

Policy Name:	Community Loans Policy
Classification:	Public – Council Policy
Adopted:	27 September 2022
Frequency of Review:	Triennial
Last Review:	August 2022
Next Review Due:	August 2025
Responsible Officer(s):	Manager Finance & Procurement
Policy and Code of Practice Manual File Ref:	CC10/2601
Council File Reference:	CR22/37509
Legislation Authority:	N/A
Related Policies and Codes:	Treasury Management Policy
Related Procedures:	Community Loans Application Form

1. INTRODUCTION

- 1.1 An explicit set of policies and procedures is a necessary tool for sound financial management providing the following benefits:
 - 1.1.1 **Public accountability and transparency** – Policies and procedures publicly document Council's position on which it will base its decisions. They demonstrate the Council's commitment to sound financial management and establish transparency for audit purposes;
 - 1.1.2 **Ensuring a considered approach** – The formal adoption of carefully documented policies and procedures helps ensure that Council's position on each issue has been properly considered, having regard to alternative approaches and the wider policy and statutory context;
 - 1.1.3 **Consistency of decision making** – By adopting clear Council policies and procedures a consistent basis for decision-making over time is established. While the Council can make a decision contrary to its adopted policy, it needs a deliberate decision to do so which helps to ensure that proper consideration has been applied;

- 1.1.4 **Clear guidance for staff** – Explicit policies and procedures set out the required approach, responsibilities and processes for staff to properly administer the financial business of the Council in accordance with its wishes and consistent with statutory requirements and sound financial management practices. This in turn protects staff from allegations of financial mismanagement as long as the policies and procedures are followed.

2. PURPOSE

- 2.1 The key purpose of this policy is to provide equitable access to community groups based in the Town of Gawler, for loan funding towards capital improvements to community, sporting, recreational, cultural and associated facilities.

3. PRINCIPLES

- 3.1 Applications will only be considered from not-for-profit community groups based within the Council area which:
 - 3.1.1 Undertake activities that are predominantly provided by volunteers;
 - 3.1.2 Have limited capacity to obtain funding from other sources
- 3.2 Applications will only be considered on merit for projects that develop new or redevelop existing buildings or facilities on Council owned or Council controlled land.
- 3.3 Applications will only be considered for projects that illustrate an alignment with Goals/Objectives/Strategies included in Council's Community Plan, have a long-term benefit for the community and have a clearly defined plan and budget.
- 3.4 Council will take into consideration its own Net Financial Liabilities Ratio, and associated policy thresholds, when considering applications under this Policy.
- 3.5 Applications will only be considered upon receipt of a "Community Loans Application Form".

4. ELIGIBILITY CONDITIONS / CRITERIA

- 4.1 Applications will not be considered for any projects that have already commenced or where the project expenditure is of a recurrent or ongoing nature.
- 4.2 Any community group making an application under this Policy will be required to attend either a briefing session or Council meeting to present their application and respond to Elected Member queries.
- 4.3 All loans will be provided on a fixed principal / interest repayment basis, incorporating half-yearly repayments, over a term up to but not exceeding 10 years, unless otherwise separately negotiated and resolved by Council.
- 4.4 The interest rate applied for the duration of the loan will be the prevailing Debenture Loan interest rate available through the Local Government Finance Authority.
- 4.5 Loan funding provided by Council may be sourced from within Council's own resources, where available, or specifically borrowed from the Local Government Finance Authority.

- 4.6 In consideration of costs incurred in assessing a loan application, a non-refundable loan establishment fee of \$100 will apply for all Loan applications considered in accordance with this Policy.
- 4.7 Total outstanding Community Loans of up to \$500,000 will be allowed under this policy, so that Council's financial position can be managed appropriately. Individual loans to Community Groups approved in accordance with this Policy will be for an amount between \$10,000 (minimum) and \$100,000 (maximum). Interest Free loans will only be considered and approved to a maximum of \$50,000.
- 4.8 The loan funding provided should only be for a maximum of 50% of the total project cost, and must be used for the purpose for which the loan was obtained.
- 4.9 The community group must provide copies of their independently audited financial statements for the most recent three (3) consecutive years.
- 4.10 The community group must provide evidence (via minute or other document copy) that their application has been internally approved by the elected community group committee, and also demonstrate evidence of sound governance procedures
- 4.11 Loan funding will only be provided pursuant to this Policy in instances where the Council is appropriately satisfied that the community group has a sufficiently identified financial capacity to repay the loan over the designated loan term – with the overall assessment of such capacity being made by the Manager – Finance & Procurement being the responsible officer for the Policy.
- 4.12 The assessment of a Community Loan Funding Application can only be completed by an employee of Council with appropriate delegations and where a conflict of interest with the applicant does not exist.
- 4.13 The community group agrees that repayment of principal and interest pursuant to this Policy will only be made by periodic direct debits to the community group's bank account at their relevant financial institution.
- 4.14 Should a community group default on a loan repayment, the Council has the right to take whatever action it considers necessary to recover the funds, with the costs of such action being recovered from the community group.
- 4.15 The community group must appropriately recognise the funding support of Council in all forms of publicity. This will include the use of the Town of Gawler branding by the community group on all marketing and promotional material relating to the project.
- 4.16 The community group must enter into a legally binding loan agreement between the community group and the Town of Gawler.
- 4.17 The loan recipient will obtain all necessary permits / approvals and insurance relating to the project.
- 4.18 At the completion of the project, the community groups must provide an acquittal report as evidence to Council that the community loan was in fact used to fund the proposed project.

5. REVIEW AND EVALUATION

The effectiveness of this Policy will be reviewed on a triennial basis. However, the community loan balances will be assessed every year.

The Chief Executive Officer will report to Council on the outcome of the evaluation and if relevant make recommendations for amendments, alteration or substitution of a new Policy.

The Policy will not be altered or substituted so as to affect a process already commenced.

6. FURTHER INFORMATION

Further information about this Policy can be obtained by:

Telephone: 8522 9211

Email: council@gawler.sa.gov.au

Appointment: Town of Gawler Administration Centre, 43 High Street, Gawler East

Letter: PO Box 130, Gawler SA 5118

7. AVAILABILITY OF POLICY

The Policy is available to be downloaded, free of charge, from Council's website at www.gawler.sa.gov.au.

A printed copy may be purchased on request from the Council's Administration Centre.