

Warringah Council Policy

Policy No. FIN-PL 730

Guaranteeing and/or Providing Loans for Community Organisations

1 Purpose of Policy

The purpose of this policy is to establish clear direction for Warringah Council in relation to the provision of financial assistance to community organisations either by guaranteeing commercial loans or otherwise by providing loans directly to such organisations.

2 Policy Statement

Warringah Council is committed to principles of good governance, including the prudent management of its finances. Council recognises that, in managing its financial assets, it must have due regard for the needs of the Warringah community as a whole and for the strategic priorities established through its Strategic Community Plan.

In order for Council to deliver on its own strategic priorities, as well to contribute to the broader strategic community outcomes identified in its Strategic Community Plan, Council can take on a variety of roles. These include provider, facilitator, partner, enabler and advocate.

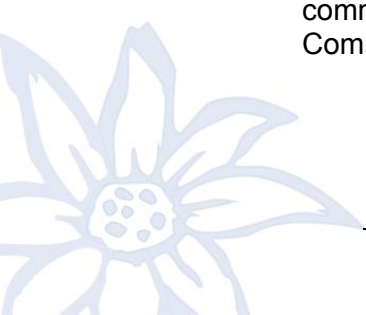
The provision of loans, or the guaranteeing of loans to community organisations, is acknowledged as a valid means by which Council can support strategic community outcomes for Warringah. Council's capacity to lend or guarantee monies to external organisations is subject to the provisions of the NSW Local Government Act 1993 and Council's overarching responsibility to manage its finances in a responsible and fiscally prudent manner.

Warringah Council will only consider loaning funds or guaranteeing loans for community organisations where certain criteria, as detailed in this policy, are met.

3 Principles

- 3.1 Council's preference will at all times be to provide loan guarantees, rather than to loan funds directly to a community organisation.
- 3.2 Council may set a maximum limit of outstanding loans and/or outstanding loan guarantees in order to ensure that Council does not have excessive potential liabilities
- 3.3 The provision of loans by Council, or an agreement by Council to act as guarantor for a commercial loan to a community organisation will only be considered where the purpose of the loan is in keeping with the strategic community outcomes identified in Council's current Strategic Community Plan.
- 3.4 Any arrangement referred to in clause 3.3 will only be entered into with a properly constituted, incorporated organisation capable of demonstrating its capacity to service the relevant loan and being free of any other liabilities to Council.

- 3.5 Subject to clauses 3.1 - 3.4 above, Council will only consider an application by a community organisation to loan or guarantee loan funds to that organisation in the following circumstances:
- 3.5.1 The application must clearly detail the aims, objectives, components and value (financial and otherwise) of the relevant project and its compliance with the provisions of this policy
- 3.5.2 The application must demonstrate the organisation's capacity to manage the project within the established budget and timeframes
- 3.5.3 The purpose of the application must be for the renewal or upgrade of community assets, including the provision of new community infrastructure
- 3.5.4 The assets referred to in clause 3.5.3 must be situated on lands owned and/or managed by Warringah Council
- 3.5.5 The assets must have the capacity to deliver a demonstrable financial return to Council and/or the community organisation (and to Council specifically in the event of default)
- 3.5.6 The application must be for no more than one-third of the total value of the asset improvement works, with the community organisation being able to clearly demonstrate its capacity to meet the remaining project costs as well as loan servicing costs associated with any arrangement entered into with Council
- 3.5.7 Where the application is for Council to guarantee a loan from a third-party provider, the community organisation must be able to demonstrate that the third-party provider has approved the loan subject to Council acting as guarantor and that the term of the loan is for a period not exceeding ten years
- 3.6 In the case of applications for loan funding from Council, any such arrangements agreed to by Council will be strictly on commercial borrowing terms and will be secured against the relevant community asset
- 3.7 In the case of applications for Council to guarantee a loan for a community organisation from a third-party provider, such an arrangement will be secured against future revenue streams of the improved asset, at least to the value of works and funds outstanding in the event of default
- 3.8 All arrangements agreed to by Council to loan funds to, or guarantee a loan for, a community organisation will also be subject to inclusion in Council's Strategic Community Plan



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4 Authorisation

This Policy was adopted by Council on 25 June 2009

It is effective from 25 June 2009

It is due for review on 25 July 2014

5 Amendments

N/A

6 Who is responsible for implementing this Policy?

Director Corporate Services

7 Document owner

Director Corporate Services

8 Related Council Policies

Nil

9 Legislation and references

Nil

10 Definitions

Nil

