

Policy Section:	6. Finance & Corporate Services
Policy Name:	Community Loans Policy
Classification:	Public – Council Policy
Adopted:	28 February 2017
Frequency of Review:	Triennial
Last Review:	July 2016
Next Review Due:	July 2019
Responsible Officer(s):	Manager – Finance & Corporate Services
Policy and Code of Practice Manual File Ref:	CC10/2601
Council File Reference:	CR16/37308
Legislation Authority:	N/A
Related Policies and Codes:	Treasury Management Policy
Related Procedures:	N/A

1. PURPOSE

- 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.

1.2 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.

2. PRINCIPLES

2.1 Applications will only be considered from not-for-profit community groups based within the Council area which:

2.1.1 Undertake activities which are predominantly provided by volunteers;

2.1.2 Have limited capacity to obtain funding from other sources

2.2 Applications will only be considered on merit for projects that develop new or redevelop existing buildings or facilities within the Council area that are under the ownership, care or control of Council.

2.3 Applications will only be considered for projects that illustrate an alignment with Goals/Objectives/Strategies included in Council's Community Plan.

2.4 Council will take into consideration its own Net Financial Liabilities Ratio, and associated policy thresholds, when considering applications under this Policy.

2.5 Applications will only be considered upon receipt of a "Community Loans Application Form".

3. ELIGIBILITY CONDITIONS / CRITERIA

3.1 Applications will not be considered for any projects that have already commenced.

3.2 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.

3.3 All loans will be provided on a fixed principal / interest repayment basis, incorporating half-yearly repayments, over a term up to but not exceeding 15 years, unless otherwise separately negotiated and resolved by Council.

3.4 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.

COMMUNITY LOANS POLICY

- 3.5 Loan funding provided by Council may be sourced from within Council's own resources, where available, or specifically borrowed from Local Government Finance Authority.
- 3.6 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.
- 3.7 A loan amount approved in accordance with this Policy will be for an amount between \$5,000 (minimum) and \$100,000 (maximum).
- 3.8 The loan funding provided should only be for a maximum of 50% of the total project cost.
- 3.9 The community group must provide copies of their independently audited financial statements for the most recent three (3) consecutive years.
- 3.10 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.
- 3.11 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 & Corporate Services being the responsible officer for the Policy.
- 3.12 The community group agrees that repayment 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.
- 3.13 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.
- 3.14 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.
- 3.15 The community group must enter into a legally binding loan agreement between the community group and the Town of Gawler.

4. REVIEW AND EVALUATION

The effectiveness of this Policy will be reviewed on a triennial basis.

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.

5. FURTHER INFORMATION

Further information about this Policy can be obtained by:-

Telephone: 8522 9211
Fax: 8522 9212
Email: council@gawler.sa.gov.au
Appointment: Town of Gawler
Administration Centre, 43 High Street, Gawler East
Letter: PO Box 130, Gawler SA 5118

6. AVAILABILITY OF POLICY

The Policy is available for inspection during ordinary business hours at the Council principal office, Town of Gawler Administration Centre, 43 High Street, Gawler East and is available on the Council website at www.gawler.sa.gov.au.

A hard-copy of this Policy will be provided to interested parties upon request, for a fee as contained in the Register of Fees and Charges.