

Purpose

The purpose of this policy is to set clear boundaries in relation to Council providing interest free loans to community and sporting groups.

Council acknowledges that community and sporting organisations are vital to creating a prosperous, liveable and sustainable region. Council supports community and sporting organisations through the provision of funding and rates discounts. Council, from time to time, receives requests for interest free loans, however as Council's resources are limited, Council must set strict protocols around the lending of money, on interest free terms, to sporting and community groups.

Scope

This policy applies to one-off applications for interest free loans. Applications for other types of financial assistance should be made under Council's Community Assistance Grants Policy.

Applicable Legislation

Local Government Act 2009

Policy Statement

1. Council acknowledges that community and sporting groups provide a valuable service to the community and as such Council provides a wide range of funding opportunities to such groups.
2. Council's preferred method of supporting community and sporting groups is through Council's Community Assistance Grants Policy and related Rates concession policies. An interest free loan should not be the first resort of funding and evidence of other funding sources attempted must be provided.
3. Council shall only grant interest free loans to not-for-profit incorporated associations located within the Whitsunday Regional Council area for infrastructure projects which are for the purpose of enhancing the activity of the sporting or community group.
4. Council shall assess applications for interest free loans on a case-by-case basis taking into consideration the purpose of the loan and if Council deems it to provide a benefit to the community.
5. Council will give preference to applications which provide for permanent structures or improvements, or items considered to be fixed to a structure, on Council owned or controlled land.
6. Council will consider applications for substantial but non-permanent improvement projects, as determined by Council, at its discretion.
7. Council will not consider applications for minor maintenance, repairs, moveable items or plant.
8. The Applicant must have a lease over the land on which the improvement will be built, with such a lease not to expire within five years of the loan being granted.

9. Approval of the interest free loan does not have any relevance to the building application approval process which must be followed. Loan funds cannot be used as part of the building application process and will not be released until building approval is granted.
10. The Applicant must be entirely free of debt to Council in relation to lease fees, rates or other debts.
11. The Applicant must provide Council with written authority to undertake a credit check on the Association.
12. The Applicant must be compliant with all conditions relating to their incorporation. No loan shall be given should there be any non-compliance in relation to the conditions relating to an incorporated association, e.g., failure to provide financials, outstanding show cause notices.
13. The Applicant must provide evidence of the organisation's strategic plan in relation to the project, budget planning incorporating financial statements and consultation with members (and proof of endorsement) regarding the proposed improvements and loan responsibility.
14. As part of their Application, the Applicant may be required provide Council with three years of audited financial statements and a detailed financial plan detailing how they intend to pay off the loan and proving that they have the capacity to repay the loan within five years. Notwithstanding this, Council reserves the right to set repayment terms at its sole discretion without reference to the Applicant's proposed repayment terms.
15. Council shall only approve loans which are a maximum of 80% of the budget of the related project and not exceed in any one instance, an amount of \$30,000.
16. Loan funding provided by Council may be used in conjunction with other funding programs.
17. Council shall only provide loans for a maximum term of five years.
18. As part of their application, the Applicant must provide Council with three quotes from builders or suppliers qualified to undertake the building or installation works.
19. The Applicant must set up a quarterly direct debit to Council's nominated account in order to repay the loan funds. Should the Applicant miss three consecutive payments, the entire loan balance will become due and payable within 14 days of the third consecutive missed payment.
20. The Applicant will enter into a written agreement with Council setting out the loan terms and conditions. Such agreement can only be altered in writing with the endorsement of Council's CEO.
21. Council shall only provide loan funds by electronic funds transfer to an account held in the Applicant's name.
22. The Applicant must expend the loan funds for the agreed purpose within six months of the agreement being signed. If the loan funds are not fully expended within six months, the remaining loan funds must be returned to Council.
23. A statement of expenditure signed by two executive members of the association must be received with copies of invoices and supporting documentation of the expenditure provided within two months of the completion of the project. A progress report may be required at the discretion of Council.
24. Council's total liability for interest free loans shall not exceed \$200,000 in any given financial year and a special reserve will be established and maintained for this purpose.

Definitions

CEO refers to the Chief Executive Officer of the Whitsunday Regional Council appointed in accordance with the *Local Government Act 2009*.

Council refers to the Whitsunday Regional Council

Employee refers to any employee, contractor, volunteer etc. of the Council

Related Documents

Loan Agreement

Human Rights Compatibility Statement

This Policy has been assessed as compatible with the Human Rights protected under the *Human Rights Act 2019*.

COUNCIL POLICY			
Date Adopted by Council		Council Resolution	
Effective Date		Next Review Date	
Responsible Officer(s)		Revokes	CP_CORP_47
Public Consultation: Yes / No			