

Local Government Loans Program Guideline

Program purpose

The purpose of the Local Government Loans Program is to encourage local governments to invest and employ more Tasmanians to upgrade, renovate and to do necessary maintenance to improve existing local government infrastructure. It can also cover the cost of measures taken by Councils as a response to, or as a result of, the impacts of the Novel Coronavirus (COVID-19).

Examples of the types of projects which will be considered under the Program include, but are not limited to:

- roads, bridges and footpaths;
- upgrading community halls and other town facilities and amenities;
- development of waste transfer stations;
- improvements to local parks;
- development of, or improvements to, recreational and sporting grounds;
- township beautification works;
- tourism infrastructure development;
- other building works;
- rates relief programs; and
- any other measures responding to, or as a result of, the impacts of COVID-19.

Funding of a maximum \$200 million is made available through the Program, on a first-come first-served basis.

The Program will remain open until **1 August 2020**, and applications will be managed on a rolling basis up until that time.

For eligible projects, the Program will provide assistance to applicable local government authorities through:

- **the provision of loan interest rebates in the form of a grant for the eligible period of each loan, with a three year maximum rebate term; and**

- **access to borrowings to finance projects under the Program through the Tasmanian Public Finance Corporation (Tascorp).**

Eligibility criteria

All Tasmanian councils and joint authorities are eligible for the Program.

To be eligible for assistance under the Program, local government authorities will be required to demonstrate that each nominated project:

- will be undertaken during the 2020-21 financial year;
- will provide Tasmanian employment opportunities;
- is procured through appropriate processes that deliver value-for-money outcomes; and
- is to be financed through an approved loan from Tascorp.

While applications by local government authorities will be assessed against the above eligibility criteria, it is not intended or necessary for projects to satisfy all criteria. However, priority will be given to projects which demonstrably satisfy the majority of the above criteria. Consideration will also be given to the quantum of applications received and the contribution the projects will make.

Under the *Local Government Act 1993*, the Treasurer is required to approve all borrowings undertaken by local government authorities in each financial year, whether new borrowings or refinancing.

Applications by local government authorities for new borrowings are assessed based on benchmark ratios to ensure the ability to service new and existing debt as stipulated in the Local Government Act.

Administration of the Program

The Program will be managed and administered by the Department of Treasury and Finance.

It is preferable that local government authorities make a single application for all relevant projects, rather than multiple applications.

Projects to receive assistance through the Program will be considered and approved by the Treasurer as part of a council's current 2020-21 borrowing program.

1. Local government entities are encouraged to include applications for loan interest rebates together with a completed Loan Council Allocation survey. Initial applications were due to Treasury by **close of business, Friday 24 April 2020**. Applications after that date can be provided any time prior to **Saturday 1 August 2020**. Applications can be lodged with Treasury via email to: financial.survey@treasury.tas.gov.au
2. Applications will be assessed as they are received and, following consideration by the Treasurer, Treasury will advise each Council of the outcome of their application.
3. If a Council's application is successful, the Council will need to contact Tascorp to arrange the finance (i.e. Settlement date, Maturity Date, and Interest rate).
4. On drawing down the loan, Tascorp will provide a repayment schedule for the interest payments (usually six-monthly instalments). Treasury will need a copy of that schedule to confirm interest rates and maturity. **The Council will need to pay interest instalments to Tascorp and Treasury will then reimburse the interest paid.**

5. To claim the interest rebate, the Council should Invoice Treasury as the interest is paid and Treasury will process the reimbursement. Invoices should be sent to fingen@treasury.tas.gov.au

Contact

For further information about the Program, please contact:

Eleanor Patterson

Director

Government Finance and Accounting

Phone: (03) 6166 4438

Email: financial.survey@treasury.tas.gov.au