



Panel Discussion -

Financial Sustainability Reviews

1

Panel Members

- ▶ Melissa Baker, Manager of Financial Strategy, South Gippsland Shire Council
- ▶ Navec Lorkin, Chief Financial Officer, Knox City Council
- ▶ Wei Chen, Chief Financial Officer, Yarra City Council



2

Agenda

- ▶ Financial Challenges
- ▶ Journey towards financial sustainability
- ▶ How to define financial sustainability
- ▶ Strategic actions towards financial sustainability
- ▶ Practical actions by 'accountants'
- ▶ Questions



3

Financial Challenges



COVID-19



Rate cap



Pressure from other levels of government



Changing regulatory position of government



Cost pressures



Growth



Balance of investment in assets

4



5



6

Our definition

Build our capacity to repay borrowings when the time is right

Create new cash reserves that address risk and provide an opportunity to respond to emergencies

Begin to build reserves for future infrastructure to respond to growth

Move towards VAGO 5% target once reserves are attained.

City of
Yarra

7

- How to define financial sustainability - South Gippsland

FINANCIAL MANAGEMENT POLICY ADOPTED 2021

EXTERNAL FINANCIAL REVIEW

8



- How to define financial sustainability – Knox

- ▶ We are on a journey
- ▶ Financial Measures and Targets – specific for Knox's circumstances
- ▶ Budget Principles – specific to Knox
- ▶ 2024/25 Budget process we will be further defining what is Financial Sustainability through a risk lens

9

Strategic
actions towards
financial
sustainability



10

Strategic actions towards financial sustainability

7 levers for change



1. Sustainable cash reserves & responsible borrowing
2. Optimise revenue
3. Well planned assets
4. Review the service landscape
5. Invest in transformation
6. Robust financial management
7. Prioritise advocacy and partnerships



11

Strategic actions towards financial sustainability – South Gippsland South Gippslands



- ▶ Lower level of Cash – need to monitor carefully
- ▶ Balance Cash Result future years – ensure Capital is adequately funded
- ▶ Strategic Use of Reserves
- ▶ Can borrow more!

12





Strategic actions towards financial sustainability – Knox



- ▶ Over the last two budget cycles Knox has removed over \$150M from expenditure over 10-year period.
 - ▶ Reduced capital expenditure by over \$120M
 - ▶ Reduced operating expenditure by over \$30+M
- ▶ Currently implementing Service Planning and Service Reviews

13

Practical actions by 'accountants'

 Holding managers/coordinators accountable 'corporate bucket' Employee cost control Centralise budget Fleet review post COVID Linking service planning/reviews to budgets Create a benefits register

14

Questions

