

Financial Management and Investment Strategy Policy

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| Effective Date | 1 July 2026 |
| Policy Type: | Statutory Policy |
| Policy Owner | Chief Financial Officer |
| Link to Corporate Plan | Sustainable Organisation |
| Review Date | Special Meeting of Council Adopt 2027-28 Budget |
| Related Legislation | Local Government Act 2009; and Local Government Regulation 2012 |
| Related Documents | Revenue Statement; 2026-27 Budget including the Long-Term Financial Plan; Debt Policy; and Investment Policy |

| Policy Version | Approval Date | Adopted/Approved |
|----------------|---------------|---|
| 1 | 18/06/2026 | Special Meeting of Council Adopt 2026-27 Budget |
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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.**

Financial Management and Investment Strategy Policy

PURPOSE

The purpose of this policy is to establish a financial management framework that guides the development of Council's budget and Long-Term Financial Plan.

1. 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'.

Section 169(5) of the *Local Government Regulation 2012* defines the relevant measures of financial sustainability. The Department of State Development Infrastructure, Local Government and Planning in its Financial Management has issued the *2024 Financial Management (Sustainability) Guideline*. This Guideline explains the concept of sustainability and provides guidance for calculating the relevant financial sustainability measures specified in Section 169(5) of the *Local Government Regulation 2012*.

Council reports the ratios listed in the table below. These ratios have legislative and Council targets (which are listed in Council's *Budget Policy*).

| Type | Measure | Rationale |
|----------------------------|---------------------------------------|---|
| 1. Financial Capacity | Council Controlled Revenue Ratio | Capacity to generate revenue internally |
| 2. Financial Capacity | Population Growth Ratio | Population growth/decline pressures on council |
| 3. Operating Performance | Operating Surplus Ratio | Holistic overview of council operating performance |
| 4. Operating Performance | Operating Cash Ratio | Cash operating performance (less depreciation and other non-cash items) |
| 5. Liquidity | Unrestricted Cash Expense Cover Ratio | Unconstrained liquidity available to council |
| 6. Asset Management | Asset Sustainability Ratio | Capital renewals programme performance |
| 7. Asset Management | Asset Consumption Ratio | Extent to which assets are being consumed |
| 8. Asset Management | Asset Renewal Funding Ratio | Asset replacement programme performance |
| 9. Debt Servicing Capacity | Leverage Ratio | Ability to repay existing debt |

2. POLICY

Council's financial management and investment activities will incorporate the following principles to ensure the long-term financial sustainability of Western Downs Regional Council considering the needs of its communities and the financial capacity of its ratepayers, businesses, and residents.

2.1 Revenue generation

A rates and charges regime that is not generally seen as onerous on ratepayers, businesses, and individuals.



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2.2 Services delivered

The services delivered by Council are reviewed and are delivered in a financially sustainable manner having regard to sound procurement and expenditure management practices.

2.3 Disciplined Asset Management and Investment

Council regularly reviews its asset base and manages its assets in a manner which optimises its investment over the long-term.

2.4 Prudent Financial Management

Council manages its operations to ensure sufficient capacity to absorb economic shocks and navigate fluctuations in the economic cycle. This is achieved by:

- (1) establishing and maintaining robust governance processes;
- (2) over the long-term (ten years), achieving a cumulative operating surplus before capital grants and subsidies, with more years having an operating surplus than years with an operating deficit;
- (3) considering the various options to deliver Council services and capital works. While outsourcing may represent the best option, this needs to be considered in the context of the impact on employment within the region and the level of market competition;
- (4) regularly reviewing the asset base to determine the future need for these assets;
- (5) considering the various options for delivery of the capital programme, including whole of life costs;
- (6) weighting a preference to local contractors/firms, as this better ensures the long-term economic sustainability of the region;
- (7) only using debt in circumstances where Council has adequate capacity to meet debt servicing and only borrowing to fund new or upgrade capital assets which are revenue generating. The use of debt to fund new or upgrades to social infrastructure should only be done in exceptional circumstances; maintaining borrowing terms that are shorter than the estimated life of the asset;
- (8) maintaining capital is a priority when making financial investments; and
- (9) where the activity/business is considered non-core, carefully considering whether it is a benefit to have Council deliver it.

