

WEST WIMMERA SHIRE COUNCIL

Long Term Financial Plan

2021/22 - 2030/31

DRAFT - August 2021

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Long Term Financial Plan 2021/22 - 2030/31

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Introduction

Council has developed a Long Term Financial Plan to provide the financial management framework upon which sound financial decisions are made. Section 91 of the *Local Government Act 2020* requires Council to develop, adopt and keep in force a Long Term Financial Plan.

Purpose

The Long Term Financial Plan (the Financial Plan) is a high-level, informing strategy.

The purpose of the Financial Plan is to;

- Aid in decision-making for West Wimmera Shire Council's approach to delivering infrastructure and services to the community in a financially sustainable manner.
- Establish a framework for the next 10 years to plan for the achievement of the goals and objectives outlined in the Council Plan.
- To assess and plan for the financial sustainability of Council into the future.

Scope

In accordance with section 91(2) of the Act, the scope of the Financial Plan is for a period of 10 financial years. The Financial Plan covers the years 2021/22 to 2030/31.

A range of conservative assumptions and estimates have been used in projecting Council's long-term financial position. These assumptions are outlined in further sections of the document.

The plan will be reviewed and updated annually to reflect the current circumstances of Council.

Objectives

The Financial Plan objectives include:

- To ensure Council maintains a sound financial position whilst meeting the service needs of the community now and into the future.
- To enable adequate investment in capital works and meet the asset renewal requirements of Council's infrastructure as outlined in asset management planning.
- To meet the financial requirements of the goals, objectives and initiatives outlined in the Council Plan.

Community Engagement

In accordance with section 55(1)(g) of the Local Government Act 2020, the Financial Plan has been developed using deliberative engagement principles consistent with Council's Community Engagement Policy.

Community consultation has been conducted in conjunction with the development of the Council Plan 2021-2025 to ensure a strong link between Council's strategic objectives, community vision and the Financial Plan.

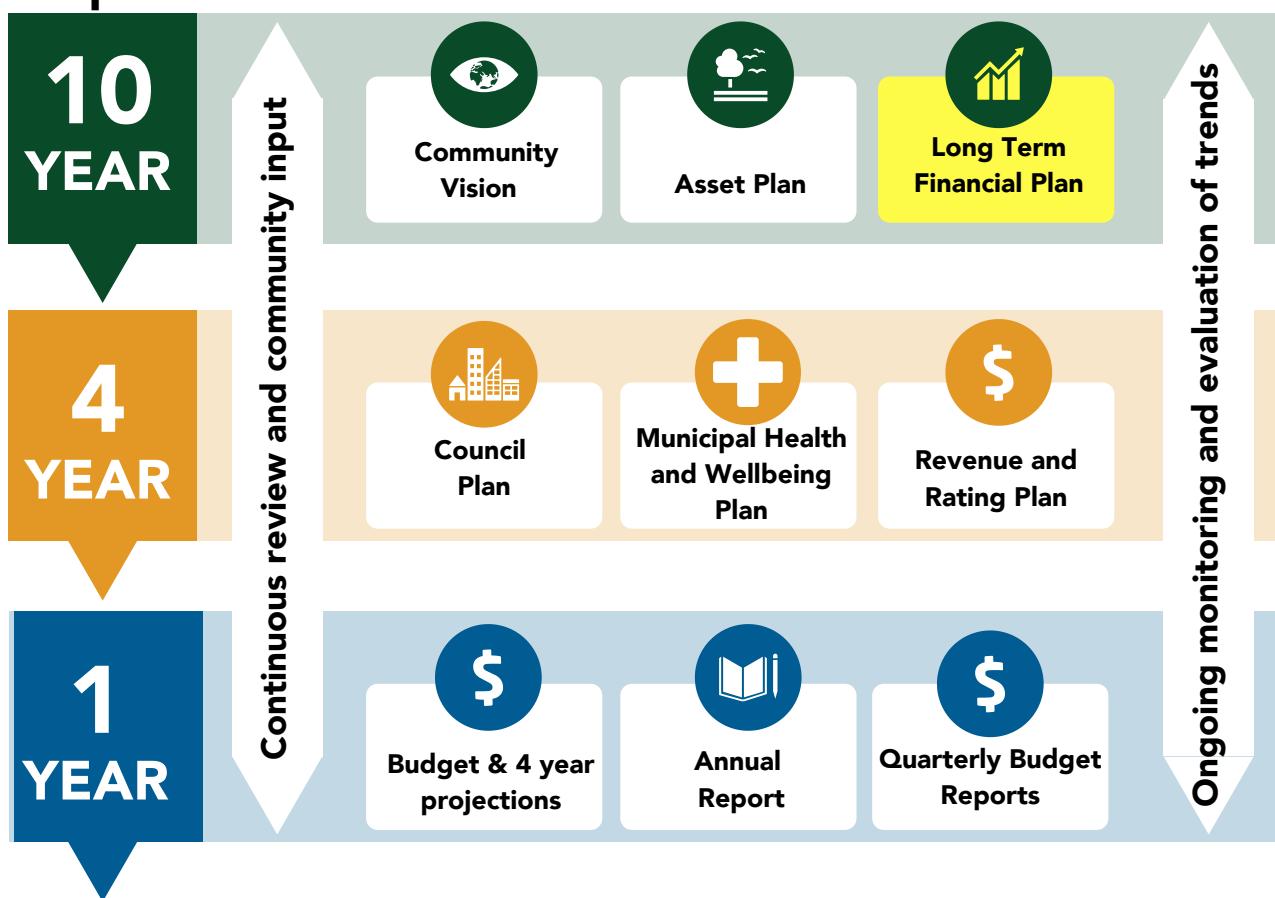


Link between the Long Term Financial Plan and Council's Planning Framework

Council's planning framework comprises the key plans that guide our work and decision making and connects the long term community needs and aspirations. The Council Plan is aligned with the 2041 Community Vision. The purpose of the Financial Plan is to ensure the financial sustainability of West Wimmera Shire Council and to provide the appropriate level of resources to meet Council's future needs in providing services, infrastructure and facilities to the community.

The key elements of our planning framework are:

Scope



Community Vision

The Community Vision describes the community's main priorities and aspirations over the next 20 years.

Long Term Financial Plan

The Financial Plan defines the broad financial framework for Council over the next ten years. The Financial Plan identifies council's current and projected financial capacity to continue delivering services, facilities and infrastructure to the community, whilst maintaining sound financial management principles.

Executive Summary

The Financial Plan will guide the future strategies and actions of Council to ensure that it continues to operate in a sustainable manner. It is not intended to specifically indicate what services/proposals Council should allocate funds to, rather it identifies Council's current and projected financial capacity to continue delivering high quality services, facilities and infrastructure, whilst living within its means.

The financial forecast is for Council to be in a strong financial position for the year ended 30 June 2022, with net assets of \$226.65 million, including \$13.82 million in cash. Of this balance, approximately \$5 million is restricted or subject to intended allocations, leaving an unrestricted cash balance of around \$8.82 million. In applying the assumptions detailed in this document, the Financial Plan forecasts continuing modest cash surpluses as a means to steadily improve Council's long term financial sustainability and to meet demand for services and infrastructure. Council currently does not have any borrowings and no new borrowings are proposed in this plan. The Financial Plan projects a continued very strong working capital level.

As outlined in the below projected financial statements, Council is forecasting a continued operating deficit over the life of the Financial Plan, with a surplus total comprehensive result in the outer years once asset revaluations are considered. Conservative assumptions have been made with regards to non-recurrent grant funding as these can fluctuate greatly and are largely unknown from year-to-year.

This Financial Plan highlights the ongoing challenges facing Council into the future. With a very low rates effort when compared with other Councils and the current rate-capping environment, Council's ability to raise own-source revenue is limited. Therefore, external funding for both operational and capital requirements remains vitally important for the future sustainability of Council. In accordance with the Revenue and Rating Plan, Council will continue to actively seek external funding from all available avenues. Council will also continue to focus on improving operating efficiencies in business operations.

Council's largest asset class is our infrastructure and road network, and it is integral to long-term sustainability that Council continue to meet renewal demands of these assets in accordance with asset management plans. Community support and assistance remains Council's top priority, particularly as the ongoing effects of Covid-19 are felt throughout the whole community.



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