

COMMUNITY GROUP LOAN POLICY

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Responsible Division	Resources
Related Documents	<i>Financial Internal Control Policy</i>
Applicable Legislation	<i>Local Government Act 1999 – Financial Internal Control</i>

Preamble

The contents of and the commitments that Council make in this policy are not intended to be and should not be interpreted to be any more than a statement of the Council's general position in relation to those matters, and to facilitate its aspirations wherever it is reasonable to do so.

Overview

Alexandrina Council values and recognises the role of community and sporting groups within the Council area and endeavours to support them in a variety of ways. The objective of this policy is to provide a funding support mechanism for projects that have community benefit.

Purpose

This policy provides a framework for Council to consider requests from community groups including sporting clubs, operating on Council property, seeking assistance by way of direct loan and/or loan guarantee.

Policy Principles

The offering of loans or loan guarantees to community groups will only be considered as a last resort, once all other funding options have been fully exhausted and compliance with the requirements of the policy have been met. Other funding option criteria may include:

- Government grants
- Sponsorship
- Fundraising
- Application for creditor from a lending institution.

Council will allocate loans/loan guarantees to a combined maximum value of \$500,000 at any one time so that Council's financial position can be managed appropriately.

Council may agree to:

- Act as guarantor for the organisation
- Borrow funds from the Local Government Finance Authority (LGFA) on behalf of the organisation
- Loan funds from existing Council cash reserves with interest applicable.

Council may at its discretion approve loans/loan guarantees which exceed the threshold where the individual project delivers substantial benefit to the wider Alexandrina Council Community.

Policy Criteria

Council will consider providing support to community groups by way of self servicing loan/loan guarantee on the following basis:

- The proposed project must be supported by Council's *Strategic Management Plan*

- The project must have community benefit
- Applications will only be considered by groups who are resident in the Alexandrina Council district or provide a significant benefit to the Alexandrina Council community and operate on Council land
- Loans will predominantly be used for capital improvements and the construction and/or acquisition of capital assets on Council owned or controlled land
- Requests associated with meeting ongoing salary, rent, day to day operating costs or commercial undertakings will not be considered
- The repayment period should not exceed, the life of the asset or the term of the existing lease agreement and generally not greater than 10 years
- The community group will provide a minimum of 20% of the capital cost of the project excluding government grants and other external funding
- The community group must be a 'not for profit' organisation and have an incorporated status
- The community group will be responsible for interest and principal repayments
- The community group must demonstrate that it has the capacity to repay the loan funds to Council, this will include the provision of:
 - Audited financial statements for the two (2) prior years
 - An independently prepared business plan for the term of the loan including detailed income and expenditure forecasts
 - Forecast repayment schedule for the term of the loan
 - Additional fundraising and income generating activities.
- For capital projects, Council staff are to be involved in the project design and implementation
- The application must provide evidence that the loan has been approved by a majority of the Community Group's members (ie minutes of a committee meeting).

Conditions of Application and Offer

- Only one active loan per community or sporting group will be considered, preference may be given to community groups who haven't had a loan previously
- Applications must be received on the prescribed application form which is available for download from Council's website
- Loans will not be approved retrospectively
- Each application will be decided by the Council on its merit and in accordance with the general eligibility criteria outlined in this policy
- Should Council agree to provide a loan or act as guarantor, any terms and conditions must be specified in an agreement between Council and the relevant party that is executed under Council's seal
- An administration fee of \$500 per annum per loan will be applicable
- The applicant must be willing to pay all legal costs associated with establishing the loan and drafting the loan agreement.

Drawdown from Existing Approved Loans

Any community group, through application, may request a drawdown of an existing loan on the provision it does not exceed the amount or the term of the loan approved by Council or cause Council to exceed its allocation threshold.

Delegations

Council acknowledges that the Chief Executive may sub-delegate matters related to this Policy to staff or other persons employed or engaged by council.

Availability of Policy

This Policy will be available for inspection at the Council's offices during normal business hours and on the Council's website www.alexandrina.sa.gov.au. Copies can also be provided to interested members of the community upon payment of a fee in accordance with Council's Schedule of Fees and Charges.