

BANK GUARANTEE POLICY

- Intent** To outline Cairns Regional Council's policy regarding the guarantee of third party loan borrowings based upon sound financial management guidelines.
- Scope** This policy will allow Council to consider applications for the guarantee of third party loan borrowings, subject to a pre-approved limit granted by Treasury.

PRINCIPLES

The provision of guarantees to third parties will be a decision of Council. Council will consider the guarantee of third party loan borrowings for community, sporting and recreation organisations where:

- The loan borrowings are for the purpose of funding a project that clearly serves a community need and/or provides a benefit to the community; and
- There is a high level of community support for the project; and
- The community organisation can adequately prove its ability to fund the repayment of the loan borrowings (principal and interest) throughout the loan term; and
- The loan guarantee amount is within Council's loan guarantee limit of \$3.5 Million. This limit is to be reviewed by Council as required, taking into account newly approved, expiring or reducing guarantee obligations.

DEFINITIONS**Community Organisations**

- a) Not for Profit organisations that exist primarily to undertake community service activities and rely mainly on volunteer labour.
- b) Not for Profit organisations that have considerable paid labour, however a substantial community benefit is provided.
- c) Organisations that provide subsidised accommodation will only be considered eligible if:
 - The property is not government owned, leased or controlled
 - The property is used for short term crisis accommodation or is specifically for children, the aged or persons with a disability
 - Is accessible by and directly benefits the local community

Sporting and Recreation Organisations

- Not for Profit organisations that exist primarily to undertake sporting or recreational activities and rely mainly on volunteer labour.
- Not for Profit organisations that have considerable paid labour, however a substantial community benefit is provided.

REPORTING

Upon receipt of the audited financial statements of each of the organisations for which Council has provided a guarantee, Council officers will perform an assessment of the organisation's financial position. This assessment allows Council officers to accurately disclose the guarantee in Council's financial statements each year as well as inform Council of any pertinent issues where appropriate.

This policy is to remain in force until otherwise determined by Council.

General Manager Responsible for Review:

Chief Financial Officer

ORIGINALLY ADOPTED: 21/04/2010
CURRENT ADOPTION: 03/07/2019
DUE FOR REVISION: 03/07/2023
REVOKED/SUPERSEDED:



John Andrejic
Chief Executive Officer