Community Group Loan Policy

Strategic Reference	Outcome 3 – Community Strategy 1.4 – Support volunteering as an essential element in delivering community outcomes and building wellbeing. Outcome 5 – Leadership Strategy 3.3 – Council takes a responsible approach to financial sustainability. Strategy 3.4 – Council Members are strong advocates for the community. Strategy 3.8 – Council Members demonstrate 'good governance' in their roles. Strategy 3.11 – Recognise the valuable contribution of volunteers to the district.
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Responsibility	Office of the Chief Executive Officer
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Next review date	October 2028
Applicable Legislation	Local Government Act 1999
Related Policies	Community Grants, Sponsorship and Funding Policy
Related Documents	Nil

1. Purpose

This policy provides a framework for Council to consider requests from community and sporting groups operating within Council's area, seeking assistance by way of direct loan and/or loan guarantee.

The key purpose of the Policy is to provide equitable access for incorporated not-for-profit entities based within the Council district to access community loan funding. This funding is to support such groups with capital improvements for community, sporting, recreational, cultural and associated facilities.

2. Policy Statement

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.

In providing funding support for community and sporting groups within the Council area, 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. Policy and Guiding Principles

The offering of loans or loan guarantees to community groups will only be considered if other funding options have been pursued and compliance with the requirements of the policy have been met. Other funding option criteria may include:

- Government grants
- Sponsorship
- Fundraising
- Application for credit from a lending institution

Appropriate internal controls will be enforced with respect to receipting of loan payments and reconciliation of loans.

Other guiding principles that will be taken into consideration include:

- A risk assessment will be undertaken appropriate to the level of funding that is sought.
- Loans of significant amounts (generally exceeding $20,000) will predominantly be used for capital improvements.
- The standard loan threshold is $50,000, however Council may, at its discretion, approve loan/loan guarantees which exceed the threshold where the individual project delivers substantial benefit to the community.
- The repayment period should not exceed ten (10) years.
- 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 Elected Members' questions or information requirements.

4. Definitions

"Community Group" means an entity based within the Coorong District Council area that comes together based on shared interested, goals or geographic location to

support, advocate for, or improve aspects of their community, and one that is of a not-for-profit nature.

"Community Loans" means support loans made by Council to community groups and sporting organisations to self-fund infrastructure projects.

"Incorporated not-for-profit" refers to a body (incorporated under the Associations Incorporation Act 1985) whose purpose is to serve and not to benefit members. Their existence is for social, charitable, educational, cultural or community purposes.

"Unincorporated organisation" means a group of people that come together for a common purpose without registration as a separate legal identity.

5. Eligibility criteria

Loan applications must satisfy the following criteria:

- Applications must be for projects based within the Council area;
- Applicants must be able to demonstrate capacity to generate funds from their activities;
- Applicants must comprise membership or work which is provided predominantly by volunteers;
- The project must benefit a range of people in the community;
- The project must have a clearly defined plan and budget;
- The loan funding should only account for up to 50% of the overall project cost, inclusive of in-kind support and the loan agreement must stipulate that the funding only be used for the purpose for which the loan was obtained;
- If interest is applied, it will be the prevailing Debenture Loan interest rate (as prescribed by the Local Government Finance Authority);
- 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);
- The applicant must also demonstrate evidence of sound governance procedures and will obtain all necessary permits/approvals and appropriate insurance relating to the project for which the loan is sought;
- A loan request for a project that is multi-staged may be considered at any point of the process; and
- Individual and "for profit" enterprises will not be considered.

6. Personnel

The following activities should be undertaken by separate Council officers:

- Receipting of loan payments
- Reconciliation of loans

7. 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 re-paid within an agreed period of time".

Loan applications will also be considered from community groups who are developing an asset on Council property.

Loan options include:

- 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.

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 $50,000 threshold where the individual project delivers substantial benefit to the wider Coorong District Council. In such cases, the Audit & Risk Committee will review the risk assessment component prior to Council considering the application.

8. 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; or

- Any community group with an interest free loan is not eligible to apply for a community grant during the period of the loan.

9. 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.

10. 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 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;
- The community group may be required to provide an annual business plan and budget (where the application exceeds $50,000), 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;
- 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 where the application exceeds $50,000;
- 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).

11. Availability/Accessibility

The Policy is available for inspection at Council's officers during normal business hours and Council's website and will be emailed to interested parties on request) please lodge request in writing via email to council@coorong,sa,gov.au)

12. Document History

This Policy will be reviewed within six (6) months of the next periodic election as required or due to legislative requirements.

Version	Adopted	Minute No	Description of change(s)
1	15 February 2011	062/11	New policy
2	20 March 2012	097/12	Cyclical review
3	15 April 2014	069/14	Cyclical review
4	21 November 2017	232/17	Cyclical review
5	16 April 2019	113/19	Cyclical review
6	21 October 2025	271/25	Refinement of policy purpose and statement Clear delineation of policy & guiding principles versus eligibility criteria/conditions of application Identification of Council personnel in the receipting/reconciliation of loan repayments Involvement of the Audit & Risk Committee in reviewing the risk assessment component (where a loan application exceeds the threshold) prior to Council reviewing the application