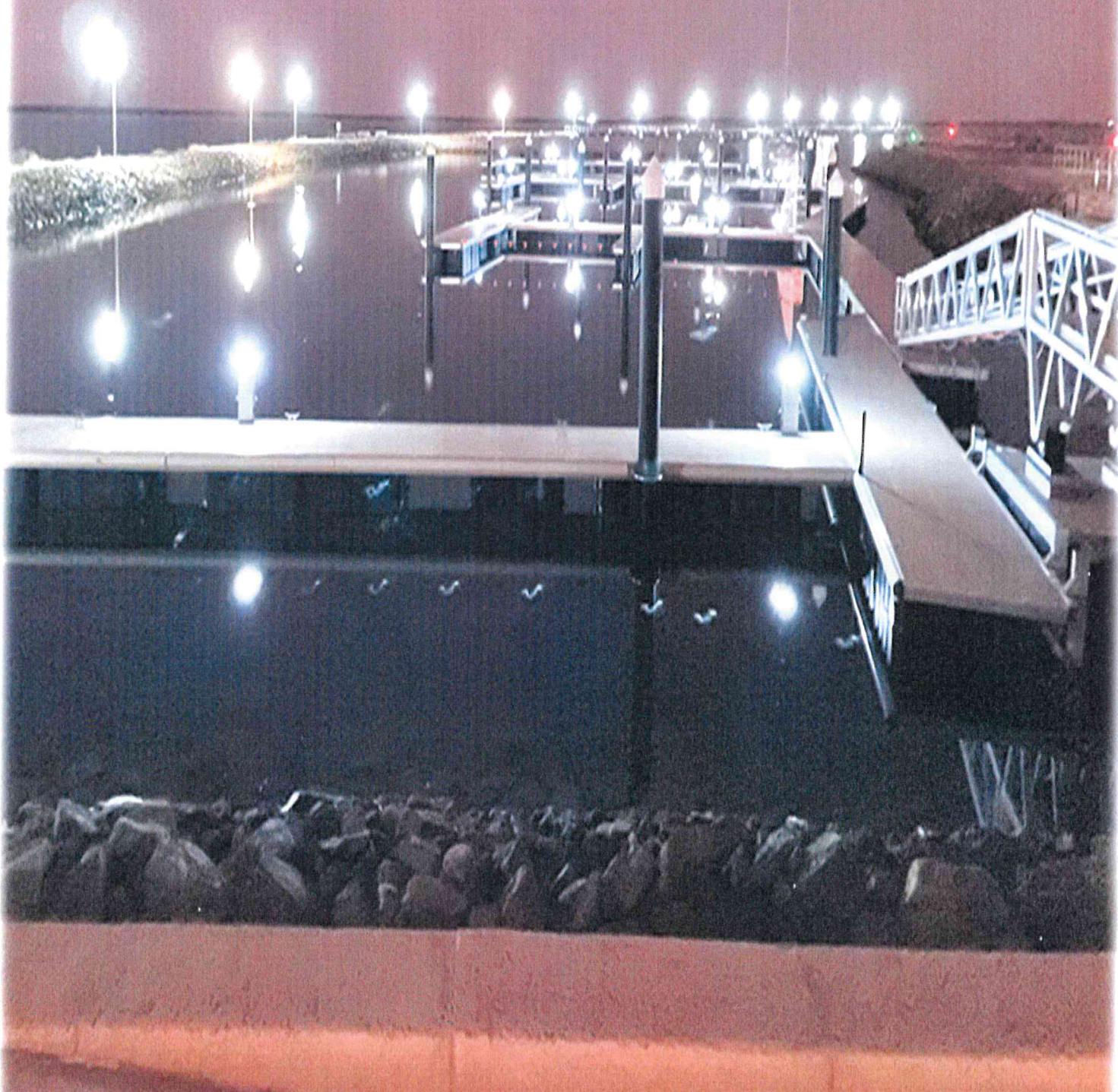




Funding Policy





FUNDING POLICY

Policy Name:	Funding Policy
Responsibility:	Financial Management
Version:	1.1
Effective Date:	May 2023
Last revised date:	June 2021
Minute reference:	47/06/23
Next review date:	May 2027
Applicable Legislation:	
Related Policies:	Treasury Management Policy Prudential Management Policy Rating Policy

1. INTRODUCTION

This policy sets out Council's approach to the funding of services.

This policy is based on the beneficiaries of all of Council's services and how these should be funded. 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.

2. OBJECTIVES

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

- a) User pays or beneficiary pays;
- b) Capacity to pay of different sectors of the community;
- c) Cost of provision of services;
- d) Where relevant, prices charged by others for the provision of similar services;
- e) Maximising the source of external funding;
- f) Accommodating individual circumstances of financial hardship; and
- g) Achieving and preserving reasonable inter-generational equity.

3. POLICY STATEMENTS

3.1 Long Term Financial Plan

Council has adopted a 10 year Long-Term Financial Plan (LTFP) that sets out funding (revenue raising) requirements and the amount of any financing needed for services to be provided to equitably meet its Strategic Management Plan's identified community needs and preferences.

The LTFP has also been based on achievement of the targets set by Council for each of its financial sustainability indicators and in particular those for its operating surplus/deficit ratio.

Operating Surplus Ratio

By what percentage does the major controllable income source vary from day to day expenses?



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Calculated as:
Operating surplus/deficit (as above)
Divided by:
Operating Income

Council's target is to achieve, on average over time, an operating surplus ratio of between 0% and 10%.

Net Financial Liabilities Ratio

How significant is the net amount owed to others, compared with operating income.

Calculated as:
Net financial liabilities (as above)
Divided by:
Total operating revenues

Council's target is between 0% and 100%.

Asset Renewal Funding Ratio

Are assets being renewed and replaced in an optimal way?

Calculated as:
Capital Expenditure on renewal/replacement of assets
Divided by:
The optimal level of asset renewal and replacement expenditure as proposed on Council's Infrastructure and Asset Management Plan.

Council's target is between 90% and 110%.

3.2 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 that the specified financial indicator targets for the year are met. 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 increased in rates or unplanned cuts to services.

3.3 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 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 to Roads to Recovery Grants.



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3.4 Specific Purpose Grants

Council recognises that opportunities may arise to secure grants or funding for specific purposes or projects. 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 impacts these costs have on Council's financial sustainability indicators over the life of the project when considering these grant/funding opportunities.

3.5 General and Other Rates

Council will raise general and other rates from its community in accordance with its Rating Policy.

Council keeps its Rating Policy under review to ensure it has appropriate regard for Council's Funding Policy Objectives and in particular any material charges 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 costs of Council services and activities that are widely available to rate payers.

3.6 User Charges

To reduce the reliance 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.

3.7 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 or enhance Council's assets. If Council sets revenue raising targets at levels that not only meet the full costs 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 services. Council manages decisions about when to borrow and what type of borrowings to raise in accordance with its Treasury Management Policy.

3.8 Private Sector Contributions/Partnerships

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 into account its financial exposure through an analysis of the whole of life costs of the project.



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4. **FURTHER INFORMATION**

Members of the public may inspect this Funding Policy at the principal office of the District Council of Franklin Harbour, 6 Main Street Cowell SA 5602, and on payment of a fee to obtain a copy. A copy may also be downloaded from Council website www.franklinharbour.sa.gov.au.

5. **REVIEW OF THE POLICY**

This Funding Policy will be reviewed by the District Council of Franklin Harbour within 12 months after each general election of Council. However, Council has the right to review this Policy at any time, if considered desirable.

SIGNED:


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Chief Executive Officer

Date: 20 / 06 / 23



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Change History

Version	Issue Date	Change
1.0	June 2021	New Policy
1.1	June 2023	Reviewed and Updated (post election)