



FINANCIAL CHARTER

Policy 6/2024-2028

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, 26.04.2022 and 12.11.2024

POLICY NO:	6/2024-2028
LEGISLATIVE REQUIREMENTS	Section 8B Local Government Act 1993
RESPONSIBILITY:	GENERAL MANAGER
OBJECTIVE:	To ensure best practice financial management and long-term financial sustainability.
REVIEW	Within the first 12 months of each term of Council or as required.

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1. Legislative Financial Principles

Section 8B of the Local Government 1993 outlines the following Principles of Sound Financial Management which applies to all Councils:

- Council spending should be responsible and sustainable, aligning revenue and expenses.
- Councils should invest in responsible and sustainable infrastructure.
- Councils should have effective financial and asset management.
- Councils should have regard to intergenerational equity, ensuring that policy decisions are made considering the effect on future generations and the current generation funds the cost of its services.

2. Financial Charter

The purpose of Council's Financial Charter is to outline the key financial objectives that underpin the legislative requirements prescribed in Section 8B of the Local Government Act 1993. These financial objectives will ensure best practice financial management and long-term financial sustainability and provide guidance in the development of Council's Budget and Long-Term Financial Plan.

2.1 Operational Surplus

Continue to budget for Operational Surplus before Capital Grants and Contributions 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 Contingency Reserve sufficient to meet unexpected contingencies such as Natural Disasters and Unanticipated Legal Challenges.

2.2 Capital Expenditure

- 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.

2.3 New or Increased Services

When new or increased service levels are required, seek new and additional revenue sources in addition to the current revenue structure. In absence of revenue sources, a reduction or cut to existing programs or services will be required.

2.4 Cost Recovery

Council should aim where possible to recover the cost of providing its services to ensure that Council can continue to provide these services to the community whilst continuing to remain financially sustainable in the future.

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.

2.5 Property Development

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

3 Associated Documents

Nil

4 Appendices

Nil