Funding Policy

Strategic Reference	Outcome 5 – Leadership Strategy 3.3 – Council takes a responsible approach to financial sustainability.
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Responsibility	Community & Corporate Department
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References	LGA 'Financial Stability' Information Paper No. 20: Rating and Other Funding Policy Options (revised May 2015)
Applicable Legislation	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
Related Policies	Treasury Management Policy Rating Policy
Related Procedures	Fees and Charges Schedule

1. Purpose

The purpose of this Policy is to outline Council's approach to funding its services. It is based on identifying who benefits from Council services and how those services should be funded. The policy provides a framework for raising the revenue needed to deliver the programs and priorities set out in Council's Community Vision Plan, Long Term Financial Plan and Annual Business Plan & Budget.

2. Objectives

The Funding Policy balances key principles, including:

- User-pays or beneficiary pays;
- Capacity of various ratepayer categories;
- Costs ofproviding services;

- Universal access to community infrastructure (ie. playground, skate park, public seating) for common enjoyment
- Where relevant, prices charged by others for the provision of similar services;
- Maximising sourcing of external funding;
- Accommodating individual circumstances of financial hardship;
- Achieving and preserving reasonable inter-generational equity

3. Definitions

"Asset Renewal Funding Ratio (previously referred to as 'Asset Sustainability Ratio')" means the Net capital outlays on renewing/replacing existing assets as a percentage of the annual depreciation expense allocated against such assets.

"Common Enjoyment" means the right of a member of the public to access community infrastructure and enjoy it for all usual purposes and where a fee or charge is not applicable.

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

"Fully Attributed Costs" reflects the costs, including indirect and overhead costs, are allocated to a function, activity, good or service on a reliable and consistent basis.

"Inter-generational Equity" includes, but is not limited to, the costs associated with expenditure on services/assets 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 Council spending. It aligns with spreading costs in relation to the pattern of benefits over time so that one generation is not excessively subsidising another generation.

"Long Term Financial Plan" means a strategic financial forecasting tool (typically covering a ten year period) that outlines Council's projected revenue, expenses and liabilities to align with community objectives.

4. Policy Statement

4.1 **Long term financial plan**: As part of Council's Strategic Planning, a ten (10) year Long-Term Financial Plan (LTFP) is adopted that sets out the funding (revenue raising) requirements and the amount of any financing needed for services and capital expenditure to be provided to equitably meet its Community Vision Plan and identified community needs and preferences.

4.2 **Annual Budget/Business Plan**: Council's annual budget will be based on the relevant year of its LTFP and in particular the financial strategy that will ensure attainment of specified financial indicator targets for the year, taking into account current economic indicators.

Decisions regarding the range and level of services and infrastructure provided will take into account the need to maintain long-term financial sustainability without future unplanned increases in rates or disruptive cuts to services.

4.3 Grants

4.3.1 Financial assistance and other discretionary grants: Council values the ongoing Commonwealth Financial Assistance Grants that it receives through the SA Local Government Grants Commission (SALGGC). 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 SALGGC to ensure that it receives its appropriate funding allocation as determined by the SALGGC's methodology for allocating Financial Assistance Grants. Timely and accurate information will also be provided to the Commonwealth in respect of applications for Roads to Recovery Grants.

4.3.2 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 Community Vision 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 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.

4.4 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*:

- Basis of valuation for rating purposes
- Minimum rates or fixed charges;
- Separate rates;
- Service rates and charges;
- Differential rates;
- Rate rebates;
- Postponement of rates.

Council keeps its Rating Policy under review to ensure it has appropriate regard for Council's Funding Policy objectives and in particular any material changes in:

- Capacity to pay within sections of the community;
- The extent of opportunity of access to, use of, and benefit from, Council services by various groupings of service users and ratepayers.

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

4.5 User charges

To reduce dependence on rate revenue, Council may apply user charges (in accordance with Section 188 of the Local Government Act 1999) to meet the cost of its services where this is equitable and efficient. Charges set have regard to Council's fully attributed costs for each service, 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 reviewed annually and adopted as Fees & Charges for the ensuing financial year.

4.6 Borrowings

Council recognises that it is required to borrow funds to ensure the provision of services and capital projects. However, Council's policy is to endeavour to achieve operating surpluses so that funding of services and replacement of existing assets are funded through annual rate and grant income. In making borrowings, Council will consider its ratios.

Investment in new assets is likely to require increased borrowings over the life of the assets such that the beneficiaries of those assets pay for the asset over its useful life.

As part of the annual budgeting/business planning cycle, Council will approve a long-term financial model and agree short to medium term borrowing limits.

Council manages decisions about when to borrow and what type of borrowings to raise in accordance with its Treasury Management Policy.

4.7 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 and relative risks of the project.

5. Availability/Accessibility

The Policy is available for inspection at Council's officers during normal business hours and Council's website and will be emailed to interested parties on request) please lodge request in writing via email to council@coorong.sa.gov.au)

6. Document History

This Policy will be reviewed at least every six (6) years or more frequently if legislation or Council requires.

Version	Adopted	Minute No	Description of change(s)
1	22 August 2011	263/11	New policy
2	15 October 2013	376/13	Cyclical review
3	21 November 2017	232/17	Cyclical review
4	16 October 2018	207/18	Cyclical review
5	18 November 2025	331/25	Refinement of policy purpose and objectives Reordering of policy definitions Inclusion of reference to rating within the annual budget cycle Refinement of reference to external borrowings (and its alignment to financial ratios)