
Policy Number:	F11
Relevant Delegation:	Not Applicable
Adoption Details:	22 February 2016
Last Review Details:	25 November 2019

POLICY OBJECTIVE:

To ensure prudent financial management of the Shire, now and into the future, by providing parameters for the development of the Long Term Financial Plan and Annual Budget.

POLICY SCOPE:

This Policy applies to all the Shire's operations where there are budgetary implications.

POLICY STATEMENT:

INTRODUCTION

The Local Government Act 1995 (the Act) section 1.3(3) states that 'in carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement and economic prosperity'.

In order for the Shire to be financially sustainable it needs to fund ongoing service delivery and the replacement of assets without imposing excessive debt or rate increases on future generations.

This policy should be read in conjunction with the Integrated Planning and Reporting: (Planning) Policy (G17) and the External Grants: Procurement and Priorities Policy (F12).

PRINCIPLES

- (a) There is an on-going focus on identifying cost savings, efficiency gains, revenue generation opportunities, and opportunities for new modes of service delivery.
- (b) The financial position of the Shire is sustainable in the long term.

PROVISIONS

1. GENERAL

- 1.1 The Shire must plan for a fully funded operational position (balanced budget). That is, it must collect sufficient revenue to fund operational expenditure, depreciation and interest on borrowings.
 - 1.2 The Shire must maintain sufficient cash reserves to meet its short-term working capital requirements.
 - 1.3 The Shire must have a fully funded Capital Infrastructure Program, where each source of funding is identified and secured. The Capital Infrastructure Program is for both capital renewal and new projects.
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- 1.4 In a situation of limited funding, priority will be given to funding required renewals rather than new projects.
 - 1.5 The Shire must maintain its asset base, through the renewal of aging infrastructure and build on its cash reserves to fund future works.
 - 1.6 The Shire must operate without imposing excessive debt or rate increases on future generations and balance the importance of the rate revenue as a funding source with community capacity and sensitivity to increases.

2. The Long Term Financial Plan

- 2.1 In preparing the Long Term Financial Plan, the following analysis shall be identified.
 - expenditure required to maintain existing services to residents, including expenditure needed to maintain identified assets in a condition that will sustain existing service levels to its residents.
 - mechanisms to improve the Shire of York's capacity to fund recurrent operations.
 - a target to achieve a positive net operating ratio over the life of the Plan.
 - options for increasing revenue opportunities.
 - new services and infrastructure options and impacts on affordability.
 - ratepayer affordability via an affordability impact statement.
- 2.2 Borrowings are not to be used to fund ongoing operations.
- 2.3 The Shire is permitted to establish financial Reserve accounts as per section 6.11 of the Act. Interest earned on the cash balance of the Reserves will be set aside to the individual Reserve accounts to assist in maintaining their real value.
- 2.4 The Shire will use various financial reserves as a means to save and quarantine funds for a future purpose, smooth peaks and troughs in funding requirements and to temporarily retain any surpluses or grant funding.
- 2.5 The Shire will prudently manage its cash reserves to ensure that appropriate levels of funds are maintained to meet future commitments.

3. Annual Budget

- 3.1 Council has the ability to raise revenue through the adoption of fees and charges for services and facilities. Fees and charges should be reviewed on an annual basis, in conjunction with the preparation of the Annual Budget. In determining its fees and charges, the Shire takes into account the user's capacity to pay.

PENALTIES:

Not applicable.

KEY TERMS/DEFINITIONS:

Not applicable.

Responsible Officer: Executive Manager Corporate & Community Services

Contact Officer: Finance Manager

Relevant Legislation: Not applicable

Review History:

Date Review Adopted:	Resolution Number
Adopted – 22 February 2016	
Reviewed – 24 October 2016	121016
Reviewed – 25 November 2019	291119
Former Policy No:	G4.3