



## Community Group Loan Policy

<b>Classification:</b>	Council Policy
<b>Version Number:</b>	2
<b>Review Frequency:</b>	Once in the Term of Council
<b>Last Reviewed:</b>	May 2023
<b>Review Due:</b>	2027
<b>Responsible Officer:</b>	Chief Executive Officer
<b>Applicable Legislation:</b>	<ul style="list-style-type: none"> <li>• Local Government Act 1999</li> <li>• Local Government (Financial Management) Regulations 2011</li> </ul>
<b>Related Policies/Procedures:</b>	<ul style="list-style-type: none"> <li>• Community Assistance Policy</li> <li>• Individual Sport &amp; Cultural Grant Policy</li> <li>• Annual Business Plan and Budget</li> <li>• Community Plan</li> <li>• Long Term Financial Plan</li> <li>• Procurement Policy</li> <li>• Internal Financial Control Policy</li> <li>• Treasury Management Policy</li> <li>• Community Assistance Program</li> <li>• Audit &amp; Risk Committee Work Program</li> <li>• Better Practice Model – Internal Financial Controls</li> <li>• Debt Management Policy</li> </ul>

### 1. PURPOSE:

- 1.1 The purpose of this policy is to provide direction for the issuing of loans to not for profit community and sporting groups.

### 2. LEGISLATIVE CONTEXT:

- Local Government Act 1999 Section 124 (1)
- Local Government (Financial Management) Regulations 2011
- Kingston District Council Community Plan

**3. SCOPE:**

- 3.1 This Policy applies to all requests received from community and sporting groups for financial support by way of self-supporting loans. This Policy outlines the availability of self-supporting loans and provides a guide to the eligibility and assessment criteria for each request.
- 3.2 Community loans will only be considered for capital renewal, replacement upgrade and acquisition and will not be considered for on-going operational expenditure.

**4. DEFINITIONS:**

<i>Council Land</i>	This is land either directly owned and controlled by Council or is Crown Land under the care and control of Council.
<i>Incorporated Group</i>	A group that is formally incorporated under relevant state or national legislation.
<i>Community Loans</i>	Support loans made by Council to community groups and sporting organisations to self-fund infrastructure projects.

**5. LOAN OPTIONS:**

- 5.1 For the purpose of this policy, loans are described as “the lending of money with or without interest, to organisations with an agreement for these funds to be re-paid within a given period of time”.
- 5.2 Where the financial resources and revenue raising capabilities of groups indicates that there is an opportunity to earn funds from other sources, Council may agree to:
- Borrow funds from the Local Government Finance Authority (LGFA) on behalf of the organisation;
  - Consider a loan application in conjunction with an application made under Community Assistance Program (CAP).
  - If any community or sporting group is applying for a larger external grant that requires dollar to dollar matching funds, they can apply for a community group loan and use the loan as leverage.

**6. INTEREST FREE LOANS:**

- 6.1 Whilst the 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 or sporting group with an interest free loan is not eligible to apply for a Community Assistance Program grant (CAP) during the period of the loan.

## **7. ELIGIBILITY CRITERIA:**

7.1 Loan applications must satisfy the following criteria:

- Be an incorporated not-for-profit organisation or be auspiced by an organisation that will take legal and financial responsibility for the administration of funds;
- Applications must be for projects based within the Kingston District Council area;
- Loans will predominantly be used for capital or acquisitions;
- The repayment period should not exceed ten (10) years;
- Loan funding should only account for up to 50% of the cash component of the project (ie excluding in-kind expenses);
- The application must clearly demonstrate the capacity to repay the loan, including:
  - Detailed expenditure and revenue forecast budget for the 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 committee meeting or equivalent;
- Any group making an application for amounts over \$5,000 (under this policy) will be required to present a deputation to Council at the next Council meeting.

7.2 Not all eligible applications submitted will be funded, Council will assess each application on its merit in conjunction with the status of Council's cash flow.

## **8. APPLICATION PROCESS:**

8.1 Applications must be received on the prescribed application and will be considered at the next ordinary Council Meeting. – refer Appendix 1.

## **9. DRAW DOWN FROM EXISTING APPROVED LOANS:**

9.1 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. In the event the request exceeds the approved amount or term, all re-draw applications will be considered by Council.

**10. LOAN CONDITIONS:**

10.1 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 at any given time;
- Loans will not be approved retrospectively;
- 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 or sporting group is required to advise Council as soon as possible of any changes in circumstances which may reduce the capacity to repay the debt;
- The term of the loan shall be determined by Council at the time the loan is approved;
- Where relevant the interest rate payable shall be at the variable interest rate charged by the Local Government Finance Authority (LGFA) for a loan of the same size and term at the time the loan is approved and is subject to change as interest rates change;
- At the end of the project Council will receive a written report of the project, including an expenditure statement.
- The principal sum, interest due, costs of early repayment and any amounts in default are included as part of the monies secured by a general claim over the assets of the Community or sporting group.
- Acknowledgement of Council's funding support must be given by the loan recipient in all promotional material and reports of the project/event.

**11. CONFLICTS OF INTEREST:**

11.1 Conflicts of interest must be declared by Council officers and Elected Members in accordance with the requirements of the Local Government Act 1999.

**12. DELEGATIONS:**

12.1 Administration of loans will be as determined by Council and may be delegated to the Chief Executive Officer (or delegate) where relevant.

**13. AVAILABILITY OF THE POLICY:**

This policy will be available for inspection at the council's principal office, 29 Holland Street Kingston SE, during ordinary business hours and on council's website: [www.kingstondc.sa.gov.au](http://www.kingstondc.sa.gov.au). Copies will also be provided to interested members of the community upon request, and upon such payment of the fee set by council.

**APPENDIX 1**





# **KINGSTON DISTRICT COUNCIL COMMUNITY GROUP LOAN APPLICATION PACKAGE**





# COMMUNITY GROUP LOANS APPLICATION GUIDELINES

## PURPOSE

In providing funding support for community groups within Kingston District Council, the intent is to:

- Promote participation in local community activities of recreation and sport, cultural activities, community development, lifelong learning, social and welfare activities.
- Financially assist community groups based in the Council area.
- Promote community pride in the Council area.

## LOAN OPTIONS

For the purpose of this policy, loans are described as “the lending of money with or without interest, to organisations with an agreement for these funds to be re-paid within a given period of time”.

Where the financial resources and revenue raising capabilities of groups indicates that there is an opportunity to earn funds from other sources, Council may agree to:

- Borrow funds from the Local Government Finance Authority (LGFA) on behalf of the organisation.
- Consider a loan application in conjunction with an application made under Council's Community Assistance Program (CAP).
- If any Community or Sporting group is applying for a larger external grant that requires dollar for dollar matching funds, they can apply for a Community Group Loan and use the loan as leverage.

## 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.
- 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.
- Any community or sporting group with an interest free loan is not eligible to apply for a community assistance grant (CAP) during the period of the loan.

## ELIGIBILITY CRITERIA

Loan applications must satisfy the following criteria:

- Be an incorporated not-for-profit organization or be auspiced by an organisation that will take full responsibility for the administration of funds;
- Applications must be for projects based within Kingston District Council.
- Loans will predominantly be used for capital or acquisitions.
- The repayment period should not exceed ten (10) years.
- The loan funding should only account for up to 50% of the cash component of the project, exclusive of in-kind support.
- 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 committee meeting or equivalent.
- Any group making an application for amounts over \$5,000 under this Policy will be required to present a deputation to Council at the next Council meeting.

#### **CONDITIONS OF APPLICATION**

- Only one (1) active loan per community or sporting group will be considered in any given time.
- Applications must be received on the prescribed application – as contained within this application package.
- 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



**Section 1: Applicant Details**

Name of organisation: \_\_\_\_\_

Postal address: \_\_\_\_\_

Contact person \_\_\_\_\_

Daytime telephone: \_\_\_\_\_ Email: \_\_\_\_\_

Organisations ABN: \_\_\_\_\_

BSB Bank A/c number: \_\_\_\_\_ A/c Name: \_\_\_\_\_

**Section 2: About the Applicant**

Please give a brief description of the aims of your group

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

What are the main activities of your group?

\_\_\_\_\_  
\_\_\_\_\_

Membership of Group			
	Junior	Senior	Total
Male			
Female			

Does your organisation hold regular management or committee meetings? Yes  No

If yes, how often? \_\_\_\_\_

Are your organisation / group incorporated? Yes  No

If no, please name the Incorporated Association that will receive and administer the loan on your behalf, attach a letter from that association to confirm this arrangement, and provide their ABN.

Name & ABN: \_\_\_\_\_

Describe your capital improvement in one sentence. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Expected number of local residents you anticipate your project will benefit: \_\_\_\_\_

Expected number of visitors you anticipate your project will benefit: \_\_\_\_\_

Describe the wider community benefit of the project:

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Will the community be involved in the designing and implementing the capital improvement?

Yes       No

If so, how?

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How did you decide the capital improvement was needed by the community?

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How will the project be promoted in the community?

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Have you received a loan from Council before? If so please name the year, the amount provided and the purpose.

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Has your organisation received any other loans in the past five years? If so, please provide details i.e. the funder, the amount and the year and purpose of the loan.

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**Section 3 Budget Information**

**BOTH SECTIONS OF THE BUDGET MUST BE COMPLETED. – (A) MUST EQUAL (B). The balancing factor is the amount you require from Council.**

<b>Section A - Project Costs</b> Please include all project costs in this section		<b>Section B – Project Revenue</b> Please note: you must match Councils funding dollar for dollar		
			<b>AMOUNT OF LOAN REQUESTED</b>	<b>\$</b>
<b>Item – what do you need the money for?</b>	<b>Amount</b>		<b>Your organisations financial contribution</b>	
<b>Other Project expenses</b>			<b>Donations (must be included in Section A)</b>	
			<b>Other support (i.e. bank loan other funding)</b>	
<b>Total Project costs (A)</b>	<b>\$</b>		<b>Total Project Revenue (B)</b> <b>(total to equal Section A)</b>	

**Section 4 - Council premises permission**

Is the Capital Project taking place on Council land or in Council premises? Yes  No

**If yes, please complete this section.**

Name of organisation: \_\_\_\_\_

Do you have a current lease, licence, or permit with Council? Yes  No

Is the proposed Capital Project permitted under that agreement? Yes  No

Does your organisation's insurance cover the prescribed activity? Yes  No

Have you previously sought approval from Council to undertake this activity? Yes  No

**\*Upon submission of the Loan application, this section will be forwarded to Council's Rates and Property Officer, where it will be considered in accordance with any agreement or approval Council may have Loaned to your organisation for use of Council property. This is not the same as having Building or Planning approval. Where necessary, these approvals will be required prior to the distribution of any Loan.\***

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***Internal use only - To be completed by Rates and Property Officer***

Is the land or building where the proposed activity is taking place owned by Council, or under Council's care and control? Yes  No

If yes, what type of agreement is in place ie: lease, licence, and permit? \_\_\_\_\_

Is the proposed Capital Project permitted under the agreement? Yes  No

If no, is the activity approved? Yes  No

Is a change to the agreement required? Yes  No

If yes, please provide details:  
\_\_\_\_\_  
\_\_\_\_\_

Signed \_\_\_\_\_  
Date \_\_\_\_\_  
Position \_\_\_\_\_

**Section 5 – Certification checklist.**

**Essential supporting documentation: You must attach the following information to meet with guidelines. Applications will not be considered without this information.**

**Have you attached the following?**

- A copy of your organisations or sponsors incorporation certificate if incorporated?
- A copy of your organisations certified financial statements (income & expenditure, balance sheet or trading statement for the last three (3) years?
- Bank statements for the last 12 month period?
- If applicable, a letter from the incorporated body who will receive a Loan on your behalf?
- Quotes for professional services / equipment? You must be able to justify the money you will spend.
- A copy of written approval from landowner / holder for capital works?
- A detailed expenditure and revenue forecast budget for term of loan.?
- Forecast repayment schedule for term of loan?
- A copy of your organisations certificate of currency for appropriate public liability insurance?
- Details of additional fundraising and income generating activities

**Highly desirable supporting documentation:**

- A letter of endorsement from the State association or peak body (i.e. support letter)?

**Section 6 – Signatures**

**Authorised signature of applicant/s**

Must be signed by two members of your organisations management committee. Unsigned applications will be returned to you.

Name: \_\_\_\_\_ (please print)

Signature: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_

**COUNTER SIGNATORY OF MANAGEMENT COMMITTEE**

Name: \_\_\_\_\_ Position: \_\_\_\_\_ (please print)

Signature: \_\_\_\_\_



Date: \_\_\_\_\_

**Section 7 Completion Record**

It is a requirement of receiving a contribution for your project from the Kingston District Council that you complete this form and return it to Council. This information you include on this form and the items you attached to demonstrate the completion of your project are our record of the use to which Council's contribution have been put.

**There is no time limit on returning this form but your organisation may be ineligible for any further contributions from Council for your projects until this project has been recorded as completed.**

**Applicant details:**

Name \_\_\_\_\_ of \_\_\_\_\_ organisation:

Postal Address: \_\_\_\_\_

Name of person completing: \_\_\_\_\_

**Capital Project Costs**

Total actual cost of project (excl. in kind) \$ \_\_\_\_\_

Amount received from Council \$ \_\_\_\_\_

**Capital Project outcomes**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Evidence that your project has been completed:**

- Photographs
- Newspaper articles
- Articles in club / organisation newsletter
- Other

**Statement of Project Income and Expenditure**

Please attach a statement showing all income and expenditure for the project for which funding was received.

**Certification Statement by organisation Treasurer**

**I can confirm that the Community Group Loan received from the Kingston District Council for the purpose for which it was given.**

Name \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Daytime phone: \_\_\_\_\_