

FILE NO: PSC2009-02488

TITLE: COMMUNITY GROUP LOANS POLICY

OWNER: FINANCIAL SERVICES SECTION MANAGER

1. PURPOSE:

- 1.1 To provide access to funding through the provision of available loans for improvements to community, cultural, sport and recreation facilities in the Port Stephens local government area in an effective and equitable manner.

2. CONTEXT/BACKGROUND:

- 2.1 This policy applies to groups seeking to develop buildings or facilities that are Council owned, under Council's care, control or management, under Council's Trusteeship, provides services to the local community or responsibility has been devolved to Council by some form of legislation.

3. SCOPE:

- 3.1 The Community Loans Reserve will be self-supporting over time with repayments to the reserve used to fund further allocation. The reserves upper limit will be \$200,000.
- 3.2 This policy assists community groups that are operating and providing services in the Port Stephens local government area and enables Council's assets to be enhanced, improved and maintained in a good state of repair.

4. DEFINITIONS:

- 4.1 An outline of the key definitions of terms included in the policy.

Loan	The act of giving money, property or other material goods to another party in exchange for future repayment of the principal amount along with interest or other finance charges.
Interest	The charge for the privilege of borrowing money, typically expressed as an annual percentage rate.

5. STATEMENT:

- 5.1 The Community Group Loans program will provide funding through the provision of available loans for improvements to the community, cultural, sport and recreation facilities in the Port Stephens Local Government Area (LGA).

- 5.2 This policy is made possible by a reserve of \$200,000 so loan funds can be drawn upon and Council's financial position managed appropriately.
- 5.3 This loan is available to groups seeking to develop buildings or facilities that are Council owned, under Council's care, control or management, or under Council's Trusteeship.
- 5.4 Applicants must be providing services to the local community or responsibility has been devolved to Council by some form of legislation.

5.5 Transparency and Equity

- 5.5.1 The Community Loans Program will be administered in a transparent and equitable manner and be promoted across the district in a manner that will allow maximum opportunity for community groups to apply. The Community Group Loans Application Guidelines provide clear parameters around eligibility.
- 5.5.2 Each funding program has a process for the assessment of applications with Council making the final decision.

5.6 Eligibility

5.6.1 Local Sports Club:

- a) Must be a current financial member of a Port Stephens Council Sports Council.
- b) Must provide a business plan that clearly establishes the group's capacity to meet the commitments of a loan.
- c) Must be up to date with any Council/Sports Council/Committee accounts.
- d) Have appropriate Public Liability insurance cover.

5.6.2 Community/Cultural Groups:

- a) Must be a properly constituted, incorporated not-for-profit association operating and providing services in the Port Stephens LGA.
- b) Must provide a business plan that clearly establishes the group's capacity to meet the commitments of a loan.
- c) Have appropriate Public Liability insurance cover.

5.6.3 355c Committee of Council:

- a) Must be a current Committee of Council.
- b) Must provide a business plan that clearly establishes the group's capacity to meet the commitments of a loan.
- c) Must be up to date with financial accounts and record keeping requirements.

5.6.4 The following groups are ineligible to apply:

- a) Groups which do not meet the above requirements.
- b) Groups which already have an outstanding Community Group Loan.
- c) Commercial organisations.
- d) Projects which will be carried out on private land or outside the Port Stephens LGA.

5.7 Application

5.7.1 Applicants will need to complete Council's Community Group Loans application form.

5.7.2 The following information may also be requested:

- a) Business case for applying for the funds.
- b) Cost estimates for any repairs, assets, or manual labour.
- c) Ongoing maintenance plans (where applicable).
- d) Proof of ability to service the loan.

5.7.3 Council staff will exercise discretion when requesting additional information. The Community Assets Coordinator, in conjunction with the Financial Reporting Coordinator, will assess applications. Approval may also be required from the Vibrant Places Coordinator.

5.7.4 All recommendations will be forwarded to the respective Section Manager and Director for review. Final recommendations will be provided to Council for determination.

5.8 Assessment

5.8.1 Priority will be given to loans for projects that:

- a) Will benefit a wide range of people in the community.
- b) Have a long term benefit for the community.
- c) Have a clearly defined plan and budget.

5.8.2 The application must clearly demonstrate the capacity to repay the loan including:

- a) Detailed expenditure and revenue budget for term of loan.
- b) Forecast repayment schedule for term of loan.
- c) Additional fundraising and income generating activities.
- d) Evidence of sound governance procedures.

5.8.3 Applications made by sporting clubs must be for projects included on the relevant Sports Council's Sports Development Strategy. The relevant Sports Council must be supportive of the project and agree to:

- a) Be a signatory to the application; and
- b) Meet the repayments for the loan in the instance where the applicant fails to meet two (2) successive payments.

5.8.4 Applications will be prioritised by and assessed on:

- a) Financial ability to repay loan; and
- b) Having particular regard to projects identified as a part of the 10 year Capital Works Plan or Sports Development Strategy.

5.9 Terms of Loan

5.9.1 Loans to be a maximum of 84 months.

5.10 Value of Loan

5.10.1 Loans provided to be a minimum of \$20,000 and a maximum of \$75,000.

5.10.2 Loan funds cannot exceed more than 75% of the overall project value excluding in kind support, i.e. expected cash value of the project x 75% = maximum loan value.

5.10.3 Approval from the Executive Team is required to alter the terms of 5.10 on a case by case basis.

5.11 Interest

5.11.1 Interest on Community Group Loans will be calculated at an interest rate of 2% per annum on the outstanding balance.

6. **RESPONSIBILITIES:**

6.1 The Financial Services Section Manager has overall responsibility for the implementation of this policy in consultation with the Assets Section Manager.

6.2 Applications for Community Group Loans may be received and coordinated at coordinator level, if relevant to their role at Council. In all cases, consultation with the relevant Section Manager and Director must occur prior to agreement being entered into.

- 6.3 The Financial Services Section Manager is responsible for reporting Community Group Loan requests over \$20,000 to a maximum of \$75,000 to Council for endorsement.

7. RELATED DOCUMENTS:

- 7.1 Community Group Loans Application Guidelines.
7.2 Community Group Loans Application Form.
7.3 Other suitable documents, records and evidence of review will be retained in support of application, approval and management of loans.

CONTROLLED DOCUMENT INFORMATION:

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EDRMS container No.	PSC2009-02488	EDRMS record No.	25/181304
Audience	Financial Services Section, PSC staff, local Community Groups and Sporting Clubs		
Process owner	Financial Services Section Manager		
Author	Financial Services Section Manager		
Review timeframe	4 years	Next review date	10 June 2029
Adoption date	14 July 2015		

VERSION HISTORY:

Version	Date	Author	Details	Minute No.
1	26/06/2007	Jason Linnane		158
2	14/07/2015	John Maretich	Updated Community Group Loans Policy does not change the existing policy's intent and only updates the format of the policy.	196
3	12/11/2019	Finance – Reporting Coordinator	Updated policy into new template. Changed Policy Owner from Community & Recreation Coordinator to Financial Services Section Manager. 1.1 – Added “in an effective and equitable manner.” 5.1 – Removed “is to provide an accessible fund where groups and clubs can borrow funds at low interest rates for approved projects. This will assist community groups to improve and develop Council's facilities to support community activities in the Local Government Area.”	

Version	Date	Author	Details	Minute No.
			<p>5.1 – Added “program will provide funding through the provision of available loans for improvements to the community , cultural, sport and recreation facilities in the Port Stephens Local Government Area (LGA).”</p> <p>5.2.1 - Removed “Interest rates are to be set at Indicative Borrowing Rate for Local Government Authorities (IBRLGA) applicable on the day of approval of recommendation by the Group Manager of the respective Group.”</p> <p>5.2.2 - Removed “For projects that are Asset Rehabilitation and are in Port Stephens Council’s Asset Management Plans, the interest rate will be 50% of the IBRLGA.”</p> <p>5.2.3 – Removed “The interest from Community and Recreation Loans Vote, being equal to Indicative Borrowing Rates for Local Government Authorities, is paid to Council on a quarterly basis (except for Asset Rehabilitation Projects).”</p> <p>5.3 – Removed “Interest to be fixed for the term of the loan.”</p> <p>5.3 – Added “This loan is available to groups seeking to develop buildings or facilities that are Council owned, under Council's care, control or management, or under Council's Trusteeship.”</p> <p>5.4 – Removed “Loans to be for a maximum of 84 months.”</p> <p>5.4 – Added “Applicants must be providing services to the local community or responsibility has been devolved to Council by some form of legislation.”</p>	

Version	Date	Author	Details	Minute No.
			<p>5.5 – Removed “Loans have a minimum of \$2,000 and an upper limit of \$75,000. Any increase of this amount will require a formal resolution of Council.”</p> <p>Added new paragraphs 5.5 – 5.9.</p> <p>5.6 – Removed “Should a club or group default on loan payments, Council has the right to take whatever action it considers necessary to recover the funds. In extreme cases, Council may consider closing the use of the facilities to the club or community group in default and taking legal action to recover funds.</p> <p>5.7 – Added “The Financial Services Section Manager has overall responsibility for the implementation of this policy in consultation with the Assets Section Manager.”</p> <p>6.1 – Removed “Community & Recreation Coordinator – Responsible for the overall implementation of the policy.”</p> <p>6.1 – Removed “Management Accounting Coordinator – Responsible for monitoring the Community and Recreation Loans Reserve and ensuring payments are received.”</p> <p>6.2 – Added “Applications for Community Group Loans may be received and coordinated at coordinator level, if relevant to their role at Council. In all cases, consultation with the relevant section and group manager must occur prior to agreement being entered into.”</p>	

Version	Date	Author	Details	Minute No.
			<p>6.3 – Added “The Financial Services Section Manager is responsible for reporting Community Group Loan requests over \$20,000 to a maximum of \$75,000 to Council for endorsement.”</p> <p>7.1 – Removed “LGA Act 1993”</p> <p>7.1 – Added “Suitable documents, records and evidence of review will be maintained in support of application, approval and management of loans.”</p> <p>7.2 - Removed “Code of Conduct”</p> <p>7.2 – Removed “PSC Financial Assistance Policy”.</p>	
4	26 October 2021	Financial Services Section Manager	<p>Updated policy into the new template.</p> <p>5.5.1 – Added ‘The Community Group Loans Application Guidelines provide clear parameters around eligibility.’</p> <p>5.7 – New paragraph - added whole segment with regards to the application process.</p> <p>5.10.3 – Added ‘Approval from the Executive Team is required to alter the terms of 5.10 on a case by case basis’.</p> <p>7.1 – Added ‘Community Group Loans Application Guidelines’.</p> <p>7.2 – Added ‘Community Group Loans Application Form’.</p> <p>Controlled document information: Amended review timeframe to 3 years in accordance with Council’s policy and management directive review process.</p>	286

Version	Date	Author	Details	Minute No.
5	10 June 2025	Financial Services Section Manager	<p>Update policy to new template.</p> <p>Minor updates to position titles and naming throughout.</p> <p>5.11- Interest clause added to outline how interest is calculated and applied to Community Group loans.</p> <p>Controlled document information: Amended review timeframe to 4 years as per Council's policy review process.</p>	125