

# Liquidity - Council Policy

<b>Effective Date</b>	Special Meeting of Council Adopt 2016/2017 Budget - 13 June 2016
<b>Policy Owner</b>	Finance, Corporate Services
<b>Link to Corporate Plan</b>	Strategic Theme 1: Effective and Inclusive Governance
<b>Review Date</b>	June 2019
<b>Related Legislation</b>	<i>Local Government Act 2009</i>
<b>Related Documents</b>	Financial Management Strategy, Investment Policy, and Debt Policy.

<b>Policy Version</b>	<b>Approval Date</b>	<b>Adopted/Approved</b>
1	13/06/2016	Special Meeting of Council Adopt 2016/2017 Budget - 13 June 2016

*This policy may not be current as Council regularly reviews and updates its policies. The latest controlled version can be found in the policies section of Council's intranet or Website. **A hard copy of this electronic document is uncontrolled.***



## 1. PURPOSE

The purpose of this policy is to ensure Council has adequate cash liquidity to meet its cash flow obligations as and when they fall due.

## 2. SCOPE

Section 104(1) of the Local Government Act 2009 states that to '*ensure it is financially sustainable, a local government must establish a system of financial management*' Section 104(2) of the Local Government Act 2009 states '*a local government is financially sustainable if the local government is able to maintain its financial capital and infrastructure capital over the long term*'.

Central to a local government being financial sustainable is that the local government not only has the capacity to meet but actually meets its financial obligations as and when they fall due.

## 3. POLICY

To ensure, Council meets its obligations as and when they fall due, Council will:

- maintain sufficient liquidity to meet its financial obligations for the current period which will end one month after the closure of the discount period applying to the payment of the next general rates and utilities charges (ie 30 September or 31 March)
- establish and maintain a Working Capital Facility with QTC which will be used to meet payments under exceptional circumstances. The Working Capital Facility will not be utilised as a permanent source of funding., and
- ensure it has the appropriate mix of at call and term investments.

### 3.1 Processes

Finance will, on a monthly basis undertake a cash flow analysis out to the month following the discount cut-off date for the next rates and utility charges collection period to ensure Council has the necessary liquidity.

On a daily basis Finance will determine what if any funds need to be called or invested.

At times, finance may have to utilise the QTC Working Capital facility.

### RELATED DOCUMENTS (LOCAL LAWS, POLICIES, DELEGATIONS ETC):

Authority in respect of this policy is delegated to the Chief Executive Officer, Corporate Services General Manager, Chief Finance Officer and Financial Planning Coordinator.

Related documents are:

- Financial Management Strategy
- Investment Policy, and
- Debt Policy.

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