

ANNUAL

BUSINESS PLAN AND BUDGET POLICY | PUBLIC VERSION



1 PURPOSE

Adelaide Hills Region Waste Management Authority is committed to sound budget management practices and transparency in the development and presentation of financial information to stake holders. The Local Government Act 1999 prescribes that the Authority must adopt for each financial year an annual business plan and annual budget including long term financial plan (being projected budget for 10 years).

2 SCOPE

This policy provides direction on budgeting, including key principles underpinning budget development for the Authority.

3 POLICY STATEMENTS

The budget will comply with requirements of the Local Government Act 1999 and related regulations.

As part of the budget process the Authority will prepare an annual business plan, which will:

- address objectives, activities and performance measures of the Authority;
- assess financial requirements;
- address gate rates, waste volumes, landfill compaction rates; and
- take into account the long term financial plan.

The following principles will underpin the budget development:

Honest and Accountable – The Authority will be honest and accountable in all aspects of the budget process, meeting stakeholders expectations of transparency and openness with a reporting framework that supports and enhances this.

Strategic Approach – The Authority will maintain a strategic approach to the delivery of all the Authority's services and capital works programs. The Annual Business Plan and Budget will be guided by the Authority's 10 Year Strategic Plan.

Long Term Financial Planning – A 10 year Long Term Financial Plan will reinforce the delivery and achievement of the Authority's long term strategic objectives in a sustainable manner. All programs will be regularly reviewed to ensure they fit within the Authority's financial framework.

Realistic Budgeting – All budget figures will be realistic, based on the best available information.

New Initiatives – All new initiatives will be evaluated in terms of meeting the Authority's strategic directions and incorporate a business case and cost benefit analysis.

Asset Sales and Debt – The operational budget will be structured such that there is no reliance on asset sales to fund core services.

Debt will be regarded as a tool to be used in a strategic perspective to achieve the provision of services to the community. Debt will be considered:

- in the context of the strategic objectives of the Authority;
- in the context of long term financial forecasts and objectives;
- as funding for long term infrastructure asset creation; and
- in the context of the Authority's Treasury Management Policy.

Financial Control – The Authority commits to ensuring that financial and other resources under its control will be used only for approved purposes and within the Authority's strategic framework and that all risks to the Authority's finances are properly managed.

4 KEY FINANCIAL INDICATORS

Key financial indicators enable an assessment of the Authority's long-term financial performance and position and will place the Authority on a path to deliver long term sustainability of operations.

The key financial indicators support a positive forward outlook and adherence over the long term for the Authority's financial sustainability. The following targets have been set to guide revenue and expenditure decisions, overall budget strategies and future decision making.

INDICATOR	SHORT TERM TARGET	LONG TERM TARGET (AVERAGE OVER 10 YR LTFP)
OPERATING SURPLUS RATIO	>0%	2%
NET FINANCIAL LIABILITIES RATIO	70%	55%
INTEREST COVER RATIO	1.5%	1.0%
ASSET RENEWAL FUNDING RATIO	100%	100%

5 REVIEW OF BUDGETS

Three times between 30 September and 31 May in the relevant financial year, a report showing a revised forecast of operating and capital investment activities compared with the estimates for those activities set out in the budget, is to be presented in a manner consistent with the Uniform Presentation of Finances.

6 REPORT ON FINANCIAL RESULTS

No later than 31 December in each year, the following is to be presented at an Authority's Audit Committee meeting:

A report showing the audited financial result of each item shown in the statement of comprehensive income and balance sheet, compared with estimated financial results set out in the budget, presented in a manner consistent with the Model Financial Statements.

A report entitled *Financial Indicators* which considers the previous financial years operating surplus ratio, net financial liabilities ratio and asset renewal funding ration, compared with estimates set out in the budget.

7 RELEVANT LEGISLATIONS

Local Government Act, 1999, Section 123
Financial Management Regulations under the Act, Regulations 5 – 10
Adelaide Hills Region Waste Management Authority Charter Section 4.2

8 REPORT ON FINANCIAL RESULTS

Local Government Act, 1999, Section 123

9 REVIEW

This Policy shall be reviewed and approved by the Board every two years or more frequently if required.