	Function: FINANCIAL MANAGEMENT	Adopted: 4 th May 2011 Resolution No.: C189:11
	Policy Number: FIN005	Last Review: 5 th July 2027 Resolution No.: C217.0723
	Version Number: 3	Next Review: Every two years
FUNDING POLICY		

Policy Statement

This Funding Policy (Policy) sets out the Copper Coast Council's (Council) approach to the funding of services.

1. Introduction

- 1.1. The Policy is based on an assessment of the beneficiaries of all of Council's services and how these should be funded.

2. Scope

- 2.1. 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, Annual Business Plan and Budget.

3. Legislation Framework

- 3.1. The following legislation applies to this Policy:
 - Local Government Act 1999 - Section 133, 146-166, 182 & 182A
 - Local Government (Financial Management) Regulations 2011.
- 3.2. This Policy is not a mandatory requirement but essential for good governance.

4. Integration with Corporate Objectives

- 4.1. This Policy supports Council's Strategic Plan 2019 - 2029
 - 4.1.1. Governance Objective – Leadership

Goal 5 - To provide leadership and ensure resources are managed efficiently and effectively.
 - 5.2 Finance – to have open, accurate and effective financial Management.

5. Related Council Policies and Documents

- 5.1. This Policy is also designed to operate in conjunction with other Council policies, including but not limited to:
 - Code of Conduct of Council Employees
 - Public Interest Disclosure Policy
 - Complaints Policy
 - Fraud and Corruption, Misconduct and Maladministration Policy

6. Definitions

For the purposes of this Policy, the following definitions apply:

- 6.1. **Authorised Officer** is defined as an Authorised person delegated authority under section 44 of the Local Government Act 1999.
- 6.2. **Chief Executive Officer (CEO)** means the appointed Chief Executive Officer under section 96 of the Local Government Act 1999 and includes any person acting or delegated by the Chief Executive Officer's under sections 100 and 101 of the Local Government Act 1999.
- 6.3. **Council** means the Copper Coast Council and any delegate of the Council.
- 6.4. **Public Officer** means a member, employee, volunteer or, contractor authorised to perform work on behalf of Council.
- 6.5. **Asset Sustainability Ratio** - Net capital outlays on renewing/replacing existing assets as a percentage of the annual depreciation expense allocated against such assets
- 6.6. **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
- 6.7. **Fully Attributed Costs** - A system under which all costs, including direct and overhead costs, are allocated to a function, activity, good or service on a reliable and consistent basis
- 6.8. **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.
- 6.9. **Interest Cover Ratio** - Indicates the extent to which a Council's operating revenues are committed to interest expenses.
- 6.10. **Operating Expenses** - Incorporates all operating expenses, including depreciation but excluding losses on disposal of non-financial assets.
- 6.11. **Operating Revenues** - Incorporates all operating revenues shown in the Income Statement but excludes profit on disposal of non-financial assets and grants and contribution specifically for new/upgraded infrastructure and other assets. For ratios calculated where the denominator specified is total operating revenue, Landscape Levy revenue is excluded. For the purpose of calculating the Interest Cover Ratio investment income also is excluded from the denominator.
- 6.12. **Operating Surplus /(Deficit)** - Occurs where the value of operating revenues less operating expenses is positive/(negative) and operating revenue is therefore sufficient/(insufficient) to cover all operating expenses.

7. Application

7.1. Policy Objectives

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

- User or beneficiary pays and capacity to pay of different sections of the community;
- Costs of provision of services and, where relevant, prices charged by others for provision of similar services;
- Maximising sourcing of external funding;
- Accommodation individual circumstances of financial hardship; and
- Achieving and preserving reasonable inter-generational equity.

7.2. Long-term Financial Plan (LTFP)

7.2.1. Council has a 10 year 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.

7.2.2. The LTFP has also been based on achievement of the targets set by Council for each of its financial sustainability indicators, particularly in relation to its operating result as follows:

7.2.2.1. Operating Surplus/(Deficit)

To ensure inter-generational equity and financial sustainability in the long term, Council will aim to achieve a breakeven position, or better over any five year period.

7.2.2.2. Operating Surplus/(Deficit) Ratio

The operating surplus ratio is the operating surplus/(deficit) expressed as a percentage of general and other rate rebates and revenues from the NRM levy. Council's target ratio is consistent with the target set for the Operating result which is between 0% and 15% over any five year period.

7.2.2.3. Interest Cover Ratio

The acceptable levels to Council of which the operating revenues are committed to interest expenses is greater than 0% and less than 10% of Operating Revenue.

7.2.2.4. Asset Sustainability Ratio

The LTFP will ensure that annual capital expenditure programs for renewal and replacement of assets closely matches relation amounts included in Council's Infrastructure and Asset Management Plan. A target until this plan is finalised is that the capital outlays on renewing/replacing assets net of proceeds from the sale of replaced assets is great than 80% but less than 110% of depreciation over a rolling 3 year period.

7.2.3. The LTFP will highlight projected performance using these indicators. Where targeted performance is not currently being achieved the plan and or targets should be reviewed to reflect the intentions of Council.

7.3. Annual Budget (AB) /Annual Business Plan (ABP)

7.3.1. The ABP and BP will be based on the relevant year of its LTFP and in particular the financial strategy that will ensure that its planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

7.3.2. The LTFP can also be monitored through the Budget Review process.

7.3.3. Grants

A. 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 also will be provided to the Commonwealth in respect of Roads to Recovery Grants.

B. 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.

7.3.4. 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
- Differential General Rates and Fixed charges
- Separate Rates
- Service rates and charges
- Rate rebates
- Postponement of rates

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

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

7.3.5. User Charges

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

Council's user charges are documented in the Fees and Charges Schedule and reviewed annually as part of the adopted Fees and Charges for the ensuring year.

7.3.6. Statutory Fees

Council recovers fees from regulatory services, usually in association with the granting of a permit or licence, the regulation of any activity or penalties for non-compliance with a regulatory requirement. Typically, statutory charges include Planning Development and Infrastructure Act fees, dog registrations and penalties, parking fines and expiations, health and septic fees and search fees.

7.3.7. Investments

Council receives interest on investments from its banking providers and for loan interest from community groups.

7.3.8. Reimbursements

Council receives amounts as payment for work done or reimbursements of costs incurred for various activities. Typically, reimbursements include private works recoveries, insurance rebates, employee sharing across Councils and Government contributions to services.

7.3.9. 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.

7.4. Private Sector Contributions/Partnerships

- 7.4.1. Council will seek private sector funding for projects eg. 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.

8. Complaints

- 8.1. Complaints under this Policy must be in writing to the Chief Executive Officer and lodged in accordance with Council's Complaints Policy.

9. Council Delegation

- 9.1. Pursuant to Section 44 of the Local Government Act 1999, Council has delegated to the Chief Executive Officer authority to administer Council’s policies.
- 9.2. This Policy will be implemented by the Chief Executive Officer or relevant portfolio director and managed in accordance with Council’s scheme of delegations.

10. Adoption and Review

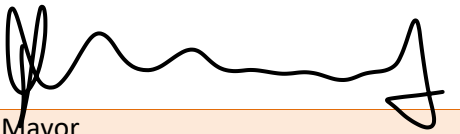

- 10.1. This Policy shall be reviewed every two (2) years, or more frequently, if legislation or Council requires by the Corporate and Community Services Department and a report shall provide to Council for consideration and adoption.

11. Records Management

- 11.1. Official records will be managed in accordance with Council’s Records Management Policy pursuant to Section 125 of the Local Government Act 1999.

12. Availability of Policy

- 12.1. Policies will be available for inspection without charge at Council’s Principal Office and on Council’s website www.coppercoast.sa.gov.au.
- 12.2. A copy of this Policy may be obtained on payment of a fee in accordance with Councils’ Register of Fees and Charges.

Signed	 Mayor	 Chief Executive Officer
Date	5 th July 2023	