capitalised.

3.3.11 Other expenses

Other expenses include administration costs such as councillor allowances, election costs, sponsorships, partnerships, lease expenditure, fire services property levy, audit costs and other costs associated with the day-to-day running of the City of Melbourne. From FY26 onwards, the increase is forecast to be broadly in line with CPI.

3.3.12 Grants and contributions expenses

Grants and contributions expenses will increase by approximately 18% in line with the \$200m funding received under operating grants for Melbourne City revitalisation. After the first year, expenditure will decrease over the next two years which is consistent with one-off State Government grant funding referred to above. From FY26 onwards, it is forecast that the grants and contributions expenditure will broadly in line with CPI.

3.4 Other matters impacting the 10-year financial projections

The Financial Plan has been developed through a rigorous process and incorporating elements of the Budget 2021-22 component. As the City continues to recover from adverse impacts of COVID-19 pandemic, there are elements of uncertainties and this Financial Plan has incorporated elements known during the process. This Financial Plan and strategy will continue to evolve and we are well placed to meet the community demand for new facilities with financial headroom in the outer years. The plan has capacity for further investment as debt is significantly reduced from years 2025-26.

AAS 16 Leases and its impact on Council's debt cap and financial ratios

In FY19/20, AAS 16 replaces the previous concept of operating and finance leases (for lessees) and will require lessees to recognise most of their leases on the balance sheet. This key change means most operating leases will be recognised and the financial position of the Council will include more assets and liabilities.

This AAS 16 impacts the Council's ability to borrow: as AAS 16 is impacting Council's key borrowing ratios, this limits Council's ability to enter into a long-term lease transaction such as commercial leasing of an office accommodation.

Developer Contributions Plan (DCP) Assumptions

Any figures related to DCP are based on preliminary DCP calculations as of September 2021. DCP at the City of Melbourne is evolving and will change as necessary.

4 Financial Plan statements

This section presents information regarding the Financial Plan statements for the 10 years from 2021 to 2031:

- Comprehensive income statement
- Balance sheet
- Statement of changes in equity
- Statement of cash flows
- Statement of capital works
- Statement of human resources.

The following estimated financial statements set out the forecast financial results for the City of Melbourne from 2021-22 to 2030-31. The forecast financial statements have been prepared with the City of Melbourne's financial policy objectives and strategies statement. The statements have been prepared having regard to applicable Australian Accounting Standards that meets the requirements of the *Local Government Act 2020* and Local Government (Planning and Reporting) Regulations 2020, which forms the basis of Council's Annual Financial Report as part of the broader Integrated Strategic Planning and Reporting Framework.

Appropriate professional judgement has been applied when preparing the forecast Financial Statements. However, the ongoing and uncertain impact of the COVID-19 pandemic – and the associated impact on future economic conditions of any further economic policy responses from the Victorian and Commonwealth governments – means that these estimates are subject to a high degree of uncertainty.

4.1 Comprehensive income statement

	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	Forecast		2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000
					2025/26 \$'000	2026/27 \$'000				
Income										
Rates and charges	327,807	345,758	358,376	368,880	377,664	387,786	398,136	408,717	419,534	430,591
Statutory fees and fines - parking fines	39,041	40,513	41,250	41,989	41,697	42,739	43,808	44,903	46,025	47,176
Statutory fees and fines - other	10,920	13,013	15,662	16,375	16,965	17,592	18,243	18,921	19,624	20,356
User fees - parking fees	51,912	52,942	54,001	56,161	59,209	58,119	58,208	70,680	70,680	70,680
User fees - other	21,800	27,548	32,652	34,035	35,157	36,354	37,594	38,878	40,208	41,586
Grants - Operating	47,091	37,531	11,354	11,354	16,077	16,349	16,628	16,913	17,206	17,506
Grants - Capital	44,784	71,309	72,304	44,142	14,307	14,337	14,368	14,399	14,431	14,464
Contributions - monetary	22,755	19,106	24,687	25,810	41,109	41,257	41,410	41,570	41,735	41,906
Contributions - non-monetary	-	-	-	-	6,562	7,268	7,268	7,268	8,518	8,518
Net gain on disposal of property, infrastructure, plant and equipment	8	1,100	1,100	1,122	50,000	50,000	25,000	-	-	-
Fair value adjustments for investment propo	-	-	-	-	-	-	-	-	-	-
Other income	16,921	18,027	20,642	23,108	27,050	28,555	31,163	33,996	36,947	39,841
Total income	583,039	626,847	632,028	622,976	685,798	700,356	691,825	696,244	714,909	732,624
Expenses										
Employee costs	180,267	183,433	188,015	193,930	204,128	209,131	214,257	219,511	224,894	230,410
Materials and services	214,585	204,971	206,976	210,073	216,762	223,060	229,150	234,719	240,548	246,425
Depreciation	67,410	71,597	76,681	80,193	102,710	111,081	119,380	123,031	130,493	124,004
Amortisation - intangible assets	11,759	13,867	15,075	13,340	11,500	14,172	16,806	19,675	19,925	20,225
Amortisation - right of use assets	1,729	1,791	1,823	1,853	565	565	565	565	565	565
Bad and doubtful debts	12,755	13,275	13,513	13,751	15,301	13,758	14,092	15,068	15,379	15,763
Borrowing costs	230	1,635	4,953	10,093	1,822	1,613	1,256	1,401	1,269	1,033
Other expenses	7,243	7,218	7,366	7,566	7,737	7,930	8,128	8,332	8,540	8,753
Grants and contributions	49,205	36,636	13,501	13,838	14,149	14,503	14,866	15,237	15,618	16,009
Total expenses	545,183	534,424	527,902	544,637	574,673	595,812	618,499	637,539	657,229	663,187
Surplus/ (deficit) for the year	37,856	92,423	104,125	78,338	111,124	104,544	73,326	58,705	57,680	69,437
Other comprehensive income										
Items that will not be reclassified to surplus or deficit in future periods										
Net asset revaluation increment/ (decrement)	53,156	56,814	60,870	64,349	66,923	69,600	72,384	75,280	78,291	81,423
Share of other comprehensive income of associate and joint ventures										
Items that may be reclassified to surplus or deficit in future periods										
Total comprehensive result	91,012	149,237	164,996	142,688	178,047	174,144	145,711	133,985	135,971	150,860

4.2 Balance sheet

	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	Forecast		2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000
					2025/26 \$'000	2026/27 \$'000				
Assets										
Current assets										
Cash and cash equivalents	110,953	136,114	124,895	112,049	71,084	65,692	59,935	59,542	57,384	57,118
Trade and other receivables	60,458	54,333	52,021	53,924	61,052	49,883	38,187	41,169	42,639	44,146
Other financial assets	-	-	-	-	40,301	45,409	50,518	60,626	66,985	18,133
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Other assets	2,030	52,163	52,478	52,773	42,904	34,681	25,667	19,186	14,290	12,831
Right of use asset	-	-	-	-	-	-	-	-	-	-
Total current assets	173,441	242,611	229,393	218,746	215,341	195,665	174,306	180,523	181,297	132,228
Non-current assets										
Trade and other receivables	-	-	-	-	-	-	-	-	-	-
Investment in subsidiaries and trust	26,356	26,356	26,356	26,356	26,356	26,356	26,356	26,356	26,356	26,356
Property, infrastructure, plant and equipment	4,483,942	4,672,861	4,853,843	4,996,501	5,076,161	5,216,749	5,354,168	5,488,807	5,599,438	5,762,052
Investment property	255,822	255,822	255,822	255,822	255,822	255,822	255,822	255,822	255,822	255,822
Intangible assets	47,553	47,878	47,838	48,827	56,226	61,555	65,149	65,374	66,149	66,424
Other financial assets	33,488	33,488	33,488	33,488	33,709	33,976	34,242	34,557	34,872	35,257
Right of use asset	4,592	5,576	5,608	5,645	5,081	4,516	3,952	3,387	2,823	2,258
Total non-current assets	4,851,753	5,041,980	5,222,954	5,366,638	5,453,355	5,598,973	5,739,689	5,874,302	5,985,459	6,148,169
Total assets	5,025,194	5,284,591	5,452,348	5,585,384	5,668,696	5,794,638	5,913,995	6,054,826	6,166,756	6,280,397
Liabilities										
Current Liabilities										
Trade and other payables	108,447	114,302	106,968	98,375	94,021	94,908	97,139	98,659	98,230	78,780
Trust funds and deposits	20,880	33,797	33,121	32,459	26,277	19,475	12,315	10,510	10,780	11,055
Provisions	37,856	38,521	39,483	40,725	42,747	43,799	44,877	45,981	47,114	48,274
Current Portion of Long-Term Borrowing	-	-	-	-	-	-	-	-	-	-
Current Portion of Lease liability	1,378	1,673	1,682	1,693	144	141	138	135	131	128
Total Current Liabilities	168,560	188,293	181,255	173,252	163,189	158,322	154,468	155,285	156,254	138,237
Non Current Liabilities										
Trust funds and deposits	1,388	1,388	1,388	1,388	1,609	1,876	2,142	2,457	2,772	3,157
Provisions	4,146	4,219	4,324	4,460	4,584	4,697	4,812	4,930	5,052	5,176
Borrowings	147,678	237,345	247,016	245,206	159,470	115,859	93,082	98,787	73,454	53,859
Lease liability	3,215	3,903	3,926	3,951	4,669	4,566	4,461	4,352	4,240	4,125
Total Non Current Liabilities	156,427	246,854	256,654	255,005	170,332	126,998	104,498	110,527	85,517	66,316
Total liabilities	324,987	435,147	437,908	428,257	333,521	285,320	258,966	265,812	241,771	204,553
Net assets	4,700,207	4,849,443	5,014,439	5,157,127	5,335,175	5,509,319	5,655,029	5,789,014	5,924,985	6,075,844
Equity										
Accumulated surplus	2,234,699	2,327,122	2,431,248	2,509,586	2,620,710	2,725,254	2,798,580	2,857,285	2,914,965	2,984,402
Reserves	2,465,507	2,522,321	2,583,191	2,647,541	2,714,464	2,784,065	2,856,449	2,931,729	3,010,020	3,091,442
Total equity	4,700,207	4,849,443	5,014,439	5,157,127	5,335,175	5,509,319	5,655,029	5,789,014	5,924,985	6,075,844

4.3 Statement of changes in equity

	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2021 Forecast Actual			
Balance at beginning of financial year	2,169,909	2,287,010	74,161
Surplus/ (deficit) for the year	26,936		
Net asset revaluation increment/ (decrement)		51,181	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,196,845	2,338,191	74,161
2022			
Balance at beginning of financial year	2,196,845	2,338,191	74,161
Surplus/ (deficit) for the year	37,855		
Net asset revaluation increment/ (decrement)		53,156	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,234,699	2,391,347	74,161
2023			
Balance at beginning of financial year	2,234,699	2,391,347	74,161
Surplus/ (deficit) for the year	92,423		
Net asset revaluation increment/ (decrement)		56,814	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,327,122	2,448,161	74,161
2024			
Balance at beginning of financial year	2,327,122	2,448,161	74,161
Surplus/ (deficit) for the year	104,125		
Net asset revaluation increment/ (decrement)		60,870	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,431,248	2,509,031	74,161
2025			
Balance at beginning of financial year	2,431,248	2,509,031	74,161
Surplus/ (deficit) for the year	78,338		
Net asset revaluation increment/ (decrement)		64,349	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,509,586	2,573,380	74,161
2026			
Balance at beginning of financial year	2,509,586	2,573,381	74,161
Surplus/ (deficit) for the year	111,124		
Net asset revaluation increment/ (decrement)		66,923	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,620,710	2,640,304	74,161
2027			
Balance at beginning of financial year	2,620,710	2,640,304	74,161
Surplus/ (deficit) for the year	104,544		
Net asset revaluation increment/ (decrement)		69,600	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,725,254	2,709,904	74,161
2028			
Balance at beginning of financial year	2,725,254	2,709,904	74,161
Surplus/ (deficit) for the year	73,326		
Net asset revaluation increment/ (decrement)		72,384	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,798,580	2,782,289	74,161
2029			
Balance at beginning of financial year	2,798,580	2,782,289	74,161
Surplus/ (deficit) for the year	58,705		
Net asset revaluation increment/ (decrement)		75,280	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,857,285	2,857,568	74,161
2030			
Balance at beginning of financial year	2,857,285	2,857,568	74,161
Surplus/ (deficit) for the year	57,680		
Net asset revaluation increment/ (decrement)		78,291	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,914,965	2,935,859	74,161
2031			
Balance at beginning of financial year	2,914,965	2,935,859	74,161
Surplus/ (deficit) for the year	69,437		
Net asset revaluation increment/ (decrement)		81,423	
Transfer to other reserves			
Transfers from other reserves			
Balance at end of the financial year	2,984,402	3,017,282	74,161

4.4 Statement of cash flows

	2021/22	2022/23	2023/24	2024/25	Forecast		2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	2025/26	2026/27	\$'000	\$'000	\$'000	\$'000
	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	342,807	350,758	358,376	368,880	369,904	387,578	397,923	408,500	419,312	430,364
Statutory fees and fines	46,438	54,089	58,069	57,413	43,856	45,471	46,819	48,211	49,647	51,129
User fees	70,189	81,052	87,809	89,244	102,527	111,367	113,581	112,399	115,677	114,558
Grants - Operating	47,091	37,531	11,354	11,354	16,311	16,362	16,641	16,927	17,221	17,521
Grants - Capital	44,784	71,309	72,304	44,142	13,656	14,338	14,368	14,400	14,432	14,465
Contributions - Monetary	22,755	19,106	24,687	25,810	41,109	41,257	41,410	41,570	41,735	41,906
Contributions - Non Monetary	-	-	-	-	-	-	-	-	-	-
Interest received	203	2,342	2,101	1,752	771	923	919	1,130	1,198	1,198
Dividends received	3,581	3,113	3,013	3,114	3,245	3,245	3,245	3,245	3,245	3,245
Other receipts	12,650	12,440	15,215	17,946	23,034	24,386	26,998	29,620	32,504	35,398
Net GST refund/payment	-	-	-	-	17,547	24,934	25,557	26,196	26,851	27,522
Trust funds and deposits taken	409	12,918	(676)	(662)	(6,182)	(6,803)	(7,160)	(1,805)	270	276
Employee cost	(176,026)	(182,696)	(186,948)	(192,552)	(201,982)	(207,966)	(213,064)	(218,288)	(223,641)	(229,126)
Materials and services	(214,543)	(215,904)	(223,423)	(227,261)	(236,403)	(243,312)	(248,206)	(257,991)	(268,359)	(294,887)
Short term lease payments	(691)	(705)	(719)	(733)	(806)	(826)	(847)	(868)	(890)	(912)
Other payments	(57,485)	(44,941)	(21,971)	(22,524)	(21,080)	(21,607)	(22,147)	(22,701)	(23,268)	(23,850)
Net Cash provided by/(used in) operating activities	142,163	200,412	199,190	175,922	165,508	189,347	196,039	200,545	205,932	188,807
Cash Flows from Investing Activities										
Payments for property, infrastructure, plant and equipment	(225,490)	(264,382)	(240,128)	(196,866)	(202,784)	(194,301)	(197,547)	(195,022)	(175,015)	(217,177)
Proceeds from Sale of property, infrastructure, plant and equipment	4,622	1,100	25,000	20,000	125,000	50,000	25,000	-	-	-
Proceeds/(payments) from/for sale of investments	-	-	-	-	(40,301)	(5,108)	(5,108)	(10,108)	(6,358)	48,851
Investment in subsidiaries and trust	-	-	-	-	-	-	-	-	-	-
Acquisition of property	(49,800)	-	-	-	-	-	-	-	-	-
Net Cash provided by/(used in) investing activities	(270,668)	(263,282)	(215,128)	(176,866)	(118,085)	(149,409)	(177,655)	(205,131)	(181,373)	(168,326)
Cash Flows from Financing Activities										
Proceeds from borrowing	104,678	89,666	9,671	-	-	-	-	5,705	-	-
Repayment of borrowing	-	-	-	(1,810)	(85,736)	(43,611)	(22,777)	-	(25,334)	(19,595)
Repayment of borrowing - lease liability	-	-	-	-	(831)	(106)	(109)	(112)	(115)	(119)
Borrowing Costs	(148)	(1,551)	(4,866)	(10,004)	(1,652)	(1,468)	(1,114)	(1,263)	(1,134)	(902)
Interest paid - lease liability	(82)	(84)	(87)	(89)	(169)	(144)	(141)	(138)	(135)	(131)
Net Cash provided by/(used in) financing activities	104,448	88,031	4,719	(11,903)	(88,388)	(45,330)	(24,141)	4,192	(26,717)	(20,747)
Net increase/(decrease) in cash and cash equivalents	(24,057)	25,161	(11,219)	(12,846)	(40,965)	(5,392)	(5,757)	(393)	(2,158)	(266)
Cash and cash equivalents at beginning of the financial year	135,010	110,953	136,114	124,895	112,049	71,084	65,692	59,935	59,542	57,384
Cash and cash equivalents at end of the financial year	110,953	136,114	124,895	112,049	71,084	65,692	59,935	59,542	57,384	57,118

4.5 Statement of capital works

	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000
Property											
Land		-	-	-	-	-	-	-	-	-	-
Land improvements		-	-	-	-	-	-	-	-	-	-
Total land		-									
Buildings		16,716	32,284	13,500	5,500	12,144	11,498	11,643	11,484	10,024	12,956
Heritage buildings		-				2,190	2,074	2,100	2,071	1,808	2,337
Building improvements		62,377	50,953	61,850	54,643	52,018	49,251	49,871	49,190	42,936	55,495
Total buildings		79,093	83,237	75,350	60,143	66,353	62,824	63,614	62,746	54,767	70,788
Total property		79,093	83,237	75,350	60,143	66,353	62,824	63,614	62,746	54,767	70,788
Plant and equipment											
Plant, machinery and equipment		6,424	2,755	2,640	2,140	3,455	3,271	3,313	3,267	2,852	3,686
Fixtures, fittings and furniture		744	774	809	809	757	717	726	716	625	808
Technology and digital		16,900	15,400	13,300	14,200	18,900	19,500	20,400	19,900	20,700	20,500
Heritage plant and equipment		-	-	-	-	-	-	-	-	-	-
Library books		1,400	1,400	1,400	1,400	1,243	1,177	1,192	1,176	1,026	1,327
Total plant equipment		25,468	20,329	18,149	18,549	24,356	24,666	25,631	25,060	25,204	26,321
Infrastructure											
Roads		6,137	5,068	5,564	6,135	6,799	6,438	6,519	6,430	5,612	7,254
Bridges		-	3,850	3,700	3,700	3,125	3,125	3,125	3,125	3,125	3,125
Footpaths and cycleways		29,561	43,700	44,813	17,905	27,470	26,009	26,336	25,977	22,674	29,307
Drainage		9,545	6,534	3,803	3,997	5,361	5,608	5,866	6,136	6,418	6,431
Recreational, leisure and community facilities		2,640	10,000	946	-	2,339	2,215	2,243	2,212	1,931	2,496
Waste management		1,188	1,194	1,221	-	666	630	638	629	549	710
Parks, open space and streetcapes		64,389	86,662	77,761	76,861	58,393	55,286	55,982	55,218	48,197	62,296
Aerodromes		-	-	-	-	-	-	-	-	-	-
Off street car parks		-	-	-	-	-	-	-	-	-	-
Other structures		12,554	5,920	4,420	4,420	7,921	7,500	7,594	7,490	6,538	8,450
Total infrastructure		126,014	162,928	142,228	113,018	112,074	106,811	108,302	107,217	95,044	120,068
Total capital works expenditure		230,575	266,494	235,727	191,710	202,784	194,301	197,547	195,022	175,015	217,177
Represented by:											
New asset expenditure		114,078	159,009	117,015	80,294	132,232	127,167	121,977	120,683	99,095	140,599
Asset renewal expenditure		44,187	44,262	50,246	66,103	70,552	67,134	75,570	74,340	75,919	76,579
Asset expansion expenditure		63,741	63,223	68,466	45,313	-	-	-	-	-	-
Asset upgrade expenditure		8,569	-	-	-	-	-	-	-	-	-
Total capital works expenditure		230,575	266,494	235,727	191,710	202,784	194,301	197,547	195,022	175,015	217,177
Funding sources represented by:											
Grants		44,783	70,609	72,304	44,142	14,307	14,337	14,368	14,399	14,431	14,464
Contributions		42,469	27,900	20,300	26,400	38,301	31,860	31,860	26,860	30,610	26,954
Council cash		72,016	85,178	133,452	121,168	150,176	148,103	151,319	148,058	129,974	175,760
Borrowings		71,307	82,807	9,671	-	-	-	-	5,705	-	-
Total capital works expenditure		230,575	266,494	235,727	191,710	202,784	194,301	197,547	195,022	175,015	217,177

4.6 Statement of human resources

[illegible]

Department	Permanent Full Time (FY22 - FY31)				Permanent Part Time (FY22 - FY31)			
	Male	Female	Self-described gender	Total	Male	Female	Self-described gender	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
City Economy and Activation	80,242	201,801	-	282,043	19,020	78,792	-	97,813
Finance and Corporate	41,940	33,344	-	75,284	1,131	4,799	-	5,929
Office of Deputy CEO	11,598	37,693	-	49,290	725	3,972	-	4,697
Community and City Services	219,705	201,018	2,278	423,001	16,933	102,423	-	119,355
Infrastructure and Design	112,716	70,007	-	182,723	3,581	10,308	-	13,888
Strategy Planning and Climate Change	90,506	73,646	2,278	166,430	6,988	33,503	-	40,491
Executive Services	24,283	68,311	-	92,594	1,348	7,698	-	9,046
Customer and Digital	88,070	42,883	-	130,953	5,320	19,296	-	24,616
Total permanent staff expenditure	669,060	728,701	4,556	1,402,317	55,046	260,790	-	315,836
Maximum Term					124,914	172,501	-	297,415
Casual					13,611	18,796	-	32,408
Capitalised labour costs	29,439	32,063	-	61,702	8,517	19,892	-	28,409
Total staff cost	698,498	760,764	4,556	1,464,019	202,089	471,979	-	674,068

4.7 Planned human resource expenditure

	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
City Economy and Activation										
Permanent - Full time										
Female	17,846	18,132	18,556	19,110	20,087	20,580	21,084	21,601	22,131	22,674
Male	7,096	7,210	7,378	7,599	7,987	8,183	8,384	8,589	8,800	9,016
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	6,968	7,079	7,245	7,461	7,843	8,035	8,232	8,434	8,641	8,853
Male	1,682	1,709	1,749	1,801	1,893	1,940	1,987	2,036	2,086	2,137
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total City Economy and Activation	33,592	34,130	34,928	35,971	37,811	38,738	39,688	40,661	41,658	42,679
Finance and Corporate										
Permanent - Full time										
Female	2,949	2,996	3,066	3,158	3,319	3,400	3,484	3,569	3,657	3,746
Male	3,709	3,768	3,856	3,972	4,175	4,277	4,382	4,489	4,599	4,712
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	424	431	441	454	478	489	501	514	526	539
Male	100	102	104	107	113	115	118	121	124	127
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Finance and Corporate	7,182	7,297	7,468	7,691	8,084	8,282	8,485	8,693	8,906	9,125
Office of Deputy CEO										
Permanent - Full time										
Female	3,333	3,387	3,466	3,569	3,752	3,844	3,938	4,035	4,134	4,235
Male	1,026	1,042	1,066	1,098	1,154	1,183	1,212	1,241	1,272	1,303
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	351	357	365	376	395	405	415	425	436	446
Male	64	65	67	69	72	74	76	78	79	81
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Office of Deputy CEO	4,774	4,851	4,964	5,112	5,374	5,506	5,641	5,779	5,921	6,066
Community and City Services										
Permanent - Full time										
Female	17,777	18,061	18,484	19,036	20,010	20,500	21,002	21,517	22,045	22,586
Male	19,429	19,740	20,202	20,805	21,870	22,406	22,955	23,518	24,094	24,685
Self-described gender	128	128	129	131	276	283	290	297	304	312
Permanent part time										
Female	9,058	9,203	9,418	9,699	10,195	10,445	10,701	10,964	11,232	11,508
Male	1,497	1,521	1,557	1,603	1,685	1,727	1,769	1,813	1,857	1,903
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Community and City Services	47,889	48,654	49,790	51,275	54,036	55,360	56,717	58,108	59,533	60,993
Infrastructure and Design										
Permanent - Full time										
Female	6,191	6,290	6,437	6,629	6,969	7,139	7,314	7,494	7,677	7,866
Male	9,968	10,127	10,364	10,674	11,220	11,495	11,777	12,065	12,361	12,664
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	912	926	948	976	1,026	1,051	1,077	1,103	1,130	1,158
Male	317	322	329	339	356	365	374	383	393	402
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Infrastructure and Design	17,387	17,665	18,079	18,618	19,571	20,051	20,542	21,046	21,562	22,091
Strategy Planning and Climate Change										
Permanent - Full time										
Female	6,513	6,617	6,772	6,974	7,331	7,510	7,695	7,883	8,077	8,275
Male	8,004	8,132	8,322	8,571	9,009	9,230	9,456	9,688	9,926	10,169
Self-described gender	128	128	129	131	276	283	290	297	304	312
Permanent part time										
Female	2,963	3,010	3,081	3,173	3,335	3,417	3,500	3,586	3,674	3,764
Male	618	628	643	662	696	713	730	748	766	785
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Strategy Planning and Climate Change	18,226	18,515	18,947	19,510	20,646	21,152	21,671	22,202	22,747	23,305
Executive Services										
Permanent - Full time										
Female	6,041	6,138	6,281	6,469	6,800	6,966	7,137	7,312	7,491	7,675
Male	2,147	2,182	2,233	2,299	2,417	2,476	2,537	2,599	2,663	2,728
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	681	692	708	729	766	785	804	824	844	865
Male	119	121	124	128	134	137	141	144	148	151
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Executive Services	8,988	9,132	9,346	9,625	10,117	10,365	10,619	10,880	11,147	11,420
Customer and Digital										
Permanent - Full time										
Female	3,792	3,853	3,943	4,061	4,269	4,373	4,480	4,590	4,703	4,818
Male	7,788	7,913	8,098	8,340	8,767	8,981	9,202	9,427	9,658	9,895
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	1,706	1,734	1,774	1,827	1,921	1,968	2,016	2,065	2,116	2,168
Male	471	478	489	504	530	543	556	570	583	598
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Customer and Digital	13,758	13,978	14,305	14,732	15,486	15,865	16,254	16,653	17,061	17,479
Maximum Term	25,673	26,341	27,223	28,312	29,760	30,489	31,237	32,003	32,787	33,592
Casual	2,797	2,870	2,966	3,085	3,243	3,322	3,404	3,487	3,573	3,660
Total staff expenditure	180,267	183,433	188,015	193,930	204,128	209,131	214,257	219,511	224,894	230,410

	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
City Economy and Activation										
Permanent - Full time										
Female	139.20	141.29	143.41	145.56	145.56	145.56	145.56	145.56	145.56	145.56
Male	55.35	56.18	57.02	57.88	57.88	57.88	57.88	57.88	57.88	57.88
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	54.35	55.17	55.99	56.83	56.83	56.83	56.83	56.83	56.83	56.83
Male	13.12	13.32	13.52	13.72	13.72	13.72	13.72	13.72	13.72	13.72
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total City Economy and Activation	262.02	265.95	269.94	273.99	273.99	273.99	273.99	273.99	273.99	273.99
Finance and Corporate										
Permanent - Full time										
Female	23.00	23.35	23.70	24.05	24.05	24.05	24.05	24.05	24.05	24.05
Male	28.93	29.36	29.80	30.25	30.25	30.25	30.25	30.25	30.25	30.25
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	3.31	3.36	3.41	3.46	3.46	3.46	3.46	3.46	3.46	3.46
Male	0.78	0.79	0.80	0.82	0.82	0.82	0.82	0.82	0.82	0.82
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Finance and Corporate	56.02	56.86	57.71	58.58	58.58	58.58	58.58	58.58	58.58	58.58
Office of Deputy CEO										
Permanent - Full time										
Female	26.00	26.39	26.79	27.19	27.19	27.19	27.19	27.19	27.19	27.19
Male	8.00	8.12	8.24	8.37	8.37	8.37	8.37	8.37	8.37	8.37
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	2.74	2.78	2.82	2.87	2.87	2.87	2.87	2.87	2.87	2.87
Male	0.50	0.51	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Office of Deputy CEO	37.24	37.80	38.37	38.94	38.94	38.94	38.94	38.94	38.94	38.94
Community and City Services										
Permanent - Full time										
Female	138.66	140.74	142.85	144.99	144.99	144.99	144.99	144.99	144.99	144.99
Male	151.55	153.82	156.13	158.47	158.47	158.47	158.47	158.47	158.47	158.47
Self-described gender	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Permanent part time										
Female	70.65	71.71	72.79	73.88	73.88	73.88	73.88	73.88	73.88	73.88
Male	11.68	11.86	12.03	12.21	12.21	12.21	12.21	12.21	12.21	12.21
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Community and City Services	373.54	379.13	384.80	390.56	391.56	391.56	391.56	391.56	391.56	391.56
Infrastructure and Design										
Permanent - Full time										
Female	48.29	49.01	49.75	50.50	50.50	50.50	50.50	50.50	50.50	50.50
Male	77.75	78.92	80.10	81.30	81.30	81.30	81.30	81.30	81.30	81.30
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	7.11	7.22	7.32	7.43	7.43	7.43	7.43	7.43	7.43	7.43
Male	2.47	2.51	2.54	2.58	2.58	2.58	2.58	2.58	2.58	2.58
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Infrastructure and Design	135.62	137.65	139.72	141.81	141.81	141.81	141.81	141.81	141.81	141.81
Strategy Planning and Climate Change										
Permanent - Full time										
Female	50.80	51.56	52.34	53.12	53.12	53.12	53.12	53.12	53.12	53.12
Male	62.43	63.37	64.32	65.28	65.28	65.28	65.28	65.28	65.28	65.28
Self-described gender	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Permanent part time										
Female	23.11	23.46	23.81	24.17	24.17	24.17	24.17	24.17	24.17	24.17
Male	4.82	4.89	4.97	5.04	5.04	5.04	5.04	5.04	5.04	5.04
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Strategy Planning and Climate Change	142.16	144.28	146.43	148.61	149.61	149.61	149.61	149.61	149.61	149.61
Executive Services										
Permanent - Full time										
Female	47.12	47.83	48.54	49.27	49.27	49.27	49.27	49.27	49.27	49.27
Male	16.75	17.00	17.26	17.52	17.52	17.52	17.52	17.52	17.52	17.52
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	5.31	5.39	5.47	5.55	5.55	5.55	5.55	5.55	5.55	5.55
Male	0.93	0.94	0.96	0.97	0.97	0.97	0.97	0.97	0.97	0.97
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Executive Services	70.11	71.16	72.23	73.31	73.31	73.31	73.31	73.31	73.31	73.31
Customer and Digital										
Permanent - Full time										
Female	29.58	30.02	30.47	30.93	30.93	30.93	30.93	30.93	30.93	30.93
Male	60.75	61.66	62.59	63.52	63.52	63.52	63.52	63.52	63.52	63.52
Self-described gender	-	-	-	-	-	-	-	-	-	-
Permanent part time										
Female	13.31	13.51	13.71	13.92	13.92	13.92	13.92	13.92	13.92	13.92
Male	3.67	3.73	3.78	3.84	3.84	3.84	3.84	3.84	3.84	3.84
Self-described gender	-	-	-	-	-	-	-	-	-	-
Total Customer and Digital	107.31	108.92	110.55	112.21	112.21	112.21	112.21	112.21	112.21	112.21
Maximum Term FTE	200.25	205.26	210.39	215.65	215.65	215.65	215.65	215.65	215.65	215.65
Casual	21.82	22.37	22.92	23.50	23.50	23.50	23.50	23.50	23.50	23.50
Total staff numbers	1406.09	1429.37	1453.06	1477.16	1479.16	1479.16	1479.16	1479.16	1479.16	1479.16

5 Financial performance indicators

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

Indicator	Measure	Policy Target	Notes	Forecast										Trend +/0/-
				2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	
Operating position														
Net result margin	Net result / total revenue	> 0%		6.49%	14.74%	16.47%	12.57%	16.20%	14.93%	10.60%	8.43%	8.07%	9.48%	+
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue			-3.57%	2.48%	3.50%	3.64%	10.59%	9.35%	4.66%	2.39%	2.17%	3.82%	0
Liquidity														
Working capital	Current assets / current liabilities	≥ 1.0		1.03	1.29	1.27	1.26	1.32	1.24	1.13	1.16	1.16	0.96	+
Unrestricted cash	Unrestricted cash / current liabilities	25% - 30%		16%	28%	23%	20%	26%	27%	29%	29%	27%	30%	+
Obligations and financing														
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	≤ 70%		46.45%	70.26%	70.49%	68.00%	43.50%	31.09%	24.53%	25.27%	18.55%	13.50%	-
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	≤ 20%	1	0.07%	0.47%	1.38%	3.23%	23.40%	11.69%	6.06%	0.37%	6.37%	4.82%	-
Indebtedness	Non-current liabilities / own source revenue	≤ 60%		33.40%	49.48%	49.01%	47.08%	27.73%	20.21%	16.87%	17.73%	13.33%	10.07%	-
Asset renewal and maintenance														
Capital replacement	Cash outflows for the addition of new infrastructure, property, plant and equipment / depreciation	> 1.0		2.79	3.03	2.57	2.06	1.77	1.54	1.44	1.36	1.16	1.50	0
Asset renewal	Asset renewal and upgrade expense / asset depreciation	≥ 0.5		0.78	0.62	0.66	0.82	0.69	0.60	0.63	0.60	0.58	0.62	-
Stability														
Rates concentration	Rate revenue / adjusted underlying revenue	≤ 80%		62.3%	63.1%	65.5%	65.3%	58.8%	59.0%	61.4%	62.6%	62.4%	62.4%	0
Rates compared to property values	Rate revenue / CIV of rateable properties in the municipality	≤ 0.5%		0.23%	0.24%	0.24%	0.24%	0.24%	0.23%	0.23%	0.23%	0.23%	0.22%	0
Efficiency														
Expenditure level	Total expenses / no. of property assessments	≤ \$5,000		\$ 4,053	\$ 3,866	\$ 3,733	\$ 3,826	\$ 3,978	\$ 4,065	\$ 4,158	\$ 4,220	\$ 4,283	\$ 4,252	+
Revenue level	Total rate revenue / no. of property assessments	≥ \$2,000		\$ 2,437	\$ 2,501	\$ 2,534	\$ 2,591	\$ 2,614	\$ 2,646	\$ 2,676	\$ 2,706	\$ 2,734	\$ 2,761	+
Sustainable capacity														
Population	Total expenses / Municipal population	≤ \$4,000		\$ 2,867	\$ 2,666	\$ 2,519	\$ 2,491	\$ 2,525	\$ 2,519	\$ 2,522	\$ 2,511	\$ 2,506	\$ 2,455	0
Population	Value of infrastructure/ Municipality population	≥ \$6,000	2	\$ 8,911	\$ 8,462	\$ 7,846	\$ 7,262	\$ 6,795	\$ 6,347	\$ 5,962	\$ 5,596	\$ 5,219	\$ 5,010	-
Own-source revenue	Own-source revenue / Municipal population	≥ \$2,000		\$ 2,463	\$ 2,489	\$ 2,498	\$ 2,477	\$ 2,699	\$ 2,657	\$ 2,525	\$ 2,455	\$ 2,446	\$ 2,438	0
Recurrent grants	Recurrent grants / Municipal population	≥ \$100	3	\$ 93	\$ 93	\$ 90	\$ 86	\$ 84	\$ 82	\$ 80	\$ 79	\$ 77	\$ 76	-

Note:

1. Council forecast that in FY26, it will have the capacity to repay loan due to projected excess cash generated from asset sales. Due to its intention to repay the loan when it has the capacity to do so, Council's repayment to rate revenue ratio in FY26 is forecast to be higher than 20%.
2. Council will continue to monitor the level of investment infrastructure to keep up with the changing number of municipal population as the Council intend to ensure that we are meeting our financial policy requirements
3. Advocacy with other levels of government and industry bodies will be a key focus following the success of the MCRF programme to ensure the community is able to benefit from a higher ratio of grants in this regard

6 Strategies and plans

This section describes the strategies and plans that support the 10-year financial projections included in the Financial Plan 2021–31.

6.1 Borrowing strategy

6.1.1 Current debt position

The total amount borrowed as at 30 June 2022 is forecasted to be \$147.7 million. It is expected that the City of Melbourne will undertake a significant amount of capital works during the next four years to revitalise the economy of the city. This will require external funding.

The City of Melbourne currently has a \$75 million line of credit to be drawn when required. City of Melbourne is planning to access additional debt funding to complete a range of projects, including the renewal of Queen Victoria Market precinct (due for completion in 2025–26), Kensington Community Recreation Centre redevelopment (due for completion in 2023–24), and technology and digital innovation projects.

5.1.2 Future borrowing requirements

The following table highlights City of Melbourne's projected loan balance, including new loans and loan repayments for the 10 years of the Financial Plan. It is forecasted that the Council will reach its peak borrowing of \$247 million by the end of 2023–24, then forecasted to reduce to \$53.9 million by the end of 2030–31. The favourable cash position forecasted beyond 2024–25 is due to a reduction in capital expenditure and revenue from asset sales that will allow the City of Melbourne to reduce its debt by the end of 2030–31.

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Forecast					
	\$'000	\$'000	\$'000	\$'000	\$'000	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	-	43,000	147,678	237,345	247,016	245,206	159,470	115,859	93,082	98,787	73,454
Plus: New Loans	43,000	104,678	89,666	9,671	-	-	-	-	5,705	-	-
Less: Principal repayment	-	-	-	-	(1,810)	(85,736)	(43,611)	(22,777)	-	(25,334)	(19,595)
Closing balance	43,000	147,678	237,345	247,016	245,206	159,470	115,859	93,082	98,787	73,454	53,859
Interest payment	80	148	1,551	4,866	10,004	1,652	1,468	1,114	1,263	1,134	902

5.1.3 Performance indicators

The following table highlights City of Melbourne's projected performance across a range of debt management performance indicators. Over the period of 10 years, on average, the City of Melbourne aims to be in line with target performance indicators.

		2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Forecast					
		\$'000	\$'000	\$'000	\$'000	\$'000	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total borrowings / Rate revenue	≤ 70%	15%	46%	70%	70%	68%	43%	31%	25%	25%	19%	13%
Total repayment & interest / Rate revenue	≤ 20%	0.06%	0.07%	0.47%	1.38%	3.23%	23.40%	11.69%	6.06%	0.37%	6.37%	4.82%
Debt Servicing / Rate revenue	≤ 1.5%	0.06%	0.07%	0.47%	1.38%	2.74%	0.70%	0.44%	0.34%	0.37%	0.33%	0.27%
Indebtedness / Own source revenue	≤ 60%	13%	33%	49%	49%	47%	28%	20%	17%	18%	13%	10%

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

Total borrowings / rates revenue

The target for this indicator is to remain less than or equal to 70 per cent over the 10 year time frame as per the City of Melbourne's Borrowing Policy. The indicator is forecast to reach its peak at 2023-24 and then reduced to its lowest at 13 per cent in 2030-31.

Total repayment and interest / rates revenue

The target for this indicator is to remain less than or equal to 20 per cent over the 10 year time frame. The indicator is forecasted to be reach 23 per cent in 2025–26 due to City of Melbourne's ability to repay a significant amount of debt.

Debt servicing / rates revenue

The target for this indicator is to remain less than or equal to 1.5 per cent. Over the 10 years, this indicator is forecasted remain below the target.

Indebtedness / own-source revenue

The target for this indicator is to remain less than or equal to 60 per cent. Over the 10 years, this indicator is forecasted remain below the target.

6.2 Reserves strategy

6.2.1 Current reserves

Public Open Space Reserve

- **Purpose:** the Public Open Space Reserve holds funds contributed by developers for land purchase, open space establishment and upgrades. Funds are contributed in accordance with Section 18 of the *Subdivision Act* and transfers are restricted to the purpose of creating open space such as parks, playgrounds, pavilions and other such items. The Melbourne Open Space Strategy Open Space Contributions Framework sets out that open space contributions by developers provide for the open space demand created by forecast populations of residents and workers. Expenditure from the Public Open Space Reserve ensures there is sufficient quantity, quality and distribution of open space to serve the future population of the City of Melbourne.
- **Movements:** transfers to the reserve (inflows) comprise contribution income from subdividers in accordance with the rates specified under Clause 53.01 of the Melbourne Planning Scheme. Transfers from the reserve (outflows) are applied to fund open space capital projects on an annual basis. Inflow to the reserve comes from developers who pay a percentage of the site value. It is forecasted that the City of Melbourne will receive approximately \$168 million during the next 10 years. The City of Melbourne is planning to spend approximately \$122 million from the reserve during next four years to fund public open-space related projects. The rationale for expenditure from the reserve reducing over time from 2026–27 to 2030–31 reflects the projected reduction in income, and the desire to maintain a minimum balance of \$15 million to allow for an opportunistic acquisition if an opportunity arises.

Development Contributions Reserve

- **Purpose:** the Development Contributions Reserve (DCP) holds funds contributed by developers for land purchase, construction of new and upgrades to infrastructure as outlined in the draft Arden DCP and will be outlined in a future Macaulay DCP. Development Contributions are collected in accordance with the interim rate in the Melbourne Planning Scheme until the final DCPs are incorporated.

The DCPs provide for the charging of a Development Infrastructure Levy pursuant to section 46J(a) of the Act: towards works, services or facilities. They also provide for the charging of a Community Infrastructure Levy pursuant to section 46J(b) of the Act as some items are classified as community infrastructure under the Act.

The DCPs are implemented in the Melbourne Planning Scheme through Schedule 2 and 3 to the DCP Overlay (DCPO2 and DCPO3). The DCPs form part of the Melbourne Planning Scheme pursuant to section 46I of the Act and are incorporated documents under Clause 72.04 of the Melbourne Planning Scheme.

The DCPs set out that contributions by developers provide for the infrastructure demand created by forecast populations of residents and workers expected in each precinct. Expenditure from the Development Contributions Reserve ensures that there is sufficient infrastructure to serve the future population of Arden and Macaulay, and that the cost of delivering this new infrastructure is equitable shared. Expenditure from a separate fund also ensures compliance with the Act. Contributions are spent where they are collected and any interest is accounted for. It may also facilitate borrowing by City of Melbourne to allow for up-front and early delivery of infrastructure.

- **Movements:** Transfers from this reserve will be for nominated capital works for Development Infrastructure projects and Community Infrastructure projects. These funds are tied directly to the income received or cash funds refunded to developers for capital works completed directly by the developer. It is expected that the City of Melbourne will collect and spend approximately \$71 million over the 10-year period. This excludes \$55m spending on DCP cash collected on behalf of the Victorian Government and works in kind received, which comprises approximately \$45 million.

Tree Compensation Reserve

- **Purpose:** the Tree Compensation Reserve holds funds collected (typically) from developers requiring the removal of public trees to make way for development activity. All options to retain trees are exhausted before tree removal is agreed upon and revenue is collected.

Revenue is initially recognised in the Parks and City Greening branch. It is subsequently transferred to and held in a reserve within the balance sheet for future use. Expenditure from the reserve is overseen by the Urban Forest Fund Steering Group, which provides advice and sign-off on projects to accelerate greening the municipality through projects that go beyond City of Melbourne's business as usual works. The Urban Forest Fund and Canopy Uplift programs are funded by the Tree Compensation Reserve.

- **Movements:** inflows to the reserve are forecasted to be approximately \$0.92 million annually. Transfers from the reserve is forecasted at around \$1.5 million annually which includes the Canopy Uplift program – an action in the Climate and Biodiversity Emergency Plan committed to spending \$3.8 million.

6.2.2 Reserve usage projections

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

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

Reserves	Restricted/ discretionary	Forecast										
		2020-2021 \$'000	2021-2022 \$'000	2022-2023 \$'000	2023-2024 \$'000	2024-2025 \$'000	2025-2026 \$'000	2026-2027 \$'000	2027-2028 \$'000	2028-2029 \$'000	2029-2030 \$'000	2030-2031 \$'000
Public open space reserve												
Restricted												
Opening balance		63,625	79,572	52,603	40,371	40,931	36,340	26,340	21,340	16,340	16,340	16,340
Transfer to reserve		29,285	20,000	15,668	20,860	21,809	15,000	15,000	15,000	15,000	15,000	15,000
Transfer from reserve		13,338	46,969	27,900	20,300	26,400	25,000	20,000	20,000	15,000	15,000	15,000
Closing balance		79,572	52,603	40,371	40,931	36,340	26,340	21,340	16,340	16,340	16,340	16,340
Development Contributions Reserve												
Restricted												
Opening balance		1,022	1,272	1,272	1,272	1,272	1,272	10,523	21,215	31,907	42,599	49,540
Transfer to reserve		250	-	-	-	-	21,052	21,052	21,052	21,052	21,052	21,052
Transfer from reserve		-	-	-	-	-	11,801	10,360	10,360	10,360	14,110	69,320
Closing balance		1,272	1,272	1,272	1,272	1,272	10,523	21,215	31,907	42,599	49,540	1,272
Tree compensation reserve												
Restricted												
Opening balance		4,789	4,021	4,021	4,021	4,021	4,021	3,438	2,854	2,271	1,688	1,104
Transfer to reserve		-	-	-	-	-	917	917	917	917	917	917
Transfer from reserve		768	-	-	-	-	1,500	1,500	1,500	1,500	1,500	1,500
Closing balance		4,021	4,021	4,021	4,021	4,021	3,438	2,854	2,271	1,688	1,104	521

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