**Introduction**

Key elements of financial and revenue policy statement deliberations include:

**Working Capital**

Council aims to sustain an indexed working capital balance of $1.035m for General Fund and $0.6m for each of Water and Sewer Funds across the annual budgetary cycle.

**Debt Servicing and Loan Borrowings**

Council has identified levels for the extent of rate revenues to be absorbed by loan payments. It is anticipated levels may increase as loans are taken up to provide new facilities to support the growing and ageing population, the costs of which will in part be met by development contributions. However, the water and sewer funds may be highly leveraged (up to 50%) to recognise the high cost of reticulation and treatment infrastructure and pressures from urban communities.

Loans are borrowed for major projects for a term equivalent to the serviceable life of the asset - but usually not greater than 30 years. Where grants are available and may accelerate the construction of an asset, then loans are used to attract or match that grant. Council considers loan borrowing to be an equitable means to ensure the beneficiaries of the use of that asset, pay for it. This is in accord with the inter-generational equity principle.

**Grants**

Grants are considered a valuable source to match or fully fund community service, road, facility, water, and sewer works, and special environment studies and works. Council will apply general purpose revenues (such as rates) to projects or services where they attract a grant and provide benefit to the community or the development or retention of infrastructure assets or facilities. Grants may also be sourced and sponsored where they generate employment.

**Pricing Methodology**

The pricing principles are disclosed in Procedure 5.06.6 Statement of Pricing. Those principles recognise a 'community service obligation' where full recovery of costs through fees may make some services or facilities 'financially out of reach' of some members of the community; as well as the importance to appropriately account for expenses (environment, social and financial) to price services and products correctly.

For more information refer to Council’s Procedure 5.06.6 Statement of Pricing.

**Investments**

Investments are placed with financial institutions in accord with legislation to achieve best returns and maximise availability of investment funds for projects for cash flow purposes. The timing of receipt of rates and grants and loan borrowings is considered when placing or retiring investments.

For more information refer to Council’s Policy 5.07 Investments.