

A budget review provides an opportunity to amend the previously adopted (or amended) budget. Changes to a budget may be required as further information is received during the year. Reasons for these changes include:

- Different services expected by the Community,
- Additional funding received to carry out new or extended services,
- Projects or services delayed or stopped due to lack of resources.
- Ad hoc budget adjustments.

3. Power to Make the Policy

Council is empowered to make this Policy pursuant to Section 123 of the Local Government Act 1999 and Section 7 of the Local Government (Financial Management) Regulations 2011.

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4. Strategic Plan Link

This Policy has the following link to Council's Strategic Plan 2010-2020:

Goal 2 – Leadership

A Council providing strong leadership and excellent service delivery.

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5. Principles

A number of factors to take into consideration when administering the budget review process include:

- Commitment to financial sustainability by ensuring that the adopted key financial targets are met
- Consistency with Council's strategic direction
- Accountability and transparency in the decision making process
- Providing value for money for the services provided
- Maintaining the budget allocated to each project type.

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6. Definitions

New Initiatives: Services that are provided for the first time that may have consequences on future recurrent budgets, or are short term in nature.

Capital Renewal & Replacement: Occurs where an asset's service life is extended, but its service capability is not improved.

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Capital New: Occurs where an asset is added to Council's existing complement or where an existing asset is expanded to provide additional capabilities or services.

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7. Policy

To ensure the principles of this policy are met, the following guidelines will apply during the budget review process.

The exception to these guidelines occurs where circumstances are outside Council's control. This may occur as a result of the following changes in circumstances:

- Cost shifting from other levels of government,
- Changes to legislation or regulations; and

Where these circumstances occur, ~~or~~ when carry forward items ~~from the previous financial year~~ are recognised in the budget, Council will attempt to achieve its adopted financial targets.

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Operating Surplus/Deficit

The operating surplus/deficit is calculated by deducting Council's operating expenses from its operating income. This result is used to determine key financial target 1 (*Operating Surplus*) and assist in the calculation of key financial target 2 (*Operating Surplus Ratio*).

As a result of the budget review, the budgeted operating result should at least remain the same where possible.

Replacement of Existing Projects

To assist in the calculation of Council's financial indicator targets, projects are classified into three categories, being:

- New Initiatives (Operating)
- Capital-New
- Capital-Renewal & Replacement

~~Where possible~~, Council should aim to ensure that its ~~key~~ financial targets are maintained or improved. ~~The total budgeted net expenditure allocation for each of these project types should not be increased without a corresponding increase in revenue or a reduction in expenses in the same financial year.~~

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Where such projects are delayed to future financial years, the allocation should remain in the budget. The allocation remaining for the projects at the end of the financial year shall be included in the items to be carried forward to the following financial year, ~~and recognised as part~~ of the Committed Works Reserve.

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Projects to be considered during the budget review process can be ~~put forward for consideration~~ at any time. A listing and explanation of these projects for each project category will be provided ~~at the time of presenting the budget review for adoption~~. This will provide Elected Members with supplementary information to swap projects prior to adopting the revised budget.

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New Initiatives

Where there is a reduction in New Initiative projects, funds may be allocated to other New Initiative projects. Alternatively, these funds may be identified as savings to Council's budget.

Capital-Renewal & Replacement

When a Capital-Renewal and Replacement project does not proceed, it should be replaced by project/s with the next highest priority in Council's IAMP (Infrastructure and Asset Management Plan). Alternatively, the surplus funds should be allocated to the Renewal and Replacement Reserve for use when required.

Capital-New

Increases in Capital-New expenditure will normally be accompanied by an appropriate increase in operating expenditure. This will ensure that any new maintenance and depreciation commitments associated with the project are incorporated into the current and future budgets.

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Where there is a reduction in Capital-New projects, the budget may be allocated to other identified Capital-New projects, where a cost-benefit analysis justifies its inclusion. Where no other Capital-New projects are identified, the reduction in funds should be used to reduce any budgeted loans.

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8. Review & Evaluation

This Policy will be reviewed annually. The Chief Executive Officer will report to Council on the outcome of the review and make recommendations for amendment, alteration or a substitution of a new Policy if considered necessary.

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9. Availability of the Policy

This Policy will be available for inspection at Council's principal office during ordinary business hours and at Council's website www.campbelltown.sa.gov.au. Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

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<i>“...reconsider its budget at least three times, at intervals of not less than three months, between 30 September and 31 May (both dates inclusive) in the relevant financial year.”</i>		