POLICY 5.06

Finance and Internal Controls

Loans to Community Groups

Version: 4 **| Next Review:** March 2028

DISTRICT COUNCIL of TUMBY BAY

1. INTRODUCTION

The District Council of Tumby Bay (the Council) is committed to maintaining and enhancing productive relationships with community groups to provide a high standard of community facilities within the Council area, and to recognise and promote local heritage and history. By assisting community groups with loans, the Council encourages and promotes community pride and recognises and supports high levels of volunteering across the community.

Due to the nature of these groups, these groups experience difficulty in obtaining loans from conventional lenders. However, the provision of loan funds to community groups is a high risk activity and Council has a responsibility to ensure that the risks associated with such financial loans are appropriately managed.

2. POLICY OBJECTIVE

The Loans to Community Groups Policy (the Policy) outlines the requirements of the Council in relation to consideration and issuing of loans to incorporated sporting bodies and community groups within the Tumby Bay district.

The purpose of this Policy is to set guidelines and conditions for the consideration of loans made to community groups by Council.

3. ELIGIBLE ORGANISATIONS

Groups eligible for loans under this policy must:

4.1 be based with the District Council of Tumby Bay,

4.2 be incorporated or be sponsored by an incorporated body,

4.3 be community based and not for profit,

4.4 promote inclusive membership and participation,

4.5 not have a commercial or political purpose, or be closely associated with an organisation that has a commercial or political purpose,

4.6 not have gaming machines, and

4.7 be competent in undertaking and managing the construction or acquisition project.

4. ELIGIBLE PROJECTS

The following projects will be eligible for consideration:

5.1 must be for the purpose or construction of capital equipment or buildings, where the proposed borrower has contributed no less than 30% of the project cost, and

5.2 projects that align with Council's Strategic Plan.

5. INELIGIBLE PROJECTS

The following projects will be ineligible for consideration:

5.1 projects that have commenced (when any site work or construction has commenced on a project prior to the loan being approved by Council), and

5.2 projects that are for expenditure which is for recurrent or ongoing expenses.

6 GENERAL PURPOSE LOANS

In relation to the issue of loans to sporting bodies and community groups, all requests for loans from Council will be subject to the following:

7.1 Proof of ability to meet loan repayments (i.e. providing last 5 years – cash flows, profit and loss statements, operating statements, balance sheet details and assets register with current valuations).

7.2 Providing a copy of the minute passed at a meeting of the organisation seeking a loan from Council.

7.3 Providing a 5-year business plan, business case, and budget.

7.4 Providing the organisations Strategic Plan.

7.5 New clubs and incorporated community groups with less than 5 years of operation to be dealt with on merit.

7.6 All loans provided by Council shall be subject to the following conditions:

(a) Should the organisation own assets (land/buildings freehold), there may be a requirement for security of the loan against the asset(s),

(b) Upon request, the organisation must provide Council with a copy of each years audited income and expenditure statements for the term of the loan,

(c) Funds must be used for the purpose for which the loan was granted,

(d) Interest rates will be determined by the Local Government Finance Authority at the time of approval of the loan,

(e) Loans are available for a maximum of 10 years. However, shorter periods are preferred,

(f) Upon request, Groups must notify Council of any change of Executive of the group during the term of the loan, and

(g) Regardless of compliance with this Policy, the decision to approve or deny an application for a community loan remain a decision of Council.

8 POLICY REVIEW

This Policy will be reviewed every two (2) years. The Council has the right to review this policy at any time, if considered desirable.

9 AVAILABILITY OF POLICY

This policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website www.tumbybay.sa.gov.au. Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

10 FURTHER INFORMATION

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Next review date	March 2028
Applicable Legislation	*Local Government Act 1999* *Local Government (Financial Management) Regulations 2011*
Related Policies	Policy 5.24 - Treasury Management
Related Procedures	

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SIGNED: 

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Responsible Officer