



COUNCIL POLICY

Self-Supporting Loans

- Policy No:** 2.12
- Policy Subject:** Self Supporting Loans
- Policy Statement:** Council will only consider approving a self-supporting loan up to \$150,000 for any one applicant and where the Council has sufficient borrowing capacity to deliver its own capital projects.
- Background:** A self-supporting loan is where Council borrows funds on behalf of a community-based organisation (the beneficiary) for capital improvements subject to repayments being met in full by the community-based organisation. The facilities may or may not be on Council property.
- Payment default by the beneficiary is a significant risk to Council.
- Objectives:** The objective of this policy is to ensure that the beneficiary has the capacity and capability to repay the loan and associated costs.
- Guidelines:** When considering an application for a self-supporting loan, Council will:
1. Ensure compliance with Sections 6.20 and 6.21 of the *Local Government Act 1995* and relevant Regulations to those sections;
 2. Require that the beneficiary provide the following details:
 - a. The works, undertakings and purpose of the loan – effectively a Business Plan that sets out the objectives and benefits to the Katanning community of the proposed use of funds;
 - b. Plans, specifications and statutory approvals together with detailed costings;
 - c. Professionally reviewed financial statements for 3 years demonstrating the need for the loan together with reason of inability to obtain alternative funds;
 - d. Certification of incorporation;
 - e. Name(s) of private guarantor(s) and/or security details;
 - f. Provide any other information requested by Council to assist with consideration of the application; and
 - g. “Acknowledgement of Debt” to be signed and sealed between the beneficiary and the Shire of Katanning.

Normally, the term of any self-supporting loan will be capped at 10 years and require semi-annual repayments.

Roles and responsibilities:

Council:

Self-funding loan requests not previously approved and included in Council's annual budget will need to be advertised in accordance with the requirements of the *Local Government Act 1995*, to allow for written submissions to be made. These submissions will be presented to Council, so that a decision to approve or disapprove a self-supporting loan request can be made.

The Beneficiary:

- Provide all documentation as listed in this Policy to support the application.
- Provide annually, a set of audited financial statements within 4 months of the close of each financial year, as well as a copy of its budget for the current year. Council may at any time during the period of the loan request that the beneficiary provide current financial statements and budgets.

Resolution No:	Ordinary Council	OC110/18
	Ordinary Council	OC49/24

Resolution Date:	26 August 2018
	22 May 2024

Amended:	22 December 2022	OC159/22
	25 November 2024	OC162/24

Source:	Finance & Administration
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Date of review:	September 2020
	May 2024

Review Responsibility:	Executive Manager Corporate
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