

Community Loans Policy

Policy Type	Council Policy	Version:	2.0
Responsible Officer	Manager Finance	Date Approved:	18/11/2020
Review Officer:	Manager Finance	Review Due:	18/11/2024
Author:	Manager Finance	Commencement:	18/11/2020

1. PURPOSE

To provide for a principled and consistent approach to the assessment, approval and provision of loans as a form of assistance offered to community organisations.

2. SCOPE

This policy covers one-off applications for loans for community organisations as defined in this policy. Applicants requesting other types of financial assistance from Council should refer to Council's *Community Partnerships Program Policy*.

3. POLICY STATEMENT

Mareeba Shire Council values and recognises the role of community groups within the Council area and endeavours to support them in a variety of ways.

Council holds conditional General Approval from the Queensland Treasury (QT) issued under the *Statutory Bodies Financial Arrangements Act 1982* (Qld), to offer low-interest or interest-free loans¹ where Council is satisfied that the purpose for a given loan aligns with an identified community benefit within the local government area.

Council will apply the following principled approach to assessment of loan requests:

- The recipient of a Community Loan must be a community-based and not-for-profit organisation located within the jurisdictional boundaries of the Mareeba Shire Council.
- Applications for a Community Loan will be assessed by Council on a case-by-case basis taking into consideration the purpose of the loan and if Council deems it appropriate to provide a benefit to the residents of the community.
- Where appropriate, requests may additionally be assessed against the eligibility criteria, conditions and priorities outlined within Council's *Community Partnerships Program Policy*.
- Council will apply a consistent approach with the setting of interest rates and repayment terms.² Interest rates will be determined using the QT interest rate as at the time of loan drawdown.
- All approved Community Loan applicants will be required to enter into a written agreement with Council.

¹ See General Approval instrument as issued by the Queensland Treasurer under s 76 delegation on date of 4 October 2012 pursuant to the *Statutory Bodies Financial Arrangements Act 1982* (Qld) pt 7 ss 60A-61A.

² Ibid condition point 3, 10 years maximum or lesser as determined by Council.

Human Rights Compatibility Statement

The *Human Rights Act 2019* (HR Act) (Qld) came into effect on 1 January 2020 and will mean fairer laws, policies and practices by public entities when dealing with the community on a day-to-day basis. This policy has been drafted in alignment with obligations under s 58 of the HR Act.

- Loans will not exceed the amount specified in the QT General Approval issued by the QT.³
- Council will observe total value limits under the QT General Approval for outstanding loans.⁴

The remove doubt, eligible organisations must:

- Be community-based and not-for-profit;
- Be based in the Mareeba Shire jurisdictional area;
- Identify the purpose of the loan;
- Clearly demonstrate that all other avenues of financial support have been exhausted;
- Demonstrate an ability to repay the debt within the timeframe specified;
- Have fully paid off any previous loans with Mareeba Shire Council;

Approvals will be conditional upon the following:

- loan funds must be utilised for the agreed purpose
- Community organisations must contact Council's Financial Accountant within Three (3) months of approval to accept the offer of loan finance and to progress the loan documentation and funding arrangements
- An approval or offer of finance will remain valid for a period of twelve (12) months beyond which the approval will lapse and the organisation will need to reapply if the funds are still required
- Where loan funds are not fully expended, any remaining loan funds are to be returned to Council

4. REPORTING

Council will maintain a register to record each loan that is provided to a community organisation under this policy.⁵

5. DEFINITIONS

Community organisation means—

- (a) an entity that carries on activities for a public purpose;
- or
- (b) another entity whose primary object is not directed at making a profit.⁶

6. RELATED DOCUMENTS AND REFERENCES

Community Partnerships Program Policy (MSC)
Statutory Bodies Financial Arrangements Act 1982 (Qld)

7. REVIEW

It is the responsibility of the Manager Finance to monitor the adequacy of this policy and implement and approve appropriate changes. This policy will be formally reviewed every four (4) years or as required by Council.

³ Ibid condition point 2 \$120,000 maximum or lesser amount as determined by Council.

⁴ Ibid condition point 4, \$2 million.

⁵ See *Statutory Bodies Financial Arrangements Act 1982 (Qld)* s 74.

⁶ See General Approval condition point 1 as defined as still in effect under the General Approval conditions.