

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

**Adelaide Hills Council
Adelaide Plains Council
The Barossa Council
Town of Gawler
Light Regional Council
City of Playford**

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P O L I C Y D O C U M E N T

Treasury Management

Strategic Reference	Policy Documents
File reference	GRFMA, Administration, Policy
Responsibility	Executive Officer
Revision Number	2
Effective date	12/12/19
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Minutes reference	GRB19/68
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Applicable Legislation	Local Government Act 1999
Related Policies	Procurement and Operations Policy
Related Procedures	

The following Policy has been prepared in accordance Clause 8.2.9 and 8.2.10 of the Charter of the Gawler River Floodplain Management Authority. The purpose of the Policy is to provide prudent management guidelines for the day-to-day management of the affairs of the GRFMA.

1. INTRODUCTION

This policy provides direction to the GRFMA in relation to the treasury function. It underpins GRFMAs decision-making regarding the financing of its operations as documented in its annual budget and associated projected and actual cash flow receipts and outlays.

2. POLICY OBJECTIVES

This Treasury Management Policy establishes a decision framework to ensure that:

- funds are available as required to support approved outlays;
- the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.

3. POLICY STATEMENTS

GRFMA operating and capital expenditure decisions are made on the basis of:

- facilitating construction, operation and maintenance of flood mitigation infrastructure in the Gawler River area ('the Floodplain');
- cost effectiveness of the proposed means of service delivery; and
- affordability of proposals having regard to GRFMA's long-term financial sustainability and the support of constituent councils.

Cash Reserves

The GRFMA shall maintain a minimum balance of cash reserves at any one time.

Such balance to be equivalent to 50% of the annual GRFMA Budget expenditure as determined in accordance with the approved GRFMA Business Plan as amended annually.

Any Board authorisation of payments from cash reserves that are extraordinary to the Business Plan be required to be repaid by constituent council contributions within 12 months following.

The cash reserve balance shall separately identify the proportional value of Consultancy budget values and operational/maintenance Budget values.

For clarity and example using the 2017/2018 GRFMA Budget.

Expenditure \$82,782 @ 50% = \$41,391

Executive Officer	\$25,000
Honorarium Chair	\$ 3,500
Total Consultancy	\$28,500
 Operational/Mtce	 \$12,891
Total	\$41,391

Investment GRFMA funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with “at call” market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

Typically, this shall be lodgement of funds with the Local Government Finance Authority (LGFA).

GRFMA funds available for investment will be lodged “at call” or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments, the term should not exceed a point in time where the funds otherwise could be applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of GRFMA’s variable interest rate borrowing facility.

Purpose	Action	Authority
Cash Flow	Use of cash reserves to maintain operational needs due to variations in cash flow	Executive Officer
Expenditure	Use of cash reserves for program expenditure (consultancy reports or extraordinary expenditure not in budget)	GRFMA resolution