



Long-Term Financial Plan Policy

Reference Number:	3.9
Type:	Council
Category:	Corporate Services
Relevant Community Vision Outcome:	<u>Responsible Governance</u> We will manage our city in a sustainable and affordable way with responsible governance. <u>Excellence in Customer Experience and Service Provision</u> We will foster an organisational culture focused on continuous improvement and delivering excellence in customer experience and service provision.
Responsible Officer(s):	Manager Financial Services
First Issued/Approved:	July 1996
Minutes Reference:	CoS 3/08/2026, Item 4.2
Last Reviewed:	August 2026
Next Review Due:	August 2028
Applicable Legislation:	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
Related Policies:	Annual Budget Policy
Related Procedures:	Budget Review Procedure; Overview of Long-Term Financial Plan and Budget Process

1. Purpose

To set out Council's requirements for the preparation, review and use of its Long-Term Financial Plan (LTFP) as a key component of Council's strategic management plans. The Policy supports compliance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and promotes financially sustainable decision-making over the long term.

2. Scope

This Policy applies to the development, adoption, review, publication and use of Council's LTFP, including its integration with Council's Community Vision, strategic management plans, infrastructure and asset management plans, annual business plan and budget, and related financial policies.

3. Policy Statement

Council will prepare, adopt and maintain an LTFP as part of its strategic management planning framework.

The LTFP will provide financial projections for a period of at least 10 years and will be reviewed at least annually, or earlier where material decisions or changes in circumstances require review.

The LTFP will align with Council's Community Vision, strategic management plans, infrastructure and asset management plans, and Organisational Plan, and will inform the development of Council's annual business plan and budget each year.

Assumptions used in developing the LTFP will be documented, reviewed annually and updated as part of Council's annual business plan and budget development process, and as a minimum, will address Council's financial sustainability, proposed debt levels, infrastructure and asset management requirements, rate revenue settings, operating expenditure strategies, service level implications, anticipated development and demographic changes, and material cost drivers.

Financial forecasts from Council's adopted infrastructure and asset management plans will be incorporated into the LTFP. These forecasts will be reviewed and updated annually by the relevant asset managers to ensure they reflect current asset renewal, replacement and development requirements, market conditions and delivery risks.

As part of the annual review of the LTFP, the Chief Executive Officer will provide a report on the sustainability of Council's long-term financial performance and position, having regard to Council's annual business plan and strategic management plans.

The LTFP will include estimated financial statements for the period of the plan. These statements must be presented, other than notes and explanatory information, in a manner consistent with the Model Financial Statements.

The LTFP will include a summary of proposed operating and capital investment activities in a manner consistent with the Uniform Presentation of Finances note in the Model Financial Statements.

The LTFP will include key financial indicators that support assessment of Council's long-term financial sustainability and are aligned with the strategic directions modelled in the plan.

As a minimum, the LTFP will include estimates for the operating surplus ratio, asset renewal funding ratio and net financial liabilities ratio in a manner consistent with the Financial Indicators note in the Model Financial Statements.

Council will set and monitor financial indicator targets through the LTFP to support ongoing financial sustainability. As a minimum, Council will monitor the operating surplus ratio, net financial liabilities ratio and asset renewal funding ratio in a manner consistent with the Financial Indicators note in the Model Financial Statements. Council may also adopt and disclose additional financial indicators, such as the interest cover ratio or adjusted operating surplus ratio, where these provide greater transparency over affordability, debt servicing capacity, cost control or other matters relevant to Council's long-term financial sustainability.

Council's current targets are an operating surplus ratio greater than 0% and less than 10% over the medium term, a net financial liabilities ratio of less than 100%, and an asset renewal funding ratio greater than 80% over the forecast period of the LTFP.

Council will provide copies of the LTFP, and any other information reasonably required, to the designated authority in accordance with the Local Government Act 1999 and within the timeframe and manner specified by the designated authority. Advice provided by the designated authority, and Council's response to that advice where applicable, will be published in Council's draft and adopted annual business plan for the relevant financial year and each subsequent financial year until the next relevant financial year for Council.

4. Definitions

Key Term – Acronym	Definition
Model Financial Statements	The prescribed model form for local government financial statements and related disclosures adopted under the Local Government (Financial Management) Regulations 2011.
Operating surplus ratio	A financial indicator that expresses the operating surplus or deficit as a percentage of operating revenue.
Asset renewal funding ratio	A financial indicator that measures the extent to which capital expenditure on renewing or replacing existing assets is consistent with the renewal requirements identified in Council's adopted infrastructure and asset management plans.
Net financial liabilities ratio	A financial indicator that measures the extent to which Council's net financial liabilities, being total liabilities less financial assets, can be met from total operating revenue.