

COUNCIL FUNDING POLICY	
	Council Policy
TRIM Reference	AR19/18918[v2]
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Last Reviewed	11 April 2023
Next Review	August 2027

1. POLICY STATEMENT

This policy sets out Council's approach to the funding of services.

2. PURPOSE

2.1 Purpose

The Funding Policy reflects Council's determined balance between the principles of:

- a) user or beneficiary pays and capacity to pay of different sections of the community;
- b) costs of provision of services and, where relevant, prices charged by others for provision of similar services;
- c) maximising sourcing of external funding;
- d) accommodating individual circumstances of financial hardship; and
- e) achieving and preserving reasonable inter-generational equity.

2.2 Scope

The policy is based on an assessment of the beneficiaries of all of Council's services and how these should be funded. It provides the framework within which Council will raise the revenue necessary to fund expenses of programs set out in its long-term financial plan.

2.3 Definitions

Financial Sustainability: A Council's long term financial performance and position is sustainable where planned long term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

Financing: Financing describes how payment for an outlay is accommodated. This could be, for example, through a Council accessing its own funds (e.g. cash held in a bank account) or by an arrangement to use another entity's funds (e.g. by taking out a loan - also referred to as borrowing).

Funding: Funding refers to the raising of revenue; e.g. through rates, user charges, or the receipt of grants, subsidies and contributions.

Inter-generational Equity (or fairness): Involves the costs associated with expenditure being spread over time in accordance with the distribution of the benefits that are generated. Hence, an equitable tax system is one under which the taxes paid by each generation is in proportion to the benefits that generation receives from Government spending. It is commensurate with spreading costs in relation to the pattern of benefits over time so that one generation is not excessively subsidising another generation.

2.4 Strategic Reference

5 Governance and Financial Sustainability

5.3 We are in a surplus financial operating position

5.5 We meet or exceed legislative and accreditation requirements for all relevant programs.

3. PRINCIPLES

3.1 Long-term Financial Plan

Council has adopted a 10 year Long-term Financial Plan (LTFP) that sets out the funding (revenue raising) and financing (paying for outlays) requirements for services to be provided to equitably meet its Strategic Management Plan's identified community needs and preferences.

The LTFP has also been based on achievement of the targets set by Council for each of its financial sustainability indicators and in particular those for its operating result.

3.2 Budget Management and Review

Council will manage its Long-term Financial Plan through its budget review process to ensure that its planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

3.3 Financial Assistance and Other Discretionary Grants

Council values the ongoing Commonwealth Financial Assistance Grants that it receives through the SA Local Government Grants Commission (LGGC). Similarly Roads to Recovery Grants from the Commonwealth are an important funding source.

Council will continue to provide timely and accurate information requested by the LGGC to ensure that it receives its appropriate funding allocation as determined by the LGGC's methodology for allocating Financial Assistance Grants. Timely and accurate information will also be provided to the Funding Bodies in respect of all Grants received.

3.4 Special Purpose Grants

Council recognises that opportunities arise from time to time to secure grants or funding for specific projects or purposes.

Council will pursue such opportunities where the funding objectives support the directions of its Strategic Management Plan and its financial sustainability objectives.

Council will assess the whole-of-life costs of a project considered for a special purpose grant or funding application (including maintenance and other operating costs over the life of the project) and will consider the impact of these costs on Council's financial sustainability indicators over the life of the project when considering a special purpose grant or funding opportunity.

3.5 General and Other Rates

Council will raise general and other rates from its community in accordance with its Rating Policy.

Council's Rating Policy sets out its application of the following rating provisions contained in the *Local Government Act 1999*:

- a) minimum rates or fixed charges;
- b) service rates and charges;
- c) differential rates;
- d) rate rebates;
- e) postponement of rates.

Council reviews its Rating Policy annually to ensure it has appropriate regard for Council's Funding Policy Objectives (outlined in Clause 2 above) and in particular any material changes in:

- a) capacity to pay within sections of the community;

- b) the extent of opportunity of access to, use of, and benefit from, Council services by various groupings of service users and ratepayers.
- c) movements in valuations of assessments.

Revenue from general rates helps meet a substantial part of the cost of Council services and activities that are widely available to ratepayers.

3.6 User Charges

To reduce dependence on rate revenue Council applies user charges to meet the cost of its services where this is equitable, efficient and practical. Charges set have regard to Council's costs, the benefits to direct users and others from the provision of the services and prices charged elsewhere for similar services.

Council's user charges are detailed within Council's Fees and Charges Register.

3.7 Borrowings

Council recognises that borrowings are not a funding source but are nevertheless likely to be required at times particularly as a result of decisions to add to or enhance Council's stock of assets. If Council sets revenue raising targets at levels that not only meet the full cost of existing services but also enable it to accumulate funds to finance net asset acquisition it could create significant inter-generational inequity between beneficiaries of Council's services. Council manages decisions about when to borrow and what type of borrowings to raise in accordance with its Treasury Management Policy.

3.8 Private Sector Contributions/Partnerships

Council will seek private sector funding for projects e.g. through joint venture, grants or provision of infrastructure etc. where this is considered beneficial to the community. In assessing the community benefit of such arrangements Council will take account of its financial exposure through an analysis of the whole-of-life costs of the project.

4. RESPONSIBILITY & REVIEW

4.1 Responsible Officer

Director Corporate & Community Services

The Rates Coordinator and Manager Finance are responsible to ensure any additional service charges are included within the Fees and Charges Register and the relevant user charges updated as required.

Managers are responsible for ensuring all user charges are included within the Fees and Charges Register.

4.2 Availability

This policy will be available on Council's website.

4.3 Review

This policy will be reviewed within 12 months of a General Election for Local Government, or as required to meet other obligations.

5. REFERENCES

5.1 Legislation

Local Government Act 1999 (Sections 133, 146-166, 182 and 182A)
Local Government (Financial Management) Regulations 2013 - Regulation 5A

5.2 Other References

Fees and Charges

Fees and Charges Register

LGA Financial Sustainability Information Paper 1 (February 2015)

LGA Financial Sustainability Information Paper 20 - Rating and Other Funding Options
(May 2015)

Rating Policy

Treasury Management Policy

Prudential Management Policy