



COUNCIL POLICY

Loans To Community Groups

Agriculturally rich - Naturally beautiful

Policy Number:	PO122		
Strategic Plan Objective	Corporate Governance and Leadership 2. Organisational Efficiency and Resource Management 2.1 Financially Sustainable Organisation		
Policy Owner:	Director Corporate and Community Services	File Number:	7.63.1
Responsible Officer:	Manager Financial Services	Minute Reference:	174/2015 (08/07/2015)
Date Adopted:	08/07/2015	Next Review Date:	July 2020

1. POLICY OBJECTIVES

Council is aware of the benefit local organisations provide to the local community and the desire of many of these organisations to improve their facilities and to improve or extend the level of service they provide. Due to their nature and the fact that they lease land from council, many organisations can find it difficult to obtain funds for large capital works.

The aim of this policy is to set out guidelines for the consideration of loans to Community Groups to assist them with larger projects.

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 where Council receives an application for consideration of loan funds to a Community Group.

3. POLICY STATEMENT

Maximum Loan Amount:

Total outstanding community loan borrowings of up to \$1,500,000 will be allowed under this policy. Individual loans to Community Groups will be allowed between \$20,000 and \$200,000.

Eligible Organisations:

Organisations eligible for loans under this policy:

- Must be based within the Yorke Peninsula Council
- Must be incorporated or be sponsored by an incorporated body
- Must be community based and not for profit organisations
- 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
- Must not have gaming machines

Eligible Projects:

Projects considered eligible for a loan under this policy must be for the purchase or construction of capital equipment or buildings, where the borrower has contributed 25% or more towards the project.

Ineligible Projects:

The following projects will not be eligible for funding under this policy:

- 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

Loan Conditions:

Loans to community groups will have the following conditions:

- Funds must be used for the purpose for which the loan was obtained.
- The loan recipient will obtain all necessary permits / approvals and insurance relating to the project.
- Any costs associated with default of the loan are the responsibility of the organisation.
- Organisations are to publicly acknowledge Council's contribution.
- Funds must be drawn down within 12 months of the loan being approved by Council.
- Interest rates for the loan will be at the current rate for a fixed term loan available through the Local Government Finance Authority at the time the loan is taken out by Council.
- Only fixed term, fixed rate loans, with six monthly repayments in arrears are available.
- Loans are available for a maximum of 10 years, but shorter periods are preferred.
- For the period of the loan, annual financial statements for the organisation, and if applicable the sponsoring organisation, are to be made available to Council on request.
- Organisations must notify Council of any change of Executive during the period of the loan.
- Council is to be advised as soon as possible when circumstances change which may reduce the capacity or ability of the group to repay the debt as agreed.
- No additional borrowing will be undertaken during the life of the loan except with the approval of Council.
- Where the loan is for a project on Council owned or Council controlled land there must be a current lease over the land and the period of the loan is not to be greater than the balance of the lease period.
- Any current lease agreement with the borrower will be altered to include a condition that in the event of default the Council may terminate the lease.
- Where the project being funded is not on Council property, the organisation will provide sufficient security to enable the Council to satisfactorily recover any outstanding amounts.
- Council may set other conditions as appropriate.

Overdue Repayments:

Where organisations apply for deferment of payment the following will apply:

- A grace period of up to one week from the due date for repayment be allowed for deferment of payment, based upon consideration of the particular circumstance by the Director of Corporate and Community Services.
- In the event of a request to defer scheduled repayments, or of default, greater than one week from the scheduled repayment date, Council recover an administration cost of \$50, plus interest calculated at the 24 hour call investment rate with the Local Government Finance Authority of South Australia, from the first day following the scheduled date for repayment, until the periodic payment is received in full.

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

Every five years

6. TRAINING

Council is committed to supporting employees in complying with this policy.

Training needs will be reviewed annually, during individual performance reviews and as necessary in consideration of any changes to legislation and relevant standards, codes and guidelines.

As required

7. RELATED COUNCIL POLICIES AND DOCUMENTS

- PO139 Treasury Management Policy
- PO048 Outstanding Debts Policy
- SF206 Application form – Loans to Community Groups

8. REFERENCES AND LEGISLATION

- Local Government Act 1999
- Local Government (Financial Management) Regulations 2011

10. COUNCIL DELEGATION

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

11. VERSION HISTORY

Archived Policy Name	Policy Number	Date Adopted	Last Reviewed
Reimbursement of Debenture Loans to Council	PO067	7/4/2003	8/6/2010
Loans To Community Groups	PO122	11/9/2013	8/7/2015