

## POLICY DOCUMENT

7.63.11

<b>Policy Name</b>	<b>COMMUNITY INFRASTRUCTURE INVESTMENT</b>
<b>Policy No</b>	<b>7.63.11</b>
<b>Reviewed By</b>	Nicole Bichard Senior Finance Officer
<b>CEO Authorisation</b>	Rob Donaldson CEO
<b>Review Details</b>	Date Adopted: 19 October 2015 Date Reviewed: 28 September 2015 Next Review Date: ELECTION 2018



### 1. PURPOSE

The purpose of this policy is to provide general guidelines and criteria for Council to assess requests from community groups for support for infrastructure investment, within the framework of Council's objectives as outlined in the Strategic Management Plan document "**Strategic Directions**".

### 2. OBJECTIVES

The policy objectives are as follows:

- To support local organisations to meet demonstrated community needs of a capital nature
- To promote community wellbeing and improve access to groups and individuals traditionally disadvantaged
- To increase access and participation in community sports, recreational and cultural activities by broadening community access and increasing and/or maintaining opportunities for participation
- To coordinate the development of community sports, recreational & cultural facilities
- To provide equitable resource allocation across the City
- To strengthen community capacity to respond to community needs
- To increase and promote the range of users of a facility, club or activity

### 3. DEFINITIONS

#### 3.1. *Community Loans*

Support loans made by Council to local community groups and sporting organisations to self fund infrastructure projects.

#### 3.2. *Capital Budget Allocation for Council Owned Assets*

Council's Strategic Plan Document 'Strategic Directions' and I&AMP plans identify infrastructure upgrades, renewals, replacements and new construction for the coming budget.

### **3.3. Direct Funding of Community Group Infrastructure**

Council may approve a budget allocation of cash support to community groups for upgrades to non Council owned assets.

### **3.4. Facility or Infrastructure**

The building or infrastructure required for the activities of the group eg, courts, clubrooms, plant

### **3.5. Group or Organisation**

Means a collection of community members, who through membership make up a body for a common purpose

### **3.6. Incorporated Body / Association**

Are not for profit organisations, whose profits are kept by the association and not used by members for personal gain.

### **3.7. Infrastructure and Asset Management Plan**

Plan for management of Councils infrastructure an assets as per the Local Government Act 1999, Section 122 (I&AMP)

## **4. BENEFITS**

Proposals for investment in community infrastructure under any funding option, should demonstrate the benefit derived to City of Port Lincoln citizens and ratepayers from the proposal, in particular:

- whether the expected community, sporting, recreational, cultural or similar benefits are consistent with the objectives of Council's Strategic Plan
- the ongoing or increased benefits or services as a result of the investment in the infrastructure
- how the proposal improves and/or enhances the current facility
- the capacity for the facility to be used by the broader community at times when it is not required for the proponent organisation's purposes
- how the proposal promotes use of the infrastructure by more than one group or organisation
- ongoing responsibility for the infrastructure resting with the proponent organisation rather than Council

## **5. RISKS**

Council shall consider the risks associated with providing funding to the proponent group or organisation including;

- Ability of the organisation to meet repayments of any borrowings undertaken, and the likelihood of council having to absorb debt.
- Any impact the proposal may have on Councils' budget for ongoing operating expenditure, building maintenance etc.
- Ability of the organisation to manage the proposal to ensure effective completion of project.

- Ability of the organisation to set aside funds for asset replacement and for future upgrades

## 6. **RESPONSIBILITIES**

Council needs to determine at the time of consideration who will be responsible for:

### 6.1. ***Council Assets***

The Lease documents should include allocation of responsibilities for:

- Ongoing maintenance due to wear and tear
- Future replacement of the proposed infrastructure
- Replacement of the facility as a whole (as per Council's I&AMP)

### 6.2. ***Non Council Owned Community Assets***

- Future replacement of the proposed infrastructure should rest with the owner/manager of organisation
- Replacement of the facility as a whole should rest with relevant owners/managers

## 7. **ASSESSMENT OF THE REQUEST**

All requests for Council support from community groups or sporting organisations should be directed to the CEO and include Council Application form 17-37-T1. The appropriate Manager will then evaluate the request and prepare a report to Council on the associated risks and viability of the project and alignment to the Strategic Directions Plan. The report will have regard to the capacity of the organisation to meet the loan repayments, the type of the project proposed and a recommendation on the type of support and availability of Council funds.

Final consideration of the applications will form part of the annual budget process, where projects can be prioritised and deliberated, or when required may be considered in the context of Council's Budget Review process.

## 8. **FUNDING OPTIONS**

The Council may require the appointment of a project manager to ensure that the project complies with all appropriate regulations and standards. This is to safeguard Councils' investment in a project and support optimal community outcomes.

Prior to final release of financial support, the Council must be presented with final quotations, concepts and plans in relation to the proposed project.

### **OPTION 1 COMMUNITY LOANS**

Council may endorse a Community Loan be made to the group from Councils' non-statutory cash reserves or facilitated by a loan through the LGFA. The lending of the funds shall only be for infrastructure which enables the group to expand its operations or services to its members.

The amount of a community loan given will need to be assessed on each proposal. Council should consider:

- The amount of funds being allocated towards the proposal by the group/organisation

- Whether external grant funding opportunities have been or will be applied for or have been explored
- In-kind support for the proposal
- Other funding sources for the proposal
- Current and future activities and membership facilitated by the infrastructure or facility.

#### **8.1. Loan Agreement**

All loans will be entered into by agreement as per template 7-1-T2

#### **8.2. Interest Free Loan**

Council may offer an 'interest free' loan where the group can demonstrate that it has been actively fundraising and saving profits to contribute to the proposal and that the wider community will benefit from the proposal.

#### **8.3. Low Interest Rate Loan**

Council may offer a loan with a fixed interest rate which may be equivalent to the LGFA deposit interest rate at the time of the loan agreement being entered into or an interest rate as negotiated.

#### **8.4. Loan Terms**

The term of the loan shall be determined by Council, but will not exceed the expected useful life of the proposal.

Repayments of the loan will be at least annually, and Council will consider structuring the repayments to when the group has best cash flow capacity.

### **OPTION 2 CAPITAL BUDGET ALLOCATION FOR COUNCIL OWNED ASSETS**

Council's Strategic Plan and I&AMP will identify infrastructure upgrades, renewals, replacements and new construction and these items will be considered in the determination of the Annual Business Plan and budget.

Consideration may be given to upgrading or improving infrastructure where there is a demonstrated need and the community group has the capacity to contribute towards the capital cost.

Council owned infrastructure will remain under ownership of the Council and generally be leased to the community group.

Council should consider the ongoing management capacity of community groups when allocating budgets for renewal, replacement or upgrades to Council assets, and take the opportunity to review the schedule of the lease agreement. Groups should be encouraged to undertake financial business practices which assist in establishment of a sinking fund for ongoing maintenance and future upgrades.

### **OPTION 3 DIRECT FUNDING OF COMMUNITY GROUP INFRASTRUCTURE**

Council may approve a budget allocation of cash support to community groups for upgrades for non-Council infrastructure.

These will be treated as 'operational' budget expenditures, as the ownership of the improved infrastructure will remain with the community group and will not come into Council's Asset Register.

Council may: Choose to allocate in-kind support through allocation of employees or plant and equipment or make a cash contribution towards the project.

For the payment process of a cash contribution, best practice is:

1. an arrangement whereby Council is invoiced by the group for reimbursement of costs it has paid for the project up to the value of Council's agreed contribution (budget allocation) once works have been completed and evidence obtained by Council that this work has occurred and been paid for, OR
2. Council to directly pay the contractor/builder for works completed on presentation of such invoices. Before payments are approved and processed by Council staff, evidence must be obtained by Council either directly from the project manager/builder/quantity surveyor to certify that works have been completed.

Administering the expenditure of budget allocation by either of these methods, will ensure that safeguards are in place for Council funds to be only spent on or for the approved purpose. Direct 'untied cash payments' without evidence of expenditure should not be considered<sup>1</sup>.

## **9. DEMONSTRATE ABILITY**

For a Community Loan and Direct Funding, the proponent organisation must demonstrate that it:

- satisfies the criteria of a "not for profit" organisation and has an "incorporated" status
- has the ability to fund ongoing maintenance from operational revenue, ideally established in a Business Plan
- has committee structure in place which support the administration of the group and succession and/or transition plans for change of committee membership
- has a 'strategic plan' in place to ensure the ongoing viability and vision of the group
- has support from the group's membership base for the proposal
- has member's volunteer support for contribution to the proposal
- has capacity to service the loan repayments. This would include presentation to Council of prior year(s) audited financial reports and future cash flow statements that demonstrate financial viability over the period of the loan.
- Plans for the life of the proposal to exceed the life of any Council loan
- has appropriate insurances are in place and ongoing

## **10. RELEVANT DELEGATED POWERS AND DUTIES**

Any actions or decisions made regarding this policy, will be enacted upon as per Council's current Delegations Register

## **11. REVIEW**

This policy shall be reviewed by the City of Port Lincoln within twelve months after the conclusion of each periodic election, or on significant change to legislation or aspects included within this policy.

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<sup>1</sup> As per advice received from Council's Auditors, Dean Newbery and Associates

**12. REFERENCES**

Local Government Act, 1999

Strategic Management Plan document - "**Strategic Directions**"

Infrastructure & Asset Management Plan N20141497

Long Term Financial Plan N20151925

Policy 7.63.6 Community Funding Program

Form 17-37-T1 Community Infrastructure Request

Form 17-37-T2 Community Infrastructure Assessment

Form 7-1-T2 Community Loan Agreement