
City of Greater Geraldton

1.8 MINOR SPORTING FACILITIES AND SELF-SUPPORTING LOANS

SUSTAINABILITY THEME

Community

OBJECTIVES

The purpose of this policy is to establish the principles, constraints, criteria and administrative guidelines for the allocation and utilisation of City borrowings to finance self-supporting loans for community and sporting groups for the purposes of capital asset acquisition or development.

This policy establishes the framework within which Council may consider provision of self-supporting loans to community and sporting groups, and for sporting groups to progress 'single-stage / stand-alone' projects of a minor capital nature through the Minor Sporting Facility Development Fund.

POLICY STATEMENT

This policy applies to minor sporting projects exempted from inclusion in the Sporting Futures Report, but still eligible to apply for the City for funding; as well as all requests received from community and sporting groups for financial support by way of self-supporting loans. The policy limits the availability of self-supporting loans and provides a guide to the eligibility and assessment criteria for each request.

Self-supporting loans will only be considered for capital asset acquisition or development and will not be approved by Council for operational equipment or operating expense purposes.

1. Minor Sporting Facility Development Funding

1.1. General Information

- 1.1.1. The contribution will be tied directly to successful CSRFF support and financial contribution is to be on a dollar for dollar matching basis with the Department of Sport and Recreation.
- 1.1.2. Maximum City contribution will be limited to the lesser of \$50,000 or 1/3 of the total project cost.
- 1.1.3. City will allocate up to \$100,000 per year for contributions towards approved minor sporting facility development projects, subject to annual budget consideration.
- 1.1.4. Only single-stage, stand-alone projects will be considered eligible for funding. Applications for 'phased' projects or for project design costs will not be considered.
- 1.1.5. Applicants required to adhere to the City's Fundamental Objectives as per the Sporting Futures Report.

- 1.1.6. Only clubs located within the City's boundaries are considered eligible to receive funding.
- 1.2. The Sporting Club applicants have the following roles:
 - 1.2.1. Ensure and provide evidence that the club has the resources and financial capacity to contribute to and coordinate the project.
 - 1.2.2. Ensure project is aligned with the City's Fundamental Objectives as per the Sporting Futures Report.
 - 1.2.3. Contact the City prior to submitting any application to discuss project.
 - 1.2.4. Obtain any necessary licences or approvals, meet design and documentation requirements, and provide robust costs estimates for the project. Documentation and cost estimates need to take into account all Occupational Health and Safety obligations, and Environmental requirements, Work Methods, and must include all other project costs.
- 1.3. The City has the following roles:
 - 1.3.1. Make provision in the annual budget for minor sporting facility funding, subject to prevailing financial circumstances.
 - 1.3.2. Accept applications as part of the Department of Sport & Recreation's CSRFF Small Grants Round bi-annually and follow Department of Sport & Recreation' funding guidelines for processing application.
 - 1.3.3. Assess each eligible application against the City's Fundamental Objectives and provide recommendations and priority listings to Council for consideration.
 - 1.3.4. Submit eligible applications and Council minutes to the Department of Sport and Recreation as per guidelines.
- 2. **Self-Supporting Loans**
 - 2.1. Matters to be considered by Council:
 - 2.1.1. The City's Long Term Financial Plan and forecast debt financing capacity – across the prospective life of a requested loan
 - 2.1.2. Regulated borrowing limits as determined by WA Treasury Corporation.
 - 2.1.3. Debt Service Coverage Ratio (calculated as annual surplus before interest expenses and depreciation divided by annual debt service payments) meets required Department of Local Government Standard.
 - 2.1.4. Standard is NOT met if ratio is less than two.
 - 2.1.5. Basic Standard is if ratio is between two (2) and five (5)
 - 2.1.6. Advanced Standard if greater than five (5)

Note: This indicator is used by the WA Treasury Corporation in considering loan applications from the City.

- 2.1.7.** Indebtedness Ratio – measures the extent to which past borrowings principal outstanding relate to the City's discretionary general revenue. Target = < 0.4.
- 2.1.8.** Limit on the use of loan funds in any one year to a level where the aggregate costs of servicing interest and principal repayments does not exceed ten (10) per-cent of operating revenues generated from rates, fees and charges.
- 2.1.9.** Annual budget and current financial position of the City.
- 2.1.10.** New Capital Works Program priorities and funding requirements.
- 2.1.11.** Asset renewal / replacements funding requirements.
- 2.1.12.** Demands for use of borrowings for City requirements.
- 2.1.13.** Compliance with legislative requirements associated with borrowing of monies under Section 6.20 of the Local Government Act 1995.

2.2. Guidelines

The City is not a lender-of-last-resort for community or sporting groups and will only provide access to self-supporting loans in exceptional circumstances, when financial circumstances permit and when there is compelling evidence of positive benefits to the community. Council will only ever consider providing self-supporting loans to community or sporting groups:

- 2.1.1.** In exceptional circumstances to mitigate serious risks and/or meet urgent capital requirements that will deliver substantial benefits to the community consistent with the City's Strategic Community Plan and priorities identified in the Corporate Business Plan.
- 2.1.2.** Where the self-supporting loan forms part of a matching community grant component (e.g. CSRFF)
- 2.1.3.** Where in the view of Council, the use of City borrowings for the intended purpose will deliver benefits to the community materially outweighing likely benefits from the alternative purposes from which the said borrowings would have to be diverted.
- 2.1.4.** Where in the view of Council there is compelling justification for the City to act as lender instead of a bank or other financial institution.

2.3. Limits

- 2.3.1.** The level of consolidated self-supporting assistance to groups in any one year may not exceed annual repayment of principal and interest of more than 0.5 per cent of rates revenue.
- 2.3.2.** Funding to any one (1) applicant is to be limited to \$200,000 at any time.
- 2.3.3.** The term of borrowing will be limited to a ten (10) year period or such lesser period as may be determined by the prevailing terms of the City's debt financier.

2.4. Assessment

Based on an application having no significant or adverse impact in relation to the abovementioned general principles and it also meets criteria and guidelines principles, the application will be assessed based on the following:

- 1.4.1. Provision of a fully completed application form.
- 1.4.2. Provision of proof of incorporation.
- 1.4.3. Provision of latest audited financial statements (Operating, Cash Flow & Financial Position Statements).
- 1.4.4. Provision of a forward financial plan in relation to the required term of borrowing.
- 1.4.5. Provision of compelling evidence of ongoing capacity to service and repay the loan from its operations.
- 1.4.6. Provision of a Business Case in support of the asset acquisition or development proposal to be financed by the requested self-supporting loan.
- 1.4.7. Financial projections must demonstrate financial capacity to renew the asset at the end of its useful life.

KEY TERM DEFINITIONS

Annual Budget means a statutory requirement outlining the financial estimates to deliver the Corporate Business Plan.

Asset means a physical component of a facility which has value, enables a service to be provided and has an economic life of greater than 12 months.

Asset Renewal (Capital Renewal) means expenditure on an existing asset which returns the service potential or the life of the asset to that which it had originally.

CSRFF means Community Sport and Recreation Facility Fund provided through the Department of Sport and Recreation.

Minor Sporting Facility Development means any sporting facility development (new or existing) within the City of Greater Geraldton costing less than \$150,000.

Replacement means the complete replacement of an asset that has reached the end of its life, so as to provide a similar or agreed alternative level of service.

ROLES AND RESPONSIBILITIES

The Director Corporate and Commercial Services is responsible for implementing this policy through the Manager Treasury and Finance.

It is the responsibility of all employees that they observe the highest standards of ethics and integrity and act in an honest and professional manner that supports the standing of the City of Greater Geraldton.

It is the responsibility of Council to review recommendations and make final determination by absolute majority to approve or not approve self-supporting loan applications.

WORKPLACE INFORMATION / REFERENCES

Process for Project Acknowledgements & Events
Council Policy for Sporting Futures

Sporting Futures Report
Strategic Community Plan
Corporate Business Plan
Long Term Financial Plan
Local Government Act 1995

POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate and Commercial Services		Manager Treasury and Finance	Biennial	2019
Version	Decision Reference	Synopsis		
1.	CCS231 – 24 January 2017	MERGED POLICY – CP058 Minor Sporting Facility Development Funding and CP059 Self-Supporting Loans to Community/Sporting Groups		