



MOUNT BARKER
DISTRICT COUNCIL

TITLE: FUNDING POLICY

REFERENCE NUMBER:	DOC/19/103032
RESPONSIBLE OFFICER/ DEPARTMENT:	Corporate Services
APPLICABLE LEGISLATION:	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
MOUNT BARKER 2035 – DISTRICT STRATEGIC PLAN:	Governance and Leadership GL:1 – Manage assets and liabilities through a planned, long term approach.
RELATED POLICIES:	Treasury Management Policy
SUPPORTING PROCEDURES:	
PREVIOUS REVIEW DATES:	5 May 2014
ENDORSED BY COUNCIL:	2 September 2019
MINUTE RESOLUTION NUMBER:	<i>OM20190902.12</i>
NEXT REVIEW DATE:	2 September 2022

1. PURPOSE

This policy sets out a rationale for funding Council's wide range of functions now and in the future and should be read in conjunction with the Treasury Management Policy. This Funding Policy ensures that there is a consistent, rational and fair basis for funding Council activities.

2. SCOPE

This Policy is applicable to Council Members and Staff.

3. DEFINITIONS

Urban greenfields development shall mean new urban subdivisions on land previously used for primary production.

4. ROLES & RESPONSIBILITIES

Council:

- Council is responsible for approving the policy and using their revenue raising powers responsibly by raising sufficient revenue to ensure financial sustainability.

Chief Executive Officer:

- The Chief Executive Officer is responsible to Council for managing the funds of Council to ensure that the objectives of Council are achieved in an effective and efficient manner.

Chief Financial Officer:

- The General Manager Corporate Services is responsible for promoting a best practice approach in support of effective financial management practices and properly functioning controls.

5. POLICY STATEMENTS

- 5.1 General benefits may be defined as expenditure which:
- provide benefits which are independent of the number of persons who benefit from the expenditure; or
 - generate benefits which do not accrue to identifiable persons or groups of persons; or
 - generates benefits to the community generally.
- 5.2 These benefits will generally be funded by the Community from general rates raised in accordance with Chapter 10 of the Local Government Act 1999.
- 5.3 Direct benefits are defined as expenditure which provides direct benefits to persons or categories of persons in a manner which matches the extent to which the direct benefits accrue to persons or categories of persons.
- 5.4 Wherever practicable these benefits will be charged to the direct beneficiary through the making of:
- A user charge where this is practicable, and where direct charging is consistent with Council policy, and with fairness and equity for that particular service.
 - Direct benefits will be largely, if not wholly, funded by user charges for development processes (to the extent permitted by law), refuse disposal, wastewater and water charges and certain services delivered directly to individuals or groups.
- 5.5 Direct benefits will be partially funded from general rate revenue for those services the Council makes available to the whole community, regardless of ability to pay, or where the Council seeks to assist or encourage organisations

or individuals, or where the Council is seeking to influence developments and trends in the District.

5.6 User Charges for all of the Council's services are reviewed every year as part of the budget process on the basis of:

- the cost of the service
- community acceptability of the current charge
- fairness and equity of charges
- the impact of user charges on the community and the Council's purpose in providing the service.

6. CONTROL OF NEGATIVE EFFECTS

6.1 Where costs are caused by the action or inaction of persons or categories of persons, then those costs will be allocated to those persons by:

- firstly a direct charge (to the extent permitted by legislation), or
- where a direct charge is not possible by the use of one of the following,
- rating mechanisms according to similar principle outlined for direct benefits in 5.4, or separate rates.

7. FINANCIAL SUSTAINABILITY

7.1 As a result of urban greenfields development where expenditure is incurred as a result of major new infrastructure establishment including whole of life costs whether direct or indirect, then those costs will be allocated to those directly responsible for the developments by;

- firstly a direct charge (to the extent permitted by legislation), or
- where a direct charge is not possible by the use of one of the following:
 - rating mechanisms according to similar principle outlined for direct benefits in 5.4, or
 - separate rates.

8. CAPITAL FUNDING

8.1 Capital expenditure will be funded from the following sources:

- operating surplus minus any carried forward operating deficit,
- capital grants and contributions received from external parties,
- borrowings as per Council's Treasury Management Policy,
- sale of surplus assets,
- partnerships and joint development with third parties,
- the provision of depreciation for capital renewal and replacement.

9. INTER-GENERATIONAL EQUITY

9.1 In order to ensure that today's users pay today's costs of utilising Council's assets and to prevent costs being incurred by the current generation which are

for the benefit of future generations, the following mechanisms will be employed by the Council:

- All assets will be depreciated at a rate assessed to reflect the life of particular assets, and
- Asset Management Plans are maintained for all major assets owned by Council to ensure that an appropriate rate of renewal of existing assets is planned for and carried out.

10. ANNUAL BUDGET

10.1 The annual budget is prepared in consultation with the Council according to the following order and criteria.

- Operating expenditure and revenues are determined in accordance with statutory obligations, agreed maintenance service levels and delivering outcomes of the Strategic Plan, Annual Business Plan, Long Term Financial Plan and Asset Management Plans.
- New operating initiatives are determined with reference to the Strategic Plan, Annual Business Plan and Long Term Financial Plan.
- Capital renewal and replacement expenditures are determined in accordance with the Asset Management Plans and prioritised in consultation with the Council.
- New capital expenditure is determined in accordance with the Strategic Plan, Annual Business Plan, Asset Management Plans and the Long Term Financial Plan and prioritised in consultation with the Council.
- The annual budget is reviewed in accordance with the Local Government (Financial Management) Regulations 2011.

11. REVIEW

This Policy will be reviewed every three (3) years or earlier in the event of changes to legislation or related Policies and Procedures or if deemed necessary by the Manager Financial Services.

12. ACCESS TO THE POLICY

The Policy is available for public inspection at the Customer Service Centre, at the Local Government Centre, 6 Dutton Road, Mount Barker, South Australia and on the Council's website www.mountbarker.sa.gov.au.

13. FURTHER INFORMATION

For further information on this Policy, please contact:

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