

CCL 13/12/2022 – ADOPTION OF COUNCIL POLICIES

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CCL 13/12/2022 – ADOPTION OF COUNCIL POLICIES

ITEM-108 Attachment A: Investment and Borrowing Policy

Page 3 Attachment A.1: Summary of the Policy and proposed changes

Page 4 Attachment A.2: Investment and Borrowing Policy (clean version)

Page 21 Attachment A.3: Investment and Borrowing Policy (tracked changes)

POLICY TITLE: Investment and Borrowing Policy

POLICY OWNERS: Executive Director of Corporate Services / Manager Finance, Property and Performance

SUMMARY OF POLICY

1. The Investment and Borrowing Policy was adopted in July 2021. The purpose of the Policy is to provide a framework for the investing and borrowing functions of Council.
2. In accordance with the *Local Government Act* (the Act) Investment Order, Council should by resolution adopt an investment policy that is consistent with the Order and any guidelines issued by the Chief Executive (Local Government), Department of Premier and Cabinet, from time to time. Office of Local Government Investment Policy Guidelines, issued May 2010, states that Council should review The Policy annually.
3. The proposed Policy is set out at **Attachment B.2** and a tracked changed version is set out at **Attachment B.3**.

SUMMARY OF PROPOSED CHANGES TO POLICY

4. The key differences between the revised Policy and CN's current Policy are as follows:
 - i. Roles and Responsibilities (Part D): This Section is newly included in Part D of the reviewed Policy.
 - ii. Roles and Responsibilities have also been added for the Investment Advisor Section (Section 8) listed as a summary of key existing contractual services.
 - iii. Risk Management Framework (Section 6): Amendment has been made to adjust the minimum and maximum Investment category exposures to increase Capital Growth max exposure from 20% to 30% (6.3). Additionally maximum exposure to single counterparties rated AAA or AA (and major banks) has been increased from 30% to 35%.
 - iv. Internal loans (Section 14.4): Wording amended to explicitly exclude the ability to internally borrow from externally restricted funds.
 - v. This Policy has been updated to align with the 2022 organisation structure seeing the removal of Manager Business Partnering (role no longer exists) and addition of Assets and Treasury Lead (newly created role since last Policy review) to the list of Authorised CN Officers (section 14.6.2).
 - vi. The format of the Policy has been updated to align with the Policy template, for consistency with CN policies.

CONSULTATION

5. This Policy is drafted in accordance with the current Ministerial Investment Order, issued by the NSW Minister for Local Government and therefore, public exhibition is not recommended.

Investment and Borrowing Policy

[Month] 2022

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Part A Preliminary

1 Purpose

- 1.1 The purpose of this Policy is to provide a framework for the investing and borrowing functions of City of Newcastle (CN).
- 1.2 This Policy aims to ensure that CN's capital is managed in accordance with:
 - 1.2.1 Legislative requirements;
 - 1.2.2 Prudent financial management and governance principals;
 - 1.2.3 Council's strategic objectives; and
 - 1.2.4 Risk management and mitigation.

2 Scope

- 2.1 This Policy applies to the Council, Council appointed Investment advisor, and CN staff delegated the authority to perform the investment and borrowing function of Council.

3 Principles

- 3.1 CN commits itself to the following:
 - a) **Preservation of capital** – This is the principal objective of the investment portfolio. Investments are to be placed in a manner that seeks to ensure security and the safeguarding of the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.
 - b) **Liquidity** – Investments should be allocated to ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring the risk of significant costs due to the unanticipated sale of an investment.
 - c) **Return on Investments** - Investments are expected to achieve a market average rate of return in line with Council's risk tolerance. Risk tolerance thresholds are identified within clause 7.
 - d) **Business model for managing financial assets** – Delegated Officers are to manage all the investments with a contracted term and maturity date as a hold to maturity investment. Deviation from this method of operation (e.g. sale or redemption of an investment prior to maturity) is permissible for either risk management purposes, to meet unforeseen liquidity requirements, or if deemed advantageous to do so.

Part B Investments

4 Purpose

- 4.1 The purpose of the Investments subsection of this Policy is to provide a framework for the investing of Council's funds at the most favourable rate of return available to Council at the time whilst having due consideration of risk and security for that investment type and ensuring that its liquidity requirements are being met.
- 4.2 All investments are to comply with the following:
- a) Local Government Act 1993 (NSW) - Section 625
 - b) Local Government (General) Regulation 2021
 - c) Prevailing Ministerial Investment Order
 - d) Local Government Code of Accounting Practice and Financial Reporting
 - e) Office of Local Government Investment Circulars; and
 - f) Australian Accounting Standards.

5 Investment Types and Restrictions

5.1 Authorised investments

5.1.1 In accordance with the prevailing Ministerial Investment Order, issued by the NSW Minister for Local Government, a council may only invest money in the following forms of investment:

- a) any public funds or securities issued by or guaranteed by, the Commonwealth, any State of the Commonwealth or a Territory;
- b) Any debentures or securities issued by a council (within the meaning of the *Local Government Act 1993 (NSW)*);
- c) Interest bearing deposits with, or any debenture or bonds issued by, an authorised deposit-taking institutions (as defined in the *Banking Act 1959 (Cwth)*), but excluding subordinated debt obligations;
- d) Any bill of exchange which has a maturity date of not more than 200 days; and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an authorised deposit-taking institution by the Australian Prudential Regulation Authority;
- e) A deposit with the New South Wales Treasury Corporation or investments in an Hour-Glass investment facility of the New South Wales Treasury Corporation;

5.1.2 All investment instruments (excluding short term discount instruments) referred to above include both principal and investment income.

5.1.3 When placing a new investment a minimum of three quotations are to be obtained on comparable investments. If three comparable quotations are unavailable documentary evidence must be recorded justifying how a fair market price was determined and obtained.

5.2 Prohibited investments

5.2.1 In accordance with the Ministerial Investment Order, this investment policy prohibits but is not limited to any investment carried out for speculative purposes including:

- a) Derivative Based Instruments. Examples: structured debt obligations, swaps, futures, options, caps, floors, collars, forwards;
- b) Principal only investments, or securities, that provide potentially nil or negative cash flow. Example: Principal Protected Notes, and
- c) Stand-alone securities issued that have underlying futures, options, forward contracts and swaps of any kind.

5.2.2 This policy also prohibits the use of leveraging (borrowing to invest) of an investment.

5.3 Grandfathering

5.3.1 In situations where compliant investments change to fall outside of either CN's Investment and Borrowing Policy and/or the prevailing Ministerial Investment Order the Delegated Officers may continue to hold to maturity (i.e. Grandfather the investment so long as Grandfathering is permitted under the Ministerial Investment Order), redeem or sell the investment. Such occurrences will be reported to Council.

5.4 Legal title

5.4.1 When entering into a financial instrument, it is required that CN has legal title to the investment and is the beneficial owner.

6 Risk Management Framework

6.1 The Risk Management Framework mandates minimum and maximum exposure limits applicable to the daily management of CN's unconsolidated cash and investment portfolio.

6.2 The purpose of the Risk Management Framework is to manage CN's risk tolerance in alignment with its Investment Principles (Section 4).

6.3 Overarching risk management exposure limits are as per the following table:

Investment Category	Minimum Exposure	Maximum exposure
Income producing / Defensive	70%	100%
Capital Growth	0%	30%

6.4 Income producing / Defensive Category

6.4.1 The Income producing / Defensive category includes all interest-bearing deposits, debentures, bonds, bills of exchange, and TCorpIM Funds (mandating investment solely in the previously stated financial assets) permissible as per the prevailing Ministerial Investment Order.

6.4.2 Income producing / defensive financial assets tend to carry lower risk levels, and therefore generate a lower average return over the long term in comparison to Capital Growth Financial assets.

6.4.3 Generally, defensive assets are expected to provide returns in the form of income.

6.4.4 Mandated risk limits apply to this category as per the Credit and Market risk framework; and Maturity risk framework.

6.4.5 Credit and Market risk framework

- a) Credit Risk means the risk that an investor fails to receive the entire principal and/or interest associated with that investment when it falls due.
- b) Market Risk means the risk of an investor experiencing losses due to factors that affect the overall performance of the financial markets.
- c) To control the credit quality of the investments contained within this category the following credit framework limits apply:

Long Term Credit Rating (Standard and Poors)	Maximum exposure	Maximum exposure to any one counterparty
AAA	100%	35%
AA band or Major Banks	100%	35%
A band (and ratings below)	60%	15%
BBB+ to BBB (and below)	50%	10%
Non Rated, BBB- or below	10%	5%

- d) New Investments are to be placed in accordance with the credit risk limits at the time of entering into the transaction.
- e) In the event that an entity is unrated by Standard and Poor's but rated by Moody's and/or Fitch the Standard and Poor's equivalent to the lowest Fitch/Moody's credit rating is to be utilised in the above framework.
- f) Investments in Non Rated Category ADIs are restricted to those institutions with a minimum total asset size of \$500m.

6.4.6 Maturity risk framework

- a) The Maturity risk framework specifies the Minimum and Maximum percentages of CN's total investment portfolio that can be held within the various Term to Maturity bands.
- b) The thresholds are established in order to manage Maturity Risk and limit Liquidity Risk, whilst also allowing for Diversification of the portfolio and recognising the need to facilitate matching of investment duration with long term liabilities

Term to Maturity	Minimum	Maximum	Minimum rating of Investment at purchase
<1 Year	25%	100%	
>1 Year	0%	75% (maximum of 30% to BBB)	BBB
>3 Years	0%	50% (maximum of 10% to BBB)	BBB
>5 Years	0%	20%	AA- (or major bank)

6.5 Capital Growth Category

- 6.5.1 The Capital Growth category encompasses all TCorpIM Growth Funds permissible as per the prevailing Ministerial Investment Order (but excluding those carrying only defensive/income producing assets as described in the Income producing/defensive assets category).
- 6.5.2 Capital Growth financial assets are designed to grow the capital value of the asset. They tend to carry higher levels of risk with returns strongly influenced by market fluctuations and therefore market values can vary considerably over shorter time frames. Although Capital Growth assets carry higher levels of risk, they have the potential to deliver higher returns over longer investment time frames.
- 6.5.3 Should the prevailing Ministerial Investment Order be amended to permit additional Capital Growth assets they are not permissible investments under this Policy until explicitly specified under Permissible Capital Growth Financial Assets within Annexure A – Definitions of this Policy.

6.6 Liquidity guidelines

- 6.6.1 Delegated Officers are to ensure that sufficient funds are retained within CN's general fund and high interest at call account combined to meet foreseen creditor payments as they fall due with a buffer for reasonable unforeseen payments.

6.7 Diversification guidelines

- 6.7.1 Delegated Officers are responsible for the continual maintenance of a well-diversified portfolio with respect to institution, term to maturity and product.
- 6.7.2 The management and monitoring of diversification is via adherence to the specified Risk management frameworks identified within this section of this Policy.

7 Environment and Social Responsibilities

7.1 Environmental and Social Investment guidelines

7.1.1 CN's preference is to enter into Environmentally and Socially Responsible Investments where:

- a) The investment is compliant with legislation and this Policy's objectives and parameters; and
- b) The rate of return is at least equal to comparable investments on offer to CN at the time of investment.

7.1.2 Environmental and Social status may be in respect of the individual investment product, the issuer of the investment, or both and should be endorsed by an accredited environmentally and socially responsible industry body or institution where possible.

7.1.3 CN's criteria for environmentally and/or socially responsible investment are those which direct investment towards activities listed below:

Environmentally productive activities are considered to be:	Socially productive activities are considered to be:
<ul style="list-style-type: none">• resource efficiency-especially water and energy• renewable energy• production of environmentally friendly products• recycling, and waste and emissions reduction	<ul style="list-style-type: none">• fair trade and provision of a living wage• human health and aged care• equal opportunity employers, and those that support the values of communities, indigenous peoples and minorities• provision of housing, especially affordable housing

7.1.4 Avoid investment in the socially and/or environmentally harmful activities listed below:

Environmentally harmful activities are considered to be:	Socially harmful activities are considered to be:
<ul style="list-style-type: none">• production of pollutants, toxins and greenhouse gases (either in Australia or abroad)• habitat destruction, especially destruction of forests and marine eco-systems.• nuclear power• uranium mining	<ul style="list-style-type: none">• abuse of Human Rights and Labour Rights• involvement in bribery/corruption• production or supply of armaments• manufacture of alcohol, tobacco or gambling products

8 Independent Investment Advisor

8.1 Investment advisor selection

8.1.1 CN's investment advisor must be licensed by the Australian Securities and Investment Commission. The advisor must be an independent person who has no actual or potential conflict of interest in relation to investment products being recommended and is free to choose the most appropriate product within the terms and conditions of the this Policy.

8.1.2 The investment advisor is required to provide written confirmation that they do not have any actual or potential conflicts of interest in relation to the investments that they are recommending or reviewing, including that they are not receiving any commissions or other benefits in relation to the investments being recommended or reviewed. This confirmation is required prior to entering into a contract with the advisor.

8.2 Investment advisor roles and responsibilities

8.2.1 CN's appointed advisor will provide regular review of CN's Investment Policy, Investment Strategy, and investment portfolio's performance against risk management

framework. The advisor will also provide both generic and tailored investment recommendations, provide regular commentary on relevant economic and market conditions, as well as the provide any adhoc reporting and advice deemed relevant or requested.

9 Measurement

9.1 Performance measurement

- 9.1.1 The Key Performance Indicator (KPI) for the Income producing / Defensive category is benchmarked to the 12 month rolling Bloomberg AusBond Bank Bill Index or its successor or equivalent index.
- 9.1.2 Actual performance is measured using the weighted average return of the investment portfolio over a historical 12 month period. This is measured on a rolling monthly basis to coincide with monthly reporting.
- 9.1.3 The KPI for the Capital Growth category is benchmarked at a rate equal to the long term performance objective, set by TCorp, for each separately identifiable TCorpIM Growth Fund. These are set at a margin above Inflation (Inflation being the Consumer Price Index (CPI)).
- 9.1.4 The returns generated on Grandfathered Investments will be regularly reviewed by an independent financial advisor by benchmarking and assessing their market value. The market value is to be assessed once a month to coincide with monthly reporting.

10 Reporting of Investments

10.1 General reporting

- 10.1.1 Documentary evidence must be held for each investment and details thereof maintained in an Investment Register.
- 10.1.2 The documentary evidence must provide CN legal title to the investment.
- 10.1.3 All investments are to be appropriately recorded in CN's financial records and reconciled on at least a monthly basis.

10.2 Monthly reporting

- 10.2.1 CN must comply with clause 212 of the *Local Government (General) Regulation 2021* (Regulation) which outlines legislated monthly reporting requirements.
- 10.2.2 In addition to the legislative requirements, CN's monthly report will detail actual performance of the investment portfolio in comparison to budgeted interest return and KPI, and key data summarising compliance with the risk management framework outlined within this Policy.

10.3 Annual reporting

- 10.3.1 In accordance with annual financial reporting requirements, certificates must be obtained from the financial institutions confirming the amounts of investments held on CN's behalf as at 30 June each year and reconciled to the Investment Register.
- 10.3.2 As at 30 June each year an independent financial assessment of the value of all investments classified as being available for sale is to be received.

Part C Borrowing

11 Purpose

- 11.1 To provide a framework and procedures for:
 - 11.1.1 Determination and funding of CN's Annual Loan Borrowing Program;
 - 11.1.2 Determination of an appropriate debt service level;
 - 11.1.3 Borrowing by way of overdraft limit; and
 - 11.1.4 Internal loans.

12 Scope

- 12.1 CN's external borrowing is subject to the *Local Government Act 1993* (NSW), the *Local Government (General) Regulation 2021* and the approval of the Minister for Local Government.

13 Principles

- 13.1 CN commits itself to the following principles:
 - 13.1.1 **New borrowing for capital works purposes** - These should only occur when CN deems the annual debt service expense to be affordable in the context of the annual management planning process and CN's long term financial capacity.
 - 13.1.2 **Debt Service Cover ratio** - It is considered that a Debt Service Cover ratio as per the Industry benchmark of Greater than 2x is appropriate within current budget constraints and allows for current service levels to be maintained.

14 Process

14.1 Legislative Requirements

- 14.1.1 The borrowing of loan funds by Local Government authorities is regulated under Section 621-624 of the *Local Government Act 1993* (NSW) and the *Local Government (General) Regulation 2021*.
- 14.1.2 Section 377 of the *Local Government Act 1993* (NSW) empowers only the elected Council with the power to approve the borrowing of loan funds. This function of Council cannot be delegated.
- 14.1.3 Council is required to advise the Chief Executive Officer, Office of Local Government, of amounts borrowed at the time loans are taken out in accordance with clause 230 of the *Local Government (General) Regulation 2021*.
- 14.1.4 Borrowings by CN must be made in accordance with the Minister's Borrowing Order.

14.2 Annual Loan Borrowing Program

- 14.2.1 As part of the annual Operational Plan process CN shall initially determine and disclose any proposed new money borrowings.
- 14.2.2 Subsequent to this approval CN's CEO shall negotiate and raise loan funds on the most financially attractive terms and conditions for CN.
- 14.2.3 Where there is a requirement to increase borrowings during the financial year, not included in the annual Operational Plan, CN should advise TCorp by resubmitting the Borrowing Return with an additional comment on the purpose of the increased borrowings. The additional borrowings are to be resolved by Council prior to resubmitting.

14.3 Borrowing by way of Overdraft Limit

- 14.3.1 Section 622 of the *Local Government Act 1993* (NSW) allows councils to borrow by way of an overdraft or loan or by any other means approved by the Minister.

14.3.2 As at the date of Policy approval CN does not have an Overdraft facility in place nor does it have any intention to pursue one. Should the requirement for an Overdraft facility arise approval will be sought in accordance with the guidelines established within this Policy.

14.4 Internal loans

14.4.1 An internal loan from reserve funds is a funding option that can be considered by councils to finance projects in lieu of borrowing externally.

14.4.2 In conjunction with CN's Restricted Cash Policy contained within CN's Operational Plan internal borrowing should only be considered where:

- a) The restriction borrowed from is classified as Internal;
- b) The cash funds in reserve are not required over the period of the loan; and
- c) The rate of interest is market competitive and a disciplined repayment plan is established by agreed loan instalments.

14.4.3 In accordance with Section 410 of the *Local Government Act 1993* (NSW) money raised by special rates or charges that are not yet required for the purpose for which they were received may be lent (by way of internal loan) for use for any other purpose if, and only if, its use for that purpose is approved by the Minister. This prohibits internal borrowings from externally restricted funds without explicit approval by the Minister.

Part D Roles and Responsibilities

14.5 Council

14.5.1 Adopt Investment and Borrowing Policy.

14.5.2 In accordance with clause 212 of the *Local Government (General) Regulation 2021* receive and adopt a written report presented monthly to an ordinary meeting of the elected council.

14.6 CN Staff

14.6.1 Authority for the implementation of this Policy is delegated by Council to the CEO in accordance with the *Local Government Act 1993* (NSW).

14.6.2 The CEO in turn delegates the day-to-day management of CN's investments to Authorised CN Officers.

14.6.3 Authorised Investment Officers who have responsibility for management of CN's investments are to ensure:

- a) Any new capital contribution or withdrawal made by CN to or from a TCorpIM Growth Fund will require written authority from any two Authorised CN Officers.
- b) The investment portfolio will be managed with the care, diligence and skill that a Prudent Person would exercise.
- c) As trustees of public monies manage CN's investment portfolio to safeguard the portfolio in accordance with the spirit of this Investment Policy, and not for speculative purposes.
- d) Refrain from decision making activities that could be perceived as conflicting with proper management and decision making in relation to the investment portfolio.
- e) Disclose any conflict of interest in accordance with CN's Code of Conduct for Staff.

14.7 Delegation of authority

14.7.1 The Chief Executive Officer, Director Governance, Manager Finance, Manager Corporate Finance, and Manager Business Partnering are responsible for the day-to-day management of CN's investments in accordance with this Policy, CN's Investment Strategy, the Ministerial Investment Order and section 625 of the *Local Government Act 1993*.

14.7.2 Officers' delegated authority to manage CN's investments shall be recorded and officers will be required to acknowledge they have received a copy of this Policy and that they understand their obligations in this role.

14.7.3 Any new capital contribution or withdrawal made by CN to or from a TCorpIM Growth Fund will require written authority from any two of the CN staff with delegated authority (refer to Annexure B).

14.8 Prudent Person standard

14.8.1 The investment portfolio will be managed with the care, diligence and skill that a Prudent Person would exercise. As trustees of public monies, officers are to manage Council's investment portfolio to safeguard the portfolio in accordance with the spirit of this Investment Policy, and not for speculative purposes.

14.9 Ethics and conflicts of interest

14.9.1 Delegated Officers shall refrain from decision making activities that could be perceived as conflicting with proper management and decision making in relation to the investment portfolio.

14.9.2 Disclosure of any conflict of interest should be made in accordance with CN's Code of Conduct Policy.

14.9.3 Independent advisors are required to declare, prior to engagement or as circumstances arise, any actual or perceived conflict of interest.

Part E Policy Review

- 14.10 This Policy will be reviewed at least once a year or as required in the event of legislative changes.
- 14.11 This Policy may also be changed as a result of other amendments that are to the advantage of Council and in the spirit of this Policy or as required due to a change in external legislation.
- 14.12 Any amendment to this Policy must be by way of Council resolution.

DRAFT

Annexure A - Definitions

Authorised CN Officers refers to the Executive Director Corporate Services and CFO, Manager Finance, Property and Performance, Financial Controller, and Assets and Treasury Lead

Authorised Deposit Taking Institution (ADI) means a corporation authorised under the *Australian Banking Act 1959* to receive deposits in Australia. ADIs include banks, building societies and credit unions.

CEO means Chief Executive Officer of the City of Newcastle and includes their delegate or authorised representative.

References to the Chief Executive Officer are references to the General Manager appointed under the *Local Government Act 1993* (NSW).

City of Newcastle (CN) means Newcastle City Council.

Council means the elected Council.

Debt Service Cover ratio is calculated in accordance with the prevailing Local Government Code of Accounting Practice and Financial Reporting.

Delegated Officer means the officers listed at clause 4.1.1.

Derivative Based Instruments means investments whose value is derived from the performance of underlying market factors, such as interest rates, currency exchange rates, and commodity, credit and equity prices. Derivative investments include structured debt obligations, swaps, futures, options, caps, floors, collars, forwards and a various combination thereof.

Diversification means setting of limits for investing funds with ADIs and Australian Federal, State and Local Governments and any other investments permissible under the Policy.

Grandfathering means a situation in which an old rule continues to apply to some existing situations, while a new rule will apply to all future situations.

Internal Loans refers to those monies transferred within CN to cover identified projects, where the money is to be repaid to the restricted fund from a specified source.

Investment Risk means the value of investments may go up or down - sometimes rapidly and unpredictably - which may result in a capital loss upon redemption, or a lower than expected return.

Liquidity Risk means the risk an investor is unable to redeem the investment at a fair price within a timely period.

Long Term Credit Rating means a guide or standard for an investor, which indicates the ability of a debt issuer or debt issue to meet the obligations of repayment of interest and principal over a period greater than one year.

Major Banks means ANZ, CBA, NAB and Westpac or any of their wholly owned and guaranteed subsidiary banks carrying the same credit rating as the major bank.

Maturity Risk means the risk relating to the duration of an investment. The longer the investment term to maturity, the greater the length of exposure and risk to market volatilities.

New money borrowings are broadly defined to include the entire range of financing arrangements available to CN. These include conventional loans, deferred payment arrangements, finance leases and any other forms of raising new capital funds.

Non Rated Category means an Australian Prudential Regulation Authority regulated defined Authorised Deposit Taking Institution (ADI) that does not currently have a credit rating from a major recognised credit ratings agency (currently, Standard & Poor's, Moody's or Fitch).

Permissible Capital Growth Financial Assets refers to those assets clearly defined as TCorpIM Growth Funds within this Section of this Policy.

Prudent Person means someone who will manage the investment portfolio in a wise, skilful, diligent and careful manner. They always exercise due care in making decisions and act in moderation.

Reserve funds refers to those funds which have either an external restriction (legislative or otherwise) or an internal restriction (Council adopted resolution to hold monies for a specific purpose) governing the management and future application of these funds.

TCorp means New South Wales Treasury Corporation (as part of the New South Wales Government) and is the central financing authority for the New South Wales public sector. Its principal objective is to provide financial service for, or for the benefit of, the New South Wales Government, public authorities and other public bodies.

TCorpIM Growth Funds means both the Medium Term Growth Fund and Long Term Growth Fund which are diversified funds that invest in a blend of growth and defensive asset classes. These funds are designed for investors with longer term time horizons and are able to take additional investment risk in order to generate higher potential returns.

Unless stated otherwise, a reference to a section or clause is a reference to a section or clause of this Policy.

Annexure B - Policy Authorisations

In accordance with section 378 of the Local Government Act 1993 (NSW), the CEO delegates the following functions to the positions listed:

Title of authorisation	Description of authorisations	Position Number / Title
Investment	Invest funds on behalf of CN	P60629 - Executive Director Corporate Services P60636 - Manager Finance Property and Performance P60625 - Financial Controller P60429 - Assets and Treasury Lead

Approved by: _____
Jeremy Bath
Chief Executive Officer

Date:

Document Control

Policy title	Investment and Borrowing Policy
Policy owner	Executive Director Corporate Services / Manager Finance Property and Performance
Policy expert/writer	Treasury Accountant
Associated Procedure Title (if applicable)	N/A
Procedure owner (if applicable)	N/A
Prepared by	Finance Property and Performance
Approved by	Council
Date approved	To be completed by Legal and Governance
Commencement Date	To be completed by Legal and Governance
Next revision date (date policy will be revised)	To be completed by Legal and Governance
Termination date	To be completed by Legal and Governance
Version	6
Category	Financial
Keywords	Investments, Risk Management, Interest Rates, Surplus Funds, Legislation, Cash Flow, Borrowings, Loans, Cash Restrictions, Internal loans
Details of previous versions	Version #1 – ECM: 5289317 Version #2 – ECM: 6514597 Version #3 – ECM: 6061433 Version #4 – ECM: 6619849 Version #5 – ECM: 7070158
Relevant Newcastle 2040 Theme/s	Inclusive and integrated planning 4.1.1 Financial sustainability 4.1.2 Integrated planning and reporting
Relevant strategy	Nil

Relevant legislation/codes (reference specific sections)	<p>This Policy supports CN's compliance with the following legislation:</p> <p>Local Government Act 1993 (NSW) s377, 410, 621-625</p> <p>Local Government (General) regulation 2021 s212, 230</p> <p>Ministerial Investment Order</p> <p>Ministerial Borrowing Order</p> <p>Local Government Code of Accounting Practice and Financial Reporting</p> <p>Australian Accounting Standards</p> <p>Division of Local Government - Investment Policy Guidelines - May 2010</p>
Other related policies/ documents/ strategies	<p>Codes of Conduct</p> <p>Register of Delegations</p>
Related forms	Nil
Required on website	Yes
Authorisations	Functions authorised under this Policy at Annexure B

Investment and Borrowing Policy

[Month] 2022

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Part A Preliminary

1 Purpose

- 1.1 The purpose of this Policy is to provide a framework for the investing and borrowing functions of [City of Newcastle \(CN\) Council](#).
- 1.2 The Policy ~~framework will aims to~~ ensure that ~~management of CN Council's~~ capital is ~~carried out in a manner that provides due consideration to~~ managed in accordance with:
 - 1.2.1 Legislative requirements;
 - 1.2.2 Prudent financial management and governance principals;
 - 1.2.3 Council's strategic objectives; and
 - 1.2.4 Risk management and mitigation.

~~2 Part B Investments~~

~~3 Purpose~~

~~4.2 The purpose of the Investments subsection of the Policy is to provide a framework for the investment function of Council. Scope~~

~~2.1 This Policy applies to the Council, Council appointed Investment advisor, and CN staff delegated the authority to perform the investment and borrowing function of Council.~~

~~4.11.1 Delegation of authority~~

~~4.1.11.1.1 The Chief Executive Officer, Director Governance, Manager Finance, Manager Corporate Finance, and Manager Business Partnering are responsible for the day-to-day management of Council's investments in accordance with this Policy, Council's Investment Strategy, the Ministerial Investment Order and section 625 of the Local Government Act 1993.~~

~~4.1.21.1.1 Officers' delegated authority to manage Council's investments shall be recorded and officers will be required to acknowledge they have received a copy of this Policy and that they understand their obligations in this role.~~

~~4.1.31.1.1 Any new capital contribution or withdrawal made by Council to or from a TCorpIM Growth Fund will require written authority from any two of the Council officers with delegated authority (refer 3.1.1 and/or Annexure B).~~

~~4.21.1 Prudent Person standard~~

~~4.2.11.1.1 The investment portfolio will be managed with the care, diligence and skill that a Prudent Person would exercise. As trustees of public monies, officers are to manage Council's investment portfolio to safeguard the portfolio in accordance with the spirit of this Investment Policy, and not for speculative purposes.~~

~~4.31.1 Ethics and conflicts of interest~~

~~4.3.11.1.1 Delegated Officers shall refrain from decision making activities that could be perceived as conflicting with proper management and decision making in relation to the investment portfolio.~~

~~4.3.21.1.1 Disclosure of any conflict of interest should be made in accordance with Council's Code of Conduct Policy.~~

4.3.31.1.1

~~Independent advisors are required to declare, prior to engagement or as circumstances arise, any actual or perceived conflict of interest.~~

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3 Principles

3.1 CN commits itself to the following:

- a) **Preservation of capital** – This is the principal objective of the investment portfolio. Investments are to be placed in a manner that seeks to ensure security and the safeguarding of the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.
- b) **Liquidity** – Investments should be allocated to ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring the risk of significant costs due to the unanticipated sale of an investment.
- c) **Return on Investments** - Investments are expected to achieve a market average rate of return in line with Council's risk tolerance. Risk tolerance thresholds are identified within clause 7.
- a)d) **Business model for managing financial assets** – Delegated Officers are to manage all the investments with a contracted term and maturity date as a hold to maturity investment. Deviation from this method of operation (e.g. sale or redemption of an investment prior to maturity) is permissible for either risk management purposes, to meet unforeseen liquidity requirements, or if deemed advantageous to do so.

4.4 — To provide a framework for the investing of Council's funds at the most favourable rate of return available to Council at the time whilst having due consideration of risk and security for that investment type and ensuring that its liquidity requirements are being met.

4.5 — While exercising the power to invest, consideration is to be given to the preservation of capital, liquidity and the return of investment.

4.6 — Preservation of capital is the principal objective of the investment portfolio. Investments are to be placed in a manner that seeks to ensure security and the safeguarding of the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.

4.7 — Investments should be allocated to ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring the risk of significant costs due to the unanticipated sale of an investment.

4.8 — Investments are expected to achieve a market average rate of return in line with Council's risk tolerance. Risk tolerance thresholds are identified within clause 7

4.9 — Delegated Officers are to manage all the investments with a contracted term and maturity date as a hold to maturity investment. Deviation from this method of operation (eg sale or redemption of an investment prior to maturity) is permissible for either risk management purposes, to meet unforeseen liquidity requirements, or if deemed advantageous to do so.

4.10 — All investments are to comply with the following:

4.10.1 Local Government Act 1993 (NSW) — Section 625

4.10.2 Local Government (General) Regulation 2005 (NSW)

4.10.3 Prevailing Ministerial Investment Order

4.10.4 Local Government Code of Accounting Practice and Financial Reporting

4.10.5 Office of Local Government Investment Circulars; and

4.10.6 Australian Accounting Standards.

Part B Investments

54 Purpose

4.1 The purpose of the Investments subsection of this Policy is to provide a framework for the investing of Council's funds at the most favourable rate of return available to Council at the time whilst having due consideration of risk and security for that investment type and ensuring that its liquidity requirements are being met.

4.2 All investments are to comply with the following:

- a) Local Government Act 1993 (NSW) - Section 625
- b) Local Government (General) Regulation 2021
- c) Prevailing Ministerial Investment Order
- d) Local Government Code of Accounting Practice and Financial Reporting
- e) Office of Local Government Investment Circulars; and
- f) Australian Accounting Standards.

65 Investment Types and Restrictions

6-15.1 Authorised investments

5.1.1 Investments are limited to those allowed by the most current Ministerial Investment Order that has been issued by the NSW Minister for Local Government. In accordance with the prevailing Ministerial Investment Order, issued by the NSW Minister for Local Government, a council may only invest money in the following forms of investment:

- a) any public funds or securities issued by or guaranteed by, the Commonwealth, any State of the Commonwealth or a Territory;
- b) Any debentures or securities issued by a council (within the meaning of the *Local Government Act 1993 (NSW)*);
- c) Interest bearing deposits with, or any debenture or bonds issued by, an authorised deposit-taking institutions (as defined in the *Banking Act 1959 (Cwth)*), but excluding subordinated debt obligations;
- d) Any bill of exchange which has a maturity date of not more than 200 days; and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an authorised deposit-taking institution by the Australian Prudential Regulation Authority;
- e) A deposit with the New South Wales Treasury Corporation or investments in an Hour-Glass investment facility of the New South Wales Treasury Corporation;

5.1.2 All investment instruments (excluding short term discount instruments) referred to above include both principal and investment income.

6.1.1—

6-1.25.1.3..... W

When placing a new investment a minimum of three quotations are to be obtained on comparable investments. If three comparable quotations are unavailable documentary evidence must be recorded justifying how a fair market price was determined and obtained.

6-25.2 Prohibited investments

6-2.15.2.1..... I

In accordance with the Ministerial Investment Order, this investment policy prohibits but is not limited to any investment carried out for speculative purposes including:

- a) Derivative Based Instruments. Examples: structured debt obligations, swaps, futures, options, caps, floors, collars, forwards;

- b) Principal only investments, or securities, that provide potentially nil or negative cash flow. Example: Principal Protected Notes, and
- c) Stand-alone securities issued that have underlying futures, options, forward contracts and swaps of any kind.

6.2.25.2.2.....T
his policy also prohibits the use of leveraging (borrowing to invest) of an investment.

6.35.3 Grandfathering

6.3.1 Grandfathering means a situation in which an old rule continues to apply to some existing situations, while a new rule will apply to all future situations.

6.3.25.3.1.....I
n situations where compliant investments change to fall outside of either Council's CN's Investment and Borrowing Policy and/or the prevailing Ministerial Investment Order the Delegated Officers may continue to hold to maturity (i.e. Grandfather the investment so long as Grandfathering is permitted under the Ministerial Investment Order), redeem or sell the investment. Such occurrences will be reported to the Elected Council in the monthly report.

6.45.4 Legal title

6.4.15.4.1.....W
hen entering into a financial instrument, it is required that Council has legal title to the investment and is the beneficial owner. Clearly demonstrate the financial instrument is held in the registered name of Council.

76 Risk Management Framework

7.16.1 The Risk Management Framework mandates minimum and maximum exposure limits applicable to the daily management of CN's unconsolidated cash and investment portfolio.

7.26.2 The purpose of the Risk Management Framework is to manage CN's risk tolerance in alignment with its Investment Principles (Section 4).

7.36.3 Overarching risk management exposure limits are as per the following table:

Investment Category	Minimum Exposure	Maximum exposure
Income producing / Defensive	80%70%	100%
Capital Growth	0%	20%30%

7.46.4 Income producing / Defensive Category

7.4.16.4.1.....T
he Income producing / Defensive category includes all interest-bearing deposits, debentures, bonds, bills of exchange, and TCorpIM Funds (mandating investment solely in the previously stated financial assets) permissible as per the prevailing Ministerial Investment Order.

7.4.26.4.2.....I
ncome producing / defensive financial assets tend to carry lower risk levels, and therefore generate a lower average return over the long term in comparison to Capital Growth Financial assets.

7.4.36.4.3.....G
enerally, defensive assets are expected to provide returns in the form of income.

7.4.46.4.4.....M
andated risk limits apply to this category as per the Credit and Market risk framework; and Maturity risk framework.

7.4.56.4.5.....C

redit and Market risk framework

- a) Credit Risk means the risk that an investor fails to receive the entire principal and/or interest associated with that investment when it falls due.
- b) Market Risk means the risk of an investor experiencing losses due to factors that affect the overall performance of the financial markets.
- c) To control the credit quality of the investments contained within this category the following credit framework limits apply:

Long Term Credit Rating (Standard and Pooers)	Maximum exposure	Maximum exposure to any one counterparty
AAA	100%	350%
AA band or Major Banks	100%	350%
A band (and ratings below)	60%	15%
BBB+ to BBB (and below)	50%	10%
Non Rated, BBB- or below	10%	5%

- d) New Investments are to be placed in accordance with the credit risk limits at the time of entering into the transaction.
- e) In the event that an entity is unrated by Standard and Pooer's but rated by Moody's and/or Fitch the Standard and Pooer's equivalent to the lowest Fitch/Moody's credit rating is to be utilised in the above framework.
- f) Investments in Non Rated Category ADIs are restricted to those institutions with a minimum total asset size of \$500m.

7.4.66.4.6.....M

maturity risk framework

- a) The Maturity risk framework specifies the Minimum and Maximum percentages of Council's total investment portfolio that can be held within the various Term to Maturity bands.
- b) The thresholds are established in order to manage Maturity Risk and limit Liquidity Risk, whilst also allowing for Diversification of the portfolio and recognising the need to facilitate matching of investment duration with long term liabilities

Term to Maturity	Minimum	Maximum	Minimum rating of Investment at purchase
<1 Year	25%	100%	
>1 Year	0%	75% (maximum of 30% to BBB)	BBB
>3 Years	0%	50% (maximum of 10% to BBB)	BBB
>5 Years	0%	20%	AA- (or major bank)

7.56.5 Capital Growth Category

7.5.16.5.1.....T

he Capital Growth category encompasses all TCorpIM Growth Funds permissible as per the prevailing Ministerial Investment Order ([but excluding those carrying only defensive/income producing assets as described in the Income producing/defensive assets category](#)):-

7.5.26.5.2..... C
Capital Growth financial assets are designed to grow the capital value of the asset. They tend to carry higher levels of risk with returns strongly influenced by market fluctuations and ~~can~~ therefore market values can vary considerably over shorter time frames. Although Capital Growth assets carry higher levels of risk, they have the potential to deliver higher returns over longer investment time frames.

7.5.36.5.3..... S
Should the prevailing Ministerial Investment Order be amended to permit additional Capital Growth assets they are not permissible investments ~~to Council under this Policy~~ until explicitly specified under Permissible Capital Growth Financial Assets within Annexure A – Definitions of this Policy.

7.6.6 **Liquidity guidelines**

7.6.16.6.1..... D
Delegated Officers are to ensure that sufficient funds are retained within Council's general fund and high interest at call account combined to meet foreseen creditor payments as they fall due with a buffer for reasonable unforeseen payments.

7.7.6.7 **Diversification guidelines**

7.7.16.7.1..... D
Delegated Officers are responsible for the continual maintenance of a well-diversified portfolio with respect to institution, term to maturity and product.

6.7.2 The management and monitoring of diversification is via adherence to the specified Risk management frameworks identified within this section of this Policy.

87 Environmentally and Socially Responsible Investments (SRI)

8.17.1 Environmental and Social Investment ~~RI~~ guidelines

8.1.17.1.1 C

~~N~~ouncil's preference is to enter into Environmentally and Socially Responsible Investments (SRI) where:

- a) The investment is compliant with legislation and ~~Investment and Borrowing this Policy's~~ objectives and parameters; and
- b) The rate of return is at least equal to comparable investments on offer to ~~C~~Nouncil at the time of investment.

8.1.27.1.2 S

~~RI~~Environmental and Social status may be in respect of the individual investment product, the issuer of the investment, or both and should be endorsed by an accredited environmentally and socially responsible industry body or institution where possible.

8.1.37.1.3 C

~~N~~ouncil's criteria ~~to an SRI~~for environmentally and/or socially responsible investment are those which direct investment towards ~~the socially and/or environmentally productive~~ activities listed below:

Environmentally productive activities are considered to be:	Socially productive activities are considered to be:
<ul style="list-style-type: none"> • resource efficiency-especially water and energy • renewable energy • production of environmentally friendly products • recycling, and waste and emissions reduction 	<ul style="list-style-type: none"> • fair trade and provision of a living wage • human health and aged care • equal opportunity employers, and those that support the values of communities, indigenous peoples and minorities • provision of housing, especially affordable housing

8.1.47.1.4 A

void investment in the socially and/or environmentally harmful activities listed below:

Environmentally harmful activities are considered to be:	Socially harmful activities are considered to be:
<ul style="list-style-type: none"> • production of pollutants, toxins and greenhouse gases (either in Australia or abroad) • habitat destruction, especially destruction of forests and marine eco-systems. • nuclear power • uranium mining 	<ul style="list-style-type: none"> • abuse of Human Rights and Labour Rights • involvement in bribery/corruption • production or supply of armaments • manufacture of alcohol, tobacco or gambling products

98 Independent Investment Advisor

9.18.1 Investment advisor selection

9.1.18.1.1 C

~~N~~ouncil's investment advisor must be licensed by the Australian Securities and Investment Commission. The advisor must be an independent person who has no actual or potential conflict of interest in relation to investment products being recommended and is free to choose the most appropriate product within the terms and conditions of the ~~Investment and Borrowing this~~ Policy.

8.1.2 The investment advisor is required to provide written confirmation that they do not have any actual or potential conflicts of interest in relation to the investments that they are recommending or reviewing, including that they are not receiving any commissions or other benefits in relation to the investments being recommended or reviewed. This confirmation is required prior to entering into a contract with the advisor.

8.2 Investment advisor roles and responsibilities

8.2.1 CN's appointed advisor will provide regular review of CN's Investment Policy, Investment Strategy, and investment portfolio's performance against risk management framework. The advisor will also provide both generic and tailored investment recommendations, provide regular commentary on relevant economic and market conditions, as well as the provide any adhoc reporting and advice deemed relevant or requested.

409 Measurement

40.19.1 Performance measurement

40.1.19.1..... T
The Key Performance Indicator (KPI) for the Income producing / Defensive category is benchmarked to the 12 month rolling Bloomberg AusBond Bank Bill Index or its successor or equivalent index.

40.1.29.1.2..... A
Actual performance is measured using the weighted average return of the investment portfolio over a historical 12 month period. This is measured on a rolling monthly basis to coincide with monthly reporting.

40.1.39.1.3..... T
The Key Performance Indicator (KPI) for the Capital Growth category is benchmarked at a rate equal to the long term performance objective, set by TCorp, for each separately identifiable TCorpIM Growth Fund. These are set at a margin above Inflation (Inflation being the Consumer Price Index (CPI)).

40.1.49.1.4..... T
The returns generated on Grandfathered Investments will be regularly reviewed by an independent financial advisor by benchmarking and assessing their market value. The market value is to be assessed once a month to coincide with monthly reporting.

410 Reporting of Investments

41.110.1 General reporting

41.1.110.1.1..... D
Documentary evidence must be held for each investment and details thereof maintained in an Investment Register.

41.1.210.1.2..... T
The documentary evidence must provide CNeuncil legal title to the investment.

41.1.310.1.3..... A
All investments are to be appropriately recorded in CNeuncil's financial records and reconciled on at least a monthly basis.

41.210.2 Monthly reporting

41.2.110.2.1..... C
Neuncil must comply with clause 212 of the *Local Government (General) Regulation 200521 (Regulation)* which outlines legislated monthly reporting requirements.

~~41.2.2 Clause 212 of the Regulation requires that the delegated officer:~~

~~Provide the elected council with a written report (setting out details of all money that council has invested under section 625 of the Act) to be presented in one ordinary meeting of the elected council held in the month.~~

~~Include in the report a certificate as to whether or not investments have been made in accordance with the Act, the regulations and the Council's Investment and Borrowing Policy. The report must be made up to the last day of the month immediately preceding the meeting.~~

~~11.2.3~~10.2.2.....|

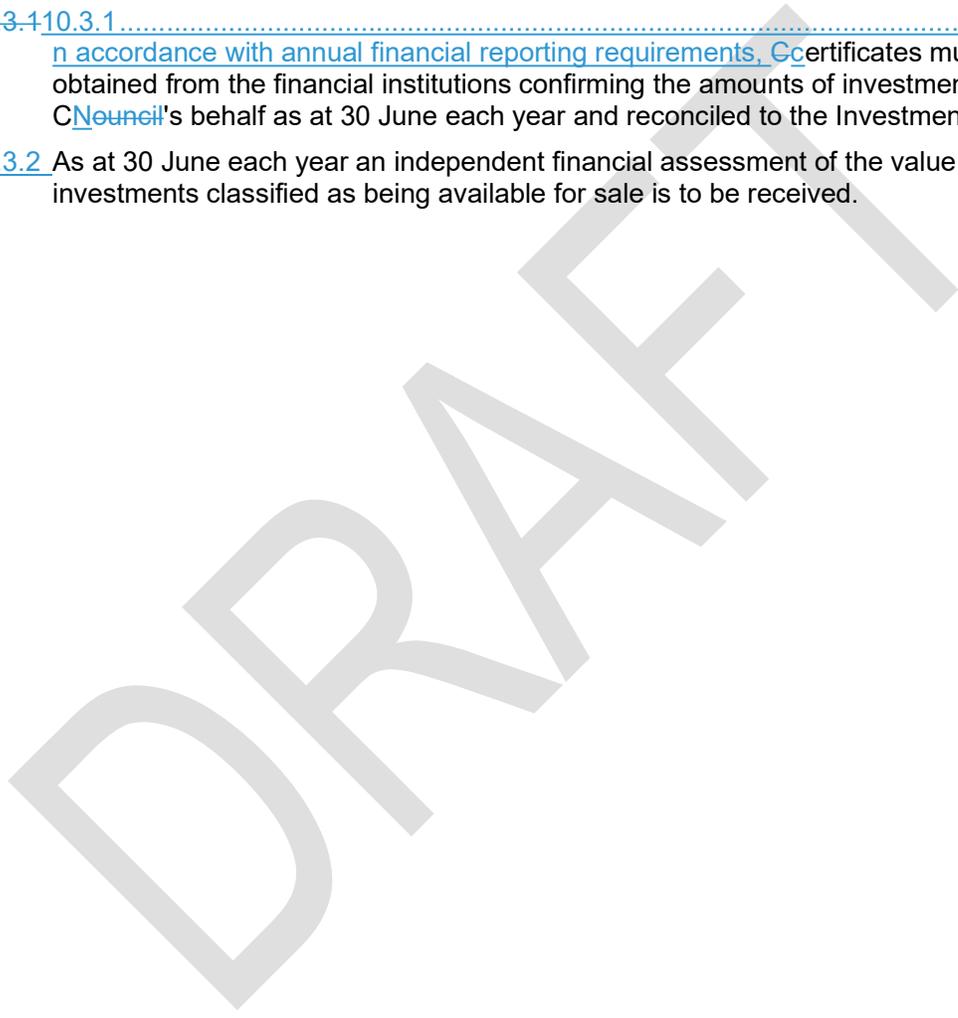
~~in addition to the legislative requirements, the CN's monthly report will detail actual performance of the investment portfolio in comparison to budgeted interest return and KPI, and key data summarising compliance with the risk management framework outlined within this Policy.~~

~~11.3~~10.3 **Annual reporting**

~~11.3.1~~10.3.1.....|

~~in accordance with annual financial reporting requirements, Certificates must be obtained from the financial institutions confirming the amounts of investments held on Council's behalf as at 30 June each year and reconciled to the Investment Register.~~

~~10.3.2~~ As at 30 June each year an independent financial assessment of the value of all investments classified as being available for sale is to be received.



Part C Borrowing

1211 Purpose

12.111.1 To provide a framework and procedures for:

- 12.1.111.1.1 D
etermination and funding of Council's Annual Loan Borrowing Program;
- 12.1.211.1.2 D
etermination of an appropriate debt service level;
- 12.1.311.1.3 B
orrowing by way of overdraft limit; and
- 12.1.411.1.4 I
nternal loans.

1312 Scope

13.112.1 Council's external borrowing is subject to the *Local Government Act 1993* (NSW), the *Local Government (General) Regulation 2021* and the approval of the Minister for Local Government.

1413 Principles

14.113.1 Council CN commits itself to the following principles:

- 14.1.113.1 N
ew borrowing for capital works purposes - These should only occur when Council deems the annual debt service expense to be affordable in the context of the annual management planning process and Council's long term financial capacity.
- 14.1.213.1.2 D
ebt Service Cover ratio - It is considered that a Debt Service Cover ratio as per the Industry benchmark of Greater than 2x is appropriate within current budget constraints and allows for current service levels to be maintained.

1514 Process

15.114.1 Legislative Requirements

- 15.1.114.1.1 T
he borrowing of loan funds by Local Government authorities is regulated under Section 621-624 of the *Local Government Act 1993* (NSW) and the *Local Government (General) Regulation 2021*.
- 15.1.214.1.2 S
ection 377 of the *Local Government Act 1993* (NSW) empowers only the elected Council with the power to approve the borrowing of loan funds. This function of Council cannot be delegated.
- 15.1.314.1.3 C
ouncil is required to advise the Chief Executive Officer, Office of Local Government, of amounts borrowed at the time loans are taken out in accordance with clause 230 of the *Local Government (General) Regulation 2021*.
- 15.1.414.1.4 B
~~orrowings by CN must be made in accordance with the The Minister for Local Government has issued a Minister's Borrowing Order imposing restrictions on borrowings by councils.~~

15.214.2 Annual Loan Borrowing Program

- ~~15.2.1~~14.2.1 A
 s part of the annual Operational Plan process CNouncil shall initially determine and disclose its any proposed ~~loan borrowing program and disclose any proposed~~ new money borrowings.
- ~~15.2.2~~14.2.2 S
 ubsequent to this approval ~~the Council~~ CN's Chief Executive Officer EO shall negotiate and raise loan funds on the most financially attractive terms and conditions for Council.
- ~~15.2.3~~14.2.3 W
 here there is a requirement to increase borrowings during the financial year, not included in the annual Operational Plan, Council should advise TCorp by resubmitting the Borrowing Return with an additional comment on the purpose of the increased borrowings. The additional borrowings are to be resolved by Council prior to resubmitting.
- ~~15.3~~14.3 **Borrowing by way of Overdraft Limit**
- ~~15.3.1~~14.3.1 S
 ection 622 of the *Local Government Act 1993 (NSW)* allows Councils to borrow by way of an overdraft or loan or by any other means approved by the Minister.
- ~~15.3.2~~14.3.2 A
 s at the date of Policy approval Council does not have an Overdraft facility in place nor does it have any intention to pursue one. Should the requirement for an Overdraft facility arise approval will be sought in accordance with the guidelines established within this Policy.
- ~~15.4~~14.4 **Internal loans**
- ~~15.4.1~~14.4.1 A
 n internal loan from reserve funds is a funding option that can be considered by Councils to finance projects in lieu of borrowing externally.
- ~~15.4.2~~14.4.2 I
 n ~~accordance conjunction~~ with Council's Restricted Cash Reserve Funds Policy contained within CN's Operational Plan internal borrowing should only be considered where:
- a) The restriction borrowed from is classified as Internal;
 - a)b) The cash funds in reserve are not required over the period of the loan; and
 - b)c) The rate of interest is market competitive and a disciplined repayment plan is established by agreed loan instalments.
- ~~15.4.3~~14.4.3 I
 n accordance with Section 410 of the *Local Government Act 1993 (NSW)* money raised by special rates or charges that isare not yet required for the purpose for which ~~it was they were~~ received may be lent (by way of internal loan) for use for any other purpose if, and only if, its use for that purpose is approved by the Minister. This requirement is not imposed for internal loans from any other source of funds prohibits internal borrowings from externally restricted funds without explicit approval by the Minister.

Part D – Roles and Responsibilities

14.5 Council

14.5.1 Adopt Investment and Borrowing Policy.

14.5.2 In accordance with clause 212 of the *Local Government (General) Regulation 2021* receive and adopt a written report presented monthly to an ordinary meeting of the elected council.

14.6 CN Staff

14.6.1 Authority for the implementation of this Policy is delegated by Council to the CEO in accordance with the *Local Government Act 1993* (NSW).

14.6.2 The CEO in turn delegates the day-to-day management of CN's investments to Authorised CN Officers.

14.6.3 Authorised Investment Officers who have responsibility for management of CN's investments are to ensure:

- a) Any new capital contribution or withdrawal made by CN to or from a TCorpIM Growth Fund will require written authority from any two Authorised CN Officers.**
- b) The investment portfolio will be managed with the care, diligence and skill that a Prudent Person would exercise.**
- c) As trustees of public monies manage CN's investment portfolio to safeguard the portfolio in accordance with the spirit of this Investment Policy, and not for speculative purposes.**
- d) Refrain from decision making activities that could be perceived as conflicting with proper management and decision making in relation to the investment portfolio.**
- e) Disclose any conflict of interest in accordance with CN's Code of Conduct for Staff.**

14.7 Delegation of authority

14.7.1 The Chief Executive Officer, Director Governance, Manager Finance, Manager Corporate Finance, and Manager Business Partnering are responsible for the day-to-day management of CouncilN's investments in accordance with this Policy, CouncilN's Investment Strategy, the Ministerial Investment Order and section 625 of the Local Government Act 1993.

14.7.2 Officers' delegated authority to manage CouncilN's investments shall be recorded and officers will be required to acknowledge they have received a copy of this Policy and that they understand their obligations in this role.

14.7.3 Any new capital contribution or withdrawal made by CouncilN to or from a TCorpIM Growth Fund will require written authority from any two of the Council officersN staff with delegated authority (refer 3.1.1 and/or to Annexure B).

14.8 Prudent Person standard

14.8.1 The investment portfolio will be managed with the care, diligence and skill that a Prudent Person would exercise. As trustees of public monies, officers are to manage Council's investment portfolio to safeguard the portfolio in accordance with the spirit of this Investment Policy, and not for speculative purposes.

14.9 Ethics and conflicts of interest

14.9.1 Delegated Officers shall refrain from decision making activities that could be perceived as conflicting with proper management and decision making in relation to the investment portfolio.

14.9.2 Disclosure of any conflict of interest should be made in accordance with CouncilN's Code of Conduct Policy.

14.9.3 Independent advisors are required to declare, prior to engagement or as circumstances arise, any actual or perceived conflict of interest.

Part E Policy Review

~~15.5~~14.10 This Policy will be reviewed at least once a year or as required in the event of legislative changes.

~~15.6~~14.11 This Policy may also be changed as a result of other amendments that are to the advantage of Council and in the spirit of this Policy or as required due to a change in external legislation.

~~15.7~~14.12 Any amendment to this Policy must be by way of Council resolution.

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Annexure A - Definitions

[Authorised CN Officers](#) refers to the Executive Director Corporate Services and CFO, Manager Finance, Property and Performance, Financial Controller, and Assets and Treasury Lead

Authorised Deposit Taking Institution (ADI) means a corporation authorised under the *Australian Banking Act 1959* to receive deposits in Australia. ADIs include banks, building societies and credit unions.

CEO means Chief Executive Officer of the City of Newcastle and includes their delegate or authorised representative.

References to the Chief Executive Officer are references to the General Manager appointed under the *Local Government Act 1993* (NSW).

City of Newcastle (CN) means Newcastle City Council.

Council means the elected Council.

Debt Service Cover ratio is calculated in accordance with the prevailing Local Government Code of Accounting Practice and Financial Reporting.

Delegated Officer means the officers listed at clause 4.1.1.

Derivative Based Instruments means investments whose value is derived from the performance of underlying market factors, such as interest rates, currency exchange rates, and commodity, credit and equity prices. Derivative investments include structured debt obligations, swaps, futures, options, caps, floors, collars, forwards and a various combination thereof.

Diversification means setting of limits for investing funds with ADIs and Australian Federal, State and Local Governments and any other investments permissible under the Policy.

[Grandfathering](#) means a situation in which an old rule continues to apply to some existing situations, while a new rule will apply to all future situations.

Internal Loans refers to those monies transferred within [CN Council](#) to cover identified projects, where the money is to be repaid to the restricted fund from a specified source.

Investment Risk means the value of investments may go up or down - sometimes rapidly and unpredictably - which may result in a capital loss upon redemption, or a lower than expected return.

Liquidity Risk means the risk an investor is unable to redeem the investment at a fair price within a timely period.

Long Term Credit Rating means a guide or standard for an investor, which indicates the ability of a debt issuer or debt issue to meet the obligations of repayment of interest and principal over a period greater than one year.

Major Banks means ANZ, CBA, NAB and Westpac or any of their wholly owned and guaranteed subsidiary banks carrying the same credit rating as the major bank.

Maturity Risk means the risk relating to the duration of an investment. The longer the investment term to maturity, the greater the length of exposure and risk to market volatilities.

New money borrowings are broadly defined to include the entire range of financing arrangements available to [CN Council](#). These include conventional loans, deferred payment arrangements, finance leases and any other forms of raising new capital funds.

Non Rated Category means an Australian Prudential Regulation Authority regulated defined Authorised Deposit Taking Institution (ADI) that does not currently have a credit rating from a major recognised credit ratings agency (currently, Standard & Poor's, Moody's or Fitch).

[Permissible Capital Growth Financial Assets](#) refers to those assets clearly defined as [TCorpIM Growth Funds](#) within this Section of this Policy.

Prudent Person means someone who will manage the investment portfolio in a wise, skilful, diligent and careful manner. They always exercise due care in making decisions and
-act in moderation.

Reserve funds refers to those funds which have either an external restriction (legislative or otherwise) or an internal restriction (Council adopted resolution to hold monies for a specific purpose) governing the management and future application of these funds.

TCorp means New South Wales Treasury Corporation (as part of the New South Wales Government) and is the central financing authority for the New South Wales public sector. Its principal objective is to provide financial service for, or for the benefit of, the New South Wales Government, public authorities and other public bodies.

TCorpIM Growth Funds means both the Medium Term Growth Fund and Long Term Growth Fund which are diversified funds that invest in a blend of growth and defensive asset classes. These funds are designed for investors with longer term time horizons and are able to take additional investment risk in order to generate higher potential returns.

Unless stated otherwise, a reference to a section or clause is a reference to a section or clause of this Policy.

Annexure B - Policy Authorisations

In accordance with section 378 of the [Local Government Act 1993 \(NSW\)](#), the CEO delegates the following functions to the positions listed:

Title of authorisation	FunctionDescription of authorisations	Position Number / Title
	Invest funds on behalf of CN	Chief Executive Officer
Investment	Invest funds on behalf of CN	P60629 Executive Director GovernanceCorporate Services P60636 Manager Finance Property and Performance P60625 – Financial Controller P60429 – Assets and Treasury Lead
	Invest funds on behalf of CN	Manager Finance
	Invest funds on behalf of CN	Manager Corporate Finance
	Invest funds on behalf of CN	Manager Business Partnering

Approved by: _____

Jeremy Bath

Chief Executive Officer

Date:

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Policy title	Investment and Borrowing Policy
Policy owner	Executive Director Governance Corporate Services / Manager Finance Property and Performance
Policy expert/writer	Treasury Accountant
Associated Procedure Title (if applicable)	N/A
Procedure owner (if applicable)	N/A
Prepared by	Finance Property and Performance
Approved by	Council
Date approved	27/07/2024 To be completed by Legal and Governance
Policy approval form reference	ECM# TBA
Commencement Date	27/07/2024 To be completed by Legal and Governance
Next revision date (date policy will be revised)	27/07/2022 To be completed by Legal and Governance
Termination date	27/07/2023 To be completed by Legal and Governance
Version	65
Category	Financial
Keywords	Investments, Risk Management, Interest Rates, Surplus Funds, Legislation, Cash Flow, Borrowings, Loans, Cash Restrictions, Internal loans
Details of previous versions	Version #1 – ECM: 5289317 Version #2 – ECM: 6514597 Version #3 – ECM: 6061433 Version #4 – ECM: 6619849 Version #5 – ECM: 7070158 Investment and Borrowing Policy (2017, ECM#5289317) Investment and Borrowing Policy (2018, ECM#6514597) Investment and Borrowing Policy (2019, ECM#6061433) Investment and Borrowing Policy (2020, ECM#6619849)
Relevant Newcastle 2040 Theme/s	Inclusive and integrated planning 4.1.1 Financial sustainability 4.1.2 Integrated planning and reporting
Relevant strategy	Nil

Relevant legislation/codes (reference specific sections)	<p>This Policy supports CN's compliance with the following legislation:</p> <p>Local Government Act 1993 (NSW) s377, 410, 621-625</p> <p>Local Government (General) regulation 2021 s212, 230</p> <p>Ministerial Investment Order</p> <p>Ministerial Borrowing Order</p> <p>Local Government Code of Accounting Practice and Financial Reporting</p> <p>Australian Accounting Standards</p> <p>Division of Local Government - Investment Policy Guidelines - May 2010</p>
Other related policies/ documents/ strategies	<p>Codes of Conduct</p> <p>Register of Delegations</p>
Related forms	Nil
Required on website	Yes
Authorisations	Functions authorised under this Policy at Annexure B

CCL 13/12/2022 – ADOPTION OF COUNCIL POLICIES

ITEM-108 Attachment B: Community Grants Policy

Page 45 Attachment B.1: Summary of the Policy and proposed changes

Page 46 Attachment B.2: Community Grants Policy (clean version)

Page 58 Attachment B.3: Community Grants Policy (tracked changes)

POLICY TITLE: Community Grants Policy

POLICY OWNERS: Executive Director Corporate Services / Manager Finance Property and Performance

SUMMARY OF POLICY

1. The Community Grants Policy was adopted in April 2021. The purpose of the Policy is to:
 - 1.1 provide a framework for the management of City of Newcastle's (CN) Community Grant Programs (CGP) in accordance with section 356 and section 377 of the Local Government Act 1993 (NSW).
 - 1.2 support the delivery of community driven outcomes and benefits aligned with the Community Strategic Plan (CSP); including the seeding, supporting, and growing of Activities with outcomes for both the participants and the wider community.
 - 1.3 be read in conjunction with the supporting CGP Guidelines.
 - 1.4 determine the types of organisations or industries that CN considers appropriate to partner with through Grant Funding (with the associated Guidelines).
 - 1.5 ensure that decision-making regarding the provision of CGPs comply with relevant legislation and enable an equitable, open, and transparent process (with the associated Guidelines).
2. in accordance with section 356 and section 377 of the Local Government Act 1993 (NSW), provide a framework for the management of CN's CGP.].
3. The proposed Policy is set out at **Attachment B.2** and a tracked changed version is set out at **Attachment B.3**.

SUMMARY OF PROPOSED CHANGES TO POLICY

4. The key differences between the revised Policy and CN's current Policy are as follows:
 A copy of the Policy is attached which includes track changes to highlight the Policy amendments.
 Amendments were also requested as part of the Grants Review in March 2022 (refer below).

AGREED AUDIT ACTIONS

- 2.4.1 Update the Community Grant Policy to include a provision for adhoc funding or emergency funding not connected to specific CGP to be assessed in accordance with the eligibility and assessment criteria of the policy and the associated Guidelines.

Responsible Officer: Director Strategy and Engagement, Manager Community Strategy and Innovation

Due Date: 31 July 2022

AGREED AUDIT ACTIONS

- 2.5.1 Update CN's Community Grants Policy and Guideline to incorporate an emergency response provision.

Responsible Officer: Director Strategy and Engagement, Manager Community Strategy and Innovation

Due Date: 31 July 2022

CONSULTATION

5. As the policy is required to strictly align with the Act, and minimal changes have been made since the policy was publicly exhibited and adopted last year (2021), publicly exhibiting the policy is not recommended.

Community Grants Policy

November 2022

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INTRODUCTION

1 Purpose

- 1.1 This Policy provides a framework for the establishment and management of City of Newcastle's (CN) **Community Grants Program (CGP)** in accordance with section 356 and section 377 of the *Local Government Act 1993* (NSW).
- 1.2 This Policy supports the delivery of community driven outcomes and benefits aligned with the **Community Strategic Plan (CSP)** for the benefit of residents of the Newcastle Local Government Area (LGA); including the seeding, supporting, and growing of Activities with outcomes for both the participants and the wider community.
- 1.3 This Policy is to be read in conjunction with the supporting CGP Guidelines.
- 1.4 This Policy and supporting CGP Guidelines determine the types of organisations or industries that CN considers appropriate to partner with through Grant funding.
- 1.5 This Policy and supporting CGP Guidelines ensure that decision-making regarding the provision of the CGP comply with relevant legislation and enable an equitable, open, and transparent process.

2 Scope

- 2.1 This Policy applies to:
 - 2.1.1 all outgoing CGP categories to enhance community, social, cultural, sporting, recreational, heritage, economic and environmental outcomes.
 - 2.1.2 all aspects of CN's CGP including application processes, decision making, Funding Agreements and Activity Acquittals.
 - 2.1.3 all elected members of Council, CN employees, any person, or organisation contracted to or acting on behalf of CN, any person or organisation employed to work on CN premises or facilities, and all activities of CN.
- 2.2 This Policy does not apply to:
 - 2.2.1 CN Sponsorship Program(s)
 - 2.2.2 Grants received by CN
 - 2.2.3 Donations provided by CN
 - 2.2.4 CN Special Business Rate Funding.
- 2.3 Any grant that falls outside this CGP, or other specific Grant program established by CN in accordance with sections 356 and 377(1A) of the Act, will be subject to:
 - 2.3.1 A resolution of the elected Council to contribute money or otherwise grant financial assistance to the recipient(s); and
 - 2.3.2 Where the recipient(s) act for private gain, 28 day's public notice has been given of the Council's proposal to pass the resolution.

3 Principles

- 3.1 CN commits itself to the following:
 - 3.1.1 **Alignment with the CSP** - This Policy and associated Guidelines support delivery of the CSP and Four-Year Delivery Program.
 - 3.1.2 **Value with public money and outcomes orientation** - This Policy supports applications whose outcomes meet community needs and offer a mix of funding sources to help maximise the impact of funding from CN. Value for money and acceptable financial risk for CN, using public funds, is considered as part of CN's Assessment Criteria.
 - 3.1.3 **Accountability and transparency** - This Policy provides a robust governance framework for the transparent and merit-based provision of support with clearly defined roles and responsibilities for both CN and Grant recipients.
 - 3.1.4 **Inclusiveness** - CN invites and values applications from organisations representing people of diverse abilities, genders, ethnicity, cultures, and ages.
 - 3.1.5 **Collaboration** - CN values the relationships Grant recipients develop with CN, other Grant recipients and the community. Collaboration enhances positive community outcomes through the delivery of initiatives funded by CN.
 - 3.1.6 **Values** - CN is committed to the United Nations Sustainable Development Goals (SDG); embedding local action as part of global recognition of community needs, social justice, reduced inequalities, and ecological sustainability.

COMMUNITY GRANTS PROGRAM

4 Legislative framework

- 4.1 By adopting this Policy, Council is endorsing the CGP as a specified grants program in accordance with sections 356 and 377(1A) of the Act.
- 4.2 The CGP operates within the Newcastle LGA for the direct benefit of residents of the Newcastle LGA.
- 4.3 All residents in the Newcastle LGA may apply, subject to meeting the Assessment Criteria of the CGP and eligibility criteria within clause 9. Notwithstanding this, applicants from outside the LGA will be considered so long as the Activity will directly benefit the residents of the Newcastle LGA.
- 4.4 The Council determines the total amount of CGP monies to be made available for expenditure each year through the adoption of CN's budget, which may be amended from time to time via CN's quarterly budget review process. The total annual budget for the CGP will not exceed 5% of CN's rates revenue levied for that year.
- 4.5 The CGP includes categories set out in CN's Operational Plan. The CGP Guidelines and other relevant Guidelines provide detail on the relevant CGP category and allocations that support initiatives that contribute to the city.

ROLES AND RESPONSIBILITIES

5 Executive Director

- 5.1 The Executive Director, at their discretion, will determine the amount of CGP monies to be made available for expenditure in each round for each category within the CGP, not exceeding the total budget adopted by the elected Council.
- 5.2 The Executive Director will review and publish annually the supporting CGP Guidelines. Guidelines, Application and Acquittal processes will be commensurate with the scale, complexity, and risk levels of the Activity.

6 Service Unit Manager

- 6.1 The Service Unit Manager is responsible for determining and approving weightings for the Assessment Criteria of CGP.
- 6.2 The Service Unit Manager is responsible for overseeing the Funding Period variations and Acquittals processes.

7 Assessment Panel

- 7.1 The Assessment Panel will include at a minimum:
 - a) Lord Mayor (or nominee).
 - b) Executive Director Corporate Services.
 - c) Manager Finance Property and Performance.
 - d) The quorum of the assessment panel will be three (3) and must comprise at least one of either the Executive Director Corporate Services or Manager Finance, Property and Performance.
- 7.2 Additional members may be added to the assessment panel as required in line with clause 10.2.
- 7.3 The Assessment Panel will assess grant applications and the value of funding requested.

8 Grant Recipients

- 8.1 Grant recipients are required to comply with this Policy and supporting CGP Guidelines, as well as any conditions of a Funding Agreement.
- 8.2 Successful recipients are required to submit an Acquittal for all Grant funding received.
- 8.3 CN will provide Grants as cash and/or Value-in-kind. Any CN goods or services provided should be costed by the recipient at the appropriate Not-For-Profit Organisation or commercial rate as per the published fees and charges and included in the recipient's Activity budget.
- 8.4 A monetary figure will be allocated to all Value-in-kind awarded in accordance with its real cost to CN and included in the total amount of funding allocated to any successful recipient.
- 8.5 The recipient is required to publicly acknowledge CN for all Activities funded by CN as per conditions of a Funding Agreement.

ELIGIBILITY AND ASSESSMENT

9 Eligibility criteria

- 9.1 Eligibility of certain entities may differ across CGP categories. There is no guarantee of funding even if all Eligibility criteria are met. CN may accept Grant applications from the following entities:

- 9.1.1 Company Limited by Guarantee, Cooperative, Incorporated Association, Indigenous Corporation, Not-for-profit organisation, Partnership, Sole Trader, Social Enterprise, Proprietary Limited Company and Individuals.
- 9.1.2 Applications from individuals may be required to be Auspiced by, or partnered with, a registered organisation or CN may specify that individuals can apply for a specific program. Applications from registered charities and incorporated associations will be reviewed with regard to governance and accountability status under relevant legislation.
- 9.2 Applicants seeking CGP funding must comply with the following essential eligibility criteria, in addition to any category specific criteria as detailed in the guidelines:
 - 9.2.1 Applicants must operate within the Newcastle LGA and/or be able to demonstrate that the Activity will directly benefit residents of Newcastle;
 - 9.2.2 Applications must be received on or before the advertised due date and completed with the required level of detail and supporting documentation as specified in the Guidelines;
 - 9.2.3 An applicant's Activity must begin after the Grant funding commencement date. Funding for retrospective, recurrent or ongoing funding will not be considered;
 - 9.2.4 The Activity must be consistent with the CSP and SDGs;
 - 9.2.5 Applicants must have the appropriate level of insurance for the Activities that are the subject of the funding application;
 - 9.2.6 Applicants must be capable of obtaining all regulatory approvals for the Activity.
 - 9.2.7 Where an Activity will involve adults working with children, successful applicants must undertake the necessary 'Working with Children' checks. The applicant must provide CN with a letter advising of the successful completion and clearance of these checks prior to commencement of Activity. The letter must be signed by an office bearer of the organisation receiving the Grant.
- 9.3 Activities that are not eligible for Grant funding:
 - 9.3.1 Activities that duplicate existing services or have a current Funding Agreement for the same Activity. This applies to all funding from CN including Grants, Sponsorships and Special Business Rate funding;
 - 9.3.2 Religious ceremonies and/or activities which do not have the main purpose of directly benefiting the broader residents and/or businesses of the Newcastle LGA, or religious activities which otherwise breach clause 9.3.4;
 - 9.3.3 Profit making Activities where profits are allocated to shareholders, owners and/or members;
 - 9.3.4 Activities that vilify or discriminate a person or persons in respect of race, age, disability, religion or sexual orientation or use live animals as part of a performance, or any other Activity which CN reasonably considers may promote an exclusive or Socially Harmful, Environmentally Harmful Activity or involves illegal conduct;
 - 9.3.5 Applications seeking funds for prize money, gifts or awards or general fundraising appeals including those seeking funding for representative sport or cultural activities;
 - 9.3.6 Fees and charges associated with compliance or development applications payable to CN.
- 9.4 CN will consider applications from reputable organisations whose public image, products and services are consistent with the values, goals, and policies of CN.
- 9.5 The following companies, partnerships, sole traders, organisations or individuals are not considered by CN as suitable for Funding Agreements:

- 9.5.1 Involved in any Environmentally or Socially Harmful Activity and/or manufacture, distribution and wholesaling of an Addictive Drug;
 - 9.5.2 Found guilty of illegal or improper conduct by the Independent Commission Against Corruption (ICAC) or any similar authority;
 - 9.5.3 Subject of a criminal conviction imposed by a Court of New South Wales or other jurisdiction in Australia, including for any offence under the *Crimes Act 1900*, *Crimes Act 1914* and the *Criminal Code Act 1995*;
 - 9.5.4 Involved in political fields or affiliations, eg political parties;
 - 9.5.5 Other local, state or federal government departments and agencies;
 - 9.5.6 Involved in a competitive tender or purchasing process for the same Activity, at, or around the time of applying for a Grant or other Funding Agreement;
 - 9.5.7 Record of unsatisfactory Acquittal of prior Grant or Sponsorship with CN; and
 - 9.5.8 Record of outstanding debt with CN.
- 9.6 CN employees or Councillors are not eligible to directly apply for funding. If a CN employee or Councillor is a party to an application submission, this must be declared, and the employee or Councillor is unable to take part in the assessment of the application.

10 Assessment of Grant applications

- 10.1 Activities that satisfy the Eligibility Criteria set out in Section 9 and the associated CGP Guidelines will be evaluated against Assessment Criteria published by CN in Guidelines each year. Assessment Criteria will include consideration of:
- 10.1.1 Alignment of the proposed Activity to the CSP;
 - 10.1.2 Capacity and experience of an applicant to complete the Activity;
 - 10.1.3 Extent to which the budget is comprehensive, realistic and provides value for money.
- 10.2 An Assessment Panel will be established for each CGP category. Membership of Assessment Panels will be appropriate to the objectives and scale of the Grant category within the CGP, and may consist of CN employees, Councillors, and external appointments with expertise in a related field. CN subject matter experts may provide advice to an Assessment Panel.
- 10.3 CN employees and members of the Assessment Panel involved in the assessment and approval of applications under this section, must comply with CN's Code of Conduct and declare any potential pecuniary or non-pecuniary conflicts of interest.

11 Public Information

- 11.1 CN will provide information to potential applicants on the CN website. This will include associated CGP Guidelines.
- 11.2 CN may host public information session(s) to provide information to prospective applicants about the program.
- 11.3 CN will publish each Activity funded via the CGP on its website.

FUNDING AGREEMENTS

12 Funding Agreements

- 12.1 All successful applicants will be required to enter into a Funding Agreement before funds are released and the Activity commences. The Funding Agreement will include:
- 12.1.1 All terms related to the Funding Agreement and the provision of the Grant;
 - 12.1.2 All terms related to the Payment Schedule;
 - 12.1.3 All terms related to the Activity and financial Acquittal.
- 12.2 Single year and multi-year commitments may be approved under this Policy. Multi-year Funding Agreements may be approved for a maximum of three consecutive years in order for CN to continue to support, develop and create a dynamic range of opportunities in the community into the future.
- 12.3 Funding Agreements will be available for between one (1) and three (3) consecutive financial years, subject to the requirements of the Grant category within the CGP, annual deliverables and an Acquittal and approval process tied to the annual payments. This is also subject to CN's annual budget processes.
- 12.4 The Finance, Property and Performance Manager may approve:
- 12.4.1 Funding Period variations: changes to the Funding Period due to a delayed start date, a delay during the Grant, a change to the end date, and/or changes to the project team.
 - 12.4.2 Activity variations: changes to the Activity scope including budget allocations, redirection of funds and outputs.

ANNEXURE A - DEFINITIONS

Acquittal is a report submitted as per a Funding Agreement at the conclusion of a project detailing how the recipient administered the Grant funds and met the Activity outcomes in the Funding Agreement.

Activity is a one-off or time-limited task/undertaking or series of linked tasks/undertakings with specific goals and conditions, defined responsibilities, a budget, planning, information about the parties involved and a specific start date and end date. An Activity can also be referred to as a **Project**.

Addictive Drug means any substance listed in the Therapeutic Goods Administration Poisons Standard or listed as a prohibited drug at Schedule 1 of the *Drug Misuse and Trafficking Act 1985*.

Assessment Criteria means the method used to evaluate an application.

Assessment Panel means the panel assessing applications and determining Grant as set out at section 7.

Auspice is an incorporated organisation that receives, administers, and acquits Grants on behalf of an applicant.

City of Newcastle (CN) means Newcastle City Council.

CN employees means persons employed by the City of Newcastle accountable to CN's policies and procedures.

Community Strategic Plan (CSP) is the highest level of strategic planning undertaken by CN. It identifies the main priorities and aspirations of the community and provides a clear set of strategic directions to achieve the community's vision.

Company is defined by the *Corporations Act 2001* (Cth) and registered with the Australian Securities and Investment Commission (ASIC). Companies must be registered in Australia to be eligible to apply.

Company Limited by Guarantee is a Company with liability limited to the guarantees of its members. This is a common structure used by the not-for-profit sector.

Cooperative is an organisation owned, controlled by, and used for the purpose of benefitting its members.

A non-distributing Cooperative is one that uses surplus funds to support its activities and cannot distribute to members (not-for-profit).

A distributing Cooperative may distribute any surplus funds to its members.

Council means the elected Council.

Eligibility is the state of being eligible to apply for funding through satisfaction of appropriate criteria.

Environmentally Harmful Activities are considered to be production of pollutants, toxins, and greenhouse gas; habitat destruction, nuclear power and uranium mining.

Funding Agreement is the agreement entered into between CN and a successful applicant for an Activity. It will articulate any financial or in-kind support provided by CN for the Activity. A Funding Agreement will detail Acquittal responsibilities and any specific conditions.

Grant is the financial support provided to applicants for an Activity. A Grant seeks a nominal return on investment from the benefits provided the community. Benefits may include improvement in the quality of life for the community from Activities meeting identified needs.

Guidelines means the specific conditions and Criteria for each Grant category under the CGP to be read in conjunction with this Policy.

Incorporated Association is an association that has been incorporated in accordance with the requirements of the *Associations Incorporation Act 2009*.

Indigenous Corporation is established under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*.

Not-for-Profit Organisation is an organisation that does not directly operate for the profit or gain of a owner(s), member(s), or shareholder(s), either directly or indirectly. The organisation must be registered with the Australian Securities & Investment Commission (ASIC) or The Australian Charities and Not for Profit Commission (ACNC).

Partnership is a contractual relationship between parties carrying on business with a view to profit. Partnerships can be 'normal' (unregistered), limited or incorporated and limited (both registered on the Register of Limited Partnerships and Incorporated Limited Partnerships, administered by NSW Fair Trading).

Payment Schedule is the agreed timing of payments from CN to recipients.

Project see Activity.

Proprietary Limited Company (abbreviated as 'Pty Ltd') is a business structure with at least one shareholder and no more than 50 non-employee shareholders, with shareholder liability limited to the value of shares.

Registered Charity means a Charity registered with the Australian Charities and Not-for-profits Commission.

Social Enterprise is a business with a clear and stated social, environmental, or cultural mission articulated in an adopted constitution. Social Enterprises are usually driven by a public or community cause, derive income from trade (not donations or Sponsorships) and use profits to work towards the social mission defined by a constitution.

Socially Harmful Activity includes any activity involving the abuse of human rights or labour rights; involvement in bribery or corruption; production or supply of armaments; manufacture, distribution and wholesaling of alcohol, tobacco or nicotine related products; gambling products or services; pornography; the trade of fur or other illegal wildlife trade; abuse of animal welfare, live animal entertainment and any other activity which CN reasonably considers may pose a Socially Harmful Activity.

Sole Trader or sole proprietor is a business that is owned and managed by one person.

Special Business Rate are funds collected from I declared city precinct businesses within Newcastle LGA for the promotion, beautification, and development of the precincts, and awarded through a competitive application process.

Sponsorships are commercial agreements in exchange for a benefit(s). Sponsorship is not philanthropic with the sponsor expecting a benefit (return on investment) as agreed in a Sponsorship agreement.

Value-in-kind refers to goods or services provided by supporters of a project that has a real value for the project and/or supporter and/or community.

Unless stated otherwise, a reference to a section or clause is a reference to a section or clause of this Policy.

Annexure B Policy Authorisations

In accordance with section 378 of the Local Government Act 1993, the Chief Executive Officer delegates the following functions to the positions listed:

Title of authorisation	Description of authorisation	Position Number and Title
Community Grants - Assessment Criteria	Determine and approve weightings for Assessment Criteria as set out in the Community Grants Policy	P60636 – Manager Finance, Property and Performance P60634 - Manager Project Management Office P60638 – Manager Community and Recreation
Community Grants - Execute Funding Agreements	Execute Funding Agreements to approved Grants consistent with the Assessment Panel's recommendation as set out in the Community Grants Policy	P60636 – Manager Finance, Property and Performance P60634 - Manager Project Management Office P60638 – Manager Community and Recreation
Community Grants – Funding Period variations	Approve Funding Period variations as set out in the Community Grants Policy	P60636 – Manager Finance, Property and Performance P60634 - Manager Project Management Office P60638 – Manager Community and Recreation
Community Grants - Activity variations	Approve Activity variations as set out in the Community Grants Policy	P60636 – Manager Finance, Property and Performance P60634 - Manager Project Management Office P60638 – Manager Community and Recreation
Community Grants – Acquittals oversight	Oversee Acquittals process as set out in the Community Grants Policy	P60636 – Manager Finance, Property and Performance P60634 - Manager Project Management Office P60638 – Manager Community and Recreation
Community Grants - CGP Guidelines	Review and approval of CGP Guidelines as set out in the Community Grants Policy	P60629 Executive Director Corporate Services

Approved by: _____
Jeremy Bath
Chief Executive Officer

Date:

DOCUMENT CONTROL

Policy title	Community Grants Policy
Policy owner	Manager Finance, Property and Performance
Policy expert/writer	Grants and Sponsorship Officer
Associated Procedure Title (if applicable)	Nil
Procedure owner (if applicable)	N/A
Prepared by	Corporate Planning and Performance
Approved by	Council
Date approved	Click here to enter a date.
Policy approval form reference	ECM# 6665440
Commencement Date	Click here to enter a date.
Next revision date (date Policy will be revised)	27/04/2025
Termination date	27/04/2026
Version	Version number 2
Category	Administration
Keywords	Grants, financial assistance, facilities, sport, recreation, community, arts, cultural, placemaking, youth
Details of previous versions	Community Grants Policy – version 1 – ECM: 6918827 Recreation Facilities Grant Program Policy – ECM: 5630916 Youth Week Grant Policy – ECM: 6204502 Community Place Making Grant Policy – ECM: 6297665 Council Support for Arts and Cultural Organisations in Newcastle – ECM: 6016939
Legislative amendments	Nil
Relevant Newcastle 2040 theme and priority	Liveable Sustainable Creative Achieving Together
Relevant strategy	Community Strategic Plan
Relevant legislation/codes (reference specific sections)	<i>Local Government Act 1993 (NSW) (s356, s377)</i>
Other related policies/ documents/ strategies	Community Grants Program (CGP) – Guidelines
Related forms	Nil
Required on website	Yes
Authorisations	Functions authorised under this Policy at Annexure B

Community Grants Policy

November 2022

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PRELIMINARY INTRODUCTION

1 Purpose

- 1.1 This Policy provides a framework for the establishment and management of City of Newcastle's (CN) **Community Grants Program (CGP)** in accordance with section 356 and section 377 of the *Local Government Act 1993* (NSW).
- 1.2 This Policy supports the delivery of community driven outcomes and benefits aligned with the **Community Strategic Plan (CSP)** for the benefit of residents of the Newcastle Local Government Area (LGA); including the seeding, supporting, and growing of Activities with outcomes for both the participants and the wider community.
- 1.3 This Policy is to be read in conjunction with the supporting CGP Guidelines for each of CN's CGPs.
- 1.4 This Policy and ~~associated supporting~~ CGP Guidelines determine the types of organisations or industries that CN considers appropriate to partner with through Grant Funding.
- 1.5 This Policy and ~~associated supporting~~ CGP Guidelines ensure that decision-making regarding the provision of the CGPs comply with relevant legislation and enable an equitable, open, and transparent process.

2 Scope

2.1 This Policy applies to:

2.1.1 ~~all~~ outgoing CGP categories to enhance community, social, cultural, sporting, recreational, heritage, economic and environmental outcomes. This Policy applies

~~2.12.1.2~~ to all aspects of CN's CGPs including application processes, decision making, Funding Agreements and Activity Acquittals.

~~2.2~~ This Policy also applies to all ad hoc Grant funding not connected to a specific CGP.

~~2.32.1.3~~ This Policy covers all elected members of Council, CN employees, any person, or organisation contracted to or acting on behalf of CN, any person or organisation employed to work on CN premises or facilities, and all activities of CN.

2.42.2 This Policy does not apply to:

2.4.12.2.1 C
N Sponsorship Program(s)

2.4.22.2.2 G
grants received by CN

2.4.32.2.3 D
donations provided by CN

2.2.4 CN Special Business Rate Funding.

2.3 Any grant that falls outside this CGP, or other specific Grant program established by CN in accordance with sections 356 and 377(1A) of the Act, will be subject to:

2.3.1 A resolution of the elected Council to contribute money or otherwise grant financial assistance to the recipient(s); and

2.3.2 Where the recipient(s) act for private gain, 28 day's public notice has been given of the Council's proposal to pass the resolution.

3 Principles

3.1 CN commits itself to the following:

- 3.1.1 **Alignment with the CSP** - This Policy and associated Guidelines supports delivery of the CSP and Four-Year Delivery Program.
- 3.1.2 **Value with public money and outcomes orientation** - This Policy supports applications whose outcomes meet community needs and offer a mix of funding sources to help maximise the impact of funding from CN. Value for money and acceptable financial risk for CN, using public funds, is considered as part of CN's Assessment Criteria.
- 3.1.3 **Accountability and transparency** - This Policy provides a robust governance framework for the transparent and merit-based provision of support with clearly defined roles and responsibilities for both CN and Grant recipients.
- 3.1.4 **Inclusiveness** - CN invites and values applications from organisations representing people of diverse abilities, genders, ethnicity, cultures, and ages.
- 3.1.5 **Collaboration** - CN values the relationships Grant recipients develop with CN, other Grant recipients and the community. Collaboration enhances positive community outcomes through the delivery of initiatives funded by CN.
- 3.1.6 **Values** - CN is committed to the United Nations Sustainable Development Goals (SDG); embedding local action as part of global recognition of community needs, social justice, reduced inequalities, and ecological sustainability.

COMMUNITY GRANTS PROGRAM

4 Legislative framework

4.1 By adopting this Policy, Council Policy, Council are endorsing the CGP as a specified grants program in accordance with sections 356 and 377(1A) of the Act.

4.2 The CGP operates within the Newcastle LGA for the direct benefit of residents of the Newcastle LGA.

4.3 All residents in the Newcastle LGA may apply, subject to meeting the Assessment Criteria of the CGP and eligibility criteria within clause 9. Notwithstanding this, applicants from outside the LGA will be considered so long as the Activity will directly benefit the residents of the Newcastle LGA.

4.4 The Council determines the total amount of CGP monies to be made available for expenditure each year through the adoption of CN's budget, which may be amended from time to time via CN's quarterly budget review process. The total annual budget for the CGP will not exceed 5% of CN's rates revenue levied for that year.

3-24.5 The CGP includes categories of Grants set out in CN's Operational Plan. The CGP Guidelines and other relevant Guidelines provide detail on the relevant GrantCGP category and allocations that support initiatives that contribute to the city.

ROLES AND RESPONSIBILITIES

45 Executive Director

~~4.15.1~~ The Executive Director, at their discretion, will determine the amount of CGP monies to be made available for expenditure in each round for each category within the CGP, not exceeding the total budget adopted by the elected Council year in accordance with this Policy and CN's annual adopted budget.

~~4.2~~ The Executive Director will review and publish annually the supporting CGP Guidelines for each CGP. Guidelines, Application and Acquittal processes will be commensurate with the scale, complexity, and risk levels of the Activity.

~~4.3~~ This Policy authorises the Director to approve grants on behalf of the elected Council (under section 377 of the Local Government Act 1993 (NSW)).

~~4.45.2~~ The Director may determine to allocate a portion of the total funding available each financial year (along with any unexpended or returned funds) for ad hoc applications outside the competitive round(s) detailed in the CGP Guidelines. If such funding is allocated, it will be advised on CN's website annually.

56 Service Unit Manager

~~5.16.1~~ The Service Unit Manager is responsible for determining and approving weightings for the Assessment Criteria of CGPs.

~~5.26.2~~ The Service Unit Manager is responsible for approving the followingoverseeing the Funding Period variations and Acquittals processes.:

~~5.2.1 Funding Period Variations: changes to the Funding Period due to a delayed start date, a delay during the grant, a change to the end date, and/or changes to the project team.~~

~~5.2.2 Activity Variations: changes to the Activity scope including budget allocations, redirection of funds and outputs.~~

~~5.2.3 Funding Value Variations: an increase in funding of up to 20% may be approved in exceptional circumstances by the Service Unit Manager.~~

~~5.2.4 Acquittals in line with the Funding Agreement.~~

67 Assessment Panel

~~7.1~~ The Assessment Panel will include at a minimum:

~~a) Lord Mayor (or nominee).~~

~~b) Executive Director Corporate ServicesCreative and Community Services. (or nominee).~~

~~c) Manager Finance Property and PerformanceMedia, Engagement, Economy and Corporate Affairs (or nominee).~~

~~Councillors~~

~~d) The quorum of the assessment panel will be three (3) and must comprise at least one of either the Executive Director Corporate ServicesCreative and Community Services (or nominee) or Management Finance, Property and PerformanceMedia, Engagement, Economy and Corporate Affairs (or nominee).~~

~~7.2~~ Additional members may be added to the assessment panel as required in line with clause 10.2.

~~6.17.3~~ The Assessment Panel will Assess grant applications and determine funding allocationthe value of funding requested.

~~6.2 Funding Value Variations: aAn increase in approved funding value of up to 20% may be approved in exceptional circumstances by the Assessment Panel.~~

78 Grant Recipients

~~7.18.1~~ Grant Recipients are required to comply with this Policy and ~~associated supporting~~ CGP Guidelines, as well as any conditions of a Funding Agreement.

~~7.28.2~~ Successful recipients are required to submit an Acquittal for all Grant funding received.

~~7.38.3~~ CN will provide Grants as cash and/or ~~v~~Value-in-kind. Any CN goods or services provided should be costed by the Recipient at the appropriate Not-For-Profit Organisation or commercial rate as per the published fees and charges and included in the recipient's Activity budget.

~~7.48.4~~ A monetary figure will be allocated to all ~~v~~Value-in-kind awarded in accordance with its real cost to CN and included in the total amount of funding allocated to any successful recipient.

~~7.58.5~~ The Recipient is required to publicly acknowledge CN for all Activities funded by CN as per conditions of a Funding Agreement.

ELIGIBILITY AND PUBLIC INFORMATION ASSESSMENT

89 Eligibility criteria

~~8.19.1~~ Eligibility of certain entities may differ across ~~programs~~CGP Grant categories. ~~Please note that t~~here is no guarantee of funding even if all ~~e~~Eligibility criteria are met. CN may accept Grant applications from the following entities:

~~8.1.19.1.1~~ C
ompany Limited by Guarantee, Cooperative, Incorporated Association, Indigenous Corporation, Not-for-profit organisation, Partnership, Sole Trader, Social Enterprise, Proprietary Limited Company and Individuals.

~~8.1.29.1.2~~ A
pplications from individuals may be required to be Auspiced by, or partnered with, a registered organisation or CN may specify that individuals can apply for a specific program. Applications from registered charities and incorporated associations will be reviewed with regard to governance and accountability status under relevant legislation.

~~8.29.2~~ Applicants seeking CGP funding must comply with the following essential ~~e~~Eligibility ~~c~~Criteria, in addition to any ~~program category~~ specific criteria as detailed in the ~~g~~Guidelines:

~~8.2.19.2.1~~ A
pplicants must operate within the Newcastle Local Government Area LGA and/or be able to demonstrate that the Activity will directly benefit residents of Newcastle;

~~8.2.29.2.2~~ A
pplications must be received on or before the advertised due date and completed with the required level of detail and supporting documentation as specified in the Guidelines;

~~8.2.39.2.3~~ A
n Applicant's Activity must begin after the Grant funding commencement date. Funding for retrospective, recurrent or ongoing funding will not be considered;

~~8.2.49.2.4~~ T
he Activity must be consistent with the CSP and SDGs;

- [8-2-59.2.5](#).....A
 applicants must have the appropriate level of insurance for the [a](#)Activities that are the subject of the funding [request/application](#);
- [8-2-69.2.6](#).....A
 applicants must be capable of obtaining all regulatory approvals for the Activity.
- [8-2-79.2.7](#).....W
 here an Activity will involve adults working with children, successful applicants must undertake the necessary 'Working with Children' checks. The applicant must provide CN with a letter advising of the successful completion and clearance of these checks prior to commencement of Activity. The letter must be signed by an office bearer of the organisation receiving the Grant.
- [8-39.3](#) Activities that are not eligible for Grant funding:
- [8-3-19.3.1](#).....A
 ctivities that duplicate existing services or have a current Funding Agreement for the same Activity. –This applies to all funding from CN including Grants, Sponsorships and Special Business Rate funding;
- [8-3-29.3.2](#).....R
 eligious ceremonies and/or activities [which do not have the main purpose of directly benefiting the broader residents and/or businesses of the Newcastle LGA](#)~~in which the promotion of a single faith is the main purpose~~, or religious activities [which otherwise breach clause 9.10-3.4that could be perceived as divisive in the community](#);
- [8-3-39.3.3](#).....P
 rofit making Activities where profits are allocated to shareholders, owners and/or members;
- [8-3-49.3.4](#).....A
 ctivities that vilify or discriminate a person or persons in respect of race, [age](#), [disability](#), religion or sexual orientation or use live animals as part of a performance, [or any other Activity which CN reasonably considers may promote an exclusive or Socially Harmful, Environmentally Harmful Activity or involves illegal conduct](#);
- [8-3-59.3.5](#).....A
 pplications seeking funds for prize money, gifts or awards or general fundraising appeals including those seeking funding for representative sport or cultural activities;
- [8-3-69.3.6](#).....F
 ees and charges associated with compliance or development applications payable to CN.
- [8-49.4](#) CN will consider applications from reputable organisations whose public image, products and services are consistent with the values, goals, and policies of CN.
- [8-59.5](#) The following companies, partnerships, sole traders, organisations or individuals are not considered by CN as suitable for Funding Agreements:
- [8-5-19.5.1](#).....I
 nvolved in any [Environmentally or Socially Harmful Activity](#) and/or manufacture, distribution and wholesaling of an Addictive Drug;
- [8-5-29.5.2](#).....F
 ound guilty of illegal or improper conduct by the Independent Commission Against Corruption (ICAC) or any similar authority;
- [8-5-39.5.3](#).....S
 bject of a criminal conviction imposed by a Court of New South Wales or other

jurisdiction in Australia, including for any offence under the *Crimes Act 1900*, *Crimes Act 1914* and the *Criminal Code Act 1995*;

~~8.5.49.5.4~~..... I
involved in political fields or affiliations, e.g. political parties;

~~8.5.59.5.5~~..... O
other local, state or federal government departments and agencies;

~~8.5.69.5.6~~..... I
involved in a competitive tender or purchasing process for the same Activity, at, or around the time of applying for a Grant or other ~~f~~Funding ~~a~~Agreement;

~~8.5.79.5.7~~..... R
record of unsatisfactory ~~a~~Acquittal of prior ~~g~~Grant or ~~s~~Sponsorship with CN; and

~~8.5.89.5.8~~..... R
record of outstanding debt with CN.

~~8.69.6~~ CN employees or Councillors are not eligible to directly apply for funding. If a CN employee or Councillor is a party to an application submission, this must be declared, and the employee or Councillor is unable to take part in the assessment of the ~~CGP~~Application.

910 Assessment of Grant applications

~~9.1.10.1~~ Activities that satisfy the Eligibility Criteria set out in Section ~~97~~ and the associated CGP Guidelines will be evaluated against Assessment Criteria published by CN in Guidelines each year. Assessment Criteria will include consideration of:

~~9.1.110.1.1~~..... A
alignment of the proposed Activity to the CSP;

~~9.1.210.1.2~~..... C
capacity and experience of an applicant to complete the Activity;

~~9.1.310.1.3~~..... E
extent to which the budget is comprehensive, realistic and provides value for money.

~~9.210.2~~ An Assessment Panel will be established for each ~~CGP~~Grant category within the ~~CGP~~. Membership of ~~a~~Assessment ~~p~~Panels will be appropriate to the objectives and scale of the ~~CGP~~Grant category within the ~~CGP~~, and ~~can~~ may consist of CN employees, Councillors, and external appointments with expertise in a related field. ~~CN subject matter experts may provide advice to an Assessment Panel.~~

~~9.310.3~~ CN employees and members of the Assessment Panel involved in the assessment and approval of applications under this ~~S~~section, must comply with CN's Codes of Conduct and declare any potential ~~P~~pecuniary or ~~N~~non-~~P~~pecuniary conflicts of interest.

~~9.4~~Assessment ~~p~~Panels will, at a minimum, comprise the following:

~~9.4.1~~..... O
~~one (1) CN Employee with subject matter expertise;~~

~~9.4.2~~..... O
~~one (1) CN Service Unit Manager (or delegate) relevant to the Grant category within the CGP as set out in the Policy Authorisations at Annexure B;~~

~~9.4.3~~..... O
~~one (1) CN Executive Director (or delegate) of Corporate Services Strategy and Engagement;~~

~~9.4.4~~..... L
~~Lord Mayor (or delegate) or Councillor nominated by the Lord Mayor.~~

~~9.5 Applications for ad hoc funding not connected to a specific CGP will be assessed as per the Eligibility and Assessment Criteria in this Policy, the associated Guidelines, assessed by the Assessment Panel from the most relevant program, and be approved by the Director.~~

4011 Public Information

~~40.111.1~~ CN will provide information to potential applicants on the CN website. -This will include associated [CGP](#) Guidelines.

~~40.211.2~~ CN may host public information session(s) to provide information to prospective applicants about the program.

~~40.311.3~~ CN will publish each Activity funded via [the](#) CGPs on its website.

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FUNDING AGREEMENTS

11.1.2 Funding Agreements

11.1.2.1 All successful applicants will be required to enter into a Funding Agreement before funds are released and the Activity commences. The Funding Agreement will include:

11.1.2.1.1 A
All terms related to the Funding Agreement and the provision of the Grant;

11.1.2.1.2 A
All terms related to the Payment Schedule;

11.1.2.1.3 A
All terms related to the Activity and financial Acquittal.

11.2.2 Single year and multi-year commitments may be approved under this Policy. Multi-year Funding Agreements may be approved for a maximum of three consecutive years. In order for CN to continue to support, develop and create a range of opportunities in the community into the future.

12.3 Funding Agreements will be available for between one (1) and three (3) consecutive financial years, subject to the requirements of the specific Grant category within the CGP, annual deliverables and an Acquittal and approval process tied to the annual payments. This is also subject to CN's annual budget processes.

12.4 The Finance, Property Corporate Planning and Performance Manager may approve:

12.4.1 Funding Period variations: changes to the Funding Period due to a delayed start date, a delay during the Grant, a change to the end date, and/or changes to the project team.

12.4.2 Activity variations: changes to the Activity scope including budget allocations, redirection of funds and outputs.

Funding Value variations: an increase in funding of up to 20% may be approved in exceptional circumstances by the Service Unit Manager.

The Grants and Sponsorship Officer may approve:

Acquittals in line with the Funding Agreement.

ANNEXURE A - DEFINITIONS

Acquittal is a report submitted as per a Funding Agreement at the conclusion of a project detailing how the recipient administered the Grant funds and met the Activity outcomes in the Funding Agreement.

Activity is a one-off or time-limited task/undertaking or series of linked tasks/undertakings with specific goals and conditions, defined responsibilities, a budget, planning, information about the parties involved and a specific start date and end date. An Activity can also be referred to as a **Project**.

Addictive Drug means any substance listed in the Therapeutic Goods Administration Poisons Standard or listed as a prohibited drug at Schedule 1 of the *Drug Misuse and Trafficking Act 1985*.

Assessment Criteria means the method used to evaluate an application.

Assessment Panel means the panel assessing applications and determining Grant [as set out at section 7s. Funding](#).

Auspice is an incorporated organisation that receives, administers, and acquits Grants on behalf of an applicant.

City of Newcastle (CN) means Newcastle City Council.

CN employees means persons employed by the City of Newcastle accountable to CN's policies and procedures.

Community Strategic Plan (CSP) is the highest level of strategic planning undertaken by CN. It identifies the main priorities and aspirations of the community and provides a clear set of strategic directions to achieve the community's vision.

Company is defined by the *Corporations Act 2001* (Cth) and registered with the Australian Securities and Investment Commission (ASIC). Companies must be registered in Australia to be eligible to apply.

Company Limited by Guarantee is a eCompany with liability limited to the guarantees of its members. This is a common structure used by the not-for-profit sector.

Cooperative is an organisation owned, controlled by, and used for the purpose of benefitting its members.

A non-distributing eCooperative is one that uses surplus funds to support its activities and cannot distribute to members (not-for-profit).

A distributing eCooperative may distribute any surplus funds to its members.

Council means the elected Council.

Eligibility is the state of being eligible to apply for funding through satisfaction of appropriate criteria.

[Environmentally Harmful Activities are considered to be production of pollutants, toxins, and greenhouse gases; habitat destruction, nuclear power and uranium mining.](#)

Funding Agreement is the agreement entered into between CN and a successful applicant for an Activity. It will articulate any financial or in-kind support provided by CN for the Activity. A Funding Agreement will detail Acquittal responsibilities and any specific conditions.

Grant is the financial support provided to applicants for an Activity. A Grant seeks a nominal return on investment from the benefits provided the community. Benefits may include improvement in the quality of life for the community from Activities meeting identified needs.

Guidelines means the specific CGPs conditions and Criteria for each [separate Grant category under the CGP](#) to be read in conjunction with this Policy.

Incorporated Association is an association that has been incorporated in accordance with the requirements of the *Associations Incorporation Act 2009*.

Indigenous Corporation is established under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*.

Not-for-Profit Organisation is an organisation that does not directly operate for the profit or gain of a owner(s), member(s), or shareholder(s), either directly or indirectly. –The organisation must be registered with the Australian Securities & Investment Commission (ASIC) or The Australian Charities and Not for Profit Commission (ACNC).

Partnership is a contractual relationship between parties carrying on business with a view to profit. Partnerships can be 'normal' (unregistered), limited or incorporated and limited (both registered on the Register of Limited Partnerships and Incorporated Limited Partnerships, administered by NSW Fair Trading).

Payment Schedule is the agreed timing of payments from CN to recipients.

~~Policy is a statement of intent and a deliberate system of principles to guide decisions and achieve rational outcomes.~~

Project see Activity.

Proprietary Limited Company (abbreviated as 'Pty Ltd') is a business structure with at least one shareholder and no more than 50 non-employee shareholders, with shareholder liability limited to the value of shares.

Registered Charity means a Charity registered with the Australian Charities and Not-for-profits Commission.

Social Enterprise is a business with a clear and stated social, environmental, or cultural mission articulated in an adopted constitution. –Social Enterprises are usually driven by a public or community cause, derive income from trade (not donations or Sponsorships) and use profits to work towards the social mission defined by a constitution.

Socially Harmful Activity includes any activity involving the abuse of human rights or labour rights; ~~involvement in~~ bribery; ~~of~~ corruption; production or supply of armaments; manufacture, distribution and wholesaling of alcohol, tobacco or nicotine related products; gambling products or services; pornography; the trade of fur or other illegal wildlife trade; abuse of animal welfare, live animal entertainment and any other activity which CN reasonably considers may pose a ~~Socially Harmful Activity~~.

Sole Trader or sole proprietor is a business that is owned and managed by one person.

Special Business Rate are funds collected from ldeclared city precinct businesses within Newcastle LGA for the promotion, beautification, and development of the precincts, and awarded through a competitive application process.

Sponsorships are commercial agreements in exchange for a benefit(s). Sponsorship is not philanthropic with the sponsor expecting a benefit (return on investment) as agreed in a ~~Sponsorship agreement~~.

Value-in-kind refers to goods or services provided by supporters of a project that has a real value for the project and/or supporter and/or community.

Unless stated otherwise, a reference to a section or clause is a reference to a section or clause of this Policy.

Annexure B Policy Authorisations

In accordance with section 378 of the Local Government Act 1993, the Chief Executive Officer delegates the following functions to the positions listed:

<u>Title of authorisation</u>	<u>Function</u> <u>Description of authorisations</u>	<u>Position Number / Title</u>
<u>Community Grants - Assessment Criteria</u>	Determine and approve weightings for Assessment Criteria as set out in the <u>Community Grants Policy</u>	<u>Service Unit Manager (or delegate)</u> <u>P606360639 – Manager Finance, Property and PerformanceMedia Engagement Economy & Corporate Affairs</u> <u>P606340633 - Manager Project Management OfficeAssets and Facilities</u> <u>P60638 – Manager Community and Recreation</u>
<u>Community Grants - Execute Funding Agreements</u>	<u>Execute Funding Agreements to approved Grants consistent with the Assessment Panel's recommendation as set out in the Community Grants Policy</u> <u>Approve Activity variations</u>	<u>P606360639 – Manager Finance, Property and PerformanceMedia Engagement Economy & Corporate Affairs</u> <u>P606340633 - Manager Project Management OfficeAssets and Facilities</u> <u>P60638 – Manager Community and Recreation</u> <u>Service Unit Manager (or delegate)</u>
<u>Community Grants – Variation oversight</u>	<u>Oversee variation process as set out in the Community Grants Policy</u> <u>Execute Funding Agreements to approved Grants consistent with the Assessment Panel's recommendation and in accordance with this Policy</u>	<u>P606360639 – Manager Finance, Property and PerformanceMedia Engagement Economy & Corporate Affairs</u> <u>P606340633 - Manager Project Management OfficeAssets and Facilities</u> <u>P60638 – Manager Community and Recreation</u> <u>Service Unit Manager (or delegate)</u>
<u>Community Grants – Funding Period variations</u>	<u>Approve Funding Period variations as set out in the Community Grants Policy</u> <u>Acquittals in line with Funding Agreements</u>	<u>P606369 – Manager Finance, Property and PerformanceMedia Engagement Economy & Corporate Affairs</u>

		<p>P606340633 - Manager Project Management Office Assets and Facilities</p> <p>P60638 – Manager Community and Recreation Service Unit Manager (or delegate)</p>
<p>Community Grants - Activity variations</p>	<p>Approve Activity variations as set out in the Community Grants Policy Review and approval of Grant Guidelines (annually)</p>	<p>P606369 – Manager Finance, Property and Performance Media Engagement Economy & Corporate Affairs</p> <p>P606340633 - Manager Project Management Office Assets and Facilities</p> <p>P60638 – Manager Community and Recreation Director (or delegate)</p>
<p>Community Grants – Acquittals oversight</p>	<p>Oversee Acquittals process as set out in the Community Grants Policy Approve grants on behalf of the elected Council (under s377 of the Local Government Act 1993 (NSW)).</p>	<p>P606369 – Manager Finance, Property and Performance Media Engagement Economy & Corporate Affairs</p> <p>P606343 - Manager Project Management Office Assets and Facilities</p> <p>P60638 – Manager Community and Recreation Director (or delegate)</p>
<p>Community Grants – Acquittals Management</p>	<p>Manage Acquittals in line with Funding Agreements as set out in the Community Grants Policy Assess and approve ad-hoc applications</p>	<p>Director (or delegate)</p>
<p>Community Grants - CGP Guidelines</p>	<p>Review and approval of CGP Guidelines as set out in the Community Grants Policy Assess applications and determine funding allocation</p>	<p>Assessment Panel P60629 Executive Director Corporate Services/s???</p>
	<p>Approve Funding Value variations</p>	<p>Assessment Panel</p>

Approved by: _____
[Jeremy Bath](#)

[Chief Executive Officer](#)

Date: _____

DOCUMENT CONTROL

Policy title	Community Grants Policy
Policy owner	Manager Community, Strategy & Innovation Manager Finance, Property and Performance
Policy expert/writer	Grants and Sponsorship Officer
Associated Procedure Title (if applicable)	Nil
Procedure owner (if applicable)	N/A
Prepared by	Community Strategy and Innovation Corporate Planning and Performance
Approved by	Council
Date approved	Click here to enter a date.
Policy approval form reference	ECM# 6665440
Commencement Date	Click here to enter a date.
Next revision date (date Policy will be revised)	27/04/2025
Termination date	27/04/2026
Version	Version number <u>24</u>
Category	Administration
Keywords	Grants, financial assistance, facilities, sport, recreation, community, arts, cultural, placemaking, youth
Details of previous versions	Community Grants Policy – version 1 – ECM: 6918827 Recreation Facilities Grant Program Policy – ECM: 5630916 Youth Week Grant Policy – ECM: 6204502 Community Place Making Grant Policy – ECM: 6297665 Council Support for Arts and Cultural Organisations in Newcastle – ECM: 6016939
Legislative amendments	Nil
Relevant Newcastle 2040 strategic direction theme and priority	Vibrant and Activated Public Places Liveable Sustainable Creative Achieving Together

Relevant strategy	Community Strategic Plan
Relevant legislation/codes (reference specific sections)	<i>Local Government Act 1993</i> (NSW) (s356, s377)
Other related policies/ documents/ strategies	Community Grants Programs (CGP) – Guidelines
Related forms	Nil
Required on website	Yes
Authorisations	Functions authorised under this Policy at Annexure B

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CCL 13/12/2022 – ADOPTION OF COUNCIL POLICIES

ITEM-108 Attachment C: Housing Policy

Page 75 Attachment C.1: Summary of the Policy and proposed changes

Page 76 Attachment C.2: Housing Policy (clean version)

Page 86 Attachment C.3: Housing Policy (tracked changes)

POLICY TITLE: Housing Policy

POLICY OWNERS: Interim Executive Director Planning and Environment /
Acting Manager Planning, Transport and Regulation

SUMMARY OF POLICY

1. The Housing Policy was adopted in October 2021. The purpose of this policy is to increase the range and supply of housing to meet the needs of the city, including affordable housing, and state CN's position and approach to facilitating a mix of dwelling types, tenures, and sizes to support the diverse needs of the community as it grows and changes.
2. This policy prepared in response to an action in CN's adopted Local Housing Strategy 2020. Council is recommended to adopt the policy again within 12 months of the recent local government election.
3. The proposed policy is set out at **Attachment C.2** and a tracked changed version is set out at **Attachment C.3**.

SUMMARY OF PROPOSED CHANGES TO POLICY

4. The key differences between the revised policy and CN's current policy are as follows:
 - i. Clarifying that affordable housing supply is for very low, low and moderate income households, (cl 2.12);
 - ii. Expanding scope to support people who are homeless or at risk of homelessness and housing stress (cl 2.1.5);
 - iii. Inclusion of a diagram depicting the spectrum of housing needs (Diagram 1);
 - iv. Addition to the affordable housing target of the use of monitoring benchmarks for affordable housing, housing diversity and homelessness (cl 4.1.1);
 - v. Elaborating that implementation occurs through leadership, partnerships, and advocacy roles relating to homelessness and housing stress (cl 5.3); and
 - vi. Definitions inserted for homelessness and housing stress (Annexure A – Definitions)
 - vii. Amend position titles and Service Units to align with the Organisation Structure.

CONSULTATION

5. The Liveable Cities Advisory Committee (LCAC) were briefed on the Housing Policy on 29 November 2022. In addition, the Affordable Housing Working Group provided comment and feedback on the Policy prior to being presented to LCAC.
6. This policy is to acknowledge previous Council commitments under the Local Housing Strategy and is a readoption of the policy by the current elected Council. Minor changes have been made as outlined above. As such public exhibition is not recommended.

Housing Policy

December 2022

newcastle.nsw.gov.au



City of
Newcastle

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Part A Preliminary

1 Purpose

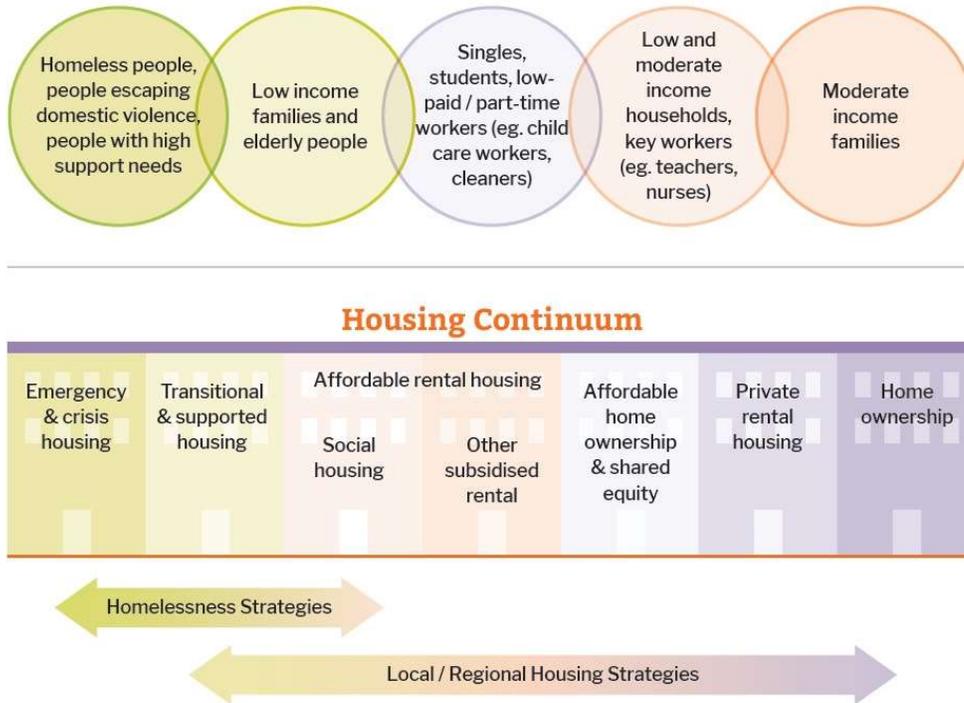
- 1.1 The City of Newcastle (CN) is committed to increasing the range and supply of housing to meet the growing needs of the city, including affordable housing. The purpose of this Policy is to state CN's position and approach to facilitating a mix of dwelling types, tenures, and sizes to support the community's diverse needs as it grows and changes.

2 Scope

- 2.1 This Policy will:
 - 2.1.1 Apply to all land in the Newcastle Local Government Area (LGA).
 - 2.1.2 Facilitate a diversity of housing types and tenures and increase the supply of affordable housing for very low, low and moderate income households, using planning agreements, amending the Local Environmental Plan, and preparing an affordable housing contributions scheme.
 - 2.1.3 Aim to maintain and increase the supply of affordable rental housing for householders on very low, low and moderate incomes such as key workers by working with all levels of government to ensure no net loss of social and affordable housing.
 - 2.1.4 Apply to planning proposals with an intended outcome to increase density or that are in Council's growth areas.
 - 2.1.5 Support a wide range of strategies in supporting people who are homeless or at risk of homelessness and Housing Stress.

This Policy recognises the interrelationship of affordable housing, Housing Stress and homelessness, see Diagram 1. The Policy should be considered with CN's Local Strategic Planning Statement, Local Housing Strategy and the Newcastle and Hunter Ending Homelessness Pledge ratified by CN. It supports CN's policies for Planning Agreements, and Community Infrastructure Incentives.

Diagram 1: Examples of Housing Needs



Source: NSW Local Government Housing Kit 2019

Note: It is important to note there are complexities relating to housing needs and to the roles and responsibilities of different levels of government to address these varying needs of housing, and related strategies.

3 Principles

3.1 City of Newcastle (CN) commits to the following:

- 3.1.1 **Alignment with Council strategies** - the Policy aligns with Council priorities outlined in the Newcastle 2040 Community Strategic Plan, Council's Local Strategic Planning Statement, and Council's Local Housing Strategy 2020.
- 3.1.2 **Certainty** – by embedding affordable housing into CN strategy, policy, and plans.
- 3.1.3 **Consistency** – by ensuring CN regards this Policy when reporting to Council on proposed increases in density through an amendment to the Local Environmental Plan 2012 (LEP).
- 3.1.4 **Housing as a Human Right** – CN aim to ensure all people have equitable access to the type of housing that meets their needs and is affordable.
- 3.1.5 **Inclusiveness** – CN makes its best efforts to reach, involve and hear from those who are impacted directly or indirectly by our decisions.
- 3.1.6 **Openness** – by providing clear directions to meet CN's housing needs and through open decision making and transparency in actions. This means recording, giving and revealing reasons for decisions, revealing other avenues available to the client or business, when authorised, offering all information and communicating clearly.
- 3.1.7 **Collaboration** – partnering with relevant organisations, industry and other councils to achieve the goals and targets of the Policy.

Part B Implementation

4 Organisational Commitment

- 4.1 CN will implement this Policy by providing:
- 4.1.1 An overall affordable housing target of 15% to work towards, across the city that is monitored using benchmarks for affordable housing, housing diversity and homelessness.
 - 4.1.2 An evidence based affordable rental housing target for all strategic plans and planning proposals for urban renewal or greenfield development.
 - 4.1.3 Targets for affordable rental housing in CN established through feasibility analyses as part of the Newcastle Local Housing Strategy.
 - 4.1.4 An Affordable Housing Contributions Scheme to apply to land within:
 - Catalyst areas and strategic centres proposing residential accommodation
 - Urban Renewal Corridors
 - Any other location where an increase in residential density will occur because of an amendment to planning controls
 - 4.1.5 Mechanisms to deliver more affordable, private housing implemented through the Newcastle Local Housing Strategy.
 - 4.1.6 The development industry with a process to facilitate and inform Planning Agreements for an affordable housing component of developments where appropriate.
 - 4.1.7 Planning controls that diversify housing types and tenure and facilitate affordability of housing with a sensitivity to the character of place.
 - 4.1.8 Opportunities to deliver affordable rental housing by working with all levels of government, industry experts, Aboriginal Land Councils, private sector, stakeholders, and community housing providers.
 - 4.1.9 Investigation into the best solutions and opportunities available to support the community in response to immediate housing problems.

5 Roles and Responsibilities

- 5.1 All levels of government have different roles in the provision of housing. This policy focuses on CN's role in facilitating and advocating for opportunities for the provision of housing to meet the needs of the whole community.
- 5.2 Planning, Transport and Regulation Service Unit are responsible for implementing this policy through relevant changes to strategic plans and the planning framework.
- 5.3 Community Planning and Development are responsible for the provision of important data to inform the policy and for implementation through leadership, partnerships, and advocacy roles relating to homelessness and housing stress.

Annexure A - Definitions

Affordable Housing Contributions Scheme is a council-led document which sets out how, where, and at what rate development contributions can be collected by council for affordable housing. It gives the local community greater clarity about the affordable rental housing planned for in the local government area, and provides developers certainty and transparency about how affordable rental housing contributions will be determined, and the contribution rate that will be applied in a condition of consent. NB. This process is prescribed by the NSW Government.

Affordable rental housing/affordable housing means housing that households on very low income to moderate incomes can afford, as defined in the *Environmental Planning and Assessment Act 1979* and *State Environmental Planning Policy (Housing) 2021*:

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Unless stated otherwise, a reference to a section or clause is a reference to a section or clause of this Policy

Annexure B - Policy Authorisations

Function	Position Number / Title
Nil	

DRAFT

Document Control

Policy title	City of Newcastle Housing Policy
Policy owner	Manager Planning, Transport and Regulation
Policy expert/writer	Urban Planning Section Manager
Associated Procedure Title (if applicable)	N/A
Procedure owner (if applicable)	N/A
Prepared by	Planning, Transport and Regulation
Approved by	Council
Date approved	To be completed by Legal and Governance
Policy approval form reference	ECM#
Commencement Date	To be completed by Legal and Governance
Next revision date (date policy will be revised)	To be completed by Legal and Governance
Termination date	To be completed by Legal and Governance (one year post revision date)
Version	2
Category	Choose an item.
Keywords	Housing, affordable, diversity, key worker, contribution, dwelling.
Details of previous versions	version 1: 7175969
Legislative amendments	Nil
Relevant strategic direction	Connected and Fair Communities
Relevant strategy	Newcastle 2040 Community Strategic Plan Newcastle Local Strategic Planning Statement 2019, Newcastle Local Housing Strategy 2020
Relevant legislation/codes (reference specific sections)	This policy supports CN's compliance with the following legislation: – Environmental Planning and Assessment Act 1979

Other related policies/ documents/ strategies	Planning Agreements Policy, Community Infrastructure Policy, Local Strategic Planning Statement, Local Housing Strategy, Local Environmental Plan, State Environmental Planning Policy No 70 Affordable Housing (revised scheme).
Related forms	N/A
Required on website	Yes
Authorisations	Functions authorised under this Policy at Annexure B

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Housing Policy

December 2022

newcastle.nsw.gov.au



City of
Newcastle

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Part A Preliminary

1 Purpose

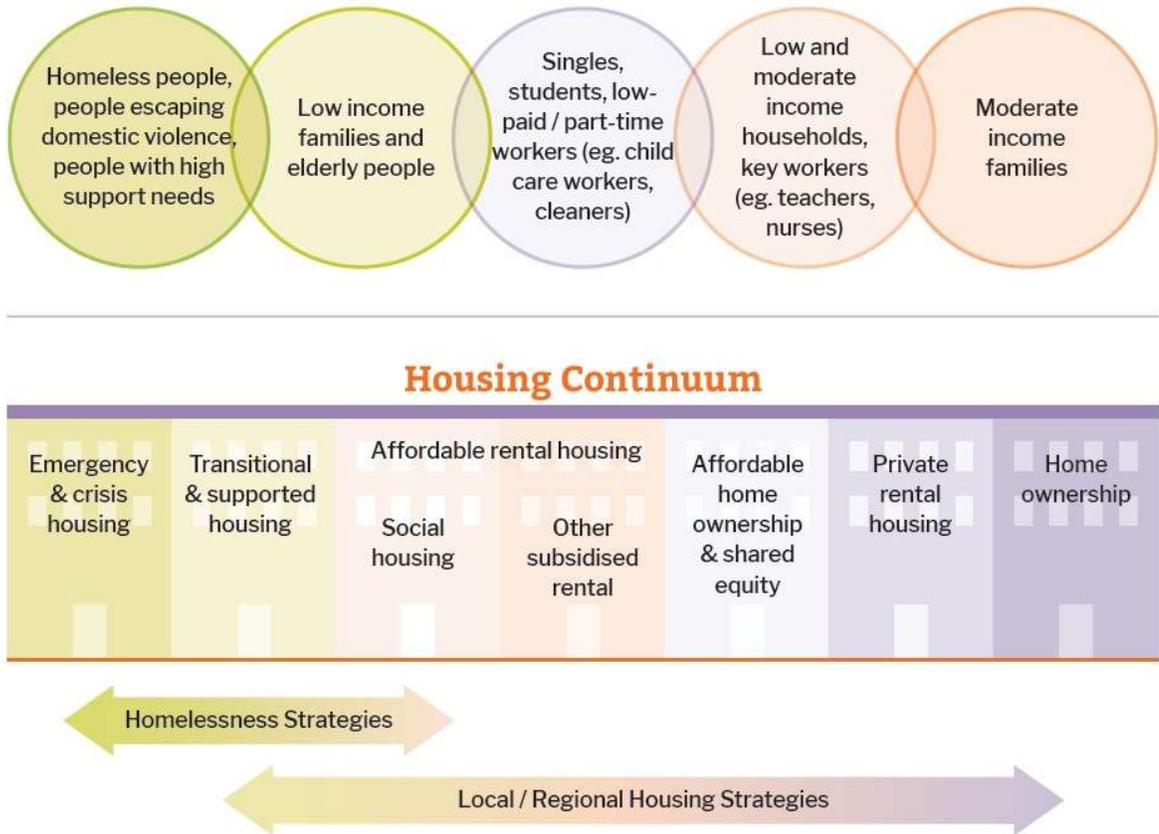
- 1.1 The City of Newcastle (CN) is committed to increasing the range and supply of housing to meet the [growing](#) needs of the city, including affordable housing. The purpose of this Policy is to state CN's position and approach to facilitating a mix of dwelling types, tenures, and sizes to support the [community's](#) diverse needs ~~of the community~~ as it grows and changes.

2 Scope

- 2.1 This Policy will:
 - 2.1.1 Apply to all land in the Newcastle Local Government Area (LGA).
 - 2.1.2 Facilitate a diversity of housing types and tenures and increase the supply of affordable housing [for very low, low and moderate income households](#), using planning agreements, amending the Local Environmental Plan, and preparing an affordable housing contributions scheme.
 - 2.1.3 Aim to maintain and increase the supply of affordable rental housing for [key workers living in householders on very low to, low and moderate income households incomes such as key workers](#) by working with all levels of government to ensure no net loss of social and affordable housing.
 - 2.1.4 Apply to planning proposals with an intended outcome to increase density or that are in Council's growth areas.
 - 2.1.5 [Support a wide range of strategies in supporting people who are homeless or at risk of homelessness and Housing Stress.](#)

This Policy [recognises the interrelationship of affordable housing, Housing Stress and homelessness, see Diagram 1. The Policy](#) should be considered with CN's Local Strategic Planning Statement ~~and~~, Local Housing Strategy: [and the Newcastle and Hunter Ending Homelessness Pledge ratified by CN.](#) It supports CN's policies for Planning Agreements, and Community Infrastructure Incentives.

Diagram 1: Examples of Housing Needs



Source: NSW Local Government Housing Kit 2019

Note: It is important to note there are complexities relating to housing needs and to the roles and responsibilities of different levels of government to address these varying needs of housing, and related strategies.

3 Principles

3.1 City of Newcastle (CN) commits to the following:

3.1.1 **Alignment with Council strategies** - the Policy aligns with Council priorities outlined in the Newcastle [2030/2040](#) Community Strategic Plan, Council's Local Strategic Planning Statement, and Council's Local Housing Strategy 2020.

3.1.2 **Access and Equity** — ~~CN aim to ensure all people have equitable access to the type of housing that meets their needs and is~~ **Certainty** – by embedding affordable housing into CN strategy, policy, and plans.

3.1.3 **Consistency** – by ensuring CN regards this Policy when reporting to Council on proposed increases in density through an amendment to the Local Environmental Plan 2012 (LEP).

[3.1.4 Housing as a Human Right – CN aim to ensure all people have equitable access to the type of housing that meets their needs and is affordable.](#)

[3.1.4.3.1.5 Inclusionessness](#) – CN makes its best efforts to reach, involve and hear from those who are impacted directly or indirectly by our decisions.

3.1.53.1.6 **Openness** – by providing clear directions to meet CN's housing needs and through open decision making and transparency in actions. This means recording, giving and revealing reasons for decisions, revealing other avenues available to the client or business, when authorised, offering all information and communicating clearly.

3.1.63.1.7 **Collaboration** – partnering with relevant organisations, industry and other councils to achieve the goals and targets of the Policy.

Part B Implementation

4 Organisational Commitment

4.1 CN will implement this Policy by providing:

4.1.1 An overall affordable housing target of 15% to work towards, across the city [that is monitored using benchmarks for affordable housing, housing diversity and homelessness](#).

4.1.2 An evidence based affordable rental housing target for all strategic plans and planning proposals for urban renewal or greenfield development.

4.1.3 Targets for affordable rental housing in CN established through feasibility analyses as part of the Newcastle Local Housing Strategy.

4.1.4 An Affordable Housing Contributions Scheme to apply to land within:

- Catalyst areas and strategic centres proposing residential accommodation
- Urban Renewal Corridors
- Any other location where an increase in residential density will occur because of an amendment to planning controls

4.1.5 Mechanisms to deliver more affordable ~~market-based~~, private housing implemented through the Newcastle Local Housing Strategy.

4.1.6 The development industry with a process to facilitate and inform Planning Agreements for an affordable housing component of developments where appropriate.

4.1.7 Planning controls that diversify housing types and tenure and facilitate affordability of housing with a sensitivity to the character of place.

4.1.8 Opportunities to deliver affordable rental housing by working with all levels of government, industry experts, Aboriginal Land Councils, private sector, stakeholders, and community housing providers.

4.1.9 Investigation into the best solutions and opportunities available to support the community in response to immediate housing problems.

5 Roles and Responsibilities

5.1 All levels of government have [different](#) roles in the provision of housing. This policy focuses on CN's role in facilitating and advocating for opportunities for the provision of housing to meet the needs of the whole community.

5.2 ~~The Regulatory, Planning, Transport and Assessment~~ [Regulation](#) Service Unit are ~~primarily~~ responsible for implementing this policy through relevant changes to [strategic plans and](#) the planning framework.

5.3 Community ~~Strategy and Innovation Service Unit have a supporting responsibility in~~ [Planning and Development are responsible for](#) the provision of important data to

inform the policy [and for implementation through leadership, partnerships, and advocacy roles relating to homelessness and housing stress.](#)

Annexure A - Definitions

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Annexure B - Policy Authorisations

Function	Position Number / Title
Nil	

DRAFT

Document Control

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Policy owner	Manager Regulatory, Planning, Transport and Assessment Regulation
Policy expert/writer	Urban Planning Section Manager
Associated Procedure Title (if applicable)	N/A
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CCL 13/12/2022 – ADOPTION OF COUNCIL POLICIES

ITEM-108 Attachment D: Procurement Policy

(To be distributed under separate cover)

DISTRIBUTED UNDER SEPARATE COVER