

 NORTHERN AREAS COUNCIL	COMMUNITY LOAN POLICY	Version No:	1
		Last Adopted:	19 September 2023
		To be Reviewed	September 2027

Type	Governance
Category	CEO Unit
Responsible Officer	Chief Executive Officer
First Issued / Adopted	19 September 2023
Review Period	Every four years unless Council or legislation requires
Last Reviewed	19 September 2023
Minute Reference	Carried 11344
Next review Date	September 2027
Applicable legislation	Local Government Act 1999
Related Documents	Treasury Management Policy
Public Consultation Required	No
File Reference	190.3.2

1. **PURPOSE**

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

2. **INTRODUCTION**

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

3. **POLICY PRINCIPLES**

A Council loan to a community group will be considered when all other funding options have been fully exhausted and compliance with the requirements of the policy have been met. Other funding options may include:

- Government grants
- Sponsorships
- Fundraising

- Loan funding from a lending institution.

Council will allocate loans/loan guarantees to a combined maximum value of \$100,000 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, if excess funds are available, with interest applicable at the relevant LGFA loan rate for the specific term.

Community groups occasionally find themselves in a position where they are able to repay a loan prior to the termination date. The LGFA applies penalty interest in the event of early repayment of a loan. No such penalty applies for Council-funded loans in the event of early repayment by the community group.

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

4. POLICY CRITERIA

It is a requirement that the proposed project is of benefit to wider council community.

The following conditions will be assessed upon receipt of a request for loan funds:

- The proposed project must fall within the scope and objectives of the Council's Strategic Management Plan.
- The group applying for funding must be domiciled within the Council area.
- 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 must be a 'not for profit' organisation and have an incorporated status.
- The community group will be responsible for all 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.
- 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).

5. CONDITIONS OF APPLICATION AND OFFER

Applications must be received in writing, with supporting documentation specified in the policy criteria.

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 \$250 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.

6. FURTHER INFORMATION

This policy will be available for inspection at the Council office, 94 Ayr Street, Jamestown (Ph. 8664 1139) during ordinary business hours and available to be downloaded, free of charge, from Council’s internet site: www.nacouncil.sa.gov.au

Copies will be provided to interested parties upon request
Email admin@nacouncil.sa.gov.au

DATE	VERSION NO.	AMENDMENT
19 September 2023	1.00	Adopted New Policy