

## COUNCIL POLICY – Funding Policy

Reference Number	750824
Responsible Business Unit	Finance
Responsible Officer	General Manager Corporate Services
Legislation	Local Government Act 1999 Local Government (Financial Management) Regulation 2011
Relevant Delegations	Chief Executive Officer General Manager Corporate Services
Related Policies Management Guidelines Frameworks	Treasury Management Policy Grant Management Policy (to be approved) Rating Policy Rates-Senior Postponement Policy Rates Rebate Policy
Link to Strategic Plan	5.4 - Transparent
Council resolution	72.2
Date Adopted	11 May 2020
Review Date	2024
Previous Revisions	Item 137.1 – 14 August 2017 Item 220.1 – 14 September 2015

## POLICY STATEMENT

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 revenue necessary to fund expenses for programs set out in Council's long-term financial plan.

## OBJECTIVES

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

- i) user-pays or beneficiary pays;
- ii) capacity to pay of different sections of the community;
- iii) costs of provision of services;
- iv) where relevant, prices charged by others for the provision of similar services;
- v) maximising sourcing of external funding;
- vi) accommodating individual circumstances of financial hardship;
- vii) achieving and preserving reasonable inter-generational equity

## SCOPE

This policy applies to the Rural City of Murray Bridge. This policy sets out Council's approach to the funding of services.

## PRINCIPLES

### Long-term Financial Plan

As part of Council's Strategic Planning, a 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 to be provided to equitably meet its Strategic Management Plan and identified community needs and preferences.

### Budget Planning and Management

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.

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.

## IMPLEMENTATION

### 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 Commonwealth in respect of Roads to Recovery Grants.

### Specific 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 direction of its Strategic Management Plan and its financial sustainability objectives.

Council will assess the whole-of-life costs of a project considered for a specific 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 specific purpose grant or funding opportunity.

### 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 Ratings 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.

### 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 available on the Council website in the 'Fee's and Charges' Register.

## Borrowings

Council recognises that it is required to borrow funds to ensure the provision of services and capital projects. However the 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.

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.

## 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.