

Community Sports Infrastructure Loans Scheme Guidelines



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Message from the Minister for Sport, John Eren

In 2017 we released Active Victoria - a strategic framework to increase sport and recreation across Victoria. This framework identified a need to find new sources of investment to deliver community sports infrastructure.

In response to this, the Andrews Labor Government announced a \$100 million *Community Sports Infrastructure Loans Scheme* in the 2018-19 Victorian Budget as part of a broader approach to increase and simplify infrastructure investment.

This scheme is in addition to the Labor Government's record investment in community sports infrastructure – \$241.6 million in the 2018-19 Victorian Budget and over \$400 million since 2014.

The scheme will provide councils, clubs, associations, education institutions and facility managers access to low-interest loans guaranteed by the Victorian Government. These loans can be used to develop high-quality sport and recreation infrastructure that increases access to sport and active recreation in Victoria.

Eligible projects include the upgrade and development of significant community sport and recreation infrastructure such as indoor or outdoor aquatic leisure facilities, indoor sports stadiums, community sport precincts and synthetic sports surfaces.

The *Community Sports Infrastructure Loans Scheme* is a significant addition to existing infrastructure programs that reflect our commitment to health, wellbeing and community sport and recreation.

This program will also help communities, both metropolitan and regional, enhance their chances of attracting and hosting local and regional competitions, tournaments and events.

I know that by working together we can make sport more inclusive, increase local participation, stimulate economies and create more local jobs.

I look forward to seeing many exciting projects and benefits come out of the *Community Sports Infrastructure Loans Scheme*.



A handwritten signature in black ink that reads "John Eren". The signature is fluid and cursive.

Hon John Eren MP
Minister for Sport

Message from the Parliamentary Secretary for Treasury and Finance, Daniel Mulino

Whilst we're renowned for the quality of our international sporting offerings, it is grassroots sport that is the bedrock of our towns and suburbs.

That's why the 2018-19 Victorian Budget included an unprecedented investment in community sporting facilities across the state.

Included in that investment is the new \$100 million *Community Sports Infrastructure Loans Scheme*, which will significantly improve local facilities and fund new sporting infrastructure.

The scheme will provide councils, clubs, associations, educational institutions and facility managers who have the capacity to service project loans with access to low interest loans guaranteed by the Victorian Government.

Eligible projects will include outdoor aquatic leisure facilities, indoor sports stadiums, community sport precincts and synthetic sports surfaces.

With the backing of Victoria's prized triple A credit rating, eligible community sports organisations can access subsidised interest rates, allowing them to invest in high-quality infrastructure for their community organisations.

The initiative is part of a \$241 million investment that will upgrade facilities at suburban grounds, local clubs and high-performance centres across the state.

We're upgrading local grounds, change rooms and pavilions so everyone has the facilities they need to play and watch the sport they love. We also know that Victoria is experiencing strong demand for sports and recreation facilities and we need to find new ways to address that demand.

It reflects the Andrews Labor Government's focus on modern and accessible community sports infrastructure that can be enjoyed by everyone, regardless of their age, suburb, background, gender or ability.

Ultimately, it will bring families and local communities together and help ensure a healthier and more active Victoria.



A handwritten signature in dark ink, appearing to read 'Daniel Mulino'.

Daniel Mulino MLC

Parliamentary Secretary for Treasury and Finance

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Community Sports Infrastructure Loans Scheme

1. About the loans scheme

The innovative \$100 million *Community Sports Infrastructure Loans Scheme* was announced as part of the 2018-19 Victorian Budget.

The *Community Sports Infrastructure Loans Scheme* will support the delivery of community sport and recreation infrastructure by providing organisations access to low-interest government-guaranteed loans between \$500,000 and \$10 million.

1.1 What are the objectives of the loans scheme?

The objectives of the *Community Sports Infrastructure Loans Scheme* include:

- Increase opportunities for councils, clubs, associations, educational institutions and facility managers to invest in the development of community sport and recreation infrastructure, in addition to existing funding opportunities.
- Incentivise organisations such as local government to bring forward community sport and recreation infrastructure delivery.
- Increase the capacity and access to sport and recreation opportunities in Victoria.
- Facilitate the upgrade and development of significant metropolitan and regional community sport and recreation infrastructure.
- Support projects which provide the greatest community access and benefit.
- Support a range of organisations who can demonstrate the capability and capacity to deliver the Victorian Government's objectives as outlined in the *Active Victoria Strategic Framework*.

1.2 How much can be applied for?

Organisations may seek lending approval for loans between \$500,000 and \$10 million.

1.3 How does the scheme work?

The triple-A credit rating currently held by Victoria means that the state can borrow money at cheaper rates than are commercially available. This puts the government in a strong position to use their borrowing power to guarantee loans to organisations who would not be able to access finance at such rates.

In addition to accessing a low-interest rate loan from the Treasury Corporation of Victoria, organisations will receive additional interest subsidies that will further reduce the interest rate paid by borrowers by at least 50 per cent.

The primary benefit of the *Community Sports Infrastructure Loans Scheme* is that organisations will be able to achieve savings through having access to low-interest subsidised loans financed through the Treasury Corporation of Victoria.

1.4 What would the interest rate on a loan be?

Loans through the scheme will be provided at the Treasury Corporation of Victoria's borrowing rate at the date of contract execution. As of 25 June 2018, the interest rate for a 10 year loan from the Treasury Corporation of Victoria was 3.10 per cent (inclusive of administrative costs).

It's anticipated that the Victorian Government's additional interest subsidies will reduce the interest rate paid by organisations by at least 50 per cent.

It is important to note that the Treasury Corporation of Victoria's borrowing rates are subject to market fluctuations and therefore the actual interest rate offered will be dependent on the Treasury Corporation of Victoria's borrowing rate at the date of contract execution.

2. Eligibility

Loan applications must demonstrate strong community sport and recreation benefits while satisfying a credit assessment which will consider the applicant's capacity to repay the loan and meet interest payments, among other measures.

2.1 Who can apply?

Applications may be submitted for community sport and recreation infrastructure projects to be developed within Victoria from eligible applicants, including:

- Local government authorities.
- Incorporated, not-for-profit organisations whose primary purpose is to facilitate community sport and recreation activities including:
 - sport and recreation clubs and associations
 - sport and recreation clubs who own their own land, are a tenant of a private facility or not a tenant of a local council.
- Victorian state sporting associations or the national sporting organisation seeking to invest in a community infrastructure project.
- Not-for-profit and private facility managers with long-term community facility management arrangements.
- Private enterprises with long term community access arrangements or those who can demonstrate long term access to the public.
- Educational institutions such as universities or non-government schools (schools not in a position to borrow funds are encouraged to work with project partners).

Applications from organisations with limited alternative revenue streams will be considered a priority.

2.2 Who is ineligible?

General government sector agencies generally are not able to borrow from Treasury Corporation of Victoria as they are funded through the budget process. These entities include:

- Alpine Resorts Co-ordinating Councils
- Parks Victoria
- Kardinia Park Trust
- Melbourne and Olympic Park Trust
- State Sports Centre Trust
- TAFEs
- Public primary and secondary schools

A full list of ineligible government sector entities can be found at www.sport.vic.gov.au/loans

2.3 What types of projects may be supported?

Priority will be given to the projects that provide the greatest community benefit. Projects that may be supported under the scheme include, but are not limited to:

- New or redeveloped indoor or outdoor aquatic leisure facilities.
- New or redeveloped indoor sports stadiums.
- Pavilions including changeroom developments.
- Synthetic sports surfaces (including replacements).
- Active recreation infrastructure including but not limited to trails, play spaces, skate parks and BMX tracks.
- New or upgraded community sport precincts including sports fields and lighting.

Projects are expected to be delivered by qualified professionals, incorporate universal design principles and comply to Australian standards and those of the relevant sport.

The *Community Sports Infrastructure Loans scheme* can:

- Fund 100 per cent of the total project cost.
- Be secured in conjunction with a government grant ensuring that any grant funding program ratios are still met with the required cash contributions.

The scheme encourages a collaborative approach to infrastructure delivery between a range of partners that support community health and wellbeing. This may include commercial elements that support an organisation's financial sustainability.



2.4 What types of projects will not be supported?

Projects that will not be supported under the scheme include, but are not limited to:

- Facilities where little or no public access is available.
- Purchase of land or buildings.
- Requests for retrospective funding.
- Routine or cyclical maintenance works.
- Purchasing or maintaining any equipment.
- Requests for ongoing operational costs such as, but not limited to, salaries, electricity, water, asset maintenance and other utilities.
- Requests for multiple loans for a single project.
- Applications to refinance an existing loan or borrowings.
- Projects that are not able to demonstrate a reasonable likelihood of being able to pay the loan.

3. Loan Application

3.1 What information is required in an application?

Applications will consist of three components. All components must be provided in order for an application to be deemed eligible for assessment. These include:

- Loan application form
- Business case
- Supporting documentation

Loan Application Form

- A loan application form will seek/include basic applicant, loan and project details. The loan application form can be downloaded at www.sports.vic.gov.au/loans

Business Case

All applicants will be required to submit a business case which aligns strongly with the objectives of the scheme and addresses the following:

- Project Justification
 - Background / rationale
 - Current and proposed facility use
 - Strategic alignment with Active Victoria
 - Land owner, stakeholder and community support
- Project Delivery
 - Tendering and project development
 - Expected outcomes and benefits
 - Demonstrated long-term facility tenure and public access
 - Facility management and organisational governance
- Financial Information
 - Loan request details
 - Project budget and financial contributions
 - Financial impact of new infrastructure
 - Financial sustainability of organisation
 - Ability to service the loan

An example business case template can be downloaded at www.sport.vic.gov.au/loans that may assist applicants address the required information.

Supporting Documentation

Applications will be required to provide documentation to support their business case and demonstrate financial viability, security and capacity to repay. This includes:

- Schematic plans or detailed area schedules for prefab/modular projects.
- Quantity survey or tender price is required.
- Evidence of other confirmed funding contributions.
- Evidence of long-term community access arrangements that extends to the life of the loan as a minimum, with a preferred duration for the life of the facility.
- Any additional business or feasibility planning documents.

- Evidence of land owner, stakeholder and community consultation and support.
- Facility Management Plan / Schedule of Use.
- Audited financial statements for the previous three years.
- Estimated financial statements for the next five years.
- Projected cash flow forecast (including project related capital, operating and maintenance costs) demonstrating a capacity to repay the loan, without further borrowing, under various interest rates and other scenarios.
- Evidence of security for the loan in the form of assets or significant and consistent cash flow surpluses.

3.3 How do I submit my application?

Applicants are required to submit their loan application form, business case and supporting documentation to loans@sport.vic.gov.au

All applications and additional documentation must be submitted prior to **11.59 pm on Friday 31 August 2018**

The following working day, you will receive a confirmation email notifying you of receipt of the application.

3.4 How are applications assessed?

Sport and Recreation Victoria is administering the *Community Sports Infrastructure Loans Scheme* in collaboration with Department of Treasury and Finance and Local Government Victoria.

The broad process associated with the assessment of an application is as follows:

- Sport and Recreation Victoria seeks and assesses applications from organisations in the form of a business case for the proposed project.
- If the project demonstrates strong alignment to the scheme's objectives, Sport and Recreation Victoria will refer the project for financial analysis to the Department of Treasury and Finance.

- Department of Treasury and Finance will assess the applicants' financial viability, security and capacity to repay the loan and service the interest cost.
- Should an organisation meet the above criteria, Department of Treasury and Finance will recommend a state guaranteed loan be given by Treasury Corporation of Victoria to the successful applicant.
- If the guarantee is approved, the applicant will then enter into an agreement with Treasury Corporation of Victoria which will outline the terms and conditions of the loan.
- Your organisation will also be required to sign an agreement with the Department of Health and Human Services that sets out community access expectations along with other obligations, including timely delivery.
- The Department of Health and Human Services will also support your project by providing expert advice and input to assist your development.

4. Timelines

The *Community Sports Infrastructure Loans Scheme* will administer its first round of loan applications within the following timelines.

Loans scheme applications open	Mid July 2018
Loans scheme applications close	31 August 2018
Notification of outcomes	Early October 2018
Loan Agreements signed	October 2018 onwards

The scheme will seek delivery of projects within 24 months from the execution of the contract.



5. Conditions that apply to loan applications

5.1 Loan Terms

Organisations will have flexibility when structuring their loan/s. Organisations will be able to discuss the following conditions with the Department of Treasury and Finance and Treasury Corporation of Victoria to ensure the loan structure is consistent with business requirements:

- Fixed or variable interest rate
- Loan term (up to 15 years)
- Requirements for a limited interest only period
- Security to be provided
- Timing of repayments (monthly/quarterly/semi-annual)

Your organisation will also be required to sign an agreement with the Department of Health and Human Services that sets out long term community access expectations and financial scenarios for circumstances where a facility's use changes during that time.

5.2 Acknowledging the Victorian Government's support and promoting success

Successful applicants need to acknowledge the Victorian Government's support through the *Community Sports Infrastructure Loans Scheme*. Acknowledgement and Publicity Guidelines form part of the Community Access Agreement and include the requirement that all activities acknowledge Victorian Government support through logo presentation on any activity-related publications, media releases, promotional material and placement of a permanent Victorian Government endorsed sign/plaque at the site during construction and upon completion of infrastructure activities.

When your organisation wishes to launch an infrastructure project which is receiving funding from the government at a public event or similar, you are required to give the Minister for Sport and the Treasurer the opportunity to officially open or launch the activity. Your organisation is also required to invite the Minister for Sport to significant events associated with the project including ground breaking ceremonies, construction inspections, openings, launches and photo opportunities.

These guidelines reflect current expectations of Victorian Government recognition. Visit the **Acknowledgement and Publicity Guidelines** page for more information < <http://www.sport.vic.gov.au/grants-and-funding/funded-project-information-forms-and-templates> >.

