

# District Council of Elliston Policy



## Finance

### E001 Community Group Loan

Signature	
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Person responsible for maintaining	Deputy Chief Executive Officer

*Refer to the last page of this document for the Document History Table*

# District Council of Elliston Policy

## E001 Community Group Loan

### 1. Introduction

Council values and recognises the role of community and sporting groups within the Council area and endeavours to support them in a variety of ways.

This policy provides a clear, equitable, accountable and transparent process that Council will follow for all requests seeking financial assistance.

### 2. Purpose

The purpose of this document is to provide clear and concise policy framework in which Council can consider requests from community groups, including sporting clubs, seeking assistance by way of direct loan and/or loan guarantee.

### 3. Scope

This document applies to all community groups seeking financial assistance from Council. The offering of loans or loan guarantees to community groups will only be considered as a last resort, once all other funding options have been fully exhausted and compliance with the requirements of the policy have been met.

Other funding options may include:

- Government grants;
- Sponsorship;
- Fundraising; and/or
- Application for credit from a lending institution.

Council will allocate loans and/or guarantee values based on its individual merit.

Council may agree to:

- Act as guarantor for the organisation;
- Borrow funds from the Local Government Finance Authority (LGFA) on behalf of the organisation; and/or
- Loan funds from existing Council cash reserves with interest applicable.

Council may, at its discretion, approve loans and/or loan guarantees where an individual project does not meet all of the relevant criteria but will deliver substantial benefit to the District Council of Elliston area.

### 4. Criteria

Council may, at its discretion, consider providing support to community groups by way of self-servicing loan and/or loan guarantee on the following basis (at a minimum):

- The proposed project must be supported by the Council's Strategic Management Plan;
- The project must have community benefit;
- Applications will only be considered by groups within the District Council of Elliston area;
- Loans will predominately be used for capital improvements and the constructions and/or acquisition of capital assets located on Council owned or controlled land;
- Requests associated with meeting ongoing salary, rent, day to day operating costs or commercial undertakings will not be considered;
- The repayment period should not exceed the life of the asset or the term of the existing lease agreement and be no greater than 10 years;
- The community group must be a 'not for profit' organisation and have an incorporated status;

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- The community group will be responsible for all interest and principal repayments;
- The community group must demonstrate that it has capacity to repay the loan funds to Council. This will include the provision of:
  - Audited financial statements for the previous two (2) financial years;
  - An independently prepared business plan for the term of the loan with detailed income and expenditure forecasts, and source of income;
  - Forecast repayment schedule for the term of the loan;
  - Additional fundraising and income generating activities.

#### **5. Conditions of Application and Offer**

The loan cannot be finalised unless evidence that the loan has been approved by a majority of the members of the incorporated body through evidence of a resolution through minutes. Additional conditions include, but are not limited to:

- Applications must be received in writing;
- Loans will not be approved retrospectively;
- Each application will be decided by the Council on its merit and in accordance with the general eligibility criteria outlined in this policy;
- Should Council agree to provide a loan or act as guarantor, any terms and conditions must be specified in an agreement between Council and the relevant party as evidenced by Council resolution;
- The applicant must be willing to pay all legal costs associated with establishing the loan;
- Applicants are permitted to apply once per financial year.

#### **9. How to Apply**

Interested applicants should contact the Deputy Chief Executive Officer to discuss their proposal and application procedure.

#### **10. Associated Documents**

- Local Government Act 1999

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<b>DOCUMENT HISTORY</b>				
<b>Version</b>	<b>Changes since last version</b>	<b>Approved by</b>	<b>Record No</b>	<b>Issue Date</b>
1	Original	Council		November 2015
2	Reviewed	Council		February 2019
3	Updated with Council format, new re-numbering system and major amendments Removal of interest free loans Removal of Community Group Loan Application Form	Council	9.63.1/2	August 2023