

# Loan Guarantees Policy



Responsibility:	Group Manager Corporate Support/
First Adopted:	13 February 1992 (55/92)
Review Date:	23 March 2006 (132/06)
Review Frequency:	Three Yearly

## Policy Objectives

To provide assistance to community organisations in a financially prudent manner.

## Principles

A local authority must manage its revenue, expenditure and general financial dealings prudently, and in a manner that promotes the current and future interests of the community (Section 101, Local Government Act 2002).

In discharging its responsibilities, Council must ensure that money provided to organisations is spent for the purpose intended and that money loaned must have adequate security to minimise loss to Council and the community.

## Definitions

### Council-Owned Properties

Land and buildings in ownership of the South Waikato District Council including property that Council has a legal obligations to administer on behalf of the Crown.

## Background

Council has a Sport and Recreation Loan Fund that is able to be used to assist sports and leisure activities.

## Policy Statement

### Application for Loan Guarantees (on Council-Owned Properties)

1. It is Council policy to be prepared to consider guaranteeing loans for facilities provided by clubs and organisations on Council property.
2. The following information must be provided in support of any such application:
  - a. An Income and Expenditure Statement and Statement of Assets and Liabilities, at least for the preceding financial year and preferably for three preceding years.

- b. A budgeted Income and Expenditure Statement for future years showing the full impact of loan payments on the organisation's finances.
3. The standard conditions of any guarantee are that the organisation:
  - a. Provides audited or satisfactory verified financial statements within three months of the end of the organisation's financial year for the duration of the guarantee.
  - b. Enters into a formal lease with Council for the land it occupies (if one does not already exist or agree to any amendments necessary to its existing lease).
  - c. Obtains all necessary regulatory permits or consents before commencing any construction work associated with the guarantee.
  - d. The loan guaranteed will take priority over any other loans raised by the organisation.
4. In considering such applications, Council will only enter into such guarantee if it is satisfied that the organisation has the ability to meet the loan repayments, having regard to the financial history and projected budget of the organisation and is willing, as the landowner, to approve o the development proposal.

## Relevant Delegations

Nil

## References and Relevant Legislation

Local Government Act 2002

## Annotations

Res No	Date	Subject/Description
55/92	13/02/92	Policy adopted
264/02	25/07/02	Policy confirmed
132/06	23/03/06	Confirmed/amended