



FINANCIAL CHARTER

Policy 6/2021-2024

DATE

- Corporate Development Committee Meeting 17.03.1998
- Ordinary Meeting of Council 15.02.2000, 12.02.2008, 14.07.2009, 27.09.2011, 22.05.2018 and 26.04.2022

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| POLICY NO: | 6/2021-2024 |
| LEGISLATIVE REQUIREMENTS | Good Governance |
| RESPONSIBILITY: | GENERAL MANAGER |
| OBJECTIVE: | To ensure Council's overall financial sustainability. |
| REVIEW | Within the first 12 months of each term of Council or as required. |

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1. Financial Charter

Financial Objectives adopted by Council underpins the Long Term Financial Plan and Budgets.

2. Operational Surplus

Continue to Budget for Operational Surplus as a High Priority by ensuring that the total operating revenue for each year is sufficient to meet:

- Total operating expenses;
- The provision in that year for repayment of principal on loans;
- The proposed provisions in that year for transfers to reserves for future expenditure.

Maintain a level of available equity sufficient to meet unexpected contingencies such as Natural Disasters and Unanticipated Legal Challenges.

3. Capital Improvements

- Capital Expenditure on Asset Renewal be given priority over new capital, so that existing infrastructure can be maintained at expected service levels.
- Capital Expenditure project proposals to identify lifecycle cost evaluations which include Construction, Maintenance, Operations and Transfer to Reserves for Replacement.
- Any new Capital Expenditure Projects to identify the source of funding and the delivery of the project to reflect the timing of the receipt of funds.
- Consider borrowing for new capital only if a continuous income source can be identified to service the debt.

4. New Services

When increased service levels are required, seek new and additional revenue sources in addition to the current revenue structure.

5. Cost Recovery

Pricing of services where there is discernible private benefit (private goods) is attained full cost recovery is pursued, and if the activity is of a commercial nature then where possible greater than full cost recovery be pursued.

Where the service is a public good which provides a broad community benefit then zero cost recovery be pursued.

Where the service is a shared good which provide a private benefit as well as a broad community benefit, then, the percentage of cost recovery take community service obligation into consideration.

6. Property Development

When income is generated from property development activities, set aside 50% to invest in future development activities.

7. Associated Documents

Nil

8. Appendices

Nil