



COUNCIL POLICY

Loans To Community Groups

Policy Number:	PO122		
Strategic Plan Objective	Responsible Governance & Leadership		
Policy Owner:	Director Corporate and Community Services	File Number:	16/14178[v5]
Responsible Officer:	Manager Financial Services	Minute Reference:	247/2022 (14/12/2022)
Date Adopted:	14 December 2022	Next Review Date:	October 2027

1. POLICY OBJECTIVES

Yorke Peninsula Council (Council) values and recognises the public benefit that local Community Groups play in providing essential communal facilities across the Council area.

This policy sets out guidelines for the consideration of loans to support projects that have community benefit.

The provision of loan funds to Community Groups is not without risk and Council has a responsibility to ensure that the risks associated with such loans are appropriately managed.

2. SCOPE

This policy applies whenever Council receives an application for consideration of the provision of funds through a financial loan to a Community Group.

3. POLICY STATEMENT

Loans to Community Groups will only be considered and offered by Council, once all other funding options (including grants, sponsorship and fundraising) are fully exhausted.

Maximum Loan Amount

Total community loans at any given point in time are capped at \$1,500,000. Individual loans to Community Groups will be allowed between \$20,000 and \$200,000.

Eligibility Criteria

Council will consider applications for loans to Community Groups in consideration of the following criteria:

- The proposed project must be supported by Council's *Strategic Management Plan*
- The project must have a demonstrated community benefit

- The Community Group must be based within the Council area. Consideration will be given to a project that will provide a significant benefit to the Yorke Peninsula community and be operated on Council land.
- The Community Group must be a 'not for profit' organisation and have an incorporated status or be sponsored by an incorporated body
- Loans will predominantly be used for capital improvements and the construction and/or acquisition of capital assets on Council owned or controlled land.
- The following projects **WILL NOT** be considered for funding under this policy
 - Where the loan will be used to meet ongoing salary, rent, day to day operating costs or commercial undertakings.
 - Projects which have commenced prior to the loan being approved by Council.
 - Projects where the applicant has not sourced funds from the agency primarily responsible for the project, for example Commonwealth or State Government.
 - Projects which use the funds for gaming machines.
 - Projects where the expenditure is of a recurrent or ongoing nature.
- Applications where the loan will be used to meet ongoing salary, rent, day to day operating costs or commercial undertakings will not be considered.
- Must not have a commercial or political purpose or be part of a larger organisation which would be expected to be able to provide loan funds.
- The Community Group must contribute a minimum of 25% of the capital cost of the project excluding government grants and other external funding.
- Demonstrate that suitably qualified and experienced people are involved in the proposal to ensure compliance with all governance and WHS requirements.
- The Community Group will be responsible for interest and principal repayments including any other costs associated with the default of the loan.
- Funds must be used for the purpose for which the loan was obtained. Council may request evidence of the use of fund via an acquittal process.
- The loan recipient will obtain all necessary permits / approvals and insurance relating to the project.
- Interest rates for the loan will be at the current rate available through the Local Government Finance Authority at the time the loan is take out by Council.
- Council reserves the right to take security over the applicant's personal property, buildings or by way of personal guarantee. The level of security Council requires will be assessed on a case by case basis.
- The Community Group must clearly demonstrate it has the capacity to repay the loan funds to Council. This will include the provision of:
 - Financial statements for the two (2) prior years.
 - A prepared business plan for the term of the loan including detailed income and expenditure forecasts.
 - Full budget forecast for the period of the loan, which includes the payment schedule.
 - Additional fundraising and income generating activities.
- For the period of the loan, annual financial statements are to be made available to Council staff upon request.
- Council is to be advised as soon as possible if circumstances change which may reduce the capacity or ability of the Community Group to repay the loan funds as agreed.
- The application must provide evidence that the loan has been approved by a majority of the Community Group's members (i.e. minutes of a committee meeting)
- Council reserves the right to set any other additional conditions it deems necessary and appropriate.

Conditions of Application and Offer

- Applications must be received on the prescribed application form (SF206), available from Council's website (www.yorke.sa.gov.au).
- Loans will not be approved retrospectively
- Each application will be decided and endorsed by Council on its merits and in accordance with the general eligibility criteria outlined in this policy.
- Should Council agree to provide a loan, any terms and conditions must be specified in a loan agreement and signed by Council and the relevant party that is executed under Council's seal.
- Should a Community Group default on a loan repayment, Council has the right to take whatever action it considers necessary to recover the funds. Associated costs of any such action will be recovered from the Community Group.
- The applicant must be willing to pay all costs associated with the establishment of the loan.

4. COMPLAINTS

Complaints in relation to this policy can be directed to the Director Corporate and Community Services and will be managed in accordance with Council's PO147 Complaints Policy.

5. REVIEW

This Policy will be reviewed every five years or as deemed necessary in consideration of any changes to legislation, relevant standards, codes and guidelines or audit findings.

6. TRAINING

Council is committed to supporting employees in complying with this policy. Training needs will be reviewed as necessary in consideration of any changes to legislation and relevant standards, codes and guidelines.

7. RELATED COUNCIL POLICIES AND DOCUMENTS

PO139 Treasury Management Policy

PO048 Management and Recovery of Outstanding Debts Policy

SF206 Application Form – Loans to Community Groups

8. REFERENCES AND LEGISLATION

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

9. COUNCIL DELEGATION

Delegate:	Chief Executive Officer
Sub Delegate:	Director Corporate and Community Services

10. VERSION HISTORY

Version No	Issue Date	Description of Change
1	08/06/2010	
2	11/09/2013	
3	08/07/2015	
4	09/12/2020	

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5	14/12/2022	
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