



**DATE ADOPTED: 22 November 2022**

**VERSION: 3.0**

## **POLICY OBJECTIVES**

The objective of this policy is to establish a process and parameters for which Council can make decisions with respect to granting of loans to Community Organisations.

## **POLICY SCOPE**

This policy applies to all applications for loans submitted to Maitland City Council.

## **POLICY STATEMENT**

In accordance with Section 356 of the NSW Local Government Act 1993, Council may, in accordance with a resolution of the Council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.

### **1.0 Eligibility**

To be eligible to apply for a loan from Council, the organisation must meet the following criteria:

- Is a Not-for-Profit Organisation.
- Has been a not-for-profit organisation for minimum of three (3) years.
- Is based in the Maitland local government area.
- Loan funding must be used for the purpose of:
  - a) Constructing or improving facilities for use in connection with the activities of the organisation on lands which are owned by, vested in, or under the care, control, and management of, the council or the organisation. Relevant approvals e.g. Development consent must be obtained prior to application for funding.
  - b) Any other asset which would enhance the operation of the organisation.
- Loan funding must not be used for recurrent funding, payment of rates, maintenance, or general operational activities.
- Council will consider applications for guarantor of a loan only for works on Council land.

### **2.0 Applications**

#### **2.1 Application requirements**

- All applications for loans must include details of:
  - a) Financial Position of the Club/Organisation including a copy of the organisations Business Plan and financial statements for last three (3) years to demonstrate ability to repay the loan



- b) How repayments are to be met
- c) Credit References (if deemed appropriate by council)
- d) Name of Organisation (including details of principles)
- e) Address of Organisation
- f) Purpose of Organisation and reason for the loan request
- g) Articles of Association or Constitution are to be provided.

## **2.2 Assessment**

Applications will be prioritised and assessed on:

- a) Financial ability to repay loan.
- b) Merit of proposal based on identified community needs, having regard to projects identified as a part of Council's Community Strategic Plan and Delivery Program.
- c) Extent of services provided by the organisation.
- d) Access to other funding sources.
- e) Capacity to undertake the project including administrative and management responsibilities.
- f) Does the organisation provide direct competition to other commercial ventures.

## **3.0 Terms and conditions**

### **3.1 Interest Rate**

- A rate of interest will be charged on the loan that is equivalent to Council's current borrowing rate
- The interest will be charged on the amount outstanding at the end of each month in arrears.
- The rate of interest payable will be reviewed annually on the anniversary date of funding. The rate applied to be adjusted in line with Council's current borrowing rate at that time.

### **3.2 Terms of Loan**

- The term of the loan shall be as determined by council to a maximum of 10 7 years.
- The maximum amount of a loan will be \$100,000.
- Funding to be matched dollar for dollar by the organisation.
- The loan amount is to be no more than 50% of the cost of capital works.
- The organisation must provide to Council on an annual basis a copy of their financial statements and audit report within four months of the close of the financial year.

### **3.3 Conditions**

- The formal loan agreement must be signed by both parties before funding will be provided.
- Council reserves the right to obtain a credit reference from the Credit Reference Association.
- If the organisation defaults on the loan, Council reserves the right to take possession and ownership of the asset to clear any remaining debt.
- If a repayment is missed or late, communication will be held between both parties to establish a suitable payment plan.



## DEFINITIONS

### Not for profit organisation

Means a non-commercial organisation in which any profit made by the organisation goes back into the operation of that organisation and is not distributed to its members.

Generally, such organisations will be registered under the Associations Incorporation Act 2009 No 7 (NSW)

## POLICY ADMINISTRATION

BUSINESS GROUP:	Strategy, Performance and Business Systems
RESPONSIBLE OFFICER:	Group Manager SP&BS
COUNCIL REFERENCE:	Ordinary Council Meeting 22 November 2022 Item 11.4
POLICY REVIEW DATE:	Three (3) years from date of adoption
FILE NUMBER:	129/8
RELEVANT LEGISLATION	<ul style="list-style-type: none"><li>• NSW Local Government Act 1993</li><li>• NSW Local Government (General) Regulation 2005</li></ul>
RELATED POLICIES / PROCEDURES / PROTOCOLS	

## POLICY HISTORY

VERSION	DATE APPROVED	DESCRIPTION OF CHANGES
1	23 August 1994	New policy adopted
2	23 February 2016	Periodic review
3	22 November 2022	Periodic review

