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## FINANCIAL MANAGEMENT STRATEGY 2023

### 1. LEGISLATIVE FRAMEWORK

The *Local Government Act 1993*, section 70A, requires council to a prepare a financial management strategy consistent with the strategic plan and contain at least the matters specified in an order made under section 70F.

The financial management strategy must include:

- an overview of the purpose and intent of the strategy
- the financial principles that guide the determination of the financial management strategies
- the key financial management strategies that are to be employed, and
- the financial aims and targets of the council.

### 2. PURPOSE

The purpose of council's Financial Management Strategy (the Strategy) is to outline the framework and strategies adopted by council in meeting its long-term financial objectives.

### 3. RELATIONSHIP TO COUNCIL STRATEGIC PLAN

The Financial Management Strategy is reflected in council's Strategic Plan and enables the advancement of council's goals and provides guidance on the delivery of council's strategies.

The following Strategic Plan goal is relevant and applies to this policy:

*Council's assets and resources - Making affordable and equitable rates and charges by ensuring consistency in the application of rates and charges across the community, and reflecting the true cost of providing services to the community.*

### 4. RELATED DOCUMENTS

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#### LEGISLATIVE (ACTS, REGULATIONS AND STANDARDS)

- *Local Government Act 1993*

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## COUNCIL POLICIES, PROCEDURES AND STRATEGIES

- Investment Strategy 2023
- Investment Policy and Procedure 2023
- Rates and Charges Policy 2020
- Fees and Charges (non-rates) Policy 2020
- Borrowing Policy and Procedure 2023

## 5. FINANCIAL MANAGEMENT OBJECTIVES

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### MAINTAINING A FINANCIALLY SUSTAINABLE ORGANISATION

Council will achieve this objective by:

- ongoing development and implementation of responsible financial strategies
- ongoing review and implementation of a detailed 10 Year Financial Management Plan
- integration of financial and asset management strategies, and
- measurement and reporting of key sustainability indicators.

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### MAINTAINING COUNCIL IN A SOUND FINANCIAL POSITION

Council will achieve this objective by:

- delivering underlying surplus consistent with long term financial planning
- planning for financial flexibility to meet unforeseen future externalities and opportunities, and
- implementing annual financial plans that are consistent with long-term strategies, as well as measuring and reporting on key financial indicators.

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### MAKING AFFORDABLE AND EQUITABLE RATES AND CHARGES

Council will achieve this objective by:

- developing and reviewing rating policies which seek to reflect both legislative principles and the expectations of the community
- ensuring consistency in the application of rates and charges across the community
- reflecting the true cost of providing services to the community, and
- avoiding sudden and unexpected rate movements across the community.

## HAVING EFFECTIVE CONTROL OF FINANCIAL RISK

Council will achieve this objective by:

- consistent cash flows, ample liquidity, and ready access to capital
- appropriate and effective systems of internal control, and
- adequate levels and scope of insurance over appropriate classes of risk.

## 6. KEY FINANCIAL MANAGEMENT STRATEGIES

In meeting its long-term financial management objectives, council will adopt the following financial management strategies:

- own-sourced revenue effort will be maintained in real terms, allowing for growth in the city's property base, and adjusted for major increases or reductions in the level or scope of service provided to the community
- rate revenue will include a component dedicated to the ongoing renewal of existing infrastructure, with an infrastructure renewal reserve to be maintained to quantify the cumulative balance of funds appropriate for this purpose
- expenditure increases will have regard to inflation, growth in the city's property base, changes in statutory obligations, and specific increases or reductions in the level or scope of service provided to the community
- cash holdings will be invested in accordance with council's Investment Policy, with interest attributable to the infrastructure renewal reserve to be appropriated to that reserve
- decisions regarding the provision of new or significantly enhanced community assets will take account of associated increase in recurrent expenditure (including depreciation), and
- use of debt in accordance with council's Borrowing Policy.

## 7. FINANCIAL AIMS AND TARGETS

Council will consider the following aims and targets to assess the degree to which it is meeting its long-term financial management objectives:

- achievement of an operating surplus, both in reported financial statements and on an underlying basis (*demonstrates short term financial viability on both accepted accounting basis and in terms of ongoing operations*)

- achievement of an infrastructure renewal ratio consistent with that predicated by council’s Asset Management Plans and 10 Year Financial Management Plan (*demonstrates the extent to which council is meeting its long-term sustainability requirements*)
- maintenance of a positive cash balance which takes account of cash raised for specific future obligations (*indicates the extent to which unappropriated cash is available*)
- maintenance of Financial Management Indicators as reported within council’s Annual Financial Statements in excess of stated benchmarks (*demonstrates ongoing financial viability is being managed effectively*)
- maintenance of a liquidity ratio above 150% (*provides an indication of liquidity under which current assets strongly exceeds current liabilities*), and
- maintenance of a gearing ratio below 5% (*indicates a conservative level of gearing well below of the Department of Treasury and Finance’s identified upper level*).

## 8. KEY LEGISLATIVE REQUIREMENTS

The *Local Government Act 1993* requires that council:

- review its Financial Management Strategy at least every four years (s.70E), and
- publish the strategy on council’s website (s.70G).

## 9. FINANCIAL MANAGEMENT STRATEGY STATUTORY RELATIONSHIPS



## 10. ADMINISTRATIVE ARRANGEMENTS

### TABLE OF AMENDMENTS

| No. | Date       | Brief Details   |
|-----|------------|---|
| 1   | 27/03/2023 | Includes reference to Borrowing Policy, and update of Financial Aims and Targets. |

### APPROVAL

|                       |                         |
|-----------------------|-------------------------|
| COUNCIL APPROVAL DATE | 19 June 2023            |
| REVIEW                | Every 4 years           |
| RESPONSIBLE POSITION  | Chief Financial Officer |
| ECM REFERENCE         | ECM_4991430             |