

Interest Rates on Loans Policy

1 Document Information

Version Date <i>(Draft or Council Meeting date)</i>	[22 May 2018]
Author	Finance Manager
Owner <i>(Relevant director)</i>	Director of Finance & Corporate Services
Status – <i>Draft, Approved, Adopted by Council, Superseded or Withdrawn</i>	Adopted by Council
Next Review Date	Within 12 months of Council being elected
Minute number <i>(once adopted by Council)</i>	18/05/20

2 Summary

Loans financed internally from Council funds will carry an interest rate based on the defined prescribed loan rate plus an additional charge of 1%.

3 Approvals

Title	Date Approved	Signature
Director of Finance & Corporate Services		

4 History

Minute No.	Summary of Changes	New Version Date
91/2/122-17	Originally set a rate indicator to be used for loans given out under a housing scheme funded from internal Council funds.	18 February 1991
10/02/17	Readopted by Council	15 February 2010
10/03/15	Readopted by Council with amendment as the Local Government borrowing rate is no longer available – replaced by a comparable rate.	15 March 2010
11/12/09	Changed to Commonwealth Bank Ten Year Fixed Home Loan Rate + 1%.	19 December 2011 <i>(policy not updated until June 2013)</i>
13/06/21	Tidied up, slight name change from “Interest rates on Renewal Loans Policy” and borrowing rate updated to Commonwealth Bank Ten Year Fixed Home Loan Rate + 1%. Need to review rate every 4 years removed.	25 June 2013
13/09/30	Readopted as per s165(4)	17 September 2013
18/05/20	Readopted as per s165(4)	22 May 2018

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5 Reason

Policy relates to the interest rate to be changed on loans provided by Council.

6 Scope

Applies to loans issued by Council for various purposes e.g. sewerage connection.

7 Associated Legislation

N/a

8 Definitions

Prescribed loan rate – is the source for the interest rate to be applied. It is the Commonwealth Bank Ten Year Fixed Home Loan Rate at this time.

9 Responsibilities

9.1 General Manager

The General Manager is responsible for the overall control and implementation of the policy.

9.2 Directors and Managers

Directors and Managers are responsible for the control of the policy and procedures within their area of responsibility.

10 Related Documents

Document Name	Document Location
Loans – Sewerage Connection Policy	Policy Register

11 Policy Statement

Council will impose an additional one percent (1%) interest on the prescribed loan rate applicable together with a Management Fee per half year in respect of each advance made; subject to review should there be a dramatic increase in interest rates. The Management Fee is to be detailed in the Mortgage Document.

Sewerage connection loans granted by Council carry a once only management fee of 2.5% of the capital cost and are repayable over a maximum period of ten (10) years at the current prescribed loan rate + 1%.

Council has a policy of providing interest free loans in some instances – see Loans – Sewerage Connection Policy.