

## Community Group Loan Policy

Strategic Reference	Objective 1; a caring, healthy and resilient community. Strategy 1.7; achieve or implement the statutory and core responsibilities of Council.
File reference	AR19/3657
Responsibility	Community & Corporate Department
Revision Number	5
Effective date	December 2008
Last revised date	April 2019
Minutes reference	113/19, 232/17, 069/14, 097/12, 062/11
Next review date	Annually, April 2020
Applicable Legislation	Local Government Act 1999
Related Policies	Community Events, Grants and Donations Policy
Related Documents	Nil

### 1. Policy Objective

Coorong District Council values and recognises the role of community and sporting groups within the Council area and endeavors to support them in a variety of ways. The objective of this policy is to provide a funding support mechanism for projects, both significant and minor, that have community benefit.

### 2. Policy Statement

In providing funding support for community and sporting groups within the Coorong District Council, the intent is to develop community capacity through:

- Promoting participation in local community activities of recreation and sport, cultural activities, community development, lifelong learning, social and welfare activities;
- Financially assisting community groups based in the Council area; and
- Promoting community pride in the Council area

### 3. Eligibility criteria

Loan applications must satisfy the following criteria:

- Applications must be for projects based within the Coorong District Council area;
- The project must benefit a range of people in the community;

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- Loans of significant amounts (generally exceeding \$20,000) will predominantly be used for capital improvements;
- The repayment period should not exceed ten (10) years;
- The loan funding should only account for up to 50% of the overall project cost, inclusive of in-kind support;
- The application must clearly demonstrate the capacity to repay the loan, including:
  - Detailed expenditure and revenue forecast budget for term of loan;
  - Forecast repayment schedule for the term of loan; and
  - Additional fundraising and income generating activities.
- The application must provide evidence that the loan application has been approved by a majority of the community group's members (i.e. minutes of special meeting of all financial members);
- Any group making an application for amounts over \$5,000 under this Policy will be required to attend either a briefing session or Council meeting to present their application and respond to Council Member questions or information requirements;
- The loan amount must not exceed \$50,000; and
- Individual and "for profit" enterprises will not be considered.

### **4. Allocation of Loans**

For the purpose of this Policy, loans are described as "the lending of money generally with interest, to organisations with an agreement for these funds to be repaid within an agreed period of time".

Loan applications will be considered from community groups which meet the following criteria:

- Are able to demonstrate a lack of capacity to generate funds from their normal activities;
- Have membership or work which is provided predominantly by volunteers;
- Are developing an asset on Council property;
- Have limited capacity to obtain funding from other sources. Other sources may include government grants, sponsorship, fundraising or application for credit from a lending institution.

In relation to loan options, 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 or without interest;
- Consider a loan application in conjunction with an application made under Council's Community Events, Grants & Donations Policy.

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Council will allocate interest free loans to a combined maximum value of \$150,000 at any one time so that Council's financial position can be managed appropriately.

**Council may at its discretion approve loans which exceed the threshold where the individual project delivers substantial benefit to the wider Coorong District Council.**

### **5. Interest Free Loans**

Whilst the main intent of this policy is to provide loans with interest for significant projects, Council will consider interest free loans on the following basis:

- Where exceptional circumstances exist; primarily when a business case for a project indicates strong economic or social benefit to the community; or
- When an amount of \$5,000 or less is requested by a community or sporting group, noting that the repayment rate of any loan under this clause is a minimum of \$1,000 per annum.
- Any community group with an interest free loan is not eligible to apply for a community grant during the period of the loan.

### **6. Draw Down From Existing Approved Loans**

Any community group, through application to the Chief Executive Officer, may request a draw-down 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. In the event the request exceeds the approved amount or term, all re-draw applications will be considered by Council.

### **7. Conditions of Application**

Council has the right to attach conditions to the loan at its absolute discretion. The following standard conditions will normally apply:

- Only one (1) active loan per community or sporting group will be considered in any three (3) year period;
- Applications must be received on the prescribed application form which is available for download from [www.coorong.sa.gov.au](http://www.coorong.sa.gov.au) or can be collected from any of our Customer Service Centres upon request.
- Loans will not be approved retrospectively;
- Each application will be decided on its merit and in accordance with the general eligibility criteria outlined in this policy;
- Where the application relates to an asset the organisation may be required to demonstrate that effort is being made to care for the facilities and grounds, within the financial capability of the organisation;
- The community group may be required to provide an annual business plan and budget, an acquittal report and/or regular cash flow statements throughout the period of the loan;
- If the funds are not expended in the manner described in the application, Council has the right to recall the debt at any stage;

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- The community group is required to advise Council as soon as possible of any changes to office bearers and changes in circumstances which may reduce the capacity to repay the debt;
- The community group may be required to carry insurance against defaulting on the loan;
- Appropriate acknowledgement of the support of Council will be given in promotional material and reports to members of the community group; and
- At the end of the project Council will receive a written report of the project, including an expenditure statement.

### **8. Further Information & Policy Review**

This Policy will be reviewed annually in line with Council's Policy Framework and the Audit Committee Work Program, or as necessary due to relevant legislation changes relating to this Policy.

If any community group is applying for a larger external grant that requires dollar to dollar matching funds, they can apply for a Community Group Loan and use the loan as leverage.

This Policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's website: [www.coorong.sa.gov.au](http://www.coorong.sa.gov.au).

#### **Coorong Civic Centre**

95-101 Railway Terrace  
PO Box 399  
Tailem Bend  
Phone: 1300 785 277  
Fax: 8572 4399

#### **Meningie Information Hub**

49 Princes Highway  
Meningie

#### **Tintinara Customer Service Centre**

37 Becker Terrace  
Tintinara

Copies will be provided to interested parties upon request. Email [council@coorong.sa.gov.au](mailto:council@coorong.sa.gov.au).

Any grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer of Council.