

Policy Type	Corporate
Function	Community Assistance
Policy Owner	Manager Community Services
Policy Contact	Manager Community Services
Effective Date	28 January 2025

## Purpose

The purpose of this policy is to provide guidelines on the provision of interest free financial assistance to sporting, cultural and community organisations to upgrade their facilities on Burdekin Shire Council owned or controlled land.

## Scope

This policy applies to incorporated and not-for-profit sporting, cultural or community organisations that hold lease agreements with Burdekin Shire Council for occupation of Council owned or controlled land.

The Council reserves the right to exercise its discretion in considering and approving applications from incorporated and not-for-profit organisations that own the property to which the project relates.

## Exceptions

This policy does not apply to loans for maintenance, minor repairs and moveable items, excluding items of specialised plant or equipment to a value greater than \$20,000.

## Objectives

The objectives of this policy are:

- To encourage the ongoing social, cultural and sporting development within the Burdekin Shire Council area by supporting community initiatives.
- To encourage active participation in community activities through the provision of an interest free loan facility to eligible sporting and community organisations to fund capital projects and/or the purchase of specialised plant or equipment.
- To encourage applicants to make funding applications other than to Council, such as to the State and Federal Governments. The rationale for this is to maximise funding received into the Burdekin Shire from external sources.
- To limit the combined value of all outstanding loans under the policy at any one time to the amount set by Council, which is currently \$850,000. The total value cannot exceed the maximum amount set in the general approval issued by the Treasurer.

## Principles

All applications for interest free loans will be assessed by merit against the eligibility criteria in an equitable and transparent process.

The loan term and repayments are to be determined by negotiation between the Council and the applicant, subject to the restrictions set for the maximum loan amount and the maximum loan term as determined by the Treasurer under the *Statutory Bodies Financial Arrangements Act 1982*. Refer Section 7 – Legislation. The loan term for specialised items of plant or equipment will not exceed the estimated life of that item.

The Council will require a mortgage or other form of security over the debt for any loans provided to an eligible organisation for projects not on Council owned or controlled land.

Should there be any default in repayment of the loan the Council may charge interest at the rate of **10%** per annum.

Council will undertake a due diligence and probity check, in conjunction with Council's Auditors if required, to establish the ability of the applicant to service loan principal repayments.

## Policy Statement

### Eligibility Criteria

Applicants must be an incorporated and not-for-profit organisation.

Applicants must have a lease arrangement with the Council for occupation of the land in respect of the proposed project to be undertaken or, where Council exercises its discretion, own the property to which the project relates.

Applicants are required to demonstrate that they have made application for funding for the project to other funding sources to the satisfaction of Council.

Applications can be for projects that create permanent improvements or items considered to be fixed to a structure erected on Council owned or controlled land. This includes structural improvements of a fixed nature.

Applications can be for projects to purchase large items of specialised plant or equipment, to a value greater than \$20,000, such as tractor mowers and the like, to be used for the purpose of enhancing the activity of the sporting/cultural/community organisation.

Applicants must provide a full description of the project for which the interest free loan is sought and include with the application the following:

- An audited Annual Income and Expenditure Statement, Balance Sheet and Cash Flow Statement for the past 3 years.
- Year to Date Profit and Loss Statement for the current year.
- A copy of the community group or organisation's constitution.
- A copy of the minute passed at a meeting of the community group or organisation seeking the interest free loan from Council.
- A record of membership numbers for the past 5 years.
- A financial plan including a budget, explanations and evidence, detailing how the community group or organisation intends to pay off the loan and the capacity to repay the loan within the terms.
- Written authority to undertake a credit check on the community group or organisation.
- The community group or organisation must be entirely free of debt to Council in relation to lease fees, rates or other debts.

### Conditions for the Purchase of Plant

In respect of financial assistance provided for the purchase of specialised plant or equipment, for the period of time during which monies are outstanding to the Council under an agreement made under this policy, the following conditions will apply:

- The life expectancy of the plant or equipment should not be less than the term of the loan.
- An interest free loan should not be used by community groups or organisations to routinely replace plant and equipment.

- The applicant shall keep, repair and maintain the said specialised plant or equipment in good repair and condition.
- That if any monies that are due and payable to the Council are in default and if the Council demands, the applicant shall forthwith deliver the item of plant or equipment to the Council for any action that it deems fit, including the sale thereof. If the sale proceeds are greater than the monies due and payable to the Council, together with the costs associated with the sale, the amount of surplus funds will be returned to the applicant.
- The applicant indemnifies and agrees to keep indemnified the Council against any claim arising out of or in any way connected with this transaction from the date of provision of the interest free loan, or any activity associated with the use of the item of plant or equipment (all referred to as “the indemnified acts or omissions”) save to the extent that the claim arises as a result of any negligent act or omissions of the parties, however any negligent act or omissions of one of the parties does not negate the indemnity to the other parties. The applicant releases and discharges the Council from any claim relating to the indemnified acts or omissions.
- The applicant shall during the term of this agreement until such time as all monies due and payable to the Council have been received by the Council, insure and keep insured in some public insurance office, the item of plant or equipment against loss or damage by fire, storm, tempest and theft to its full insurable value and will cause all monies received by virtue of such insurance to be forthwith laid out in re-instating the said item of plant or equipment so destroyed or damaged as aforesaid.
- The applicant must have in place a public liability insurance policy in the amount of \$20,000,000 (\$20 million) in respect of any liability at law, for any loss of or damage to any property or for the injury (including death) to any person arising out of anything done or omitted in respect of the use of the item of plant or equipment and against any claims, demands, proceedings, costs, charges and expenses whatsoever in respect thereof.
- The Council shall have the right from time to time personally or by their duly authorised agent or agents to enter upon land occupied by the applicant and all reasonable times to view and examine the condition of the item of plant or equipment and may give to the applicant not less than 48 hours’ notice in writing, specifying any repairs necessary to be done and requiring the applicant forthwith to execute the same and if the applicant shall not proceed diligently with the execution of such repairs, the Council may after the expiration of the period of notice enter upon the said land and execute such repairs and the costs thereof shall be a debt due from the applicant to the Council and forthwith recoverable by action.

## Risk Management

Council’s adopted Enterprise Risk Management Framework will be applied to all Interest Free Loans. Risk assessments will be carried out to identify high risk loan assistance issues such as inability to undertake reliable and regular repayments. Eligibility criteria will include the necessity to provide audited annual income and expenditure statement and balance sheet for the past 3 years to establish financial viability and acumen of the requesting organisation. Conditions for the purchase of specialised plant or equipment include the right of Council to inspect the plant or equipment to verify it is being kept in good condition and repair and that suitable public liability insurance is in place and current. A Council officer is tasked with monitoring repayments on all interest free loans and once an issue is identified then corrective action is escalated with both verbal and written contact with the lending organisation and ultimately with possible recoverable action if other avenues for repayment negotiation are exhausted. If the community group or organisation defaults on loan repayments and Council is required to recover costs through sale of the item, plant or equipment, the community group or organisation is not eligible to apply for another loan with Council again for 5 years.

## Legislation

*Local Government Act 2009*

*Local Government Regulation 2012*

*Statutory Bodies Financial Arrangements Act 1982*

The provision of loans to eligible organisations by local governments is captured under the above Act and, as such, require the Treasurers approval. The Department of Local Government, Infrastructure and Planning has obtained from the Treasurer, on behalf of all local governments, a general approval for the provision of loans to community groups. The following conditions are attached to this approval:

- The maximum loan amount for each community organisation will be the lesser of the amount set out in a local government's policy on financial assistance or \$120,000.
- The maximum repayment term for each loan will be the lesser of the term set out in a local government's policy on financial assistance or ten years.
- The total value of outstanding loans to community organisations provided under this approval does not exceed \$2 million at any time for an individual local government.

For any loans that fall outside the above limits, the normal approval process through the Department is required.

## Related Documents

Reference Number	Document Title
COM-FRM-0002	Interest Free Loans Scheme Application Form

## Document History and Version Control

Title of Document	Revenue Assistance (Interest Free Loans) Policy
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