

# POLICY REVIEW – BUDGET PREPARATION

Policy with amendments

Meeting Date: 26 April 2022

Number of Pages : 3

**POLICY NO: F/FM/12**

**BUDGET PREPARATION**

| <b>DIVISION</b>    | <b>BUSINESS UNIT</b> | <b>RESPONSIBILITY AREA</b> |
|--------------------|----------------------|----------------------------|
| Corporate Services | Finance              | Financial Management       |

**OBJECTIVE:**

To provide guidance in relation to preparation of the annual budget and the programming of major works and asset purchases.

**POLICY:**

Fees and Charges

- 1.1 The objective for setting fees and charges is to adopt a self funding approach as the preferred revenue collection method where a direct recognisable service is provided. A balance is to be achieved between implementing the self funding principle versus discounted pricing to recognise a community service obligation.
- 1.2 The Council annually, in conjunction with the budget adoption process, review all fees and charges levied for services with the aim of increasing the overall level of fees and charges by the Local Government Cost Index averaged over a three year period. The review of the fees and charges is to consider:
  - a) The cost of providing the service;
  - b) The purpose of the service and in particular whether it is consumed by a discrete part of the community or is general public service;
  - c) The extent to which a subsidy should apply for reasons of community affordability, comparative pricing to private or neighbouring local government facilities/services or encouragement of greater use of Council facilities; and
  - d) An appropriate level for infringements which balances a fair cost and a deterrent factor.

Works Program

- 2.1 The following parameters are recommended for efficient and effective financial management ~~in relation to interim overdraft conditions which may prevail in the early and closing parts of each financial year:~~
  - a) ~~Defer procurement of new budgeted heavy plant items until after January each year.~~
  - b) ~~Discourage the programming of materially intensive works in the early and closing parts of each financial year.~~
  - c) ~~Not to procure fixed assets within the last month of the financial year unless extenuating circumstances exist.~~

- a) Ensure the programming of major works as early as possible after the adoption of the budget.
- b) Where practical, defer payment of budgeted heavy plant items until after January each year.
- c) Avoid procurement of fixed assets within the last month of the financial year unless grant funded or other extenuating circumstances exist.

## Rates

- 3.1 Rates will be reviewed annually with the following factors being considered:
- a) The range of services and service levels, activities, objectives and plans detailed from time to time in the Council's Strategic Community Plan, Corporate Business Plan and associated documents;
  - b) Levels of the Consumer Price Index (CPI) (All Groups) Perth and the Western Australian Local Government Cost Index (LGCI);
  - c) Salary and wage increases as per the Enterprise Bargaining Agreement (EBA) for inside and outside workers.
  - d) Sector growth and prevailing economic conditions;
  - de) Comparison with other local governments in the region;
  - ef) Minimum rate to be imposed as all ratepayers should contribute equally to basic Council services. Minimum rates should also have a penalty factor levy to encourage development and discourage reduced amenity;
  - fg) The setting of rubbish collection and recycling charges should be based on the self funding principle; and
  - gh) The Council will set and maintain a ratio upon which the proportion of rates raised between property valuation categories will be based, regardless of re-valuations undertaken by the Valuer General's Office. The primary reason for this is to maintain equity and smooth out timing differences in re-valuations. Notwithstanding this, the Council should satisfy itself that respective rating levels on each category are equitable.
- 4.1 The level of reserve funds and transfers to and from reserves be reviewed as part of the budget process.

**ADOPTED: 3 MAY 2011**

**LAST REVIEW: 24 MARCH 2020**

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