

16.2 LATE ITEM - LONG TERM FINANCIAL PLAN

File No:	FM.1
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Financial Services/CFO
Date of Report:	12 June 2015
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	1. Draft Long Term Financial Plan Assumptions 2. Draft 10 Year Forward Capital Works Plan

PURPOSE

To review the financial assumptions and 10 year Capital Program to enable updating of Council's Long Term Financial Plan.

BACKGROUND

As part of the Integrated Strategic Planning Framework (ISP) Council is required to have a 10 year Long Term Financial Plan (LTFP). The original LTFP assumptions and forward capital works plan were adopted by Council at the 21 May 2012 Ordinary Council Meeting and the current LTFP was adopted by Council at the 18 March 2013 Ordinary Council Meeting.

The LTFP has been reviewed to reflect changing economic conditions and Council's capital works priorities. In particular, significant changes have been made to the following assumptions:

- Annual rate increase reduced from 7% to 5.5%;
- Property growth reduced from 3.3% per annum;
- Employee costs reduced to reflect expiry of the current Enterprise Agreement and updated workforce plan;
- Consequential Opex on new capital reduced on all classes with the exception of major community facilities;
- Most other expenses are assumed to increase annually by CPI.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CE-8 *Significant Decision Making*, this matter is considered to be of high significance in terms of Council's ability to perform its role.

COUNCILLOR/OFFICER CONSULTATION

Consultation has taken place with the Executive Management Team and Councillors in reviewing the assumptions and capital works priorities to inform the LTFP.

COMMUNITY CONSULTATION

Community feedback has been considered in reviewing the LTFP assumptions and capital works priorities.

STATUTORY IMPLICATIONS

Section 5.56 *Local Government Act 1995* provides that a local government is to plan for the future of the district.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

The Long Term Financial Plan is designed to demonstrate Council's financial sustainability over the next ten years. Subject to Council consideration of the assumptions and capital works program, the impact on Council's financial ratios will be reflected in an updated LTFP.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2014-2015 provides for this activity:

Our Program:	4.d.1.3	Provide transparent and accountable financial information required by the Local Government Act, Code of Accounting Practice, Australian Accounting Standards and Local Government regulations.
Our Services:	4.d.1.3.1	Prepare the Financial Statements and Reports to Council.

RISK MANAGEMENT CONSIDERATIONS

The level of risk is considered to be Moderate to the City in terms of financial sustainability.

IMPACT ON CAPACITY

Decisions made within the adoption of the LTFP may impact on future resourcing of Council and will directly inform the Strategic Community Plan and Corporate Business Plan.

RELEVANT PRECEDENTS

This is the first review of the LTFP since it was adopted by Council.

VOTING REQUIREMENTS

Simple Majority

OPTIONS:

Option 1

As per Officer's recommendation.

Option 2

As per Officer's recommendation with the following amendments:

1. _____
2. _____
3. _____
4. _____

CONCLUSION

The adoption of the financial assumptions and Forward Capital Works Plan will facilitate an update of the Long Term Financial Plan that reflects current economic conditions and Council's revised capital works priorities.

OFFICER'S RECOMMENDATION

That Council by SIMPLE Majority pursuant to Section 5.56 of the *Local Government Act 1995* RESOLVES to ENDORSE the attached:

1. Financial assumptions to inform the Long Term Financial Plan 2015/16 – 2024/25; and
2. 10 Year Capital Works Plan for inclusion in the Long Term Financial Plan 2015/16 - 2024/25.