

SHARING SOLUTIONS

19-21 October 2016
Mantra Lorne

Council Elections: Finance Principles For Your New Councillors

Agenda

1. Election outcome
2. Moral obligations
3. Legal obligations
4. Organisation processes
5. Key issues
6. Delivery
7. Questions

The journey begins!



Election outcome

Election outcome



Election outcome

- New councillors
- Returning councillors
 - Have knowledge
 - Think they have knowledge



Moral obligations

Moral obligations

Why?

- Responsibility to spend ratepayer's money wisely
 - Prioritise our spending to meet their needs
 - Assess performance regularly to manage spending
 - Adjust spending so expenses don't exceed income
 - Tell the ratepayers how we performed



Legal obligations

Legal obligations

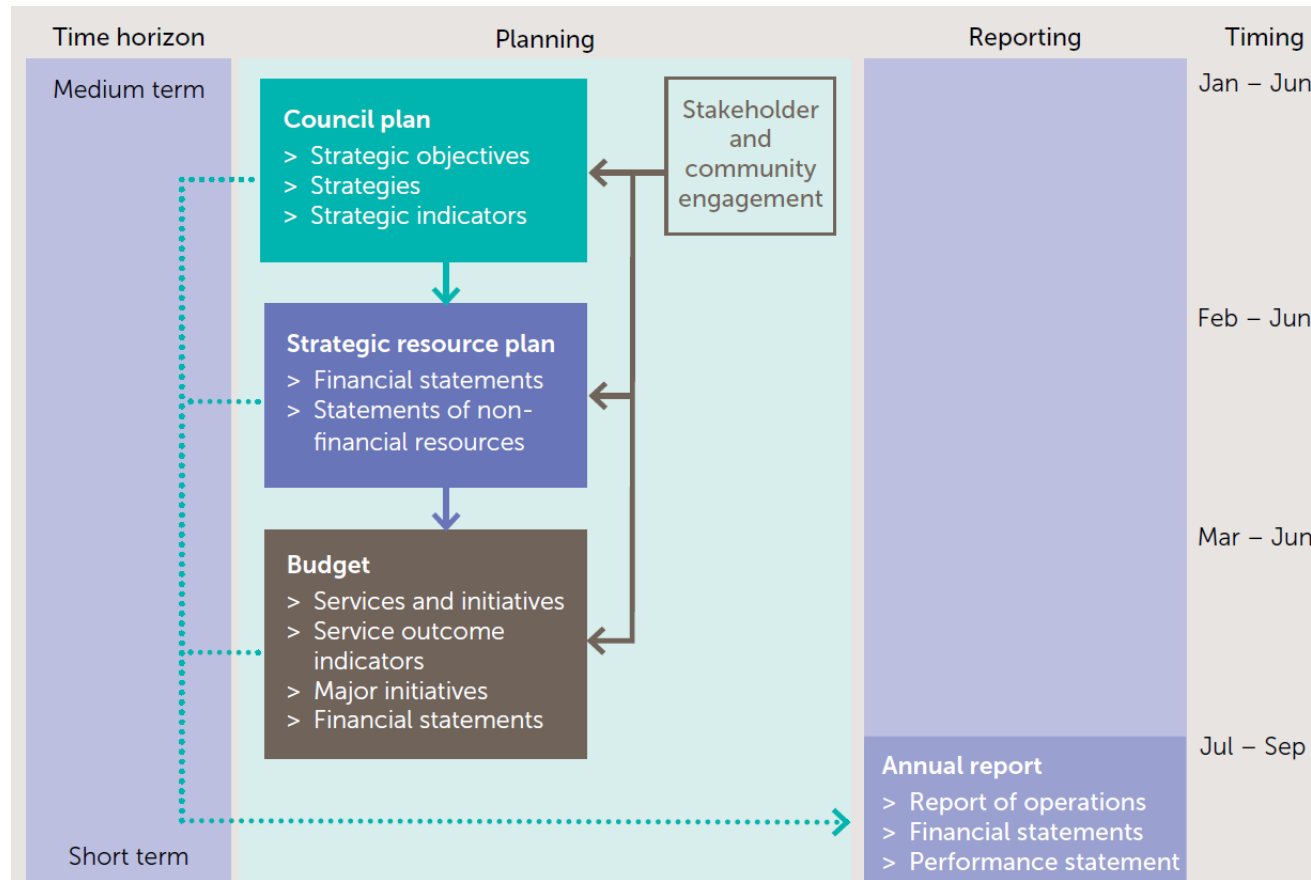
Section	Responsibilities
3C(2)(b)	Ensure that resources are used efficiently and effectively
3D(2)(c)	Maintain the viability of the Council by ensuring that resources are managed in a responsible and accountable manner
136(1)	Must implement the principles of sound financial management
137	Must establish and maintain a budgeting and reporting framework that is consistent with the principles of sound financial management

Legal obligations

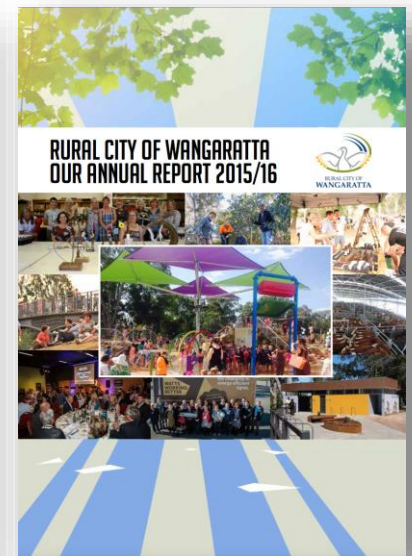
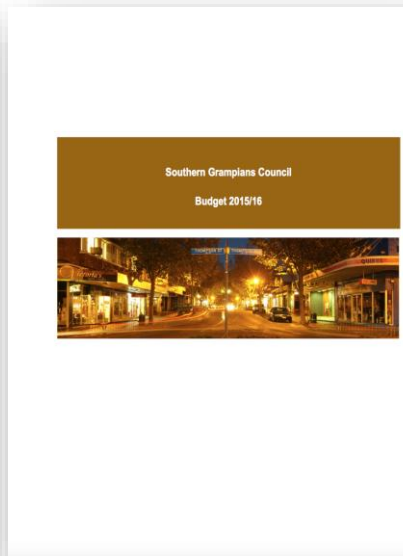
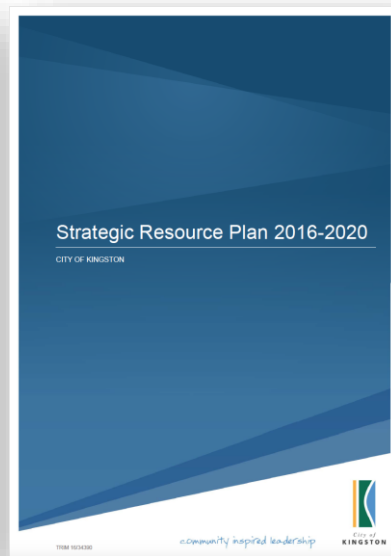
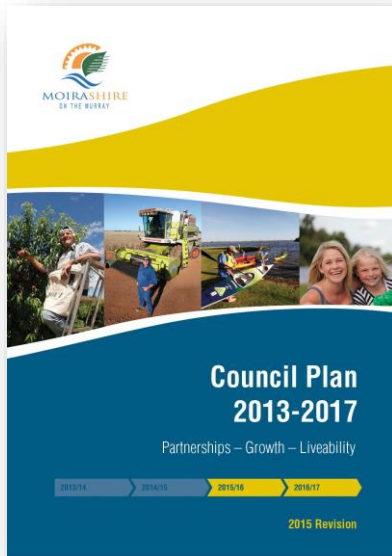
Principles

1. Manage financial risks faced by the Council prudently, having regard to economic circumstances
2. Pursue spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden
3. Ensure that decisions are made and actions are taken having regard to their financial effects on future generations
4. Ensure full, accurate and timely disclosure of financial information relating to the Council

Legal obligations



Legal obligations



Legal obligations

Document	Decision Yes/No	When?
Council Plan ¹	Yes	30 Jun
Strategic Resource Plan	Yes	30 Jun
Budget ²	Yes	30 Jun
Financial Statements	Yes	30 Sep
Performance Statement	Yes	30 Sep
Quarterly Statements ³	Yes	3 Mthly

¹ By 30 June after election and then annual SRP update

² May also adopt revised forecast at mid year review

³ Normally reported monthly

Legal obligations

Audit committee

- Must have one and includes councillors and independent members (chair)
 - Oversee the internal and external audit functions
 - Review audited statements
 - Monitor the internal control environment
 - Monitor and risk (incl. fraud)
 - Monitor compliance with LGA



Legal obligations

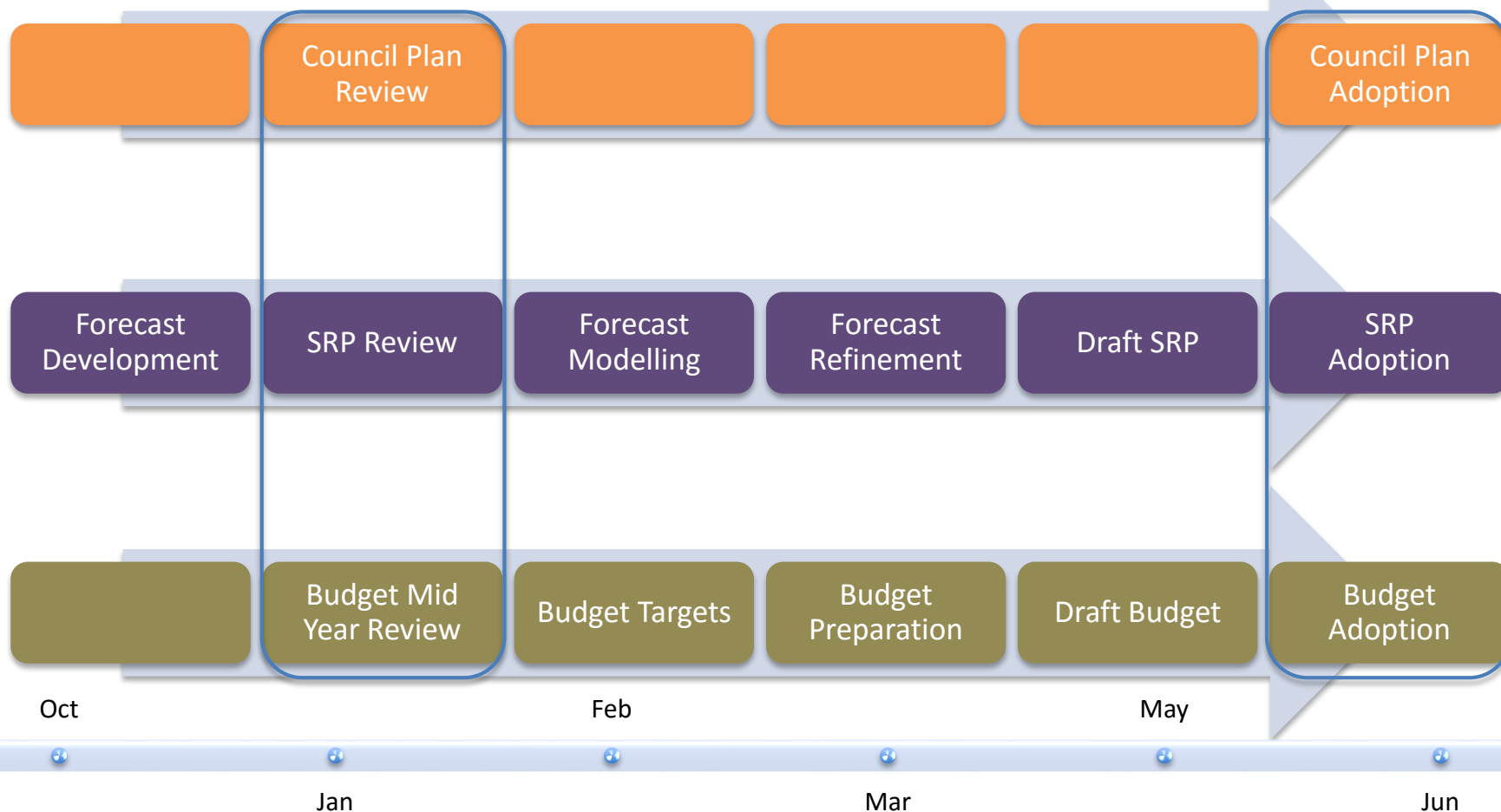
Stakeholders

- Council
- Audit Committee
- CEO
- Principal Accounting Officer
- Officers
- Victorian Auditor General (VAGO)
- Local Government Victoria (LGV)
- Minister for Local Government



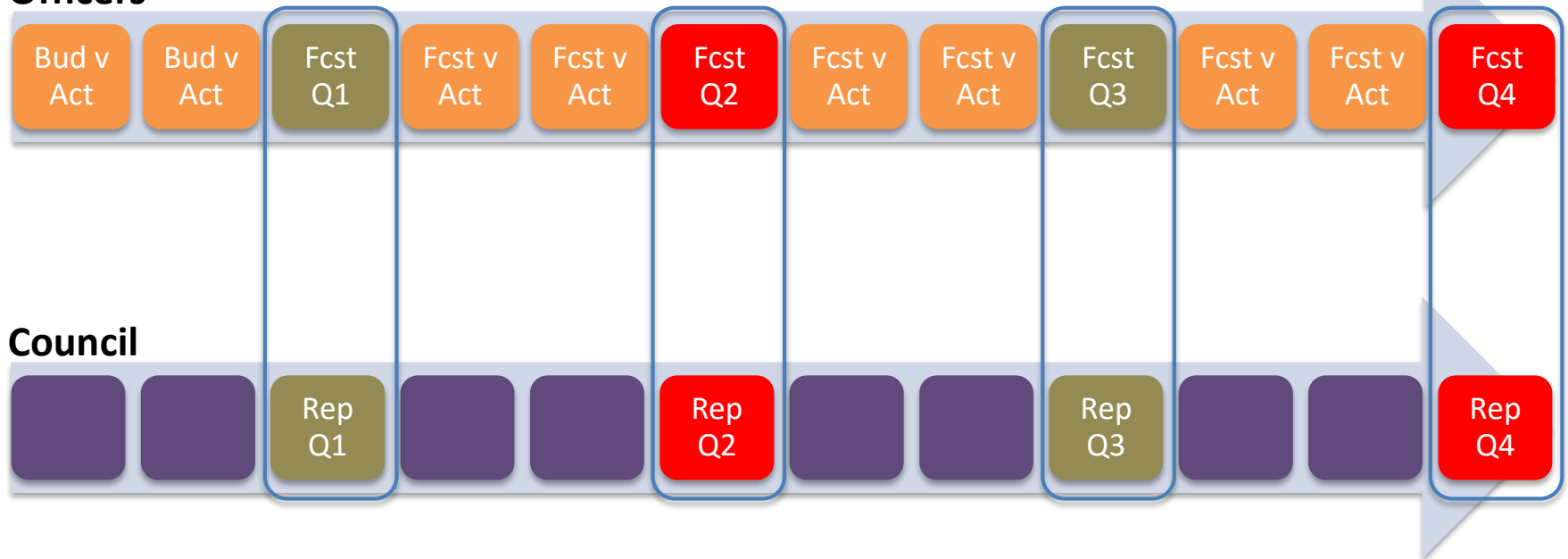
Organisation processes

Organisation processes



Organisation processes

Officers



Jun

Dec

Jun

Sep

Mar

Key issues

Key issues

Local

- Results of the audit
- Current and projected budget position
- Long term sustainability
- Challenges
 - Asset renewal
 - Growth/Demographics
 - Others?



Key issues

State

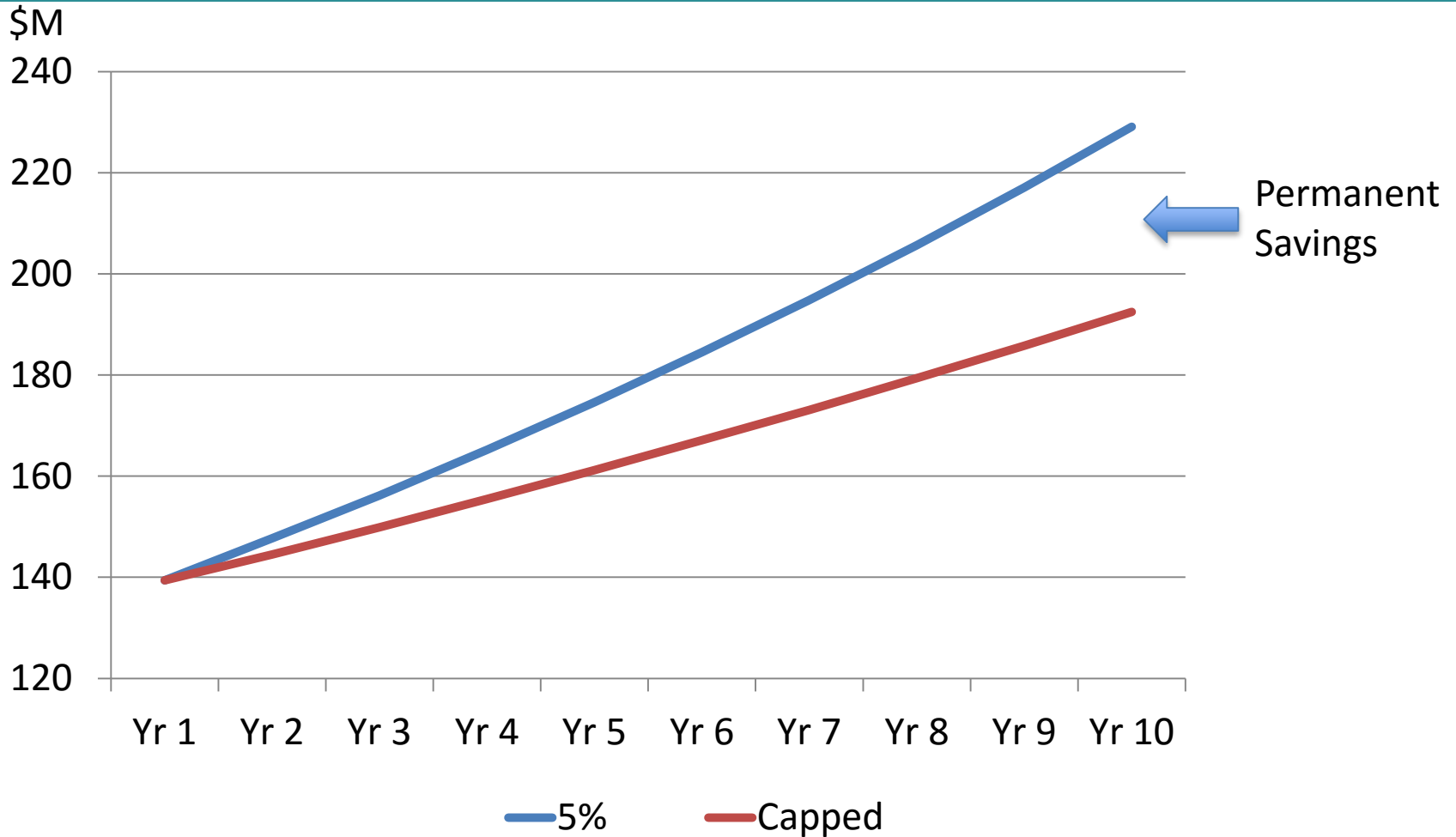
- Rate capping
- LG Act review
- Defined benefit super
- FAGs
- Others?

Melbourne Consumer Price Index
2016-17 Budget

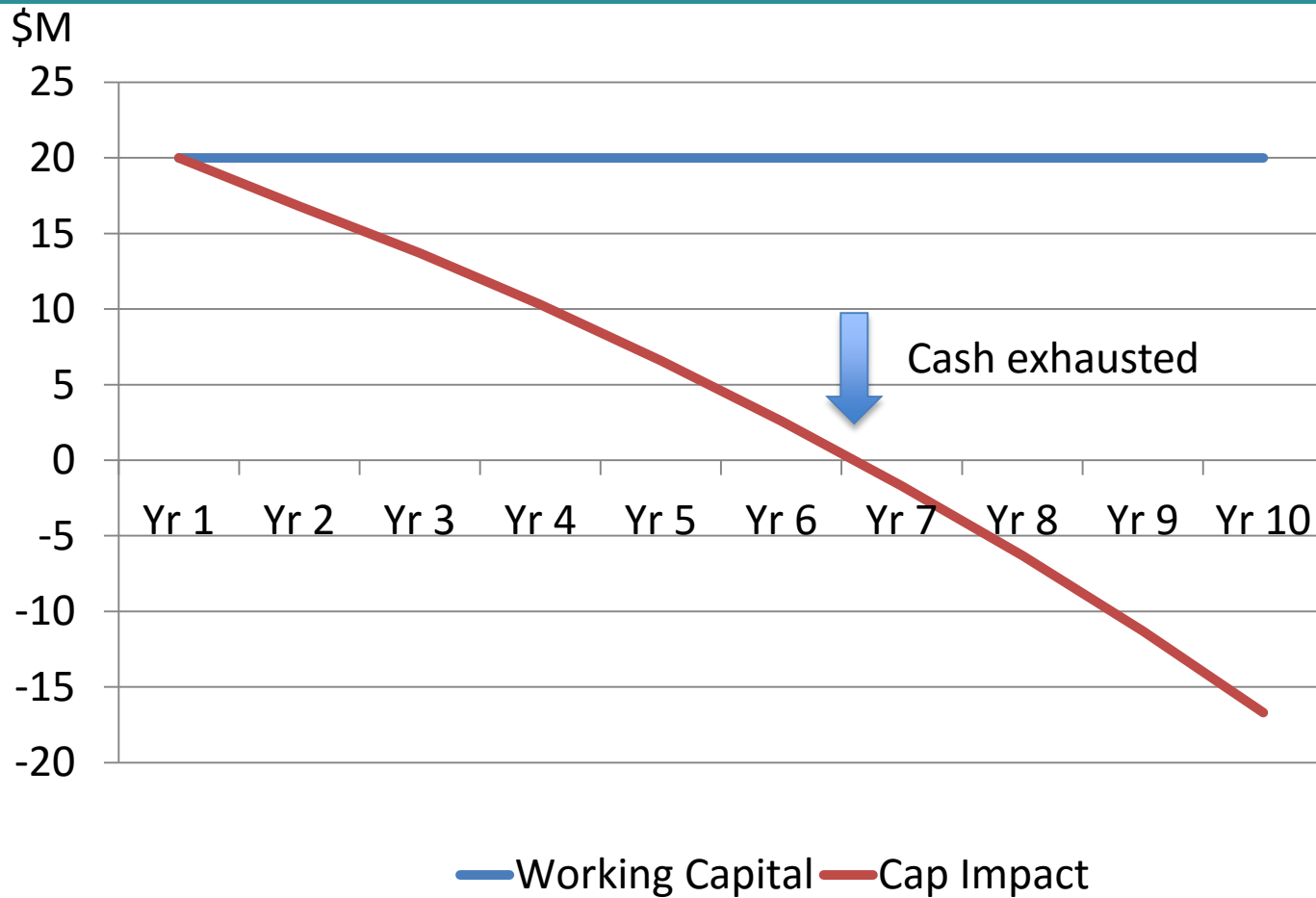
Historical Data†			Forecasts (% growth in year-average, rounded to nearest 0.25 percentage point)					
Level (index)	Growth (%)		2016-17† Budget	2015-16† Budget† Update	2015-16† Budget	2014-15† Budget† Update	2014-15† Budget	2013-14† Budget† Update
1989-90	56.5							
1990-91	59.7	5.8						
1991-92	61.1	2.3						
1992-93	61.6	0.8						
1993-94	62.8	2.0						
1994-95	64.5	2.7						
1995-96	66.9	3.7						
1996-97	67.7	1.3						
1997-98	67.7	0.0						
1998-99	68.3	0.9						
1999-00	70.1	2.6						
2000-01	74.3	6.0						
2001-02	76.5	2.9						
2002-03	78.9	3.2						
2003-04	80.7	2.3						
2004-05	82.3	2.0						
2005-06	84.9	3.1						
2006-07	87.1	2.6						
2007-08	90.2	3.5						
2008-09	92.7	2.8						
2009-10	94.6	2.1						
2010-11	97.7	3.3						
2011-12	100.0	2.3						
2012-13	102.2	2.2						
2013-14	105.0	2.8					2.75	2.50
2014-15	106.5	1.4			1.50	1.75	2.25	2.25
2015-16			2.00	2.25	2.75	2.75	2.50	2.50
2016-17			2.25	2.50	2.75	2.50	2.50	2.50
2017-18			2.50	2.50	2.50	2.50	2.50	
2018-19			2.50	2.50	2.50			
2019-20			2.50					

Sources: Australian Bureau of Statistics, Department of Treasury and Finance.

Key issues



Key issues



Delivery

Delivery



Delivery

- Use plain english not jargon
- Use pictures and graphs not slabs of text
- Provide succinct reading material for future reference
- Deliver over 2-3 short sessions
- Follow-up after each session
- Consider a 'buddy' system





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