

 <p>City of Mount Gambier</p>	<p>P910 PROVISION OF LOANS OR GUARANTEES TO COMMUNITY GROUPS</p>	Version No:	1
		Issued:	August 2019
		Next Review:	August 2023

1. INTRODUCTION

This document sets out the policy of the City of Mount Gambier (“Council”) for when requests are received for the provision of guarantees and/or loans to community groups.

2. ASSESSMENT CRITERIA

GUARANTEES

The assessment to grant a guarantee to a community group follows the Council Administration putting a recommendation to Council, as a result of a formal request from a community group, including sufficient information to enable assessment against this policy.

In assessing the request, the Council will apply the following assessment criteria:

1. Purpose of providing the guarantee:
 - The purpose for the funding for which the guarantee is requested is to be aligned with the Council’s community objectives; and/or
 - the funding is considered necessary for its purpose and otherwise not accessible to the community organisation without a Council guarantee; and/or
 - The Council’s guarantee will assist in reducing the interest rates charged by the lending provider to such an extent that this now becomes a viable option for the community organisation;
2. The limit of the individual guarantee entered into is a maximum of \$200,000 per individual guarantee;
3. The overall limit of guarantees entered into by the Council is set at a maximum of \$500,000 at any point in time. This takes into account Council’s current assessment of the exposure and financial risk related to these guarantees;
4. The limit to the guarantee amount provided, as a percentage of the guarantee compared to the overall investment amount per individual guarantee, is a maximum of 50% for any capital expenditure;
5. The limit to the total of the guarantee amounts and/or number of guarantees per community group is \$200,000 with a maximum of two outstanding guarantees at any one point in time;
6. The maximum time limit to the guarantee is set at ten years. Where relevant this is aligned with the underlying loan that is guaranteed and therefore subject to the purpose for which the underlying loan is requested (e.g. a shorter period for a guarantee on a working capital loan);
7. All direct costs related to the establishment of the guarantee will be borne by the community organisation;
8. The final granting of the guarantee is subject to providing the Council with sufficient financial documentation supporting the guarantee request and financial capacity of the community group. This required documentation will be established on a case by case basis;

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9. In the case of a sporting community group requesting a guarantee, the Council will require the community group being a STARCLUB Club Development Program participant for the duration of the guarantee;
10. In its assessment the Council will take into account any relevant history supplied by the community organisation;
11. The Council is able to add further considerations to the assessment criteria on an individual request basis.

LOANS

The Council's preference is not to provide new community loans.

The Mount Gambier community is considered of a size and diversity that viable community organisations would be able to source funding (from community banks / organisational bodies). Therefore, the Council does not consider this to be part of its current role within the community. Where such organisations can demonstrate that they are financially viable, but are unable to access commercial funding, then the Council may consider being the lender of last resort.

4. AVAILABILITY OF POLICY

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

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Related Policies:	
Related Procedures:	
Related Documents:	

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