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Contact Paul Terrett
02 4428 4198
paul.terrett@dlg.nsw.gov.au

PROVISION OF FINANCIAL ASSISTANCE UNDER SECTION 356 OF THE LOCAL GOVERNMENT ACT - DEVELOPING A FINANCIAL ASSISTANCE POLICY

Section 356 of the *Local Government Act 1993* prescribes the requirements when councils provide financial assistance to others (including charitable, community and sporting organisations and private individuals).

The department's Local Government Reform - Promoting Better Practice reviews of councils have identified evidence that some councils are providing financial assistance without complying with their obligations under this section and are failing to make considered and transparent decisions on grants of financial assistance.

Financial assistance must be for the purposes of exercising the council's functions. Section 356(2) requires councils to give at least 28 days public notice of a proposal to pass a resolution to grant financial assistance prior to doing so.

Public notice is not required if:

- The assistance is part of a specific program which has been included in the council's management plan
- The program's budget does not exceed 5% of the council's income from ordinary rates for the year and
- The program is uniformly available to all or a significant group of persons within the area.

The department encourages councils to achieve greater transparency and accountability by developing a policy on the granting of financial assistance to others.

The financial assistance or donations policy should cover issues such as:

- Forms of application for financial assistance
- Assessment processes, including, where applicable, obtaining supporting information to establish the bona fides of applications
- Procedures for ensuring public notice is given and for dealing with any public submissions
- Establishing clear and transparent criteria for the assessment of applications for financial assistance
- A procedure for ensuring financial assistance is used by the recipient for the specified purpose.

Policies should be applied with sufficient flexibility to ensure that the council strikes an appropriate balance between prudent financial management and its ability to effectively meet meritorious requests for financial assistance.

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Garry Payne
Director General