



Sporting & Community Club Loan Guarantees Policy

Reference Number:	4.25
Type:	Council Policy
Category:	Safety & Community
Relevant Community Plan Outcome:	<ul style="list-style-type: none"> • City assets and infrastructure are developed and well maintained on a strategic and equitable basis. • Adaptive and sustainable management of the City's finances. • Practise transparent and accountable governance.
Responsible Officer(s):	Manager Open Space, Recreation and Property / Manager Financial Services
First Issued/Approved:	May 2004
Minutes Reference:	CoS 5/03/2018, Item 3.12
Last Reviewed:	March 2018
Next Review Due:	March 2020
Applicable Legislation:	
Related Policies:	Sporting & Community Clubs Fees Policy Developments on Council Land Policy Public Consultation Policy Risk Management Policy
Related Procedures:	Sporting and Community Clubs Loan Guarantee Procedure

1. Purpose

The purpose of this policy is to provide a framework for Council to consider requests from sporting and community clubs operating on Council property, to act as a loan guarantor for projects that will enhance facilities and thereby increase participation in the activities of the applicant club and ensure its long term viability.

This policy should be taken as a general statement of Council's position in relation to loan guarantees. The offering of loan guarantees will only be considered as a last resort, once all other funding options have been fully exhausted and the project for which funding has been sought and the club's financial position, is demonstrated to clearly meet the principles outlined in this policy.

Council recognises the community value of sporting and community clubs within the City and its role in helping clubs to provide facilities that will contribute to their ongoing sustainability and viability.

Council recognises that trends in sports participation are changing and that it needs to exercise prudential management when considering requests for financial assistance from clubs to ensure such assistance will not leave an unnecessary financial burden on the community.

From time to time, requests are received from sporting and community clubs for Council to guarantee loans. It is important that these requests are handled in a consistent and appropriate manner to ensure equitable treatment for clubs and to minimise the financial risk to Council.

In a highly competitive recreation and sport market, it is also critical for Council to ensure that projects that are supported in this manner are sustainable and that there is a high degree of confidence in the future of the sport / activity and the sustainability of the applicant club before embarking on such a funding option.

Loan guarantees provided by Council are recorded as contingent liabilities in Council's financial statements. Financial institutions may also consider Council's level of exposure regarding contingent liabilities when assessing the City of Charles Sturt's borrowing capacity. For this reason, Council has to be stringent with the assessment and monitoring of applications, with guarantees being approved only in exceptional cases.

2. **Scope**

To support clubs in initiatives that will assist in increasing participation in sport and recreation activities and will ensure the viability and sustainability of the clubs.

To minimise risk to Council and the community.

To support Clubs that demonstrate sound financial management and sports management skills.

3. **Policy Statement**

Council will consider acting as a guarantor for loans to sporting and community clubs where the following can be provided or demonstrated to the satisfaction of Council.

1. Funding Options

- All other avenues of funding have been exhausted.

2. Purpose of the Loan Guarantee

- The loan is being used to upgrade community facilities and not to support operating deficits.

3. Justification of the Project

- The need for the facility proposed is based on a sound business case supported by current recreation and sport trend information and related to City of Charles Sturt population trends.
- Clear community benefit is demonstrated by the project.

4. Club / Sport Future Directions

- Financial stability including audited financial statements for the past five financial years along with financial projections for the next 3 financial years that take into account the additional loan / lease / licence repayments where applicable.
- Sound sport / activity management including a Business Plan.
- Substantiated evidence from a peak body / state association) that the sport / activity that it offers is expanding (or at least not in decline) and that the applicant Club provides a pivotal role in its future.

5. Review of Lease / Licence

- Existing lease / licence arrangements and rental fees will be updated and reviewed to take into account changes as a result of the proposed project and must be agreed by the applicant.
- Loan terms must be no longer in duration than the remaining term of the lease / licence agreement.

6. Loan considerations

- Loan information and supporting documentation will be required to the satisfaction of the Manager Financial Services.
- The duration of the loan shall not exceed the effective life of the facility being created.
- The Club must demonstrate equity in the project.

7. Provision of Information

- The Club will agree to provide the Council with an annual audited financial statement and quarterly profit and loss statement for the duration of the loan guarantee.

8. Payment of costs

- The applicant must be willing to pay all legal costs associated with establishing the loan and in modifying the lease / licence arrangements.

Council will only consider requests that satisfy the above policy statements and will reserve the right to decline a request to act as guarantor after considering all of the information provided if it so chooses due to circumstances at the time.

This policy should be read in conjunction with the Sporting & Community Club Loan Guarantees Procedure.

4. **Definitions**

Nil