
Policy Owner: Director Corporate Strategy & Performance
Contact Person: Operations Manager Business & Finance
Distribution: All Staff
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1. Policy Statement

The City of Wanneroo (the City) acknowledges that it must plan for the current and future needs of its community in a socially, culturally, environmentally and financially sustainable manner. This will be achieved through Council's Strategic Community Plan (SCP), Corporate Business Plan (CBP). The City also acknowledges that the Budget must be embraced by all stakeholders and with this in mind must be developed in a collaborative manner.

The City takes into account statutory requirements, user capacity to pay, cost recovery and community expectations when setting Fees and Charges. The Fees and Charges are reviewed annually as part of the Budget process.

2. Objectives

To establish clear principles and guidelines that will deliver.

- Council Members strategic financial management directives;
- robust transparent Long Term Financial Planning processes;
- intergenerational equity;
- responsible budgeting and accountability;
- responsible stewardship of the City's assets, ensuring the resources of the City are well protected and used efficiently to accomplish the objectives of the City;
- sustainable, fully costed level of Fees and Charges for services both now and into the future (maintenance, renewal, replacement and new);
- prudent Rates setting that reflects community's needs and aspirations; and sustainable in non-Rates income streams;
- determine the legal mechanism and outline rationale for setting Fees and Charges; and,
- ensure that Fees and Charges recover actual and reasonable costs unless there are valid policy reasons not to do so.

3. Scope

This Policy applies in the development of the City's Annual Budgets and the setting of Fees and Charges.

4. Background

4.1 Stewardship and Accountability

The City must ensure that it fulfils all regulatory, legal and budgetary reporting requirements imposed by Federal and State governments as well as meeting accounting guidelines and standards. The City will have a financial management system consisting of:

- accurate and dependable accounting;
- effective internal controls procedures;
- transparent reporting;
- informed analysis;
- responsible budgeting and Long Term Financial Planning; and
- appropriate responses to its financial data.

In order to be financially accountable, the City must adopt and follow good financial and risk management policies. The City must use these reports and other sources to make good management decisions and plan for the future of the City including the long term financial planning taking into account a balanced approach to revenue and future expenditure.

4.2 Financial Integrity

The City acknowledges the importance of financial integrity. Where appropriate, the Policy is supported by relevant Management Procedures.

4.3 Long Term Financial Planning (LTFP)

The LTFP will be formulated to address the strategies and deployment objectives outlined in the City's SCP, CBP, Asset Management Plan, Workforce Management Plan and relevant informing strategies and resourcing plans.

4.4 Annual Budgeting Strategy

In order to achieve long term financial sustainability, the City will use all reasonable endeavours to deliver a balanced or surplus budget for each year. The budget will be produced using principles such as Zero-Based Budgeting and the Management of City's Reserves.

4.5 Reserves

Cash-backed specific purposes Reserves accounts will be established for the new and renewal or replacement of aging assets and to mitigate financial risk associated with unforeseen project carry-forwards.

The City will ensure that the purpose for any reserves is clear and that the use of the funds is transparently managed.

4.6 Capacity to Pay

Council will ensure consideration of Ratepayers capacity to pay is evaluated in their budget deliberations, with factors influencing the prevailing economic climate, such as inflation and interest rates, recognised and assessed.

4.7 Authority to Waive Fees and Charges

Council may offer concessional fees to deliver community outcomes. The concessional fees will be determined by examining the following factors:

- Type of service being provided;
- Users' ability to pay; and
- Market pricing - the pricing of comparable services offered by other operators.

Authority to waive Fees and Charges remains with Council. The Chief Executive Officer (CEO) is delegated to waive of Fees and Charges up to and including \$10,000. This authority does not extend to statutory charges, the municipal Rates or service charges incorporated within the Rate Notice (Refer to S6.16, 6.17, 6.18 & 6.19 of Local Government Act 1995). Waiving of Fees and Charges greater than \$10,000 must be approved by Council.

4.8 Intergenerational Equity

- a) The City will continually engage with the community, State and Federal governments in aiming to ensure that the full cost of infrastructure and service delivery are more equitably met by all generations of Ratepayers where possible.
- b) Intergenerational equity will be achieved through the City's LTFP and Annual Budgeting processes.

4.9 New Initiatives

- a) All new Operational or Capital Work Projects will be evaluated against Council's SCP and Asset Management Plan (AMP) supported by the Asset Management Policy.
- b) Project proposals must be supported by a business case, including a cost-benefit analysis, risk analysis and whole of life costing, to clearly demonstrate the fulfilment of financial policy objectives.
- c) The City will advocate for Grants and partnership opportunities and collaborate with neighbouring councils.

4.10 Funding Strategy

- a) Borrowings
 - i. Borrowings will be considered as a valid funding source for projects that contribute towards or achieve strategic goals identified in the City's SCP and have an identified source of revenue or utility.
 - i. The criteria for borrowing will be driven by the economic climate and Balance Sheet capacity.
 - ii. Cost/benefit analysis of borrowings will be required to be undertaken alongside assessment and alignment to the City's strategic asset management plans and strategies.

Sale of Assets

Proceeds from the sale of assets (Capital Revenue) will be applied to:

- (i) reduce any debt associated with the asset acquisition or upgrade since the original purchase or construction;
- (ii) offset the cost of replacement assets required for the City's operations arising from identified asset sale; and/or
- (iii) Municipal Funds, specific Cash Backed Reserves, the Strategic Projects/Initiative Reserve.

- b) Levels of Service
Services levels provided by the City will be regularly assessed and reviewed to ensure the best value for money and appropriate quality.
- c) Fees & Charges
- (i) The City acknowledges the requirements of the National Competition Policy and ensures compliance by regularly reviewing its Fees, Charges and services to identify whether these should be adjusted to ensure that they do not create or have the potential to create unfair competition with the private sector.
- (ii) The City adopts a "user-contributes" approach considering community expectation of the level of services and the users' capacity to pay.
- Additional factors that are considered when reviewing Fees and Charges include, but are not limited to:
 1. Purpose of the service;
 2. Full cost of the provision of the goods and services;
 3. Market rates; and

Revenue recovery of the cost of provision of the service.

- (iii) Methods of setting Fees and Charges
Fees and charges are set as part of the Annual Budget Process. Fees and Charges are established based on Statutory Law or Regulations in addition to Council Resolutions/policy.
- (iv) Circumstances for reviewing a fee or charge
- A change to level of service;
 - There is increased public demand for goods or services, placing pressure on current Budgets/Assets and a Fee or Charge will allow for managing the demand;
 - There is a change of legislative compliance, which requires change of resources or expertise;
 - A new service is established (this should only occur during the Annual Budget Process).
 - Legislation requires Council to prescribe a new Fee or Charge.
 - The current charge needs adjustment for inflation purposes.
 - Where any other new information is provided regarding a council good or service.
 - To lower the contribution Ratepayers pay for goods or services that principally benefit distinct groups or individuals.
- (v) Annual review
- Fees and Charges should be reviewed annually and changes to those Council Fees and Charges that require a special consultative procedure and Council resolution should be carried out alongside the Annual Budget Process as one annual fees and charges consultation process unless it is

impractical to do so.

- d) Rate Setting
- (i) The City's Rating strategy will be based on a general Rate (Rate in the dollar) increase of Perth CPI plus minimum of 2% reviewed annually (supported by the PricewaterhouseCoopers (PWC) reports originally issued in 2009 and subsequently updated in 2017. ("Review of City of Wanneroo key Financial Performance Indicators")
 - (ii) Where applicable, differential Rate setting and user-pay options will be exercised by Council to ensure fairness, consistency, transparency, efficiency and equity for the community.
 - (iii) Specified area Rates may be adopted where special or increased services are delivered.
 - (iv) Rates on vacant land shall be set at levels that encourage development to enhance amenity and economic prosperity of the City.

4.11 Funding Priority

- (a) The City recognises the competing demands for limited financial resources and endeavours to allocate resources in compliance with the objectives of this Policy.
- (b) Prioritisation of funding allocation will be based on the following:
 - (i) Activities requiring compliance with new statutory obligations or standards;
 - (ii) Risk mitigation activities or projects that are required to reduce extreme or high-level risks (as determined by using the City's Risk Assessment Matrix or other agreed risk assessment method) to, as far as practicable, an acceptable level;
 - (iii) Renewal, upgrade or maintenance of existing infrastructure assets as supported by the Strategic Asset Management Plans and related projects prioritisation processes;
 - (iv) Current operational funding for programs, unless the operational need for any of those programmes has been superseded;
 - (v) New programmes or assets as supported by the Strategic Asset Management Plans and related projects prioritisation processes; and
 - (vi) Council decisions for programmes and projects based on the current service levels required by the community or advised by City staff.

4.12 Writing off Debts

All reasonable measures must be undertaken by the City officers to collect the debt before it is written off.

All write offs up to and including \$10,000 must be authorised by the CEO or as delegated.

All write offs above \$10,000 must be authorised by Council.

Financial Compliance and Review

Legislative compliance

The CBP and Annual Budget will comply with the relevant requirements of the *Local Government Act 1995* and the associated *Financial Management Regulations 1996*.

1-Implications (Statutory, Financial, Human Resources)

The financial management of a local government is an important duty of the CEO in accordance with the *Local Government Act 1995* and the related regulations. This Policy will provide guidelines to the community, Elected Members and City staff.

2-Implementation

This Policy will be implemented during the Annual Integrated Planning & Reporting (IPR) development process

3-Roles and Responsibilities

This Policy is to be used to guide the Council and City staff in the development of the City's Annual Operating and Capital Budgets.

4-Dispute Resolution (If Applicable)

All disputes in respect to this policy will be referred to the Operations Manager Business and Finance in the first instance, and if unresolved, to the Director Corporate Strategy & Performance and escalated to the CEO for arbitration if necessary.

5-Who needs to know about this Policy

The Elected Members, Administration and other stakeholders, including the Community, contractors and consultants.

6-Evaluation and Review Provisions

This Policy will be reviewed periodically at the early stage of the Annual Integrated Planning and Budgeting process to ensure that it is appropriate and relevant to the current economic climate and compliant with all relevant legislative requirements.

7-Definitions

DEFINITIONS: Any definitions listed in the following table apply to this document only.

General Rate Increase %	General Rate is also known as Rate in the dollar, it means a Rate imposed in accordance with section 6.32(1)(a) of the <i>Local Government Act 1995</i> ,
Debt	A duty or obligation to pay money, deliver goods, or render service under an express or implied agreement. One who owes, is a debtor; one to whom it is owed, is a creditor or lender.
Debt Write offs	Debts that are deemed non collectable which results in forgiving the debtor from having to pay the debt to the creditor.
Financial Sustainability	The financial capacity to deliver the current and forecasted level of services demanded by the community.
Goods	'Goods' includes the provision of anything which may be tangible, such as information reports or documentation. The following shall apply to the provision of goods:- <ul style="list-style-type: none"> • Fees and charges for the provision of goods should initially aim to recover at the full economic cost of producing the goods; • Fees and charges are to be reviewed annually as part of the annual budget development process, and imposed in

	accordance with Section 6.16 of the Local Government Act 1995.
Intergenerational Equity	The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life (more evenly spreading the financial burden against current and future ratepayers who will enjoy the benefits).
Services	<p>'Services' includes items such as licensing & inspection fees.</p> <ul style="list-style-type: none"> • Fees and charges for the provision of services should initially aim to recover the full economic cost of providing the service. • Fees and charges are to be reviewed annually as part of the annual budget development process, and duly advertised before being adopted by Council.
Whole Of Life Cost	Refers to the total net cost incurred when acquiring goods or services and is made up of all initial procurement costs, operating and maintenance costs, disposal costs and termination costs, less residual value, in any.

5. Relevant Policies/Management Procedures/Documents or Delegations

This Policy is supported by the following policies, procedures, documents and delegations:

1. Accounting Policy
2. Financial (Cash Backed) Reserves Policy
3. Strategic Asset Management Strategy and Policy
4. Risk Management Policy and Methodology
5. Workforce Management Plan
6. Strategic Community Plan
7. Corporate Business Plan
8. Long Term Financial Plan
9. Strategic Land Policy

6. References

- The Local Government Act 1995;
- The Local Government (*Financial Management*) Regulations 1996;
- Australian Accounting Standards Board (AASB) Standards; and
- National Competition Policy.

7. Responsibility for Implementation

Director Corporate Strategy and Performance

REVISION HISTORY

Version	Next Review	Record No:
V1.0	Dec2016	15/156551
V3 6 March 2018	December 2018	15/156551V3
V4 13 February 2019	January 2023	15/156551V6
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