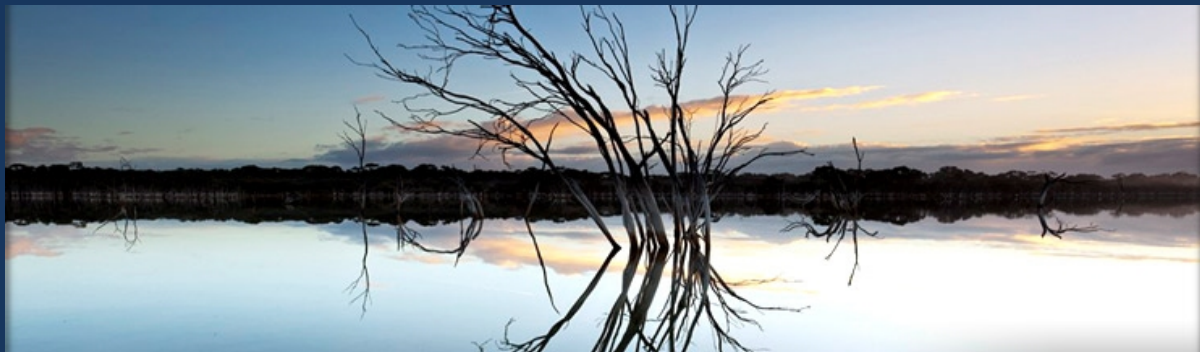




Loans to Community Groups & Clubs



“Working with our Rural & Coastal Communities”



FIN-POL-02 – LOANS TO COMMUNITY ORGANISATIONS & CLUBS

Version No:	2.3
Issued:	May 2023
Next Review:	April 2026

Responsibility:	Corporate Services
Policy Adopted:	17 May 2023
Minutes Reference:	18.1 – OCM/23/045
Applicable Legislation:	Local Government Act 1999 Local Government (Financial Management Regulations 2011)
Related Policies/Procedures/Codes / Related Documents:	FIN-POL-03 – Treasury Management FIN-POL-08 – Internal Controls FIN-APP-02-01 – Loan Agreement Schedule FIN-APP-02-02 – Loan Agreement Guarantee & Indemnity
Review Frequency:	Following Local Government Elections

1. PURPOSE

To provide direction for the issuing of loans to Community Organisations & Clubs.

2. POLICY STATEMENT

The Lower Eyre Council recognises the public benefit that local sporting clubs and community groups play in providing essential communal facilities across the Council district.

As an acknowledgement of this public benefit Council has taken the following approach towards the provision of Council loans to assist sporting clubs and community groups.

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

3. SCOPE

Loans are available to Community Organisations & Clubs that meet the following criteria:

- Incorporated groups or bodies;
- Based within the Lower Eyre Council area;
- Must be community based and not for profit;
- Organisations/Clubs that are able to demonstrate:
 - effective management skills
 - financial sustainability
- Do not have a commercial or political purpose;

4. GUIDELINES –SUBSIDISED LOANS

4.1 Maximum Loan Amount

4.1.1 Subsidised Loans

Individual loans to Community Organisations & Clubs meeting the criteria outlined at Clause 3 of this policy shall not exceed \$10,000.00.

The total amount of subsidised loans issued in any one financial year shall not exceed \$15,000.00.

The total amount of subsidised loans issued and unpaid at any one time shall not exceed \$100,000.00.

4.1.2 Non-Subsidised Loans

Individual loans to Community Organisations & Clubs meeting the criteria outlined at Clause 3 of this policy shall not exceed \$100,000.00.

Total outstanding community loan borrowings of up to \$500,000.00. will be allowed under this policy.

4.2 Loan Terms

Loans may be issued based on a fixed term repayment (Credit Foncier) or with flexible repayment terms (cash advance debenture).

4.3 Interest

4.3.1 Interest – Subsidised Loans

The interest rate payable shall be determined by Council at the time the loan is approved, and shall be based on a rate which is 2.00% less than the Local Government Finance Authority interest rate for a loan of the same size and term.

4.3.2 Interest – Non- Subsidised Loans

The interest rate payable shall be determined by Council at the time the loan is approved, and shall be a rate which is equivalent to the Local Government Finance Authority interest rate for a loan of the same size and term.

4.4 Term of Loan

The term of the loan shall not exceed 10 years and may be determined by Council in consultation with the sporting body or community group at the time the loan is approved.

4.5 Guarantors

At least three (3) Guarantors must be provided by the Community Group / Club and must complete a 'Guarantor agreement form'.

5. CONDITIONS OF LOAN

- a) Financial statements must be provided to Council staff for assessment at the time of lodging an application;
- b) The loan recipient will obtain all necessary permits / approvals and insurances relating to the project;
- c) Funds must be used for the purpose for which the loan was obtained and drawn down within 12 months of the loan being approved by Council;
- d) Council are to be provided with committee minutes demonstrating Organisation/Club agreement to the terms and outlining the names of those authorised to sign the loan documents;
- e) For the period of the loan, annual financial statements are to be made available to Council staff upon request;
- f) Council is to be advised as soon as possible if circumstances change which may reduce the capacity or ability of the group to repay the debt as agreed;
- g) Any costs associated with default of the loan are the responsibly of the Organisation / Club;
- h) Council may set other conditions as appropriate

6. ACKNOWLEDGMENT OF LOAN

The Organisation / Club:

- agree to acknowledge the Lower Eyre Council in any and all publications regarding the project and at any opening of the project;
- will issue an invitation to Councillors to attend any opening or public event for the promotion of the project;
- agree to provide photographs / testimonials upon completion to Council for Council promotions.

DOCUMENT HISTORY		
Version:	Issue Date:	Description of Change:
1.0	19/05/2015	Adopted with minor amendments to wording
2.0	Feb 2018	Reviewed with significant amendment to require financial statements and supporting information from the club for a loan, along with the requirement for a formal agreement with guarantors.
2.1	19/07/2019	Reviewed without amendment
2.3	17/05/2023	Reviewed without amendment